

Annual Report Pūrongo ā-Tau

Including Financial Statements

For the period ending 30 June 2024



Council
Collaboration
Into Action

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Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

Regional Software Holdings Limited For the year ended 30 June 2024

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

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

RSHL is the shared services collaborative delivery agent for regional and unitary council in New Zealand. It delivers a wide range of digital, operational and financial programmes, on behalf of Te Uru Kahika and participating councils.

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

In the 12 months to 30 June 2024, RSHL made excellent progress in a challenging environment for the sector. In the current economic and political climate, shared services, collaborative undertakings and new ways of working are more important and valuable than ever.

Our major technology programmes, such as IRIS NextGen and Environmental Data Management System (EDMS), will provide long-term operational efficiencies and cost savings to councils as well as the wider Aotearoa New Zealand well-beings.

IRIS NextGen

The IRIS NextGen Programme is preparing to start testing of the solution from October onwards in preparation for the pilot in 2025. Demonstrations of the product have been well received. Council staff have participated in more than 30 good practice workshops. It is pleasing to note the strong alignment across councils on good practice. Financially, the IRIS NextGen Programme is on-budget.

Support for Te Uru Kahika

In November 2023 we welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group. The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government.

RSHL has worked with Te Uru Kahika to develop a new Memorandum of Agreement which clearly defines the services that RSHL provides to Te Uru Kahika.

Other Collaborative Initiatives

During the year we continued the rollout of the WellsNZ solution, with three councils now live, and we are preparing to onboard more councils into this shared programme in FY25. Alongside established programmes we are working with councils on business cases for the addition of collaborative programmes to RSHL in the public transport and data emissions modelling space.

Financial Position

Annual revenue is ahead of budget. Council contributions to programmes are as budgeted, however additional funding has been received from central government in support of Te Uru Kahika programmes and new initiatives in line with national policy direction.

Expenditure before depreciation is more than budgeted. Expenditure for the IRIS and IRIS NextGen programmes was less than budget due to a contractual retention in the IRIS NextGen Programme. However, there was significant additional expenditure on behalf of Te Uru Kahika. The most significant additional expense was \$1.9M for a LIDAR survey of some areas of the North Island affected by Cyclone Gabrielle. This work was entirely funded by central government.

The expenditure for LIDAR surveys is the reason that the company operated at a loss this year, as the funding for this work was collected in the previous financial year.

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

Looking Forward

We are excited about continuing to provide excellence in shared services to the regional sector. The focus for the next year will be the commencement of the IRIS NextGen pilot at Otago Regional Council, and supporting the continued growth of Te Uru Kahika.

Signed on behalf of the Board of Directors:



M Nield - Chairperson

Date: 26 September 2024



A Aakjaer - Director

Date: 26 September 2024

Statement of Responsibility | Tauākī o te Kawenga

Regional Software Holdings Limited

For the year ended 30 June 2024

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

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

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the twelve months ended 30 June 2024 and confirm that all the statutory requirements in relation to the Performance Report were complied with, as outlined in the Local Government Act 2002 and the Companies Act 1993.

Signed on behalf of the Board of Directors:



M Nield - Chairperson

Date: 26 September 2024



A Aakjaer - Director

Date: 26 September 2024

Statement of Service Performance | Hei Ine i te Mahi

Regional Software Holdings Limited For the year ended 30 June 2024

Who are we and why do we exist?

Vision

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

Principles ^[1]

The Principles of the Company that should be considered when making any decisions relating to the Company are as follows:

- Work for the good of Te Uru Kahika
- Act in accordance with the principles of Te Tiriti o Waitangi
- Be transparent and accountable
- Create value
- Work smarter, not harder
- Gain consistency
- Reduce duplication
- Be customer centric
- Recognise and manage shareholder risk
- Support our people.

Objectives

In addition to operating the Company with regard to the principles, the primary objectives of the Company are:

- The local government sector is better prepared to respond to future challenges
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile
- Improve key staff attraction and retention
- Achieve consistent good practise process across the sector and within councils.

The secondary objectives of RSHL are:

- Achieve the objectives of its Shareholders, both commercial and non-commercial as specified in the Statement of Intent;
- Be a good employer.

What did we do?

Activities

RSHL provides a framework for collaboration across Te Uru Kahika. 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.

RSHL activities are grouped as follows:

[1] Principles are from section 2 of the RSHL constitution.

<p>IRIS</p>	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 9 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 will replace the IRIS software platform via IRIS NextGen within the next 4 years.</p> <p>The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme.</p>
<p>IRIS Next Generation</p>	<p>RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 4 years.</p> <p>9 councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme, under a formal partnership agreement.</p> <p>The IRIS NextGen Programme is governed by the IRIS NextGen Steering Group.</p> <p>IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) based on the Datacom Datascape platform.</p> <p>Over the next two years the IRIS NextGen Programme will:</p> <ul style="list-style-type: none"> • Build the IRIS NextGen software solution • Define and agree a good practice operating model • Commence implementation at councils. <p>IRIS NextGen will deliver a modern software platform to councils, including an online customer portal and a mobile field application. Along with the software solution, the programme will implement consistent “good practice” processes for the sector, alongside integrated change management. The IRIS NextGen Solution will:</p> <ul style="list-style-type: none"> • Make council staff work easier • Promote operational excellence and efficiency • Demonstrate collaboration at a sector level • Ensure the development of the technical solution is fit for purpose.
<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"> • National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand. • Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format. • Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment. <p>EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, Stats NZ and DoC (and others).</p>

Environmental Monitoring and Reporting (EMAR) continued	<p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has its own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL and 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. The Sector Office is made up of several roles:</p> <ul style="list-style-type: none"> • Executive Director – Te Uru Kahika • Executive Policy Adviser to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Climate & Adaptation and RM Reform Director • Climate Adaptation - Infrastructure Strategic Adviser
Sector Financial Management System	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> • Collects this funding from councils and central government • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes • Reports to Te Uru Kahika on income and expenditure.

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

Funds for the operation of IRIS, IRIS Next Generation, Environmental Monitoring and Reporting (EMAR), Regional Sector Office, and the Sector Financial Management System are received by way of levies from the councils participating in each programme.

Each programme pays a share of the overhead costs of the company proportional to the size of the programme.

These levies are set annually in the Statement of Intent.

For some projects additional funding is collected from central government entities.

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

Activity	Description																								
Sector Financial Management System	<p>Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the Programmes in the Sector Financial Management System.</p> <p>For some programmes, additional contributions may be sought from other local government organisations and government ministries.</p> <p>Contributions will be according to the agreed models. This activity includes:</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • ReCoCo Technology Projects • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>The funding contributions for the Sector Office, EMAR and most of the SFMS programmes are based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.</p> <p>BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.</p> <p>The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.</p> <p>In FY24 RSHL collected \$6,867,364 in support of Te Uru Kahika, of which \$2,523,820 came from central government.</p> <p>Council contributions are typically collected using the following tiers:</p> <table border="1"> <thead> <tr> <th>Tier 1 – 9.4% each</th> <th>Tier 2 – 6.2% each</th> <th>Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <tr> <td>Auckland Council</td> <td>Horizons RC</td> <td>Tasman DC</td> </tr> <tr> <td>Environment Canterbury</td> <td>Otago RC</td> <td>Nelson City Council</td> </tr> <tr> <td>Greater Wellington RC</td> <td>Hawkes Bay RC</td> <td>Gisborne DC</td> </tr> <tr> <td>Waikato RC</td> <td>Northland RC</td> <td>Marlborough DC</td> </tr> <tr> <td>Bay of Plenty RC</td> <td>Taranaki RC</td> <td>West Coast RC</td> </tr> <tr> <td></td> <td>Southland RC</td> <td></td> </tr> <tr> <td>Total 47%</td> <td>Total 37%</td> <td>Total 16%</td> </tr> </tbody> </table>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council	Greater Wellington RC	Hawkes Bay RC	Gisborne DC	Waikato RC	Northland RC	Marlborough DC	Bay of Plenty RC	Taranaki RC	West Coast RC		Southland RC		Total 47%	Total 37%	Total 16%
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IRIS	<p>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.</p> <p>Proportion of Contributions to the IRIS Programme</p> <p>Contributions for IRIS will be collected in the following proportions:</p> <table border="1" data-bbox="523 636 1193 994"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Waikato Regional Council</td> <td>32.39%</td> </tr> <tr> <td>Northland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Horizons Regional Council</td> <td>16.00%</td> </tr> <tr> <td>Taranaki Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Southland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>West Coast Regional Council</td> <td>3.87%</td> </tr> <tr> <td>Hawkes Bay Regional Council (IRIS Licence Fee)</td> <td>11.93%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table> <p>In FY24 RSHL collected \$937,305 of funding from participating councils.</p>	Shareholder	Percentage	Waikato Regional Council	32.39%	Northland Regional Council	11.93%	Horizons Regional Council	16.00%	Taranaki Regional Council	11.93%	Southland Regional Council	11.93%	West Coast Regional Council	3.87%	Hawkes Bay Regional Council (IRIS Licence Fee)	11.93%	Total	100%
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IRIS Next Generation	<p>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1" data-bbox="373 1211 1430 1704"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td>17.93% per council (Total 35.87%)</td> <td>10.87% per council (Total 43.48%)</td> <td>4.35% per council (Total 4.35%)</td> </tr> <tr> <td>Waikato Regional Council Bay of Plenty Regional Council</td> <td>Horizons Regional Council Otago Regional Council Northland Regional Council Hawke's Bay Regional Council</td> <td>Nelson City Council</td> </tr> <tr> <td></td> <td>8.15% per council (Total 16.30%)</td> <td></td> </tr> <tr> <td></td> <td>Taranaki Regional Council Southland Regional Council</td> <td></td> </tr> </tbody> </table> <p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$31 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually.</p> <p>In FY24 RSHL collected \$5,043,554 from participating councils for IRIS NextGen.</p>	Large Councils	Medium Councils	Small Councils	17.93% per council (Total 35.87%)	10.87% per council (Total 43.48%)	4.35% per council (Total 4.35%)	Waikato Regional Council Bay of Plenty Regional Council	Horizons Regional Council Otago Regional Council Northland Regional Council Hawke's Bay Regional Council	Nelson City Council		8.15% per council (Total 16.30%)			Taranaki Regional Council Southland Regional Council				
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RSHL Overhead Costs	Overhead costs are costs that cannot be allocated to a specific work programme.	
	All work programmes contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.	
	In the 2024 Financial year the proportion of overheads to each programme is as follows:	
		2024
	IRIS	8%
IRIS NextGen	39%	
SFMS	53%	

How did we perform?

IRIS	<p>We have previously reported that we have reduced the frequency of IRIS releases, to allow RSHL and councils to focus on IRIS NextGen as well as to minimise cost.</p> <p>The 4.06 release was provided to councils in November 2022 and the 4.07 release was provided in January 2024.</p> <p>The 4.07 release included a change to comply with changes to the Dam Register Safety Scheme Regulations.</p> <p>Future development efforts will focus on data cleansing and data migration tools. Functional enhancements will only be developed if there is an approved business case or to support legislative changes.</p> <p>In this period we progressed the shared data migration platform that councils will use to export data from IRIS when they migrate to IRIS NextGen.</p> <p>All seven IRIS councils will use the same platform, creating a significant cost and time saving.</p> <p>The work to date has focussed on getting the data from councils into a common format and providing tools for the councils to identify and resolve data anomalies. This phase of data migration tools development is expected to be completed in October 2024, at which point the focus will move on to transforming the data so it can be uploaded into Datascape RSS (IRIS NextGen).</p>
IRIS Next Generation	<p>The IRIS NextGen Programme is progressing steadily towards the start of the Pilot implementation in 2025, despite a delay to the completion of the build of the Datascape Regional Sector Template.</p> <p>In October, an online solution demonstration to over 250 council staff showcased the features that had been developed to date. This was well received by staff.</p> <p>Delivery by Datacom of the IRIS NextGen solution has been delayed until Q1 2025. The cost of the build is fixed, so cost impacts to councils are contained.</p> <p>More than 30 good practice workshops were held. It was pleasing to note the strong alignment across councils on good practice. The programme also has a decision-making model to resolve issues when they do occur.</p> <p>Organisational change management activities in this period included sponsor management coaching, and organisational change vision workshop. The three councils scheduled to implement IRIS NextGen first have started change management programmes in support of IRIS NextGen.</p> <p>The programme has placed a major emphasis on planning for testing the solution and processes once the solution is delivered by Datacom.</p> <p>The testing programme for IRIS NextGen will be comprehensive, ensuring that the solution is of high quality, before the start of the Pilot Implementation.</p> <p>Detailed planning is underway with the Pilot council for their implementation. Financially, the IRIS NextGen Programme is on-budget.</p>
Regional Sector Office	<p>The Sector Office is made up of several roles:</p> <ul style="list-style-type: none"> • Executive Director – Te Uru Kahika • Executive Policy Adviser to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Climate & Adaptation and RM Reform Director • Climate Adaptation - Infrastructure Strategic Adviser

	<p>In November 2023 we welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group.</p> <p>The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government.</p> <p>The sector office provided a Briefing to Incoming Ministers about Te Uru Kahika, including current priorities, capabilities, and ways in which Te Uru Kahika could help the new government deliver on its policies.</p> <p>The sector office has also coordinated the development of Te Uru Kahika’s 2024/25 Business Plan with a focus on the five strategic priorities, being Climate Adaptation, Kaupapa Māori, Freshwater, Transport and Resource Management System.</p> <p>Since December 2023 the office has overseen the preparation of a number of submissions on behalf of the regional sector, including submissions on</p> <ul style="list-style-type: none"> • The Fast Track Approvals Bill • Resource Management Reform Bill 1 • Extending Duration of Marine Consents Bill • Climate Adaptation Inquiry • Water Services Bill <p>This work has been completed alongside a range of feedback on and input to government work on matters such as civil defence and emergency arrangements and transport emergency works policy changes.</p>
<p>Environmental Monitoring and Reporting (EMAR)</p>	<p>EMaR Strategic directions update</p> <p>EMaR Vision: Kaitiaki of a trusted environmental data and information system that enables New Zealanders to make informed decisions.</p> <p>Progress on longer-term strategies for both the broader EMaR programme (NEMS, EDMS, LAWA) and the LAWA project progress was limited last year. The new Government’s priorities, the resulting re-alignment underway in our central government agency project partners, and future resourcing will be clearer towards the end of 2024, to enable more certainty in setting the strategic direction for the project in 2024/25.</p> <p>LAWA project update</p> <p>Key Outcome: Trusted, accessible, high quality, up-to-date environmental data and information.</p> <p>1. Maintaining and updating LAWA content:</p> <p>The annual update of data and information on LAWA for the different topics covering air, water and land were successfully completed within budget last year.</p> <p>Acknowledgements to the project teams and council staff across Te Uru Kahika (managers, scientists, data managers, GIS specialists and comms) who provide their time and expertise in keeping their regional data and information on LAWA updated – it truly is a huge collective effort to ensure LAWA continues to be a source of trusted up-to-date data and information.</p> <p>2. Increasing the LAWA reach:</p> <p>Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaboration. Over the 12-month period (1 July 2023 – 30 June 2024) we have had around 342,400 users and 1.3 million views.</p> <p>This uptick in users means we’re continuing to further the reach and value of the data and information from the regional sector/Te Uru Kahika (and others) and securing LAWA as a go to</p>

<p>Environmental Monitoring and Reporting (EMAR) continued</p>	<p>place for authoritative, up-to-date environmental data and information.</p> <p>Data and information from LAWA are being used by many (central and local government, research and education sector, industry, iwi and public) in a wide range of applications to inform decision making.</p> <p>3. New Projects.</p> <p>The LAWA Operating System Upgrade was completed. This critical piece of work was required to continue to be able to maintain and develop LAWA. The existing content management system (Umbraco, v7) and data management systems were approaching end of life.</p> <p>The completed upgrade to Umbraco v10 provides more functionality and makes it easier for LAWA admins to update and manage copy (text and images).</p> <p>The update included separating out and/or retiring some of the data management aspects (data hosting, management and processing environment), in line with best practise. This was required to simplify the work involved for the Umbraco upgrade, while also enabling future efficiencies in the data management side.</p> <p>The LAWA Actions for Healthy Waterways topic development was re-scheduled to start once the Operating System Upgrade was completed. The initial website development phase work was scoped, with the build of this topic underway, and the topic launch date planned for late September 2024.</p>
<p>Sector Financial Management System</p>	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> • Collects funding from councils and central government • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes • Reports to Te Uru Kahika on income and expenditure. <p>RSHL efficiently collected \$4.3M in funding from councils to support Te Uru Kahika programmes. An additional \$2.5M was obtained from central government in support of Te Uru Kahika work programmes.</p> <p>At the time of writing RSHL has more than 50 service contracts of varying sizes under management on behalf of Te Uru Kahika.</p> <p>Of particular note are the contracts for LIDAR Imagery in support of Cyclone Gabrielle recovery work in sections of Northland, Waikato, Auckland, Bay of Plenty and Horizons Regions. This work was supported by funding from Ministry for the Environment — Manatū Mō Te Taiao, with specialist procurement and technical advice provided by Land Information New Zealand - Toitū Te Whenua.</p> <p>With the support of RSHL via the SFMS, Te Uru Kahika continues to expand the scope and benefits to member councils.</p>

Key Judgements

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

Performance Measures | Hei Ine i te Mahi

Regional Software Holdings Limited
For the year ended 30 June 2024

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

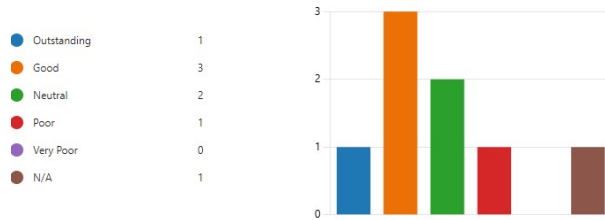
Non-Financial

1 July 2023 – 30 June 2024																																					
<p>Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.</p>	<p>Achieved</p> <p>The baseline survey for IRIS NextGen was completed in June 2024, with results presented to the Steering Group in July.</p> <p>For each survey topic the council was asked to rate the performance of RSHL on this scale:</p> <ul style="list-style-type: none"> • Outstanding • Good • Neutral • Poor • Very Poor • N/A <p>Responses were received from 8 out of 9 councils, and results were generally good or better. Comments were also collected on each survey point.</p> <p>Please rate the performance of RSHL with respect to Programme Management.</p> <div style="display: flex; align-items: flex-start;"> <table style="margin-right: 20px;"> <tr><td>Outstanding</td><td>0</td></tr> <tr><td>Good</td><td>4</td></tr> <tr><td>Neutral</td><td>3</td></tr> <tr><td>Poor</td><td>1</td></tr> <tr><td>Very Poor</td><td>0</td></tr> <tr><td>N/A</td><td>0</td></tr> </table> </div> <p>Please rate the performance of RSHL with respect to Communication.</p> <div style="display: flex; align-items: flex-start;"> <table style="margin-right: 20px;"> <tr><td>Outstanding</td><td>0</td></tr> <tr><td>Good</td><td>4</td></tr> <tr><td>Neutral</td><td>4</td></tr> <tr><td>Poor</td><td>0</td></tr> <tr><td>Very Poor</td><td>0</td></tr> <tr><td>N/A</td><td>0</td></tr> </table> </div> <p>Please rate the performance of RSHL with respect to facilitating collaboration between councils.</p> <div style="display: flex; align-items: flex-start;"> <table style="margin-right: 20px;"> <tr><td>Outstanding</td><td>1</td></tr> <tr><td>Good</td><td>5</td></tr> <tr><td>Neutral</td><td>1</td></tr> <tr><td>Poor</td><td>1</td></tr> <tr><td>Very Poor</td><td>0</td></tr> <tr><td>N/A</td><td>0</td></tr> </table> </div>	Outstanding	0	Good	4	Neutral	3	Poor	1	Very Poor	0	N/A	0	Outstanding	0	Good	4	Neutral	4	Poor	0	Very Poor	0	N/A	0	Outstanding	1	Good	5	Neutral	1	Poor	1	Very Poor	0	N/A	0
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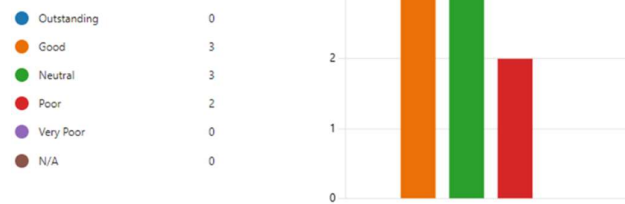
Statement of Service Performance | Hei Ine i te Mahi
Performance Measures continued

1 July 2023 – 30 June 2024

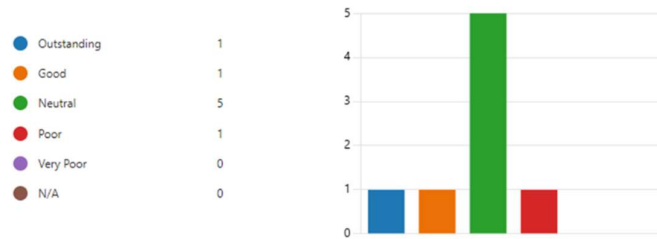
Please rate the performance of RSHL with respect to development and promotion of the Good Practice Operating Model.



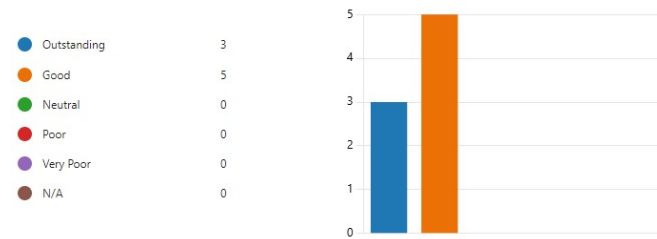
Please rate the performance of RSHL with respect to vendor management of Datacom.



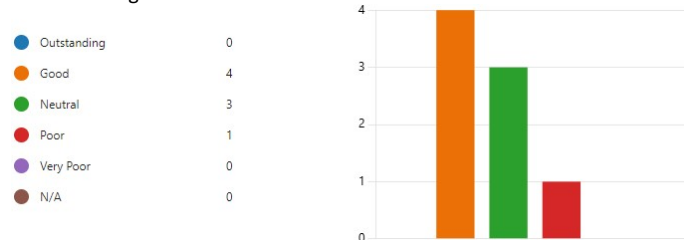
Please rate the performance of RSHL with respect to management of the process to develop the Datascape Regional Sector Template.



Please rate the performance of RSHL with respect to management of the logistics of the IRIS NextGen Programme



Please rate the performance of RSHL with respect to management of the financials of the IRIS NextGen Programme



Statement of Service Performance | Hei Ine i te Mahi
Performance Measures continued

1 July 2023 – 30 June 2024																																					
	<p>Please rate the performance of Datacom with respect to their approach to Partnering with councils and RSHL.</p> <table border="0"> <tr> <td>● Outstanding</td> <td>0</td> </tr> <tr> <td>● Good</td> <td>4</td> </tr> <tr> <td>● Neutral</td> <td>3</td> </tr> <tr> <td>● Poor</td> <td>1</td> </tr> <tr> <td>● Very Poor</td> <td>0</td> </tr> <tr> <td>● N/A</td> <td>0</td> </tr> </table> <p>Please rate the performance of Datacom with respect to collaboration with the councils.</p> <table border="0"> <tr> <td>● Outstanding</td> <td>0</td> </tr> <tr> <td>● Good</td> <td>0</td> </tr> <tr> <td>● Neutral</td> <td>6</td> </tr> <tr> <td>● Poor</td> <td>0</td> </tr> <tr> <td>● Very Poor</td> <td>0</td> </tr> <tr> <td>● N/A</td> <td>2</td> </tr> </table> <p>Please rate the performance of Datacom with respect to delivery to the IRIS NextGen Programme.</p> <table border="0"> <tr> <td>● Outstanding</td> <td>0</td> </tr> <tr> <td>● Good</td> <td>2</td> </tr> <tr> <td>● Neutral</td> <td>2</td> </tr> <tr> <td>● Poor</td> <td>2</td> </tr> <tr> <td>● Very Poor</td> <td>1</td> </tr> <tr> <td>● N/A</td> <td>1</td> </tr> </table>	● Outstanding	0	● Good	4	● Neutral	3	● Poor	1	● Very Poor	0	● N/A	0	● Outstanding	0	● Good	0	● Neutral	6	● Poor	0	● Very Poor	0	● N/A	2	● Outstanding	0	● Good	2	● Neutral	2	● Poor	2	● Very Poor	1	● N/A	1
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<p>Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive.</p>	<p>Achieved.</p> <p>The DRAFT IRIS budget was approved as planned in February 2024 and the final budget was approved as part of the SOI Process in June 2024.</p> <p>IRIS – The IRIS Programme Budget included a loss of \$468k for the year because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of \$174k including depreciation. The favourable result was because operating expenditure was \$358k less than budgeted.</p>																																				
<p>Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.</p> <p>Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs.</p> <p>Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.</p>	<p>Achieved.</p> <p>SFMS Funds collected were as agreed with the RCEOs and reporting on financial position was provided to RCEOs on a quarterly basis.</p> <p>Total funding collected in the period was \$6.9M of which \$2.5M was from central government. Total expenses for the year were \$7.8M. The net loss of \$1.9M is due to expenses for the Cyclone Gabrielle response LIDAR Surveys. The funding for this work was collected in the previous financial year but spent in FY24.</p> <p>Ten Te Uru Kahika Programme Leads were surveyed on the performance of RSHL with respect to delivery of the SFMS. 5 responses were provided.</p> <p>All responses rated RSHL Good or Outstanding on the following survey questions:</p> <p>Please rate the performance of RSHL with respect to:</p> <ul style="list-style-type: none"> ● Sourcing and Procurement ● Contract Management. ● Financial/Operations Management. ● Employment of Staff/Contractors <p>This is a pleasing result, which we will seek to build on in the following years.</p>																																				

Statement of Service Performance | Hei Ine i te Mahi
Performance Measures continued

1 July 2023 – 30 June 2024	
<p>Effectively support the activities of the Te Uru Kahika through the Regional Sector Office.</p> <p>Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June.</p> <p>Survey results to be the same or better than the previous year.</p>	<p>Not Achieved.</p> <p>Over the course of FY2024, RSHL went through a process to better define the role of RSHL in support of Te Uru Kahika.</p> <p>As a result of that work, a new Memorandum of Agreement (MoA) has been created which clearly defines the roles of RSHL and Te Uru Kahika. That MoA includes service definitions and measures. This is the most effective way of measuring the performance of RSHL in support of Te Uru Kahika.</p> <p>The Te Uru Kahika Virtual Team, led by the Te Uru Kahika Executive Director is accountable to the RCEOs Forum for the performance of the Regional Sector Office.</p>
<p>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>	<p>Partially Achieved.</p> <p>The EMAR budget and workplan for FY24 was approved by the EMAR Steering Group on the 25th August 2024. Approval was delayed pending confirmaton of central government funding.</p> <p>The work programme for LAWA, including additional topics and upgrades was completed on time and to budget.</p>
<p>Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services.</p> <p>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>	<p>Partially Achieved.</p> <p>RSHL has effectively managed the SFMS. Revenue and expenditure are consistent with the amounts documented in the SFMS Briefing Paper.</p> <p>RSHL has more than 50 contracts in place with service providers for support of Te Uru Kahika work programmes.</p> <p>RSHL has effectively managed the Integrated National Farm Data Platform (INFDP) Programme under the guidance of the Steering Group. The programme has remained within budget and timetable and been well managed despite significant changes in policy direction.</p> <p>Environmental Data Management Platform (EDMS) is a long-running and complex programme. RSHL has been working with the Te Uru Kahika Environmental Data and Digital Solutions Groups to complete the procurement process for this programme. This has taken longer than planned.</p> <p>In FY2024 we started development with a consortium of councils on a Data Emissions Platform Programme, we expect to progress to a formal partnership agreement before the end of the year.</p> <p>RSHL is also working with the Regional Integrated Ticketing Systems Programme to transition that team from Otago Regional Council to RSHL.</p>

Financial

1 July 2023 – 30 June 2024	
<p>RSHL will operate within approved budget, with any material variations approved by the relevant governance group.</p> <ul style="list-style-type: none"> • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group 	<p>Achieved – RSHL operated within approved budgets for all programmes with some variations approved by the board.</p> <p>The board receives quarterly financial reports with revenue and expenditure for each activity:</p> <ul style="list-style-type: none"> • RSHL Overheads – RSHL Board • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group <p>The board received and accepted the financial reports at each meeting, with variances discussed and agreed.</p> <p>Overheads – Overhead costs are allocated to each programme based on revenue. The SOI budget showed total overheads to be recovered from programmes as \$342K. Actual overheads recovered were \$370K.</p> <p>IRIS NextGen Programme – The SOI budget for IRIS NextGen indicated a loss of \$286K, because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of \$68K.</p>

Statement of Service Performance | Hei Ine i te Mahi
Performance Measures continued

1 July 2023 – 30 June 2024	
	<p>IRIS – The IRIS Programme Budget included a loss of \$468K for the year because the programme intended to expend funds carried over from previous years.</p> <p>In fact, the programme made a loss of \$174K including depreciation. The favourable result was because operating expenditure was \$358K less than budgeted.</p> <p>Sector Financial Management System – Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual expenditure for the SFMS is not meaningful. The RCEOs Group received quarterly updates on income and expenditure against their budget. The Te Uru Kahika Executive Advisor received regular updates.</p> <p>Further variability was created because Te Uru Kahika successfully negotiated a new funding agreement with MFE in June 2024. This has had a favourable impact on the year-end result.</p>
<p>Annual charges for shareholders and customers to be at the level approved by the relevant governance group. Based upon the approved operating budget and budgets.</p> <ul style="list-style-type: none"> • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group 	<p>Achieved</p> <p>Overheads are not charged directly to shareholders or customers.</p> <p>IRIS NextGen Programme – Budgeted contributions to the programme from councils in FY2024 were set at \$5M and actual contributions were \$5M. The budget also included contingency of \$0.4M which was not collected or expended. \$44K of funding was collected and expended for small, council-specific pieces of work related to the programme.</p> <p>IRIS – Collected contributions matched budget exactly, at \$937K.</p> <p>SFMS - Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual contributions for the SFMS is not meaningful. Funding collected from councils was in line with the budget set by the RCEOs in August. The agreed contribution from councils was \$3.4M. The total collected was \$3.5M.</p> <p>This figure included additional funding collected at the request of the BioManagers Group (\$50K), and additional (unbudgeted) contributions from Auckland Council.</p>

Growth

1 July 2023 – 30 June 2024	
<p>Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.</p>	<p>Achieved.</p> <p>All 16 regional government organisations are customers of RSHL, while 10 councils are shareholders.</p> <p>In the FY2024 year RSHL worked with consortiums of councils on the following new significant initiatives.</p> <p>Data Emissions Platform - 19 Councils, including 10 Territorial Authorities are working together, to roll out a shared solution for the recording, modelling and reporting of emissions at a local scale. The solution is expected to go live in 2024.</p> <p>Regional Integrated Ticketing System – RSHL is working with a consortium of 10 councils on the transition of the RITS Programme Team from Otago Regional Council to RSHL.</p>
<p>Work with the Te Uru Kahika Network to develop shared service opportunities.</p>	<p>Achieved.</p> <p>In the FY2024 year RSHL worked with consortiums of councils on the following new significant initiatives.</p> <p>Data Emissions Platform - 19 Councils, including 10 Territorial Authorities are working together, to roll out a shared solution for the recording, modelling and reporting of emissions at a local scale. The solution is expected to go live in 2025.</p> <p>Regional Integrated Ticketing System – RSHL is working with a consortium of 10 councils on the transition of the RITS Programme Team from Otago Regional Council to RSHL.</p>
<p>Engage with councils in the regional sector to increase the scope of the usage of shared solutions.</p>	<p>Achieved.</p> <p>RSHL is no longer promoting the IRIS product to new councils.</p> <p>RSHL promotes the IRIS NextGen Programme to the 7 councils not currently participating. We expect West Coast Regional Council to join the programme in FY25. We continue to be in regular contact with two other large councils.</p> <p>The WellsNZ Programme provides a platform for the management and display of well and bore data. The programme was founded by Waikato, Canterbury, Auckland and Otago regional councils. We expect up to 4 more councils to join the programme in FY25.</p>

Financial Statements | Ngā Tauākī Pūtea

Regional Software Holdings Limited For the year ended 30 June 2024

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

Registered Office

C/- O'Fee Next Level Accounting

PO Box 1007, Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor-General.

Directors

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

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

Interest Register

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

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

Ged Shirley	Horizons Regional Council	General Manager, Regional Services & Information of RSHL Shareholding Council
Wilma Falconer	Southland Regional Council	Chief Executive of RSHL Shareholding Council
	Project Partners Limited	Director & Shareholder
Asbjorn Aakjaer	Negotiate Limited	Director & Shareholder
	Aakjaer Trustee Company	Director & Shareholder
	Ice Bear Holdings Limited	Director & Shareholder
	One Sheep at a Time Limited	Director & Shareholder
	EMD Advantage Limited (Infor)	EMDA Board Chair
	Waikato Regional Council (Infor – Public Sector), KPMG	Providing implementation consulting services to the WRC Finance Team – Infor (solution provider/implementation delivery partner). Engagement post implementation support only.
	Deloitte, EY, KPMG, SAP, Oracle, Infor, Microsoft, Workday, Salesforce, Mulesoft, Datacom	Active & long-term relationships with these organisations including tendering for new consulting opportunities from time to time.
Bruce Robertson	R Bruce Robertson Limited	Director and Shareholder (governance and advisory services).
	<i>Local Authorities:</i>	
	Hamilton City Council	Audit & Risk Committee Chair
	Thames-Coromandel District Council	Audit & Risk Committee Chair
	Waipa District Council	Audit & Risk Committee Chair
	Taupo District Council	Audit & Risk Committee Chair
	Bay of Plenty Regional Council	Audit & Risk Committee Deputy Chair
	Gisborne District Council	Audit & Risk Committee Chair
	Napier City Council	Audit & Risk Committee Chair
	South Wairarapa District Council	Audit & Risk Committee Chair
	Wellington City Council	Audit & Risk Committee Chair
	Timaru District Council	Audit & Risk Committee Chair
	Central Otago District Council	Audit & Risk Committee Chair
	Southland District Council	Audit & Risk Committee Chair
	Christchurch City Council	Audit & Risk Committee Chair (from 1 July 2024)
Ministry of Primary Industries (MPI)	Audit & Risk Committee Chair	

The following directors received the following payments throughout the year:

A Aakjaer - \$36,158 (Last Year: \$33,000) for independent director services.

B Robertson - \$37,306 (Last Year: \$9,208) for independent director services.

The other directors are paid through their respective Councils.

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

Regional Software Holdings Limited For the year ended 30 June 2024

	NOTES	2023-24	2023-24 SOI	2022-23
Revenue				
Regional Sector Shared Services	2	6,867,364	5,715,783	8,904,518
Member Contributions	2	5,980,859	6,343,866	4,902,541
Other revenue	2	242,157	128,173	298,331
Interest		134,376	25,000	38,626
Total Revenue		13,224,756	12,212,822	14,144,016
Expenses				
Administration Costs	3	130,147	74,800	105,248
Audit and Legal Fees	1	95,560	105,000	93,683
Datacom Support Services		206,978	247,000	193,129
Environmental Charges		145,527	154,000	23,316
External Contractors		4,347,344	4,832,539	3,039,453
External Directors Fees		75,200	72,000	42,728
Other Direct Software Expenses		456,382	733,333	424,203
Personnel costs	4	1,359,892	1,745,000	843,340
Promotional costs		129,901	91,000	3,933
Regional Sector Shared Services		7,850,616	4,260,250	4,953,973
Travel and Meeting Costs		198,862	184,000	120,022
Depreciation Expense	7	6,293	-	1,132
Amortisation Expense	8	500,557	468,705	989,043
Total Expenses		15,503,260	12,967,627	10,833,202
Surplus/(Deficit) before Tax		(2,278,504)	(754,805)	3,310,814
Income Tax				
Tax Expense	11	(637,797)	-	725,888
Total Income Tax		(637,797)	-	725,888
Total Comprehensive Revenue and Expense		(1,640,706)	(754,805)	2,584,926

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

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

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

Regional Software Holdings Limited As at 30 June 2024

	NOTES	2023-24	2023-24 SOI	2022-23
Assets				
Current Assets				
Cash and Cash Equivalents	5	4,382,962	613,699	5,851,788
Receivables and Prepayments	6	2,072,414	-	2,180,386
Income Tax Receivable	11	43,212	-	11,971
Total Current Assets		6,498,587	613,699	8,044,146
Non-Current Assets				
Property, Plant & Equipment	7	5,881	-	7,826
Intangible Assets	8	1,100,902	1,642,725	1,601,459
Total Non-Current Assets		1,106,783	1,642,725	1,609,285
Total Assets		7,605,371	2,256,424	9,653,431
Liabilities				
Current Liabilities				
Payables and Deferred Revenue	9	2,270,313	-	1,838,018
Employee Entitlements	10	83,585	-	51,977
Goods and Services Tax		49,363	-	282,823
Total Current Liabilities		2,403,261	-	2,172,818
Non-Current Liabilities				
Deferred Tax Liability	11	88,091	-	725,888
Total Non-Current Liabilities		88,091	-	725,888
Total Liabilities		2,491,352	-	2,898,706
Net Assets		5,114,019	2,256,424	6,754,725
Equity				
Contributed Capital	12	5,149,150	5,149,150	5,149,150
Accumulated Funds	12	(35,131)	(2,892,727)	1,605,575
Total Equity		5,114,019	2,256,424	6,754,725

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

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

Regional Software Holdings Limited For the year ended 30 June 2024

	2023-24	2023-24 SOI	2022-23
Equity			
Opening Balance	6,754,725	3,011,228	4,169,800
Total Comprehensive Revenue and Expense for the year	(1,640,706)	(754,805)	2,584,926
Balance at 30 June	5,114,019	2,256,424	6,754,725
Total Comprehensive Revenue and Expense Attributable to			
Regional Software Holdings Ltd	(1,640,706)	(754,805)	2,584,926

Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

Regional Software Holdings Limited For the year ended 30 June 2024

	2023-24	2023-24 SOI	2022-23
Cash Flows from Operating Activities			
Receipts from Members and Non-Members	6,055,502	12,187,822	5,015,316
Interest Received	134,376	25,000	38,626
ReCoCo Income	6,813,738	-	8,290,390
Other Income	168,578	-	173,962
Income tax received/(paid)	(31,241)	-	(10,815)
Payments to suppliers and employees	(14,374,237)	(12,498,922)	(9,508,806)
GST	(229,826)	-	309,251
Total Cash Flows from Operating Activities	(1,463,109)	(286,100)	4,307,923
Cash Flows from Investing and Financing Activities			
Payments to acquire property, plant and equipment	(5,717)	-	(7,589)
Payments to purchase intangibles	-	-	(8,905)
Repayments of loans borrowed from other parties	-	-	-
Total Cash Flows from Investing and Financing Activities	(5,717)	-	(16,494)
Net Increase/ (Decrease) in Cash	(1,468,826)	(286,100)	4,291,430
Cash Balances			
Cash and cash equivalents at beginning of period	5,851,788	899,799	1,560,358
Cash and cash equivalents at end of period	4,382,962	613,699	5,851,788
Net change in cash for period	(1,468,826)	(286,100)	4,291,430

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

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

Regional Software Holdings Limited For the year ended 30 June 2024

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

Reporting Entity

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

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

RSHL has no subsidiaries or joint ventures.

Entity Structure

Following the restructure of RSHL into the Te Uru Kahika Shared Services organisation in November 2022, the company has a Board of 8 directors, comprised of 6 council representatives and two independent directors. The Board oversees the governance of RSHL. The Board is accountable to its shareholders for the financial and non-financial performance of the company. RSHL directors are elected and retire by rotation. In addition, there is a Chief Executive who is responsible for the day-to-day operations of RSHL and reports to the Board.

The Company has:

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

The total number of shares at 30 June 2024 is 10,010 (2023: 10,009). The Company issued a single Class A share to Otago Regional Council in August 2023 on completion of the necessary processes and documents.

The shareholding of the Company as at 30 June 2024 is as follows:

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

The financial statements are those of RSHL, for the twelve months ended 30 June 2024, and were authorised for issue by the Board of Directors on 26 September 2024.

Basis of Preparation

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

Statement of Compliance

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

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

Presentation Currency and Rounding

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

Changes in Accounting Policies

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

Summary of Significant Accounting Policies

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

Foreign Currency Transactions

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

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Critical Accounting Estimates and Assumptions

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

Additional Disclosure

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

During this financial year eleven staff members were employed by RSHL (last year there were eight). There are ten employees as at 30 June 2024.

Remuneration Bracket	2023-24	2022-23
Up to 100,000	5	5
100,000 - 110,000	0	0
110,000 - 120,000	0	0
120,000 - 130,000	0	1
130,000 - 140,000	1	0
140,000 - 150,000	1	1
150,000 - 160,000	1	0
160,000 - 170,000	1	0
170,000 - 180,000	0	0
180,000 - 190,000	0	1
190,000 - 200,000	1	0
200,000 - 210,000	1	0

	2023-24	2022-23
Fees to Auditors		
Fees to Audit NZ for audit of the financial statements and performance information	56,112	44,267
Fees to Audit NZ for other services	23,484	-
Total Fees to Auditors	79,596	44,267

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

2. Revenue

Accounting Policy

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

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

Exchange Revenue

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

Other Revenue

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

Investment Revenue

Interest revenue is recorded as it is earned.

Non-Exchange Revenue

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

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

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

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

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

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

Members Contributions and Regional Sector Shared Services

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

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

	2023-24	2022-23
Members Contributions		
Members Contributions as per SOI	5,980,859	4,902,541
Total Members Contributions	5,980,859	4,902,541

Members contributions include \$5,763,183 (2023: \$4,332,237) income from the shareholder councils as described in note 14. Members contributions from non-shareholder councils total \$217,676 (2023: \$570,304).

	2023-24	2022-23
Other Income		
Consulting Services	146,003	188,293
Recovery of Other Direct Software Expenses	96,153	110,038
Total Other Income	242,157	298,331

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.

	2023-24	2022-23
Administration Expenses		
Accounting & Technical Support	112,886	90,542
Administration Costs	13,539	11,455
Bank Fees	452	383
Insurance	3,270	2,868
Total Administration Expenses	130,147	105,248

4. Personnel Costs

Accounting Policy

Salaries and wages

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

Superannuation schemes - defined contribution schemes

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

	2023-24	2022-23
Personnel costs		
Salaries and wages	1,247,939	658,375
Council staff seconded to RSHL	30,116	145,291
Defined contribution plan employer contributions	35,898	18,782
Increase/(decrease) in employee entitlements	31,608	18,615
ACC Levies	569	243
Staff Costs	3,605	2,034
Staff Training	10,157	-
Total Personnel costs	1,359,892	843,340

5. Cash and Cash Equivalents

Accounting Policy

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

	2023-24	2022-23
Cash and cash equivalents		
Business Online Saver	2,532,644	283,807
Credit Card - Mark Donnelly	(1,728)	(1,191)
Current Account	1,852,047	5,569,171
Total Cash and cash equivalents	4,382,962	5,851,788

6. Receivables

Accounting Policy

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

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

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

	2023-24	2022-23
Receivables and Prepayments		
Accounts Receivable	2,072,414	2,103,265
Prepayments	-	77,121
Total Receivables and Prepayments	2,072,414	2,180,386

7. Property, Plant and Equipment

Accounting Policy

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

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

Individual assets, or group of assets, are capitalised if their cost is greater than \$5,000.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

	Cost 1 Jul 2023	Accumulated Depreciation 1 Jul 2023	Carrying Amount 1 Jul 2023	Additions	Depreciation	Cost 30 Jun 2024	Accumulated Depreciation 30 Jun 2024	Carrying Amount 30 Jun 2024
Computer Hardware	11,257	3,431	7,826	4,347	6,292	15,604	9,723	5,881
Total	11,257	3,431	7,826	4,347	6,292	15,604	9,723	5,881

	Cost 1 Jul 2022	Accumulated Depreciation 1 Jul 2022	Carrying Amount 1 Jul 2022	Additions	Depreciation	Cost 30 Jun 2023	Accumulated Depreciation 30 Jun 2023	Carrying Amount 30 Jun 2023
Computer Hardware	2,299	2,299	-	8,958	1,132	11,257	3,431	7,826
Total	2,299	2,299	-	8,958	1,132	11,257	3,431	7,826

8. Intangible Assets

Accounting Policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

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

Staff training costs are recognised as an expense when incurred.

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

Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software. Costs associated with development and maintenance of the RSHL website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

RSHL has considered the external and internal sources of information under IPSAS 26 and considers it likely that on or about 30 June 2027 the current IRIS software platform and attendant e-learning software will be discontinued with no residual value. On this consideration the current IRIS asset and attendant e-learning software has been impaired in 2021 and then further impaired in 2022, but with no further impairment identified in 2023 or 2024.

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

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

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

At 30 June 2024 the work in progress value of the IRIS Asset is \$Nil. The work in progress written off has been included in other direct software expenses (30 June 2023: \$Nil).

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

	Cost	Accumulated Amortisation	Carrying Amount	Amortisation	Cost	Accumulated Amortisation	Carrying Amount
	1 Jul 2023	1 Jul 2023	1 Jul 2023		30 Jun 2024	30 Jun 2024	30 Jun 2024
Brand Design & Development	8,905	-	8,905	-	8,905	-	8,905
E-Learning Software	42,525	24,574	17,951	4,491	42,525	29,065	13,460
IRIS Software Intellectual Property	9,255,722	7,681,119	1,574,603	496,066	9,255,722	8,177,185	1,078,537
Total	9,307,152	7,705,693	1,601,459	500,557	9,307,152	8,206,250	1,100,902

	Cost	Accumulated Amortisation	Carrying Amount	Amortisation	Cost	Accumulated Amortisation	Carrying Amount
	1 Jul 2022	1 Jul 2022	1 Jul 2022		30 Jun 2023	30 Jun 2023	30 Jun 2023
Brand Design & Development	-	-	-	-	8,905	-	8,905
E-Learning Software	42,525	20,083	22,442	4,491	42,525	24,574	17,951
IRIS Software Intellectual Property	9,255,722	6,696,567	2,559,155	984,552	9,255,722	7,681,119	1,574,603
Total	9,298,247	6,716,650	2,581,597	989,043	9,307,152	7,705,693	1,601,459

9. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

	2023-24	2022-23
Payables and Deferred Revenue		
Accounts Payable	1,774,612	1,712,558
Accrued Expenses	495,701	40,410
Income Received in Advance	-	85,050
Total Payables and Deferred Revenue	2,270,313	1,838,018

10. Employee Entitlements

Accounting Policy

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

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

	2023-24	2022-23
Employee Entitlements		
Wages Payable	26,054	19,319
Leave Liability	57,531	32,657
Total Employee Entitlements	83,585	51,977

11. Income Tax

Accounting Policy

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

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

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

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

2023-24

2022-23

Income Tax

Components of Tax Expense

Current Tax	-	-
Deferred Tax	(637,797)	725,888
Tax Expense	(637,797)	725,888
Net surplus/ (deficit) before tax	(2,278,510)	3,310,814
Tax at 28%	(637,983)	927,028
Plus / (less) tax effect of:		
Non-Deductible Expenditure	186	9,874
Effect of changes in recognised tax losses	-	(211,014)
Tax Expense	(637,797)	725,888

Deferred tax assets/(liabilities)	Tax losses	Intangible assets	Deferred revenue	Other temporary differences	Total
Balance at 30 June 2022	1,103,516	(670,095)	(440,539)	7,118	-
Charged to surplus or deficit	56,528	240,829	(1,035,640)	12,395	(725,888)
Charged to other comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June 2023	1,160,044	(429,266)	(1,476,179)	19,513	(725,888)
Charged to surplus or deficit	(105,091)	142,907	587,674	12,307	637,797
Charged to other comprehensive revenue and expense	-	-	-	-	-
Balance at 30 June 2024	1,054,953	(286,359)	(888,505)	31,820	(88,091)

12. Equity

Accounting Policy

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

	2023-24	2022-23
Equity		
Contributed Capital		
Balance at 1 July	5,149,150	5,149,150
Capital Contribution	-	-
Balance at end of period	5,149,150	5,149,150
Accumulated Surplus		
Balance at 1 July	1,605,575	(979,350)
Surplus/(deficit) for the year	(1,640,706)	2,584,925
Balance at end of period	(35,131)	1,605,575
Total Equity	5,114,019	6,754,725

13. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2024 (Last year - nil).

14. 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	2023/24	2022/23	Description of Services
Waikato Regional Council	-	93,765	Management Services - IRIS PMO Manager
Waikato Regional Council	-	33,006	Reimbursement for travel booked by WRC on behalf of RSHL
Waikato Regional Council	-	1,464	Purchase of laptop for staff member
Horizons Regional Council	8,236	-	Reimbursement for staff member seconded to IRIS NextGen
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	19,980	-	Reimbursement for 2 staff members seconded to the IRIS NextGen project
Taranaki Regional Council	-	290	Reimbursement for Te Uru Kahika Mayors/Chairs induction dinner cost, funded from the SFMS
Taranaki Regional Council	-	5,270	Admin costs for Biosecurity Working Group
Bay of Plenty Regional Council	512,982	507,892	Reimbursement for BioControl Programme

Bay of Plenty Regional Council	-	37,240	Reimbursement of costs Practices, Methodologies and Standards NZ River Managers SIG
Bay of Plenty Regional Council	3,749	-	Reimbursement of costs Product Acceptance Testing for IRIS NextGen
Hawkes Bay Regional Council	24,951	78,254	River Managers SIG Professional Development Programme expenditure
Northland Regional Council	6,563	-	Reimburse for staff member seconded to the IRIS NextGen project and travel costs
Otago Regional Council	59,303	-	Reimburse for 2 staff members seconded to the IRIS NextGen project

Revenue of \$5,763,183 was received from the shareholder councils as member contribution in the year ended 30 June 2024 as outlined in note 2 (2023: \$4,332,237)

Member contributions were received as follows:

Shareholder	2023/24	2022/23
Waikato Regional Council	1,215,644	1,054,691
Bay of Plenty Regional Council	919,430	655,945
Horizons Regional Council	693,485	594,653
Hawkes Bay Regional Council	655,349	544,566
Northland Regional Council	655,349	544,566
Taranaki Regional Council	519,349	445,059
Southland Regional Council	519,349	445,057
West Coast Regional Council	36,320	47,702
Otago Regional Council	548,906	-

As at 30 June 2024 \$665,670 (2023: \$368,074) was owed to RSHL by Member Councils and \$610,790 (2023: \$425,474) was owed by RSHL to Member Councils.

2023-24

2022-23

Key Management Personnel Compensation

Senior Management Team, including the Chief Executive

Total full-time equivalent personnel	7	5
Remuneration	1,022,670	570,141

15. Events After Balance Date

There are no significant events after balance date (2023: Nil).

16. Financial Instruments

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

	2023-24	2022-23
Financial assets measured at amortised cost		
Cash and cash equivalents	4,382,962	5,851,788
Receivables (excluding taxes receivable)	2,072,414	2,138,546
Total Financial assets measured at amortised cost	6,455,375	7,990,334
Financial liabilities measured at amortised cost		
Payables (excluding income in advance and taxes payable)	2,233,566	1,730,243
Total Financial liabilities measured at amortised cost	2,233,566	1,730,243

Financial Instrument Risks

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

Market risk

Currency risk

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

Fair value interest rate risk

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

Credit risk

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

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

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

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

Liquidity risk

Management of liquidity risk

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

17. Explanations of Major Variances Against Budget

Statement of Financial Performance	Actual	Budget	Variance	Explanation
Regional Sector Shared Services Revenue	6,867,364	5,715,783	1,151,581	Regional Sector Shared Services Revenue is revenue collected in support of Te Uru Kahika through the Sector Financial Management System. Te Uru Kahika did not confirm their budget for FY2024 until August 2023 so the SOI budget figures were based on FY23. In fact \$1.2M less than budgeted was collected from councils, and \$2.4M in unbudgeted funding was collected from central government in support of Te Uru Kahika programmes.
Member Contributions	5,980,859	6,343,866	(363,007)	Member contributions refers to contributions from councils from the IRIS and IRIS NextGen Programmes. The SOI budget included contingency of ~\$410K, which was not collected (a favourable variance). In addition RSHL collected ~\$44K of unbudgeted funds from councils for council specific activities completed within the programme.
Interest	134,376	25,000	109,376	RSHL held a significant cash balance in FY24 because of funding received from central government for East Coast LIDAR work and Essential Freshwater. As a result substantially more interest was earned than budgeted. The interest earned was used to offset overhead costs.
Other Revenue	242,157	128,173	113,984	RSHL received additional revenue because a contract resource was on-charged to a council for a period of time while not required for RSHL project work.

Administration Costs	130,147	74,800	55,347	The extra costs are for accounting and tax advice to support the FY22 and FY23 annual audits. Completion of the audits required restatement of the FY21, FY22 and FY23 accounts to meet the PBE Tier 2 standard (PBE Standards RDR).
Datacom Support Services	206,978	247,000	(40,022)	This figure is budgeted for Datacom support of the IRIS Software package. As we are actively seeking to minimise expenditure on IRIS, less support was required in FY24 than budgeted.
External Contractors	4,347,344	4,832,539	(485,195)	The budgeted figure included \$406K of contingency for the IRIS NextGen project that was not required. The remaining ~\$80K is due to small underspends on various vendor services related to the IRIS NextGen Programme.
Other Direct Software Expenses	456,382	733,333	(276,951)	The budgeted figure includes \$578K for IRIS Software Development. Actual spend on IRIS Development was \$319K (for data migration tools), a favourable variance of \$259K.

Personnel costs	1,359,892	1,745,000	(385,108)	Personnel costs included three Te Uru Kahika roles that were not recruited (see note above about timing of Te Uru Kahika Budget).
Promotional costs	129,901	91,000	38,901	Te Uru Kahika expended \$13K in unbudgeted expenditure on the production of the Before the Deluge report, and provided \$29K in sponsorship to promote Te Uru Kahika activities, this was unbudgeted and reallocated from consultant spend.
Regional Sector Shared Services Expenses	7,850,616	4,260,250	3,590,366	Regional Sector Shared Services Expenditure is expenditure in support of Te Uru Kahika through the Sector Financial Management System. Te Uru Kahika did not confirm their budget for FY2024 until August 2023 so the SOI budget figures were based on FY23. The most significant additional expense against the budget was \$1.9M for LIDAR Surveying of some areas of the North Island affected by Cyclone Gabrielle. Te Uru Kahika also spent \$1M in support of Freshwater Farm Plan data systems that was not originally budgeted, \$275K on development of a business case for Co-Investment in climate resilience infrastructure and \$200K on implementation of the National Policy Statement on Indigenous Biodiversity.
Taxation Expense	(637,797)	-	(637,797)	Taxation expense was not budgeted for due to the budgeted loss.

Statement of Financial Position	Actual	Budget	Variance	Explanation
Cash and cash equivalents	4,382,962	613,699	3,769,263	At year end RSHL holds substantial cash reserves on behalf of work programmes, including Essential Freshwater, East Coast LIDAR and unspent funds for IRIS, IRIS NextGen and the SFMS.
Accounts Receivable and Accruals	2,072,414	-	2,072,414	Accounts Receivable are not provided for in the budget.
Property, Plant & Equipment (PPE)	1,106,783	1,642,725	(535,942)	Budgeted Capital Expenditure for IRIS in FY22 and FY23 was expensed, following advice. Accordingly the value of the IRIS software asset is less than budgeted.
Payable and Accruals	2,270,313	-	2,270,313	Accounts Payable was not provided for in the SOI budget.



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Independent Auditor's Report

To the readers of Regional Software Holdings Limited's financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 23 to 41, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity/net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 15 to 19.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2024.

Our audit was completed on 26 September 2024. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the *Professional and Ethical Standards* and the *International Standards on Auditing (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 14 and 20 to 22, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out a separate assurance engagement to provide an interim report on assurance over the procurement of the Environmental Data Management Solution, which are compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the company.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand