



AGENDA

Executive, Audit & Risk

Monday 31 July 2023, 10.00am

Executive Audit and Risk Committee

31 July 2023 10:00 AM



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Whakataka te hau

Karakia to open and close meetings

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
Kia hī ake ana te atakura	Let the red-tipped dawn come with a sharpened air
He tio, he huka, he hauhu	A touch of frost, a promise of glorious day
Tūturu o whiti whakamaua kia tina.	Let there be certainty
Tina!	Secure it!
Hui ē! Tāiki ē!	Draw together! Affirm!

Nau mai e ngā hua

Karakia for kai

Nau mai e ngā hua	Welcome the gifts of food
o te wao	from the sacred forests
o te ngakina	from the cultivated gardens
o te wai tai	from the sea
o te wai Māori	from the fresh waters
Nā Tāne	The food of Tāne
Nā Rongo	of Rongo
Nā Tangaroa	of Tangaroa
Nā Maru	of Maru
Ko Ranginui e tū iho nei	I acknowledge Ranginui above and
Ko Papatūānuku e takoto ake nei	Papatūānuku below
Tūturu o whiti whakamaua kia	Let there be certainty
tina	Secure it!
Tina! Hui e! Taiki e!	Draw together! Affirm!



Date 31 July 2023

Subject: **Executive, Audit and Risk Committee Minutes – 19 June 2023**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3191597

Recommendations

That the Taranaki Regional Council:

- a) takes as read and confirms the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 19 June at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 27 June 2023.

Matters arising

Appendices/Attachments

Document: 3181826 Minutes Executive Audit and Risk Committee – 19 June 2023



Date Monday 19 June 2023, 8.30am
Venue: Taranaki Regional Council Boardroom, 47 Cloten Road, Stratford
Document: 3181826

Members	Councillors	M J Cloke	<i>Chair</i>
		A L Jamieson	
		D H McIntyre	
		C S Williamson	<i>(zoom)</i>
		C L Littlewood	<i>ex officio</i>
		N W Walker	<i>ex officio</i>
Attending	Mr	S J Ruru	Chief Executive
	Mr	M J Nield	Director – Corporate Services
	Ms	R Johnson	Financial Services Manager
	Mrs	M G Jones	Governance Administrator
	Miss	N Chadwick	Executive Assistant
	Mrs	J Reader	Communication and Engagement Manager

The meeting opened with Karakia at 8.30am.

Apologies: were received and sustained from Councillor Hughes

1. Confirmation of Minutes Executive Audit and Risk – 8 May 2023

Resolved

That the Taranaki Regional Council:

- a) took as read and confirmed the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 8 May 2023 at 10am
- b) noted the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 16 May 2023.

Walker/Littlewood

2. Financial and Operational Report

- 2.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to update the committee on the Council’s financial and operational performance.

8.35 Councillor McIntyre joined the meeting

8.36 Councillor Williamson joined the meeting via zoom

Resolved

That the Taranaki Regional Council:

- a) received the memorandum *Financial and Operational Report* and the March and April 2023 Monthly Financial Reports
- b) noted the digital media update.

Jamieson/Walker

3. Civic Financial Services Ltd: Annual Report 2022

- 3.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum seeking their consideration of *Civic Financial Services Ltd.’s 2022 Annual Report*.

Resolved

That the Taranaki Regional Council:

- a) received the *Civic Financial Services Ltd.’s 2022 Annual Report*.

Walker/Cloke

4. 2022/2023 Annual Report Audit Engagement Letter

- 4.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum seeking consideration of the Audit Engagement Letter relating to the audit of the *2022/2023 Annual Report*

Resolved

That the Taranaki Regional Council:

- a) received the Audit Engagement letter and the audit of the *2022/2023 Annual Report*.

Cloke/Littlewood

5. 2022/2023 Audit Planning Report

- 5.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to seeking consideration of the Audit Planning Report relating to the audit of the *2022/2023 Annual Report*.

Resolved

That the Taranaki Regional Council:

- a) received the Audit Planning Report relating to the audit of the *2022/2023 Annual Report*.

Cloke/Littlewood

Public Excluded

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive Audit and Risk Meeting on 19 June 2023 2023 for the following reason/s:

The matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under section 48(1) of the *Local Government Official Information and Meetings Act 1987* are as follows:

Item 11 – Confirmation of Public Excluded Executive Audit and Risk Minutes – 8 May 2023

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; and/or enable any local authority holding the information to carry out, without prejudice, commercial activities

Item 12 – Purchase of land adjacent to Hollard Gardens

Item 13 – Accommodation Update

Item 14 – Yarrow Stadium update

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 12: Purchase of land adjacent to Hollard Gardens	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i> .
Item 13: Accommodation review	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7 (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i> .

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<p>Item 14: Yarrow Stadium Plus: Project Steering Group Report</p>	<p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i>.</p>

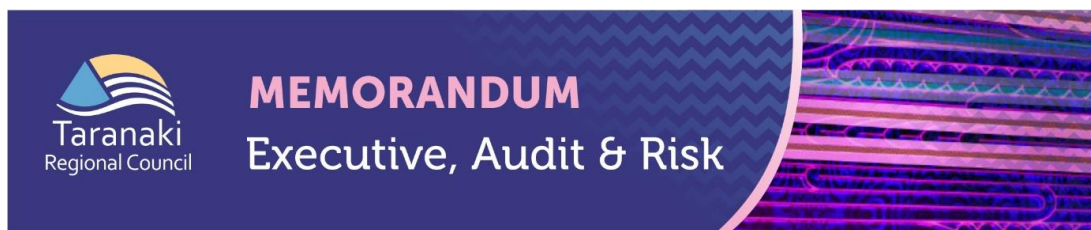
Cloke/Jamieson

There being no further business, the Committee Chairperson, Councillor M J Cloke, declared the open meeting of the Executive, Audit and Risk Committee closed at 10.05am.

Executive, Audit and Risk

Committee Chairperson: _____

M J Cloke



Date 31 July 2023

Subject: **Financial and Operational Report**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3188287

Purpose

1. The purpose of this memorandum is to receive information on operational and financial performance.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the May 2023 Monthly Financial Report
- b) notes the digital media update.

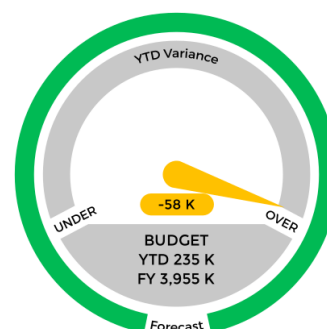
Background

2. The Council produces a Monthly Financial Report outlining the financial performance for the month and year to date. This memorandum supports the Monthly Financial Report by providing additional supporting operational and financial information. The Common Seal is operated under delegated authority. Part of that delegated authority is the reporting back of the seal transactions.

Discussion

3. Attached is the Monthly Financial Report for May 2023.
4. In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.

5. The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.
6. For each Group of Activities (Resource management, Biosecurity and biodiversity, Transport, Hazard management, Recreation culture and heritage, and Regional representation, advocacy and investment management, in the “Financial Indicators Section”, for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates an improving trend and a red down arrow indicates a deteriorating trend.
7. In the “Operating Expenditure by Activity” section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5%, yellow – plus or minus variance of more than 5% but less than 10% and red – plus or minus variance of more than 10%. The key components of each dial are:
 - The outer ring is the forecast for the rest of the year - green OK, yellow performance at risk, red target will not be achieved
 - The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance - the actual variance figure sits at the bottom of the pointer
 - The YTD and full year (FY) budgets are included in the grey section.
8. Financially, the Council overall financial result is behind budget to the estimates established for 2022/2023 in the 2022/2023 *Annual Plan*.
9. The significant growth in staff and activities is increasing expenditure levels - especially in legal, information technology and recruitment expenditure and this is impacting all activities as overheads. This will continue through the financial year.
10. Significant income and expenditure variances by activity (plus or minus \$100,000) are:
 - *Consent processing and administration* - \$366,748 over budget due to the increased workload for resource consents.
 - *Compliance monitoring programmes* - \$147,672 over budget due to higher overhead expenses than planned.
 - *State of the environment monitoring* - \$125,001 over budget due to higher overhead expenses than planned.



- *Sustainable land management plans and plant supply programme* - \$406,957 over budget due to higher vehicle (including depreciation) and overhead expenses.
- *Waitara River catchment* - \$2,121,582 under budget due to the delay in establishing the Waitara River Committee.
- *Enhancement grants* - \$418,913 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year-end.
- *Resource management direct charges revenue* - \$2,318,209 under budget mainly due to Waitara Lands reserve distributions being significantly less than expected. Pollution incidents and response revenue is also expected to remain under budget for the remainder of the year.
- *Resource management government grants revenue* - \$119,299 over budget due to Government contributions to new natural resource arrangements in relation to waterways and increased STRESS funding.
- *Towards Predator-Free Taranaki* - \$971,101 under budget. Underspend will be carried forward to be utilised in 2023/2024.
- *Biosecurity and biodiversity direct charges revenue* - \$1,216,491 under budget mainly due to lower *Towards Predator-Free Taranaki* expenditure than planned as project funding revenues are not recognised until the costs are incurred.
- *Passenger Transport* - \$367,949 over budget because of higher bus contract costs due to inflation and extra bus services.
- *Transport direct charges revenue* - \$336,264 under budget due to the impact of half-price fares.
- *Transport government grants revenue* - \$1,096,882 over budget due to increased claims because of half-price bus fares and higher bus contract costs.
- *River Control Schemes* - \$160,887 under budget due to lower maintenance costs than expected. These will be completed when required, either as a result of damage, or periodic asset improvements resulting from inspections.
- *Regional Gardens* - \$288,877 over budget due to higher repair costs across all gardens and the impact of higher overhead expenses than planned.
- *Governance* - \$192,336 over budget due to the impact of higher costs generally, including election, travel and overheads.

Communications and Engagement

11. Communications and engagement activities are delivered across publications, media releases, advertising, digital media, events and through education. Recent points of note are:
 - The website was visited by 21K unique users from 2 June to 16 July 2023 – a 10% decrease on the same period the previous year.
 - A media briefing was held to provide an update on the Yarrow Stadium project, accompanied by a media release and social media posts.
 - A successful implementation of the new bus fare structure, with a campaign that included social media, direct mail to bus users and schools, website updates and decals on buses and bus shelters.

- A dedicated science communications adviser has joined the team, who will work mainly in freshwater and environmental quality. This is an exciting addition that we believe will add immense value for our community.
- The Towards Predator-Free Taranaki project continues to gain good media coverage and public interest, including a [front page story](#) in the Daily News (and another front page this week with [Peggy the possum dog](#), who is a key part of the Zero Possum project). A series of public workshops across the region are planned over the coming weeks.
- Spread the word through multiple channels about the Ginger Dump in New Plymouth, which resulted in more than four tonnes of ginger dropped off in one weekend – an excellent result.
- Planning is underway for this year’s TRC Environmental Awards, with the awards evening to be held on 15 November. This year will see a revamp of categories.

12. Facebook numbers will continue to go up and down, depending on posts that month.

Facebook pages 2 June to 16 July 2023	Followers	Reach	Engagement
Taranaki Regional Council	6,170	72,602	5.1K (up 19%)
Towards Predator-Free Taranaki	1,740	5,455	1.1K
Hollard Gardens	2,571	6,359	70
Pukeiti	3,398	12,559	263
Tūpare	2,124	13,354	256
Taranaki Public Transport	1,808	7,426	321
Taranaki EnviroSchools	609	100	5
Yarrow Stadium	3,908	5,454	272 (up 166%)
Total	22,328	123,309	7,387

Top Facebook posts (last 28 days - organic only)		Reach	Engagement
1	Monday Memory – Chew Chong’s factory in Eltham Taranaki Regional Council	14.9K	192
2	Stunner of a morning at Tūpare (photo) Tūpare	6.1K	224
3	Old man’s beard update – Waingongoro River Taranaki Regional Council	5.5K	39
4	Monday Memory – Bill Rockett milking cows	5.4K	71

Top Facebook posts (last 28 days - organic only)		Reach	Engagement
	Taranaki Regional Council		
5	Monday Memory – NP centre flooding Taranaki Regional Council	3.6K	30
6	Essential Freshwater rules booklet Taranaki Regional Council	3.6K	30
7	Monday Memory – Manaia School Taranaki Regional Council	3.4K	59
8	Biodiversity team fern identification session Taranaki Regional Council	3.4K	76
9	Rāhotu Primary kids day at Pukeiti Taranaki Regional Council	3.3K	100
10	Wow – what a huge response to our ginger dump! Taranaki Regional Council	2.6K	58

Financial considerations—LTP/Annual Plan

13. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

14. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

15. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan. Similarly, iwi involvement in adopted work programmes has been recognised in the preparation of this memorandum.

Community considerations

16. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

17. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/Attachments

Document 3186201: May 2023 Financial Report



MAY 2023

MONTHLY FINANCIAL REPORT

TARANAKI REGIONAL COUNCIL









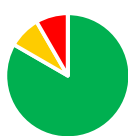
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Executive summary

Financial performance

FINANCIAL INDICATORS					
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%					
Total revenue		Operating expenditure		Operating surplus/deficit	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council’s activities:		Council’s total revenue less operating expenditure:	
Actual YTD:	Trend:	Actual YTD:	Trend:	Actual YTD:	Trend:
\$39.1M	\$2090.8K under budget 	\$39.8M	\$684.2K under budget 	\$-0.7M	\$1406.6K behind budget 
Against a YTD budget of \$41.2M and a full year budget of \$46.6M.		Against a YTD budget of \$40.5M and a full year budget of \$47.5M.		Against a YTD budget of \$0.7M and a full year budget of \$-1.0M.	

FINANCIAL PERFORMANCE			
Operating Expenditure		Income	
Actual	Forecast	Actual	Forecast
Financial Performance 	Future Performance 	Financial Performance 	Future Performance 

Commentary and variances

As at 31 May 2023, the overall financial result is behind budget.

The significant growth in staff and Council activities is impacting expenditure levels. This is most evident in corporate services with expenditure running over budget mainly due to increases in legal, information technology and recruitment expenditure. These expenses are impacting all activities as overheads. These expenditure trends will continue through the financial year as we continue to address the significant changes facing the Council.

Key

This section defines the symbols and colours used in the Executive Summary and the Groups of Activities.

Introduction

In the "Financial Indicators Section", for revenue, expenditure and operating surplus/deficit, for the whole of the Council the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates and improving trend and a red down arrow indicates a deteriorating trend.

The financial performance pie graphs for operating expenditure and income show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of activities where the variance is within plus or minus 5% and less than \$50,000. The yellow slice indicates the number of activities where the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. The red slice indicates the number of activities where the variance is more than plus or minus 10% and more than \$100,000.

The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

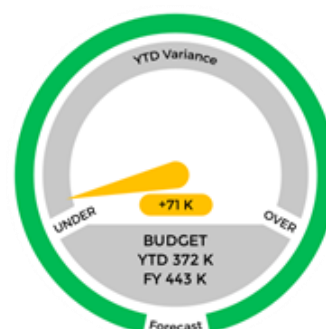
For each Group of Activities:

In the "Financial Indicators Section", for revenue and expenditure, for that group of activities, the actual year to date (YTD) performance is compared against the YTD budget. A green variance indicates that the variance is within plus or minus 5% and less than \$50,000. A yellow variance indicates that the variance is greater than plus or minus 5% and between \$50,000 and \$100,000 but less than plus or minus 10% and more than \$100,000. A red variance indicates that the variance is more than plus or minus 10% and more than \$100,000. The arrow indicates the trend over time. A green up arrow indicates and improving trend and a red down arrow indicates a deteriorating trend.

In the "Operating Expenditure by Activity" section, there is a dial for each activity comparing YTD expenditure against budget and a forecast for the rest of the year. The colours are green – variance of less than plus or minus 5% and less than \$50,000, yellow – plus or minus variance of more than 5% and between \$50,000 and \$100,000 but less than 10% and red – plus or minus variance of more than 10% and \$100,000.

The key components of each dial are:

- The outer ring is the forecast for the rest of the year – green OK, yellow performance at risk, red target will not be achieved
- The pointer indicates whether the variance is over or under budget and the colour indicates the scale of the variance – the actual variance figure sits at the bottom of the pointer
- The YTD and Full Year (FY) budgets are included in the grey section.



The operational performance pie graphs for levels of service and individual activities show the actual performance against budget and the forecast performance against budget, accumulated for all activities within that group of activities. The green slice indicates the number of levels of service/activities where the actual performance is on target. The yellow slice indicates the number of levels of service/activities where the actual performance is at risk of not being achieved. The red slice indicates the number of levels of service/activities where the actual performance is not meeting the target.

Statement of comprehensive revenue and expense

This statement summarises performance against budget for the month and for the year to date.

	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Cost of services							
Resource management	1,734,081	3,969,223	2,235,142	17,932,844	18,628,857	696,013	23,726,044
Biosecurity and biodiversity	647,791	586,719	-61,072	6,443,667	7,361,188	917,521	8,012,037
Transport	626,406	537,368	-89,038	6,134,242	5,760,407	-373,835	6,407,534
Hazard management	93,299	93,966	667	857,505	1,010,982	153,477	1,097,123
Recreation culture and heritage	848,679	873,867	25,188	5,585,125	5,296,248	-288,877	5,633,158
Regional representation advocacy and investment management	231,925	210,763	-21,162	2,223,251	1,970,430	-252,821	2,128,388
Total operating expenditure	4,182,181	6,271,906	2,089,725	39,176,634	40,028,112	851,478	47,004,284
Revenue from exchange transactions							
Direct charges revenue	236,279	333,605	-97,326	4,290,005	4,723,932	-433,927	5,048,875
Rent revenue	188,455	110,000	78,455	1,538,563	1,210,000	328,563	1,320,000
Dividends	0	0	0	8,000,000	8,000,000	0	8,000,000
Revenue from non-exchange transactions							
General rates revenue	2,950,334	2,950,333	1	11,801,336	11,801,335	1	11,801,335
Targeted rates revenue	1,191,446	1,191,452	-6	4,765,786	4,765,811	-25	4,765,811
Direct charges revenue	157,936	2,308,718	-2,150,782	3,082,582	7,155,186	-4,072,604	11,229,886
Government grants	401,634	194,091	207,543	4,102,182	2,886,001	1,216,181	3,750,071
Vested assets	0	0	0	0	0	0	0
Total income	5,126,085	7,088,199	-1,962,114	37,580,454	40,542,265	-2,961,811	45,855,978
Operating surplus/(deficit) before finance income/expenses & taxation	943,904	816,293	127,611	-1,596,181	514,153	-2,110,334	-1,148,308
Finance income	243,879	396,382	-152,503	1,509,985	638,985	871,000	655,659
Finance expense	-135,874	-379,716	-243,842	-622,914	-455,659	167,255	-455,659
Net finance expense	108,005	16,666	91,339	887,071	183,326	703,745	200,000
Operating surplus before taxation	1,051,909	832,959	218,950	-709,110	697,479	-1,406,589	-948,308
Other gains/losses							
Gains/(losses) on revaluation of properties	0	0	0	0	0	0	0
Operating surplus before taxation	1,051,909	832,959	218,950	-709,110	697,479	-1,406,589	-948,308
Income tax expense	0	0	0	0	0	0	10,000
Surplus/(deficit) for the period	1,051,909	832,959	218,950	-709,110	697,479	-1,406,589	-958,308
Other comprehensive income							
Revaluation of property, plant and equipment	0	0	0	0	0	0	0
Other comprehensive income, net of tax	0	0	0	0	0	0	0
Operating surplus/(deficit)	1,051,909	832,959	218,950	-709,110	697,479	-1,406,589	-958,308

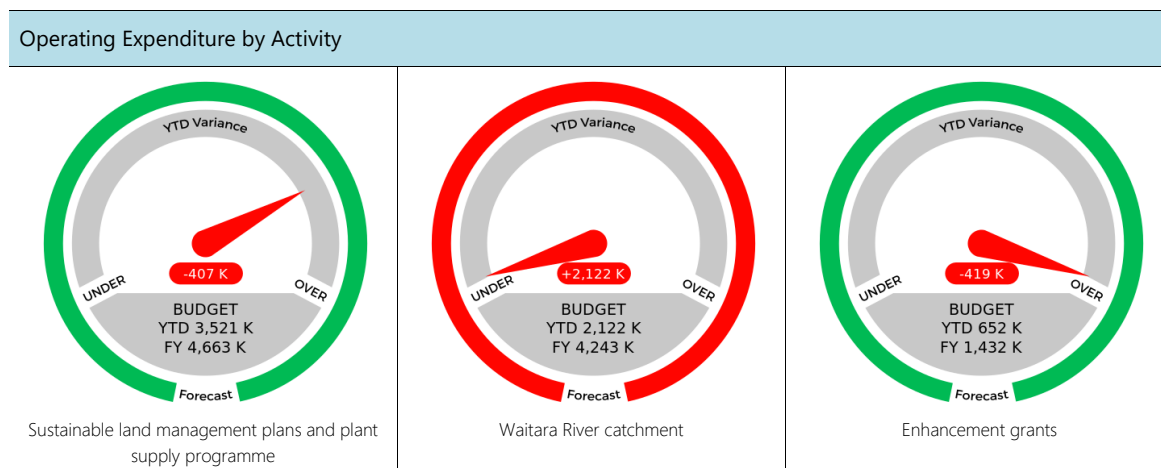
Resource management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$6.3M	\$2198.9K under budget ↓	\$17.9M	\$696.0K under budget ↑
Against a YTD budget of 8.5M and a full year budget of 13.1M.		Against a YTD budget of 18.6M and a full year budget of 23.7M.	

Operating Expenditure by Activity		
<p>YTD Variance: +82 K</p> <p>BUDGET YTD 1,241 K FY 1,347 K</p> <p>Forecast</p>	<p>YTD Variance: -367 K</p> <p>BUDGET YTD 1,018 K FY 1,103 K</p> <p>Forecast</p>	<p>YTD Variance: -148 K</p> <p>BUDGET YTD 4,714 K FY 5,117 K</p> <p>Forecast</p>
Resource management planning	Consent processing and administration	Compliance monitoring programmes
<p>YTD Variance: -53 K</p> <p>BUDGET YTD 1,143 K FY 1,240 K</p> <p>Forecast</p>	<p>YTD Variance: -125 K</p> <p>BUDGET YTD 3,546 K FY 3,850 K</p> <p>Forecast</p>	<p>YTD Variance: +11 K</p> <p>BUDGET YTD 672 K FY 731 K</p> <p>Forecast</p>
Pollution incidence and response	State of the environment monitoring	Resource investigations and projects

RESOURCE MANAGEMENT



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall resource management expenditure is on budget. Material activity variances (> or < than \$100,000) are:

Consent processing and administration - \$366,748 over budget due to the increased workload for resource consents.

Compliance monitoring programmes - \$147,672 over budget due to higher overhead expenses than planned.

State of the environment monitoring - \$125,001 over budget due to higher overhead expenses than planned.

Sustainable land management plans and plant supply programme - \$406,957 over budget due to higher vehicle (including depreciation) and overhead expenses.

Waitara River Catchment - \$2,121,582 under budget due to the delay in establishing the Waitara River Committee.

Enhancement grants - \$418,913 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

Direct charges revenue - \$2,318,209 under budget mainly due to Waitara Lands reserve distributions being significantly less than expected. Pollution incidents and response revenue is also expected to remain under budget for the remainder of the year.

Government grants revenue - \$119,299 over budget due to Government contributions to new natural resource arrangements in relation to waterways and increased STRESS funding.

RESOURCE MANAGEMENT

Cost of services statement

RESOURCE MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Resource management planning	103,999	136,972	32,973	1,159,623	1,241,223	81,600	1,347,377
Consent processing and administration	135,835	115,549	-20,286	1,385,200	1,018,452	-366,748	1,103,337
Compliance monitoring programmes	453,928	534,093	80,165	4,861,894	4,714,222	-147,672	5,116,784
Pollution incidents and response	110,568	128,797	18,229	1,195,921	1,142,570	-53,351	1,240,059
State of the environment monitoring	503,741	395,987	-107,754	3,670,810	3,545,809	-125,001	3,850,072
Resource investigations and projects	-46,454	71,223	117,677	660,932	672,405	11,473	730,565
Sustainable land management plans and plant supply programme	376,755	379,504	2,749	3,927,796	3,520,839	-406,957	4,662,752
Waitara River catchment	0	2,121,607	2,121,607	25	2,121,607	2,121,582	4,243,213
Enhancement grants	95,708	85,491	-10,217	1,070,643	651,730	-418,913	1,431,885
Total expenditure	1,734,081	3,969,223	2,235,142	17,932,844	18,628,857	696,013	23,726,044
Income							
General rates	779,708	779,708	0	5,392,142	5,392,142	0	5,682,248
Direct charges	366,052	2,505,091	-2,139,039	5,434,319	7,752,528	-2,318,209	12,004,171
Government grants	54,000	0	54,000	870,299	751,000	119,299	1,116,000
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	-87,726	0	-87,726	-855,918	0	-855,918	-75,000
Investment funds	622,047	684,426	-62,379	7,092,002	4,733,186	2,358,816	4,998,626
Total income	1,734,081	3,969,225	-2,235,144	17,932,844	18,628,856	-696,012	23,726,045
Operating surplus/(deficit)	0	2	2	0	-1	-1	1

BIOSECURITY AND BIODIVERSITY

Biosecurity and biodiversity

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$1.6M	\$1216.5K under budget ↑	\$6.4M	\$917.5K under budget ↓
Against a YTD budget of 2.8M and a full year budget of 2.9M.		Against a YTD budget of 7.4M and a full year budget of 8.0M.	

Operating Expenditure by Activity		
<p>Biosecurity and biodiversity planning</p>	<p>Biosecurity/pest management</p>	<p>Biodiversity</p>
<p>Towards Predator-Free Taranaki</p>	<p>Key YTD Variance</p> <ul style="list-style-type: none"> ■ < 5% and less than \$50,000 ■ ≥ 5% < 10% and between \$50,000 and \$100,000 ■ ≥ 10% and greater than \$100,000 	

Commentary and variances

Overall biosecurity and biodiversity expenditure is under budget. Material activity variances (> or < than \$100,000) are:

Towards Predator Free Taranaki - \$971,101 under budget. Underspend will be carried forward to be utilised in 2023/2024.

Direct Charges - \$1,216,491 under budget mainly due to lower Towards Predator-Free Taranaki expenditure than planned as project funding revenues are not recognised until the costs are incurred.



BIOSECURITY AND BIODIVERSITY

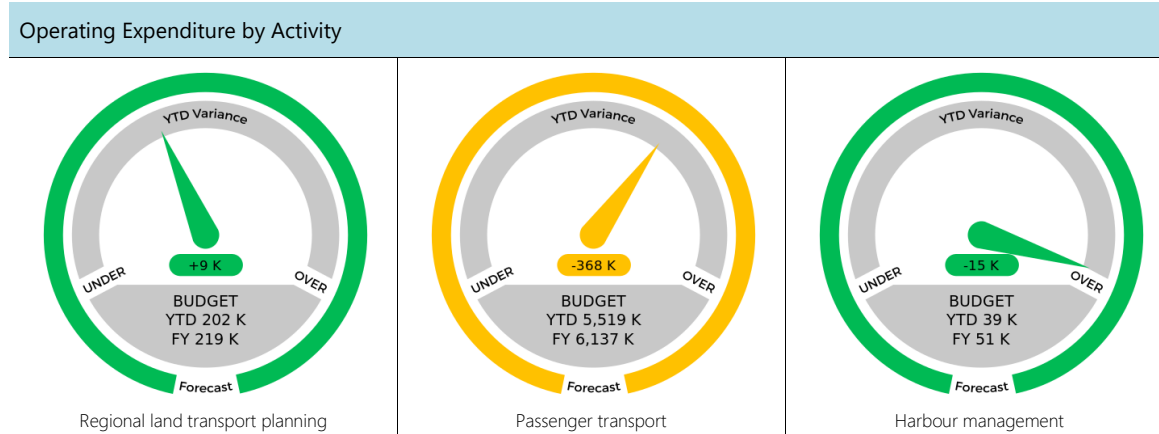
Cost of services statement

BIOSECURITY AND BIODIVERSITY							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Biosecurity and biodiversity planning	6,901	9,287	2,386	77,373	84,247	6,874	91,458
Biosecurity/pest management	223,282	239,241	15,959	2,172,768	2,102,520	-70,248	2,521,459
Biodiversity	144,824	151,149	6,325	1,723,878	1,733,671	9,793	1,884,343
Towards Predator-Free Taranaki	272,784	187,042	-85,742	2,469,649	3,440,750	971,101	3,514,777
Total expenditure	647,791	586,719	-61,072	6,443,667	7,361,188	917,521	8,012,037
Income							
General rates	301,978	301,978	0	2,411,243	2,411,243	0	2,614,241
Direct charges	22,821	19,667	3,154	1,616,884	2,833,375	-1,216,491	2,853,037
Transfer from reserves	0	0	0	0	0	0	250,000
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	322,991	265,074	57,917	2,415,540	2,116,570	298,970	2,294,757
Total income	647,791	586,719	61,072	6,443,667	7,361,188	-917,521	8,012,035
Operating surplus/(deficit)	0	0	0	0	0	0	-2

Transport

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$3.9M	\$760.6K over budget 	\$6.1M	\$373.8K over budget 
Against a YTD budget of 3.2M and a full year budget of 3.8M.		Against a YTD budget of 5.8M and a full year budget of 6.4M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall transport expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Passenger Transport - \$367,949 over budget because of higher bus contract costs due to inflation and extra bus services.

Direct Charges - \$336,264 under budget due to the impact of half price fares.

Government Grants - \$1,096,882 over budget due to increased claims because of half price fares and higher bus contract costs.

TRANSPORT

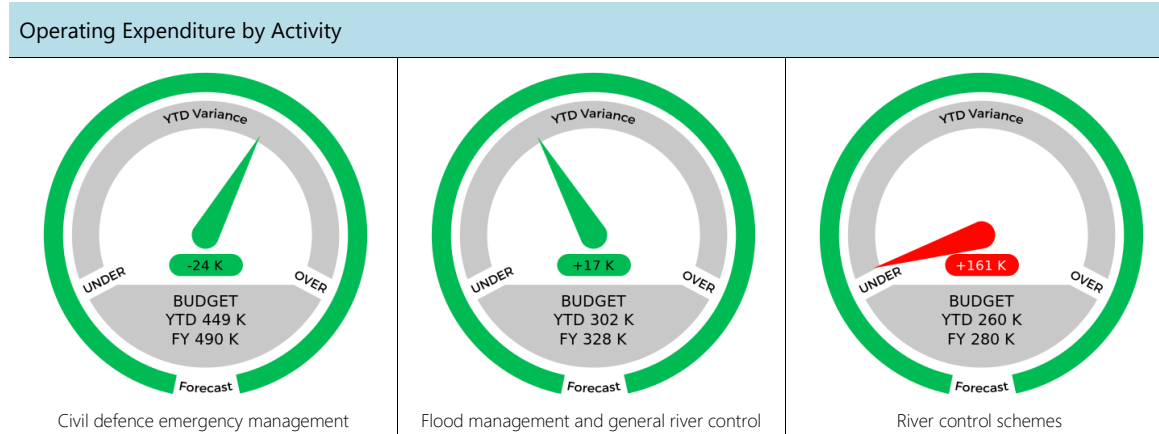
Cost of services statement

TRANSPORT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional land transport planning	33,733	21,636	-12,097	193,279	201,983	8,704	219,484
Passenger transport	591,440	515,232	-76,208	5,887,123	5,519,174	-367,949	6,137,050
Harbour management	1,233	500	-733	53,839	39,250	-14,589	51,000
Total expenditure	626,406	537,368	-89,038	6,134,242	5,760,407	-373,835	6,407,534
Income							
General rates	-110,768	-110,768	0	404,472	404,472	0	433,062
Targeted rates	456,876	456,877	-1	1,827,505	1,827,505	0	1,827,505
Direct charges	84,067	94,399	-10,332	702,125	1,038,389	-336,264	1,132,757
Government grants	347,634	194,091	153,543	3,231,883	2,135,001	1,096,882	2,634,071
Government grants for capital	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	-151,403	-97,231	-54,172	-31,743	355,040	-386,783	380,139
Total income	626,406	537,368	89,038	6,134,242	5,760,407	373,835	6,407,534
Operating surplus/(deficit)	0	0	0	0	0	0	0

Hazard management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.0M	\$1.6K over budget ↑	\$0.9M	\$153.5K under budget ↑
Against a YTD budget of 0.0M and a full year budget of 0.0M.		Against a YTD budget of 1.0M and a full year budget of 1.1M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall hazard management expenditure is under budget. Material activity variances (> or < than \$100,000) are:

River Control Schemes – under budget by \$160,887 due to lower maintenance costs than expected. These will be completed if and when required, either as a result of damage, or periodic asset improvements resulting from inspections.

HAZARD MANAGEMENT

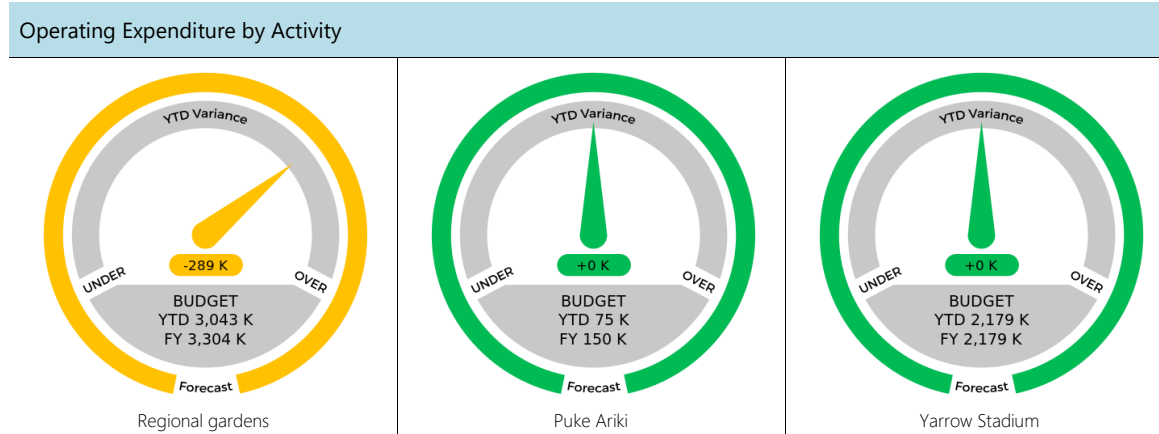
Cost of services statement

HAZARD MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Civil defence emergency management	40,066	40,800	734	473,005	448,800	-24,205	489,600
Flood management and general river control	44,489	32,115	-12,374	285,413	302,208	16,795	327,965
River control schemes	8,744	21,051	12,307	99,087	259,974	160,887	279,558
Total expenditure	93,299	93,966	667	857,505	1,010,982	153,477	1,097,123
Income							
General rates	-107,859	-40,673	-67,186	175,534	175,534	0	249,385
Targeted rates	189,909	189,907	2	759,637	759,637	0	759,637
Direct charges	29	0	29	1,553	0	1,553	0
Government grants	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	93,110	0	93,110	0
Transfer to reserves	-167,828	0	-167,828	-668,561	0	-668,561	-52,536
Investment funds	198,612	-35,703	234,315	574,503	154,083	420,420	218,909
Total income	112,864	113,531	-667	935,777	1,089,254	-153,477	1,175,395
Operating surplus/(deficit)	19,565	19,565	0	78,272	78,272	0	78,272

Recreation, culture and heritage

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.2M	\$13.4K over budget ↓	\$5.6M	\$288.9K over budget ↑
Against a YTD budget of 0.2M and a full year budget of 0.2M.		Against a YTD budget of 5.3M and a full year budget of 5.6M.	



Key	YTD Variance
■	< 5% and less than \$50,000
■	≥ 5% < 10% and between \$50,000 and \$100,000
■	≥ 10% and greater than \$100,000

Commentary and variances

Overall recreation, culture and heritage expenditure is over budget. Material activity variances (> or < than \$100,000) are:

Regional Gardens – over budget by \$288,877 due to higher repair costs across all gardens and the impact of higher overhead expenses than planned.

RECREATION, CULTURE AND HERITAGE

Cost of services statement

RECREATION CULTURE AND HERITAGE							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional gardens	304,012	329,199	25,187	3,331,456	3,042,579	-288,877	3,304,489
Puke Ariki	0	0	0	75,000	75,000	0	150,000
Yarrow Stadium	544,667	544,668	1	2,178,669	2,178,669	0	2,178,669
Total expenditure	848,679	873,867	25,188	5,585,125	5,296,248	-288,877	5,633,158
Income							
General rates	165,770	165,770	0	1,555,278	1,555,278	0	1,725,161
Targeted rates	544,661	544,668	-7	2,178,644	2,178,669	-25	2,178,669
Direct charges	5,736	17,917	-12,181	210,530	197,087	13,443	214,995
Investment funds	132,512	145,512	-13,000	1,640,674	1,365,214	275,460	1,514,333
Total income	848,679	873,867	-25,188	5,585,125	5,296,248	288,877	5,633,158
Operating surplus/(deficit)	0	0	0	0	0	0	0

Regional representation, advocacy and investment management

Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.1M	\$27.1K over budget ↓	\$2.2M	\$252.8K over budget ↓
Against a YTD budget of 0.1M and a full year budget of 0.1M.		Against a YTD budget of 2.0M and a full year budget of 2.1M.	

Operating Expenditure by Activity		
<p>Investment management</p>	<p>Community engagement</p>	<p>Advocacy and response</p>
<p>Governance</p>	<p>Key</p> <ul style="list-style-type: none"> YTD Variance ■ < 5% and less than \$50,000 ■ ≥ 5% < 10% and between \$50,000 and \$100,000 ■ ≥ 10% and greater than \$100,000 	

Commentary and variances

Overall regional representation and advocacy expenditure is over budget. Material activity variances (> or < than \$100,000) are:
 Governance – over budget by \$192,336 due to the impact of higher costs generally, including election, travel and overheads.

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Investment management	0	500	500	41,292	5,500	-35,792	6,000
Community engagement	55,689	56,870	1,181	541,343	509,151	-32,192	552,938
Advocacy and response	33,840	42,016	8,176	372,497	379,996	7,499	412,402
Governance	142,396	111,377	-31,019	1,268,119	1,075,783	-192,336	1,157,048
Total expenditure	231,925	210,763	-21,162	2,223,251	1,970,430	-252,821	2,128,388
Income							
General rates	109,666	109,666	0	1,021,023	1,021,023	0	1,102,565
Direct charges	3,235	4,833	-1,598	80,248	53,163	27,085	58,000
Investment funds	119,024	96,264	22,760	1,121,980	896,244	225,736	967,823
Total income	231,925	210,763	21,162	2,223,251	1,970,430	252,821	2,128,388
Operating surplus/(deficit)	0	0	0	0	0	0	0

Statement of financial position

This statement summarises the Council's assets, liabilities and residual equity. The statement is split between current items (those expected to be realised within 12 months) and non-current items (expected to last longer than 12 months).

	Month End Actual \$	2022/2023 Estimates \$	2021/2022 Annual Report \$
Current Assets			
Cash and cash equivalents	2,138,062	427,054	5,361,260
Current portion of investments	22,471,801	-	26,265,052
Trade and other receivables	7,823,295	2,040,000	5,289,916
Inventories	287,675	153,000	286,006
Prepayments	799,258	102,000	283,282
Work in progress	746,191	408,000	223,182
Total current assets	34,266,283	3,130,054	37,708,698
Non-current assets			
Treasury investments	487,500	14,895,467	362,500
Port Taranaki Ltd	26,000,000	26,000,000	26,000,000
Civic Assurance Ltd	1,000	1,000	1,000
Regional Software Holdings Ltd	798,118	798,118	798,118
Loan to Taranaki Stadium Trust	19,500,000	30,000,000	14,500,000
Investment properties	22,054,000	19,559,000	22,054,000
Intangible assets	142,268	2,124,951	348,084
Property plant and equipment	37,901,107	40,486,196	35,810,413
Deferred tax asset	185,656	80,499	185,656
Total non-current assets	107,069,650	133,945,231	100,059,771
Total assets	141,335,932	137,075,285	137,768,469
Current liabilities			
Trade and other payables	8,307,137	5,100,000	9,768,148
Work-in-progress	2,113,133	612,000	1,342,707
Employee entitlements current	1,191,735	1,173,000	1,224,576
Borrowings	-	-	-
Total current liabilities	11,612,005	6,885,000	12,335,431
Non-current liabilities			
Employee entitlements term	336,080	575,382	336,080
Borrowings	19,500,000	30,000,000	14,500,000
Total non-current liabilities	19,836,080	30,575,382	14,836,080
Total liabilities	31,448,085	37,460,382	27,171,511
Public equity			
Retained earnings	70,988,810	67,557,209	73,129,288
Reserves	32,884,616	26,840,822	31,453,248
Asset revaluation reserves	6,014,422	5,216,872	6,014,422
Total public equity	109,887,848	99,614,903	110,596,958
Total liabilities and equity	141,335,932	137,075,285	137,768,469

Capital expenditure and disposals

Capital expenditure in excess of \$10,000 for the month was:

DESCRIPTION	AMOUNT \$
MG Excite x 2	56,666
MG Excite EV	43,629
Mitsubishi Outlander	34,618
RS5 Portable five-beam	41,190
Pukeiti New Outer Tracks - Capital WIP	12,311

Fixed asset disposals in excess of \$10,000 for the month were:-

DESCRIPTION	AMOUNT \$
Toyota Hilux	33,343
Mitsubishi Outlander	30,987

Local Authorities (Members' Interests) Act 1968

Additions to the *Creditors Detail List* for the month were:

CODE	CREDITOR NAME	ADDRESS	DATE ESTABLISHED
4370	Terra Industrial New Zealand Limited	PO Box 16168, Christchurch	02-May-23
4372	Kaimara Family Trust	41A Kaiapoi Road, RD 24, Stratford	04-May-23
4373	Taikatū Plains Limited	492 Manaia Road, RD 28, Stratford	05-May-23
4374	D & A Jacobsen	125 Waingongoro Road, RD 21, Stratford	05-May-23
4375	Quest, Katy	21 Hori Street, New Plymouth	09-May-23
4376	Steven and Shalom Harvey	1267 Makuri Road, RD 25, Stratford	11-May-23
4377	Human Resources Institute of NZ	PO Box 11450, Manners Street, Wellington	11-May-23
4378	Marksman Motor Inn	40 Sussex Street, Mount Cook, Wellington	11-May-23
4379	Basil Owen Williams	366 Ratapiko Road, RD 10, Inglewood	11-May-23
4381	PelicanCorp (NZ) Limited	PO Box 99748, Newmarket, Auckland	18-May-23
4382	Kamdeavour Partnership	910 Skeet Road, RD 15, Hawera	18-May-23
4383	Alton Pastures Limited	648 Ball Road, RD 2, Patea	17-May-23
4384	William Myers Family Trust	64 Austin Road, RD 13, Hawera	18-May-23
4385	Proof and Stock Coffee	40 Cutfield Road, New Plymouth	18-May-23
4386	Mountain Road Estate	5881 Mountain Road, RD 13, Hawera	18-May-23
4387	Shadow Downs Partnership	23 Tututawa Road, RD 22, Stratford	24-May-23
4388	Manukorihi Pa/Owae Marae	PO Box 183, Waitara	24-May-23
4389	BA & SM Wood	28 Clearview Road, RD 3, New Plymouth	26-May-23
4390	G&G Enterprises (2016) Limited	130A Carrington Street, New Plymouth	26-May-23
4391	Eyezon Security Systems Limited	PO Box 439, New Plymouth	29-May-23
4392	Bryant Environmental Solutions Limited	61 Cilliers Drive, Silverdale	29-May-23
4393	Cardiff United Limited	30 France Road, Bluff Hill, Napier	29-May-23
4394	Pukemoe Farm Limited	75 Makino Valley Road, RD 14, Hawera	29-May-23
4395	Friends of Coastal Taranaki School	92 Carthew Street, Okato	29-May-23
4396	ELMO Software Limited	18 Sale Street, Auckland	31-May-23
4398	The Knowledge Academy New Zealand Ltd	88 Shortland Street, Auckland	31-May-23

Notes:

1. The schedule of all previously listed creditors for the purpose of the Local Authorities (Members' Interests) Act 1968 is available for Members' perusal.
2. The schedule excludes any staff who may have become a creditor.
3. Under the terms of Section 6 and Section (1) of the Local Authorities (Members' Interests) Act 1968, members are required to declare if they hold directly or indirectly, a pecuniary interest other than an interest in common with the public.

Financial delegations

The following payments were made during the period to 31 May 2023 that exceeded the budgeted approved delegated authority levels:

DESCRIPTION	AMOUNT \$
Nil	-

Aged debtors analysis

The total debtors outstanding at 31 May 2023 were aged as follows:

DESCRIPTION	AMOUNT \$	PERCENT %
Current balance	6,322,242	90
30 days balance	116,764	2
60 days balance	64,314	1
90 days and over balance	509,632	7
Total debtors	7,012,952	100%

Reserves

As at 31 May 2023 the following reserve balances were held:

DESCRIPTION	AMOUNT \$
Contingency/Disaster Reserve	1,086,000
North Taranaki/Waitara River Control Scheme Reserve	1,957,368
South Taranaki Rivers Control Scheme Reserve	39,404
Dividend Equalisation Reserve	5,240,945
Egmont National Park Control Reserve	2,935,000
Endowment Land Sales Reserve	713,000
Waitara Lands Act 2018 Reserve	20,912,899
Total reserves	32,884,616

Borrowing

The total LGFA borrowing at 31 May 2023 was as follows:

MATURITY DATE	AMOUNT \$	INTEREST RATE %
15/04/2024	2,000,000	1.4
15/04/2025	1,000,000	4.0
15/04/2025	1,500,000	5.8
15/04/2026	1,000,000	2.5
15/04/2026	1,000,000	3.3
15/04/2026	2,000,000	3.7
15/04/2027	1,500,000	6.4
15/04/2027	1,000,000	3.8
15/04/2027	1,500,000	2.6
15/05/2028	3,000,000	6.3
15/05/2028	2,000,000	5.8
20/04/2029	2,000,000	4.3
Total borrowings	19,500,000	4.4*

All borrowings are in accordance with the *Liability Management Policy*. *Weighted average interest rate

Borrowing limits

Council borrowing against policy limits at 31 May 2023 was as follows:

ITEM	REQUIRED PERFORMANCE	ACTUAL PERFORMANCE
Net Debt/Total Revenue	≤225%	-12.1%
Net Interest/Total Revenue	≤15%	-0.4%
Net Interest/Annual Rates Income	<20%	-1.2%
Liquidity	>110%	228.7%
Debt Cap	\$55 million	\$19.5 million

Bank and investment balances

As at 31 May 2023 the following cash, bank and investment balances were held:

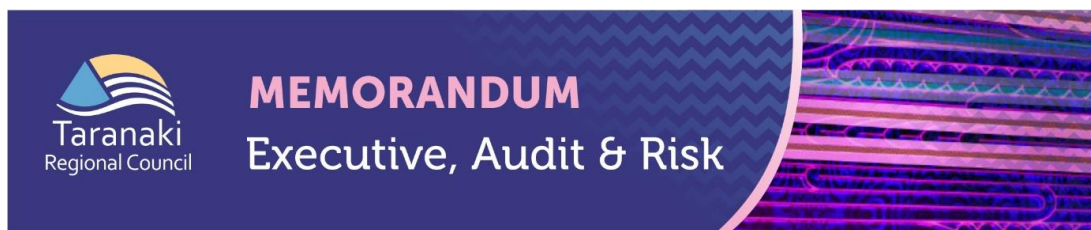
	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
BNZ:							
Call Account	7		1,778,487			0.3	On Call
Current Account	1		330,018			0.1	On Call
Waitara Lands Account	0		1,564			0.1	On Call
Waitara Lands Term Investment	2		551,022			5.5	20/11/2023
Waitara Lands Term Investment	6		1,420,929			5.4	06/11/2023
Waitara Lands Term Investment	2		520,273			5.5	30/11/2023
Total BNZ	18	50	4,602,293	30,000,000	AA-		
ASB:							
Cheque Account	0		10				On Call
Waitara Lands Term Investment	2		555,448			5.5	30/09/2023
Waitara Lands Term Investment	9		2,239,492			6.1	03/11/2023
Waitara Lands Term Investment	5		1,219,159			6.1	05/11/2023
Waitara Lands Term Investment	18		4,577,816			5.2	30/07/2023
Total ASB	34	50	8,591,924	30,000,000	AA-		
Westpac:							
Waitara Lands Account	0		2,074			0.1	On Call
Term Investment	6		1,562,555			5.4	20/09/2023
Waitara Lands Term Investment	11		2,783,529			5.0	06/10/2023
Waitara Lands Term Investment	9		2,357,507			4.7	20/07/2023
Waitara Lands Term Investment	9		2,360,121			4.5	22/06/2023
Total Westpac	36	50	9,065,785	30,000,000	AA-		
TSB:							
Cheque Accounts	0		20,779			0.0	On Call
Call Account	0		5,130			0.5	On Call
Waitara Lands Term Investment	9		2,323,952			5.0	31/07/2023
Total TSB	9	25	2,349,861	15,000,000	A-		

Executive Audit and Risk Committee - Financial and Operational Report

	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
LGFA:							
Borrower Notes x 12	2		487,500	Unlimited	N/A	3.1	Various
Total	100		25,097,363			5.2*	

All investments are in accordance with the *Investment Policy*. * Weighted average interest rate.

www.trc.govt.nz



Date: 31 July 2023

Subject: **Transport Projects Update**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3190310

Purpose

1. The purpose of this memorandum is to update Members on key transport projects, in particular the development of a draft *Better Travel Choices for Taranaki* strategy.

Executive summary

2. Transport planning activities are particularly busy preparing for the 2024-2027 planning and funding cycles. Key amongst this, work is progressing at pace on drafting a *Better Travel Choices for Taranaki* strategy to support mode shift in the region. This includes developing proposals for improvements to the public transport network, which are considered as part of a revised *Regional Public Transport Plan* within the wider strategy document.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum titled *Transport projects update*
- b) notes that the draft *Better Travel Choices for Taranaki* strategy, which will incorporate a revised *Regional Public Transport Plan*, will be workshopped with councillors on 6 September and considered for consultation at the 11 September 2023 meeting
- c) notes the parallel work underway by the district councils to develop speed management plans for their districts, which will be collated into the first *Regional Speed Management Plan for Taranaki*.

Background

3. At its 8 May 2023 meeting, the Committee received an overview of key transport policy documents being prepared for the 1 July 2024 to 30 June 2027 period. It was noted that while the *Regional Land Transport Plan* (RLTP) continues to be the core statutory responsibility for the Regional Transport Committee (RTC); the RTC now also has responsibility for overseeing development of a *Regional Speed Management Plan*, which is

a new three-yearly requirement. It was outlined that synergies have been utilised to combine reviews of the *Regional Public Transport Plan* and the *Regional Walkways and Cycleways Strategy* into one *Better Travel Choices for Taranaki* strategy.

4. This item provides an update on:
- key themes from the community engagement undertaken in March-April 2023
 - developing the *Better Travel Choices Strategy* (BTCS) work for public consultation in September-October 2023
 - a public transport route review underway, which is one of many feeders into high level documents such as the *Regional Public Transport Plan* section of the BTCS
 - the changing national framework for public transport which seeks to enable greater flexibility in how councils provide public transport services.

Key themes from community engagement

5. During 2023, communications and engagement (C&E) for regional transport work is occurring in two key stages.

<p>Regional Transport C&E Stage 1 Wednesday 15 March to Sunday 30 April 2023</p>	<p>Regional engagement on the community's desired future transport network incorporating active modes (walking and cycling), shared modes (particularly public transport), safety and speed. The community's feedback is guiding development and drafting of all the regional and district transport plans.</p>
<p>Regional Transport C&E Stage 2 Monday 18 September to Sunday 29 October</p>	<p>Region-wide public consultation on the district councils' draft <i>Speed Management Plans</i> (SMPs) will be held at the same time as the regional council's public consultation on the draft <i>Better Travel Choices Strategy</i> (BTCS). A common landing page will be used, and social pinpoint utilised including providing a geospatial overview of proposals.</p>

6. C&E Stage 1 finished at the end of April 2023 and was extremely successful in gaining community participation. The number of responses by channel is provided below:

Response channel	Description	Total
Online map comments	Using the Social Pinpoint engagement tool, respondents positioned a map pin related to one of the focus areas (eg public transport) and provided freeform comment. There was no limit to the number of pins an individual could place.	1,154
Social media comments	Individual comments provided via Facebook.	175
Online survey	Survey completed by respondents via the Social Pinpoint online engagement tool.	442
Hard copy survey	A shorter version of the online survey available at various locations around Taranaki such as libraries and public transport service hubs.	30
Written submissions	Bespoke submissions made by individuals or organisations via email or hard copy correspondence.	4
TOTAL		1,805

7. Survey respondents were largely representative of the Taranaki population at large in terms of geographic indicators such as district of residence and urban/rural spread. Age range and male/female spread were less indicative with females and older residents over-represented in respondents. Because of the richness of the dataset, and the fact that the same trends were evident across different response channels, and the sample was geographically representative, it is likely that the overall trends presented in the report would be reflected in an even larger sample size.
8. The responses provided a clear indication of travel direction from respondents. It is unusual to get such strong engagement when going out for quite generic 'directional' feedback, rather than consulting on a specific proposal.
9. A summary of key themes from the feedback is attached to this memo. A full and comprehensive report is also available and information will be shared with submitters.
10. Officers are using this dataset to guide the development of draft regional documents, including the *Better Travel Choices for Taranaki* strategy, which will then go out for consultation with the community in C&E Stage 2.

Developing the Better Travel Choices for Taranaki strategy

11. A review of both the *Taranaki Regional Public Transport Plan* (RPTP) and *Regional Walkways and Cycleways Strategy* (RWCS), to combine into one *Better Travel Choices for Taranaki* strategy (BTCS) document, is needed – and supports a step-change in approach to mode shift, transport emissions reduction, road safety and promotion of community well-being.
12. Bringing the documents together into one strategy will provide an efficient and effective process for the community to engage with, and will also be a key feeder into the review of the *Regional Land Transport Plan* (RLTP), which will be consulted on in early 2024.
13. This step change has been supported by community requests and expectations from previous consultation of the RLTP, Long-Term Plan and the RPTP. The C&E Stage 1 transport community conversation reinforced the desire for change.
14. Reducing the amount of vehicle travel is a key part of reducing carbon emissions from transport. While one aspect is reducing the need to travel where it is possible to do so

(for example, flexible and remote working arrangements), mode-shift away from private vehicles where possible and towards shared travel (buses/trains/rideshare) and active modes (walking/cycling/micro-mobility) are other key parts of reducing vehicle kilometres travelled (VKT). One document covering both shared and active modes of travelling will ensure better integration towards achieving mode shift throughout the region.

15. Taith Consulting are undertaking this project with the Council, with the BTCS being structured into three key parts:
 - Part 1 – High Level Mode Shift Plan
 - Part 2 – Regional Public Transport Plan
 - Part 3 – Regional Active Travel Strategy.
16. Work is continuing at pace to develop a draft for public consultation in September-October 2023. A broad stakeholder group is supporting this work, with their third workshop to be held on 3 August 2023. A targeted online workshop with youth representatives from around the region is also being organised.
17. While the BTCS project is overseen by the Executive Audit and Risk Committee, the Regional Transport Committee is considered a key stakeholder. A workshop with Taith Consulting has therefore been organised for both committees to consider the draft document on 6 September 2023. The Committee meeting on 11 September will seek to approve the document for public consultation (which means that a content draft document will be provided for the agenda by Friday 1 September).
18. There is a wide range of interdependencies involved in this project (summarised in the table below). Of these, reviewing the public transport network is of prime importance to the Council given its role in delivering public transport services.

Dependency	Organisation	Timeframe	Description	Dependency Rating
Public transport network review	TRC	June 2023	Proposals for making better use of existing public transport funding, and options for future improvements	Medium
New public transport contract for New Plymouth	TRC	June 2024	Opportunity to incorporate service improvements into next contract	High
Regional Land Transport Plan	TRC	By April 2024	RLTP will need to feature any investment proposals to deliver study recommendations	High
Long Term Plans	TRC, NPDC, SDC, STDC	By June 2024	Local share required for projects contained within Better Travel Choices document	High
Government Policy Statement for Land Transport 2024	Ministry of Transport	By late 2023	RLTP needs to be consistent with in order to access funding from the National Land Transport Fund	Medium
Sustainable Public Transport Framework (SPTF)	Ministry of Transport	2023/24	Provides context for service procurement and asset ownership, including decarbonised buses	Medium

New Plymouth Integrated Transport Plan	NPDC	By late 2023	Provides supporting infrastructure and demand management policies for enabling mode shift	High
Vehicle Kilometres Travelled (VKT) targets for New Plymouth	Waka Kotahi and NPDC	To be confirmed	Sets out the patronage / mode shift to public transport that will be required	Medium
Decarbonising Transport Action Plan	Ministry of Transport	2022/25	Provides a series of actions which Better Travel Choices will contribute to	Low
Climate Emergency Response Fund (CERF)	Ministry of Transport and Waka Kotahi	2023 onwards	Funding opportunities to deliver initiatives that help Taranaki transition to a low-emission, more accessible and equitable transport system that supports wellbeing	Medium

Public transport network review

19. A fundamental part of preparing the *Regional Public Transport Plan* section of the BTCS, involves reviewing the existing public transport network. An initial review of public transport network has been undertaken by Taith Consulting and analysis is now being undertaken on the preliminary recommendations for making better use of existing public transport funding, and options for future improvements to be considered through future business case analysis.
20. This is the first substantial review of the public transport network in approximately 15 years and offers a starting platform for public consultation regarding potential network changes. It is one of many feeders into high-level documents such as the *Regional Public Transport Plan* section of the BTCS, the *Regional Land Transport Plan*; and the procurement business case required as existing contracts expire in 2025.
21. The review has identified some good 'low hanging fruit' that align with the results of our public consultation. Any financially viable actions will be brought back to the Committee for consideration, with trials likely to be conducted in the short term while more substantive network changes are prepared for.

Change in national framework for public transport provision

22. The national framework which guides the provision of public transport is in a period of transition, changing from the *Public Transport Operating Model (PTOM)* which was established in 2013, to the *Sustainable Public Transport Framework (SPTF)* which the Government announced in 2022. The SPTF legislative and operational reforms are being progressed through parliament currently, and anticipated to be finalised before the end of the year.
23. A key aspect of the SPTF is broadening from an economic focus on such matters as relieving congestion and farebox recovery, to acknowledging and supporting the wider role that public transport has to play in our communities. It has the following objectives:
 - Public transport services supports mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe.

- Employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services.
 - Well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology.
 - Provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.
24. The change in guiding objectives for public transport nationally aligns well with the intent of a step change in public transport provision in the region, as signalled through the *2021/2031 Long-Term Plan* and currently being developed as part of the BTCS. The legislative changes proposed will also provide greater flexibility in how public transport is able to be provided by councils.
25. Further details on the changes will be brought to Members as they become available. The key aspect to note at this stage is that the legislation is enabling in nature and has received widespread support from the regional sector.

Parallel work on the Regional Speed Management Plan

26. As outlined at the May 2023 meeting, officers are involved in supporting the district councils to develop *Speed Management Plans* for their districts, which will be collated into the first *Regional Speed Management Plan for Taranaki*. This will be consulted on at the same time as the BTCS, as part of C&E Stage 2, using a common landing page and joint communications.
27. The Regional Transport Committee is responsible for overseeing this Plan and will be considering the draft for public consultation at its meeting on 6 September 2023.

Next steps

28. The Council has limited direct involvement in development of the *Regional Land Transport Plan* and the *Regional Speed Management Plan*, which are prepared by the Regional Transport Committee. The Council is the approving body for the BTCS however, given that it includes the statutory *Regional Public Transport Plan*, which guides the public transport services that the Council provides.
29. In developing the BTCS, the key dates for the Executive, Audit and Risk Committee are:
- September 2023 – a draft will be provided, for approval for consultation
 - December 2023 – an update on the consultation will be provided, and potentially a Hearing of submissions received
 - early 2024 – finalisation and approval processes.

Financial considerations—LTP/Annual Plan

30. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

31. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Land Transport Management Act 2003*, the *Land Transport Act 1998*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

32. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.
33. Contact has been made with all iwi to facilitate engagement where iwi have the desire and capacity to do so. To date iwi involvement in the Council's transport activities has been limited and opportunities to improve the situation are continually being explored.

Community considerations

34. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

35. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/attachments

Document 3191263: Future of Transport Public Consultation Summary



Future of Transport Pre-Consultation Community Engagement Final Report Summary

This is a summary of the key messages we heard during the Future of Transport pre-consultation community engagement carried out from 15 March 2023 to 30 April 2023.

The purpose of this community engagement was to provide information to inform policy development of a Better Transport Choices for Taranaki strategy by the Council and inform the development of Speed Management Plans by New Plymouth District Council, Stratford District Council and South Taranaki District Council.

Community feedback was sought in the four key areas identified below. In addition to these focus areas, respondents had the opportunity to provide feedback on any other issues of importance to them.

- Road safety and speed management.
- Long-term vision for transport in Taranaki.
- Public transport (including buses and rail).
- Cycling, walking and active travel.

Total Responses

Across all engagement channels, a total of 1,805 surveys, comments and submissions were received. The depth and richness of feedback varied between response channels: the online survey generated an estimated 15,000 individual pieces of feedback via 49 questions, while online map comments were single comments, generating 1,154 pieces of feedback.

Travel Habits

When asked to specify the main reason for travel these were the top six responses:

- | | |
|-------------------|--|
| 1. Travel to work | 4. Study |
| 2. Shopping | 5. Taking children to education/activities |
| 3. Leisure | 6. Connection with friends/whanau |

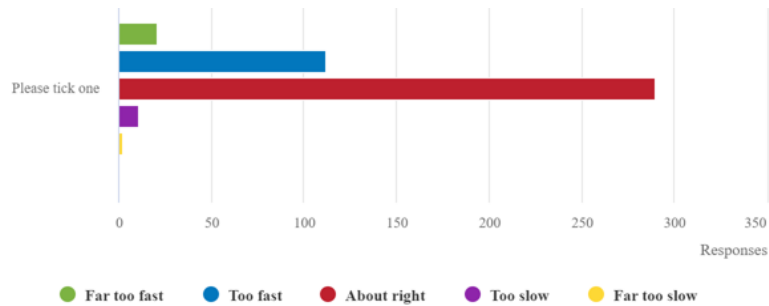
Travel by car (41%) was ranked the most frequently used mode of transport followed by bike/scooter (29%), walking (14%) and then motorbike (7%).

Slightly more than half (54%) of online survey respondents travelled 10km or less for their daily commute and 74% travelled under 20km to and from work or school each day.

What We Heard About Road Safety and Speed Management

When asked 67% of respondents stated they were either concerned or very concerned about safety on our local roads (not including state highways). Driver distraction (mobile phones), road/roadside condition and driver impairment were the top three stated concerns.

The vast majority of respondents commented that the current speed limits on local roads were about right as shown in the graph below.



In answer to the question: “How willing would you be to accept slightly longer car journey times if this helped to make local roads safer for all people?”, 66% of online survey respondents indicated they were either very willing or willing to accept longer journey times for safety improvements.

A significant volume of data was collected about speed and safety concerns at specified locations and this data has been provided to local councils to inform the development of their speed management plans.

What We Heard About the Long-Term Vision for Transport in Taranaki

Level of support for proposed goal to reduce car journeys

We asked respondents how supportive they were of a goal to reduce the number of car journeys in Taranaki by 25% by 2033 to help make roads safer and reduce greenhouse gas emissions. The majority of respondents (76%) were either wholly or generally supportive.

Ranked transport long-term change priorities

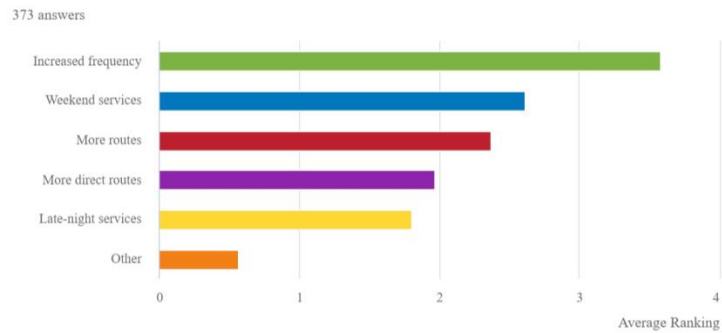
When asked to rank 10 specified transport improvements in order of importance the top three responses were:

1. More bus routes/services
2. Improvement in road surfaces and
3. Improved cycling options.

Respondents indicated that their preferred time scale to see the ranked improvements happen was 3-5 years (57%) and 36% indicated a time scale of 5-10 years.

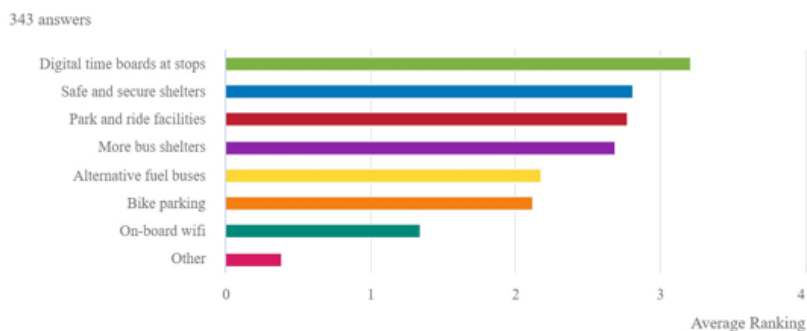
What We Heard About Public Transport

When respondents were asked to rank the potential service improvements they would like to see with bus transport **increased frequency** in bus services was the top ranking response followed by weekend services and an increase in the number of routes as shown below.



If these improvements were implemented around 80% of respondents indicated that they would be more likely to start getting the bus.

Survey respondents were asked to rank a specified list of bus infrastructure improvements by their importance and the graph below shows results.

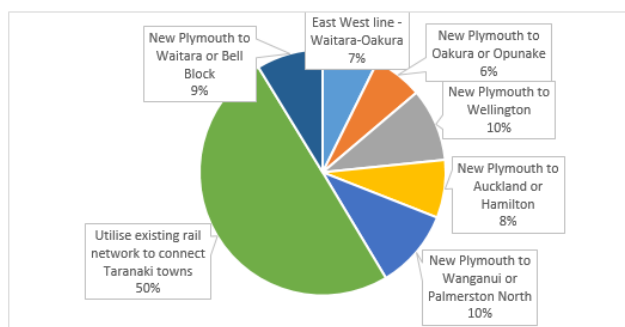


What We Heard About Public Passenger Rail Services

When asked, 79% of respondents would like to see passenger rail service established in Taranaki. Respondents were also asked to consider the cost of a rail service in this question: "Taking into account the main barrier to creating a passenger train service is the high cost of creating the infrastructure, would you be willing to contribute via rates for this?" 63% of respondents stated "Yes".

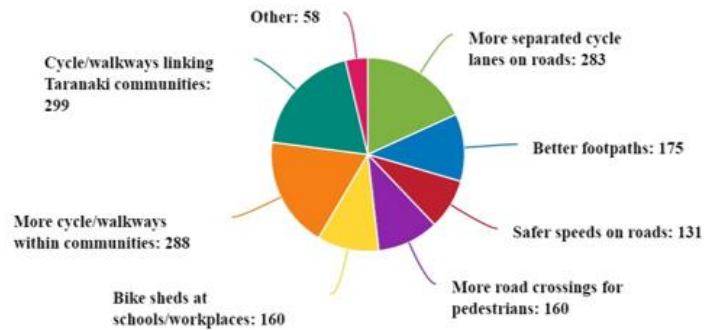
Communities to connect via passenger rail service

In response to the question: "If there was a passenger train service, which communities should this connect?" half of the 345 respondents (50%) indicated that they would like to see services that utilise the existing Taranaki rail network between Hāwera and New Plymouth. This and other preferred community connections are shown in the graph below.

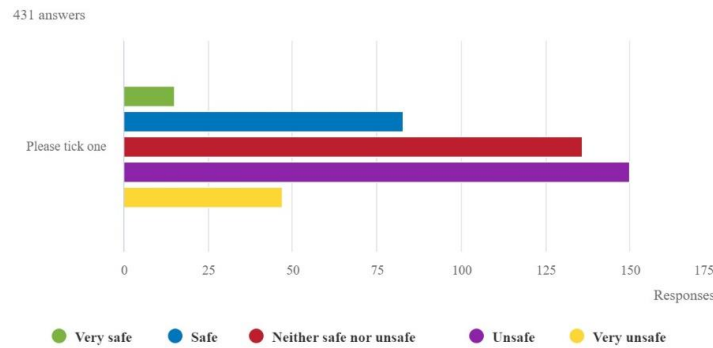


What We Heard About Cycling, Walking and Active Travel

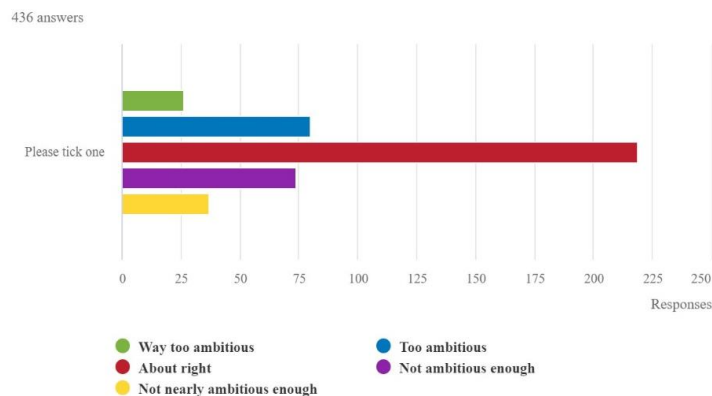
Almost 80% of online survey respondents would like to walk, cycle or travel actively more in their daily lives, and the graph below shows what respondents identified as the priorities for improving active transport opportunities.



We asked respondents how safe/confident they felt about walking or cycling to school or work. Of those who responded, 25% felt safe or very safe, 31% neither safe nor unsafe 35% of stated they felt unsafe with 10% feeling very unsafe as shown in the graph below.

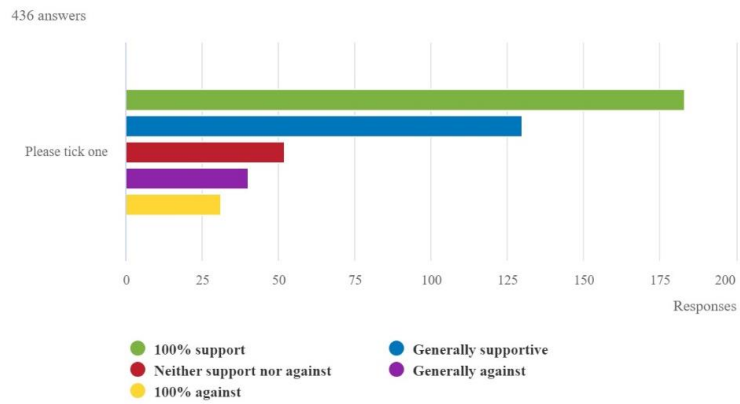


When we asked respondents if a proposal to double the number of journeys by walking, cycling or other active travel to school and work by 2033 ambitious or not ambitious enough 50% responded that this ambition was about right. A further 25% stated this was not or not nearly ambitious enough with 25% stated this was too or way too ambitious.



Level of Support for Specified Measures for Improving Active Travel

In response to the question "Would you support initiatives to improve the safety of people who walk or ride a bike by reducing vehicles' speeds, removing parking spaces and other safety measures on some roads?", 72% of online survey respondents were either 100% or generally supportive.





Date: 31 July 2023

Subject: **Proposed change to Committee meeting time**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3190739

Purpose

1. The purpose of this memorandum is to receive and consider changing the start time for meetings of the Executive, Audit and Risk Committee (Committee) for all meetings of this Committee for the remainder of the triennium.

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum *Proposed change to Committee meeting time*
- b) selects and approves option A: commence meetings of this Committee at 9:00am for the remainder of this triennium, as the preferred option.
- c) determines that this decision be recognised as not significant in terms of section 76 of the *Local Government Act 2002*
- d) determines that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act; determines that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Background

2. The Chair of this Committee has made a request to officers that the start time for meetings of this Committee be changed from 10:00am to 9:00am.

Discussion

3. Officers have received the request and can confirm that there is meeting room availability to allow us to bring the meeting start time forward to 9:00am.
4. The next meeting of this Committee will occur on 11 September 2023 which is sufficient time for officers to publicly notify of the 9:00am start time, if the Committee agree to the

option A, in accordance with the required public notice period as stated in the *Local Government Official Information and Meetings Act (1987)*.

Options

5. Option A: Commence meetings of this Committee at 9:00am for the remainder of this triennium.
6. Option B: Leave the start time for meetings of this Committee as 10:00am.

Issues

7. From an operational perspective, there are no foreseeable issues.
8. Members will need to consider their availability to accommodate this change if implemented.

Significance

9. The Committee is being asked endorse the proposal to commence meetings of this Committee at an earlier time. A decision in accordance with the recommendation is assessed as not significant under the Council's *Significance and Engagement Policy*.

Financial considerations—LTP/Annual Plan

10. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

11. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

12. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

13. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

14. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.



Date: 31 July 2023

Subject: **Port Taranaki Limited: Statement of Corporate Intent 1 July 2023 to 30 June 2026**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3188406

Purpose

1. The purpose of this memorandum is to receive and comment on Port Taranaki Ltd's draft Statement of Corporate Intent for the period 1 July 2023 to 30 June 2026.

Executive summary

2. Port Taranaki Ltd's draft Statement of Corporate Intent is presented for consideration. The document has been updated from last year. This is the opportunity to provide feedback to the Board of Port Taranaki Ltd.

Recommendations

That the Taranaki Regional Council:

- a) receives Port Taranaki Ltd's draft Statement of Corporate Intent for the period 1 July 2023 to 30 June 2026
- b) provides any feedback to the Chief Executive on the content of the draft Statement of Corporate Intent.

Background

3. Section 8 of the *Port Companies Act 1998* (the Act) requires Port Taranaki Ltd's Directorate to deliver, to the shareholder, a draft Statement of Corporate Intent. The content of the draft Statement of Corporate Intent is specified under section 9 of the Act.
4. Section 10 of the Act requires the Directorate to consider any comments from the shareholder on the draft Statement of Corporate Intent and then to deliver a completed Statement of Corporate Intent. It should be noted that port companies that are listed on the stock exchange or are less than 50% owned by local authorities are not required to produce a Statement of Corporate Intent.

Discussion

5. The Directorate of Port Taranaki Ltd has delivered the attached draft Statement of Corporate Intent pursuant to section 8 of the Act. The content complies with the requirements of section 9 of the Act.
6. This year's draft Statement of Corporate Intent (SCI) follows the same format adopted last year. In most areas, the content is the same or similar to previous years.
7. The key financial targets have been updated. These are set reflecting current operating conditions.
8. The health, safety and wellbeing, environmental enhancement resilience and enduring relationships sections have been updated to reflect the focuses of the next twelve months.
9. The dividend payout policy remains unchanged and is in-line with the *2021/2031 Long-Term Plan* and the *2023/2024 Annual Plan*.
10. The draft Statement of Corporate Intent has been reviewed and there are no further comments or suggestions other than those previously noted to the Board of Port Taranaki Ltd. The Statement of Intent reflects the challenges faced by the Board as the Company addresses its strategic directions.
11. Now is the opportunity to provide feedback to Port Taranaki Ltd on the draft Statement of Corporate Intent.

Financial considerations—LTP/Annual Plan

12. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

13. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

14. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

15. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

16. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/Attachments

Document 3188818: Draft Statement of Corporate Intent Port Taranaki 1 July 2023 - 30 June 2026

DRAFT



PORT TARANAKI LIMITED

DRAFT STATEMENT OF CORPORATE INTENT

For the period from 1 July 2023 to 30 June 2026

Introduction

This statement is submitted by the Directors of Port Taranaki Limited (“**Port Taranaki**”, “**Company**” or “**Port**”) in accordance with the requirements of Section 9 of the Port Companies Act 1988. It sets out the Board’s intentions, objectives and expectations of the Company for the period 1 July 2023 to 30 June 2026.

The purpose of this Statement of Corporate Intent is to:

- State publicly the activities and intentions of Port Taranaki and the objectives to which those activities will contribute; and
- Provide a basis for the accountability of Port Taranaki’s Board of Directors to the Shareholder for the performance of the Company.

Port Taranaki’s achievements against the objectives in this SCI will be reported in the Company’s Annual Report for the year ending 30 June 2024.

Objectives

The Company’s principal objective is to operate as a successful business. The Company interprets this to mean that its activities will create long-term value for all its stakeholders (anyone who has something to gain or lose from the Company’s activities).

Accordingly, Port Taranaki seeks to create long-term value for its Shareholder and ensure that the Company is seen as a responsible corporate citizen that is successful and sustainable and one that the region and community are proud of. The Company will:

- Deliver on the performance targets and measures set out in this SCI.
- Provide its Shareholder with a satisfactory dividend flow.
- Pursue sustainable business opportunities that seek to diversify revenue and are based upon our capabilities and expertise.
- Undertake activities designed to ensure the safe and effective utilisation of its assets, its people, contractors and other service providers.
- Provide customers with a safe, effective, efficient and competitive port operation.
- Focus on the health, safety, and wellbeing of its people by a culture of safety leadership and seek to reduce risk and continuously improve safety in the working environment.
- Adopt a sustainable approach to the operation of all its activities and pursue a commitment to protecting the environment.
- Be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.
- Have regard to the issues that its stakeholders consider material.

- Manage its financial assets and liabilities prudently and in a manner which will provide an appropriate return on the Shareholder's investment, whilst ensuring the provision of long-term marine and port infrastructure assets for the region.

Nature and Scope of Activities

Port Taranaki is the only deep-water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy industry), dry bulk (logs, fertiliser, stock feed and cement) and general cargo. The Company creates long-term value by using its resources (assets and people) and relationships to undertake port and marine related commercial activities that include, but are not limited to, the provision of vessel and cargo/logistics handling services, offshore support and property and storage services.

In achieving its strategic objectives, the nature and scope of activities undertaken by the Company will be influenced by, and be responsive to, the competitive and regulatory environment. The Shareholder will be informed and consulted on any proposal for significant diversion from existing activities or expansion into new business areas.

To achieve our purpose, Port Taranaki's strategy has five key focus areas:

- People, Culture and Safety.
- Customers.
- Efficiency and Competitiveness.
- Asset Utilisation.
- Community & Environment.

The enablers of our strategy are: (1) People; (2) Connectivity; and (3) a Flexible Land Footprint.

Mission and Vision

Businesses face many challenges getting their products to market. At Port Taranaki we provide a safe harbour, services, and storage facilities that makes trade easy for customers and helps Taranaki prosper.

The Company's vision is to be "The Pride of Taranaki". This vision reflects a successful and sustainable business that the region and community are proud of and describes the Company's desire to develop community connections, create strong relationships with Iwi and signals a commitment to protecting and enhancing the environment in which the Company operates.

Port Taranaki will excel at its core activities and actively build on those to grow its business.

Sustainability

The Company's vision is to be "The Pride of Taranaki". Sustainability is a key component of this. The Company recognises that it operates in a unique and yet highly modified environment and that its business operations impact many people. The Company's Sustainability Strategy:

- Identifies and addresses the issues that are: (1) material to the Company's risks, opportunities, and financial performance; and (2) important to its communities, customers, shareholder, Iwi, hapū and key stakeholders.

- Includes a programme of action with sustainability performance targets.
- Addresses PTL’s climate change impact.

The overarching goal of PTL’s Sustainability Strategy is to create long-term value for all its stakeholders. It is based upon four themes:

1. Supporting our People and Community – creating value for our employees and our community.
2. Environmental Enhancement – creating value for future generations and our planet.
3. Enduring relationships – creating value through authentic partnerships with our community, port users, customers, Iwi and hapū.
4. Resilience – creating value for our business, shareholder, customers and port users.

Performance Targets

1. Trade Volumes

The Company will pursue strategies aimed at maximising the opportunity for trade through the Port and growing the Port’s hinterland. Over the next three financial years the Company aims to expand its hinterland and achieve a trade volume of five (5) million freight tonnes of which one (1) million freight tonnes will be non-bulk liquids trade.

2. Financial

The Company will provide an assessment of its financial performance against several measures based on the value of its assets including:

- Profitability and growth;
- Return on assets and capital employed; and
- Gearing levels and capability to service that debt.

The key financial targets of the Company are as presented in the table below:

<i>Year Ending 30 June</i>	2024 - 2026
EBITDA on Average Total Assets	> 11.0%
Return (NPAT) on Average Total Assets	> 4.6%
Return (NPAT) on Average Shareholder’s Funds	> 6.0%
Shareholder Equity Ratio (Shareholder Equity / Total Assets)	> 65%
Interest Coverage Ratio	> 5x

3. Supporting our People and Community

A key objective of our Sustainability Strategy is to support our people and community. This encompasses the Company’s commitment to ensuring that it provides a safe and healthy workplace for its employees, Port users, contractors, and the public.

This component of Port Taranaki’s Sustainability Strategy is focused on:

- Advancing a positive health, safety and wellbeing culture.
- Preventing incidents and proactively managing wellbeing.

- Building teamwork, diversity and inclusion.
- Providing locally targeted sponsorship and support activities.

Health, Safety and Wellbeing measures the Company will focus on in the next twelve months include:

- Invigorating PCBU engagement and shared outcomes across the Port.
- Implementing an updated Fatigue Management System.
- Developing and implementing an annual Health and Wellbeing Plan.
- Embedding Just Culture principles and outcomes to reflect a positive and engaged team.

In supporting our people, we aim to develop a capable, agile workforce with an accountable culture through empowered teams.

The Company seeks to be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.

4. Environmental Enhancement

The Company recognises that it operates in a unique and yet highly modified environment and is committed to protecting and enhancing the environment in which the Company operates. This includes a commitment to improving its environmental practices and performance.

In enhancing the environment, the Company is focused on:

- Responsible stewardship.
- Protecting water quality.
- Maintaining air quality.
- Protecting marine and bird life.
- Climate change.
- Decarbonisation.

Over the next 12 months key focus areas are:

- Developing and rolling out ESG Environment training to all employees.
- Continuing progress stormwater upgrades.
- Developing a marine cultural health index.
- Commencing studies to support the dredging consent renewal.

5. Enduring Relationships

The Company recognises that its activities impact many stakeholders – our employees, the community, Iwi, hapū, our customers, our shareholder and others key stakeholders. As sustainability to us means ensuring long-term business resilience (inter-generational) and success while positively contributing toward the economy and our customers through the supply chain, society and the environment, we are focused on:

- Fostering enduring partnerships.
- Working collaboratively with Iwi and hapū.
- Enabling a strong customer-centric workplace culture.
- Engaging with the local community.

Over the next 12 months the Company will:

- Rename certain landmarks within the Port.
- Continue to engage with Iwi and hapū through the Kaitiaki forum.
- Continue to support community initiatives each year through sponsorship and grants.

6. Resilience

The Company seeks to create value for our business, shareholder, customers and port users over the long-term. This means ensuring long-term business resilience and positioning ourselves for success and being cognisant of long-term trends and the risks and opportunities that these provide. We are therefore focused on:

- Delivering strategically for the long-term.
- Sound and prudent operations.
- Sound financial performance.
- Providing a return to our Shareholder.
- Managing risk, including that from climate change.
- Optimizing opportunities.
- Transparent ESG reporting.

Over the next 12 months the Company will:

- Enhance PTL's climate adaption planning in the Asset Management Plan.
- Continue to refine PTL's emissions reporting and the monitoring and reporting of ESG measures.

Governance

PTL's Board of Directors is accountable to its Shareholder on how it runs the business, manages risks, reviews and improves performance and delivers on its promise as set out in this SCI.

In discharging its duties, Port Taranaki's Directors are committed to high standards of corporate governance and have adopted the following governance objectives:

1. To lay solid foundations for management and oversight.
2. To structure itself to add value through its composition, size and commitment.
3. To promote ethical and responsible decision-making and act ethically and responsibly.
4. To safeguard the integrity of its corporate reporting.
5. To respect the rights of its Shareholder.
6. To recognise and manage risk.
7. To remunerate fairly and responsibly.
8. To ensure that PTL acts as a good corporate citizen.
9. To promote a Company culture that embraces diversity and inclusion.

The Board conduct, responsibilities and commitments are guided by its Board Charter and key Company Policies.

PTL's Directors are appointed by the Shareholder and the role of the Board is to effectively represent and promote the interests of the Shareholder with a view to adding long-term value to the Company. Having regard to its role the Board directs and supervises the management of the business and affairs of the Company.

In accordance with its Board Charter, Board committees are formed when it is efficient or necessary to facilitate efficient decision-making. Each Board Committee has a written charter approved by the Board. The members of each Board Committee are appointed by the Board based upon the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors. The role, function, charter, performance, and membership of each Committee are reviewed by the Board on an annual basis.

Distribution of Profits to Shareholder

The Company's Capital Management Policy is to maintain a stable and strong capital base, defined as targeting a long-term Standard and Poor's shadow credit rating of BBB, so as to maintain investor and creditor confidence and to sustain the future business development of the Company. In accordance with its Capital Management Policy, the Company's annual dividend pay-out takes into consideration:

- Earnings, cashflow and performance in any given period;
- Working capital requirements;
- Capital expenditure requirements;
- Risks from predicted short and medium-term economic and market conditions;
- The Company's trade and financial outlook;
- The free cash flow available for distribution
- The tax efficiency of distributions; and
- The interests of the Shareholder.

The Company forecasts, subject to the Directors' consideration of the above factors, that it will pay on average an annual dividend greater than or equal to \$8.00 million for each of the next three financial years.

The current operating environment is uncertain and developing forecasts is challenging. Dividend payments will reflect the circumstances at the time.

Year Ending 30 June	2024 - 2026
Dividends \$m per annum	\$8.00

Accounting Policies

Policy application will be made consistent with and conform to:

- The legal requirements of the Companies Act 1993;
- Generally accepted accounting principles (NZ GAAP);
- Financial Reporting Act 2013;
- New Zealand equivalents to the International Financial Reporting Standards (NZIFRS); and
- Other applicable regulatory and statutory requirements.

Shareholder Information

The Company will provide the Shareholder with information (within two months of the relevant reporting period) that is normally provided to a controlling private Shareholder, and as required under the Port Companies Act 1988 as set out below.

- Quarterly reports on activities and results including health, safety and environmental performance.
- Half-yearly report including such information as the Directors consider necessary to enable an informed assessment to be made of the Company's performance in the reporting period.
- Annual Report containing audited financial statements for the year.
- Budget and Business Plan financial information for the first of the three-year period covered under the Statement of Corporate Intent.
- Details of any significant new developments which have not been covered in the Budget or Statement of Corporate Intent for the year.
- Any information which would normally be available to a Shareholder, thereby enabling the Shareholder to assess the value of its investment in the Company.
- Significant departure from the anticipated performance of the Company including industrial or other activities that may affect the operations or reputation of the Company.
- Details of any new developments which would involve a significant move away from the current activities of the business.

In addition, the Company will provide to the Shareholder, within one month of commencement of each financial year, its draft Statement of Corporate Intent for that year with the expectation that it will be completed before the end of the first quarter of the financial year.

Procedures for Major Transactions and Other Acquisitions and Disposals

The Company will only invest in the shares of another business when the shares acquired are considered likely to bring added value or will further enhance the objectives of the Company.

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

The Company will not enter into any transaction of the nature of a major transaction where: (a) the acquisition is of assets equivalent in value to 20% or more of the assets of the Company before the acquisition; or (b) the disposition of assets equivalent in value to 20% or more of the assets of the Company, without giving written notice to the Shareholder of its intention and consulting with it.

The Company will always ensure that:

- Control of the affairs of every subsidiary of the Company is exercised by a majority of the Directors of that subsidiary; and
- A majority of the Directors of every subsidiary of the Company are persons who are also Directors or Executives of the Company, or who have been approved by the Shareholder for appointment as Directors of the subsidiary.

Procedures for Issues of Shares

In accordance with paragraph eight of the Company's constitution, the Company will not issue any shares unless the Shareholder has resolved by ordinary resolution to approve the issue.

Consent of the Shareholder must be granted prior to the Company entering into any transaction(s) that may have immediate or future potential to alter the current ownership structure of the Company.

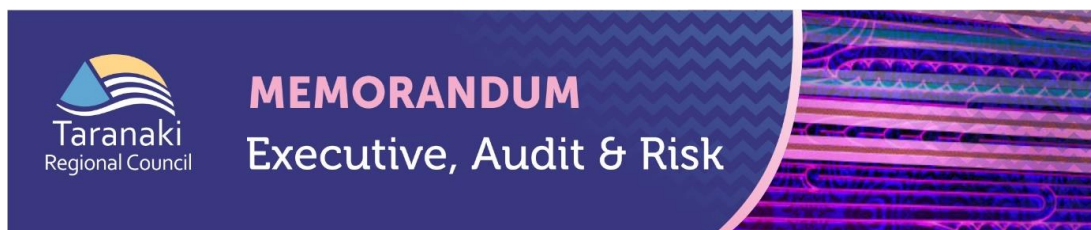
Activities for Which Compensation is Sought

The Company, if requested by the Shareholder, will construct and maintain recreational facilities, for which the Company expects to be remunerated.

Estimate of Commercial Value of the Shareholder's Investment

The Directors' assessment of the value of the Shareholder's investment in the Company is the valuation of the worth of the net tangible assets at 30 June 2023 as shown in the audited financial statements as at that date. The market value of the Company may differ to that value.

A reassessment of the value of the Shareholder's investment in the Company will be undertaken as may be required from time to time by the Shareholder or Directors. In reassessing the value of the Company, following a specific request to do so, the Company is likely to determine the commercial value of the Company through a discounted cash flow approach.



Date 31 July 2023

Subject: **Adoption of Statements of Intent**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3188460

Purpose

1. The purpose of this memorandum is to adopt the finalised statements of intent for the Taranaki Stadium Trust and Regional Software Holdings Limited.

Recommendations

That the Taranaki Regional Council:

- a) adopts the finalised 2023/2024 Statement of Intent for the Taranaki Stadium Trust
- b) adopts the finalised 2023/2024 Statement of Intent for Regional Software Holdings Limited.

Background

2. Council Controlled Organisations (CCO) are required to deliver a draft statement of intent by 1 March preceding the year the statement relates to. The Council provides its feedback on the draft statements and each CCO must furnish a completed statement of intent by 30 June. The *Local Government Act 2002* has been amended to require councils to formally adopt the completed statements of intent, to publish them on their website and retain them on the website for a period of up to seven years.

Discussion

3. The Council has previously received, considered and provided feedback to the Taranaki Stadium Trust and Regional Software Holdings Ltd on their draft statements of intent. The finalised statements of intent are attached. The Council now needs to adopt them and publish them.

Financial considerations—LTP/Annual Plan

4. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included

in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

5. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

6. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

7. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

8. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/Attachments

Document 3144421: Taranaki Stadium Trust Statement of Intent

Document 3188924: Taranaki Stadium Trust Statement of Intent Estimates

Document 3188831: RSHL Statement of Intent 2023-2025

Document 3188827: RSHL Statement of Intent 2023-2025 Covering Letter

TARANAKI STADIUM TRUST STATEMENT OF INTENT FOR THE YEAR TO 30 JUNE 2024

Document: 3144421

The Taranaki Stadium Trust (the Trust) is a charitable trust, incorporated in New Zealand, under the *Charitable Trusts Act 1957*. The Trust is a council-controlled organisation, as defined by section 6 of the *Local Government Act 2002*, of the Taranaki Regional Council. The Trust owns Yarrow Stadium (the Stadium) land, building and facilities. The operation of the stadium is carried out by the New Plymouth District Council (the Council) in accordance with a Management Agreement between the two parties.

Objectives

The fundamental objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of the Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council to advance this purpose.

The Trust was formed to take over the former Rugby Park and redevelop it into a quality venue for the benefit of the wider Taranaki region. The provision of the stadium facilities contributes to the overall infrastructure of the region and provides economic stimulus from events held at the stadium, particularly sporting events that encourage safe and healthy living.

Vision

The vision for Yarrow Stadium is:

The best regional stadium in New Zealand that regularly hosts local, regional, national and international sports and entertainment events.

- *A stadium for both major events and community events and the premier outdoor field for team sports codes.*
- *A stadium that is loved by sports fans and the local community.*
- *A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior hospitality and event facilities, efficient and effective management, accessibility, flexibility and innovation.*

Governance

The Trust is managed by Trustees (2) who are appointed by the Taranaki Regional Council in accordance with the Trust Deed.

Nature and Scope of Activities to Be Undertaken

The Taranaki Regional Council, the New Plymouth District Council and the Trust operate the Stadium in a partnership arrangement.

The Taranaki Regional Council provides funding for the long-term maintenance and development of the Stadium.

The New Plymouth District Council provides funding for the ongoing operation of the Stadium. The operation of the Stadium is undertaken by the New Plymouth District Council, in accordance with a Management Agreement with the Trust.

Ratio of Shareholder's Funds to Total Assets

The ratio of equity to total assets is expected to be greater than 20%. The Trust's equity includes:

- Accumulated funds
- Asset revaluation reserves.

The Trust's assets include the Yarrow Stadium building, land, furniture and fittings.

Accounting Policies

The policies will be consistent with:

- The *Financial Reporting Act 1993*
- New Zealand Generally Accepted Accounting Practice (NZ GAAP)
- PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)

The full accounting policies are attached as Appendix 1.

Performance Targets

The Trust's performance will be judged against the following measures:

1. The presence of a Management Agreement with the New Plymouth District Council for the operation of the Stadium
2. The provision of funding for a programme of agreed maintenance and long-term development of the Stadium. The programme of maintenance and long-term development is to be agreed upon by the Taranaki Regional Council and the New Plymouth District Council. The current focus is on the delivery of the redevelopment project for the stadium.

Distribution Policy

As the Trust is a charitable trust, no distributions are planned.

Information to be Provided

The following information will be made available:

- A draft Statement of Intent (including budget financial information) prior to 1 March of each year.
- A Statement of Intent (including budget financial information) prior to the commencement of each financial year.
- A six monthly report on operations, including a comparison against the Statement of Intent, within two months after the six monthly reporting period.
- An annual report for the year, which will also be made available to the public within two months after the end of each financial year.

Procedures for Share Acquisitions

The Trust will not acquire or subscribe for any share issues.

Activities for which Compensation is Sought

The Taranaki Regional Council will fund the Trust for the maintenance and long-term development of the Stadium and the operation of the Trust. There are currently no other activities for which compensation is sought from the Taranaki Regional Council.

There are currently no activities for which compensation is sought from the New Plymouth District Council. It is noted that under the current Management Agreement, the New Plymouth District Council is responsible for funding the operational costs of the Stadium.

Commercial Value of the Trust's Investment

The commercial value of the Trust's investment is estimated as equal to the Trust's equity. This is based on the following:

- The rationale that the Trust is a going concern;
- The assets are carried at their current net value, as determined by independent valuers on a three yearly revaluation cycle, the next occurring as at 30 June 2023.

This estimate will be re-assessed in the same manner on an annual basis. At 30 June 2022, the equity was recorded at \$20,924,464 (30 June 2021: \$15,008,316).

Other Matters

There are no other matters.

Appendix 1: Statement of Accounting Policies

Reporting entity

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the *Charitable Trusts Act 1957* and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the *Local Government Act 2002*, by virtue of the Council's right to appoint the Board of Trustees.

Rather than making a financial return, the primary objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council. The Trust has elected to apply PBE SFR-A (PS) Tier 3: Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million. The Trust recognises that it has exceeded the annual expenses threshold in 2021/2022 due to one off demolition and losses on revaluation of buildings associated with the Stadium repair and rebuild project. As expenditure limits is breached for only one year and is forecasted to return to less than \$2 million in 2022/2023 it is still appropriate to apply Tier 3 reporting requirements.

Basis of preparation

Measurement base

The financial statements have been prepared on a historical costs basis, modified by the revaluation of certain fixed assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

New and amended accounting standards adopted

There have been no new or amended accounting standards adopted for the year ended 30 June 2022.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2022.

Significant accounting policies

The following is a summary of the significant accounting policies, adopted by the Trust, in the preparation of these financial statements.

Goods and services tax

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. 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

amount of GST, paid to or received from the IRD, is classified as an operating cash flow, in the statement of cash flows.

Revenue

Council grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Crown Infrastructure Stadium rebuild funding is recorded as revenue when received, as specified by Tier 3 PBE Accounting Standards.

Interest revenue is recorded as it is earned during the year.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings, as a current liability, in the statement of financial position.

Investments

Investments comprise investments in terms deposits with banks. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Debtors and other receivables

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

Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses with the exception of land and buildings which is recorded at valuation. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Work in progress is recorded at cost. Cost includes expenditure which is directly attributable to the acquisition of an asset. Capital work in progress is not depreciated.

Accounting for revaluations

The Trust elects to apply PBE IPSAS 17 *Property, Plant and Equipment* for the purposes of accounting for revaluations.

When land and buildings is revalued, any accumulated depreciation, at the date of the revaluation, is eliminated against the gross carrying amount of the asset. Then, the net amount is restated, to reflect the revaluation.

If the carrying amount of an item of land and buildings increases, as the result of a revaluation, the increase shall be recognised in the asset revaluation reserve, within other comprehensive income. However, the increase shall be recognised in the surplus or deficit, to the extent that it reverses a revaluation decrease, of the same class of assets, previously recognised in the surplus or deficit.

If the carrying amount of an item of land and buildings decreases, as the result of a revaluation, the decrease shall be recognised in the surplus or deficit. However, the decrease shall be recognised in the asset revaluation reserve, within other comprehensive income, to the extent of any credit balance in the revaluation reserve, in relation to that asset class.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis. Only land and buildings are revalued and recorded at fair value, all other assets are recorded at cost.

In accordance with the Trust's Statement of Intent for the year to 30 June 2022, property is normally revalued on a three yearly cycle, however an additional revaluation has been undertaken as at 30 June 2022.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment will be recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it will be recognised at fair value as at the acquisition date.

Disposals

Gains and losses on disposal are determined by comparing proceeds received, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, amounts included in the asset revaluation reserve, in relation to those assets, will be transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed annually for impairment, with reference to internal and external factors which may indicate the carrying value exceeds depreciated replacement cost. The Trust elects to apply *Impairment of Revalued Assets including Amendments to PBE IPSASs 21 and 26* for the purposes of the impairment recognised in note 6. Any significant impairment is recognised by writing the assets down to their depreciated replacement cost and charging the impairment to the relevant revaluation reserve or to the surplus or deficit, where there is no revaluation reserve. If an asset's carrying value exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. In relation to revalued assets, the impairment loss is recognised against the revaluation reserve, for that asset

class. Where that results in a debit balance, in the revaluation reserve, the balance is recognised in the surplus or deficit. In relation to assets that are not revalued, the total impairment is recognised in the surplus or deficit.

Depreciation and amortisation expense

Depreciation is provided on a straight-line basis, at rates that will write-off the cost or valuation of assets, to their estimated residual values, over their useful lives. The rates of depreciation are as follows:

Buildings	1.25% to 6.67% per annum
Furniture, fittings and equipment	6.67% to 25.00% per annum
Office Equipment	15.00% to 30.00% per annum

The residual value and the useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Income tax

The Trust has been granted Charitable Status by the IRD and therefore, is exempt from income tax.

Loans

Loans are recognised at the amount borrowed from the lender.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the actual results.

Estimates and assumptions are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the value of assets and liabilities, within the next financial year, are discussed below:

Land and building fair values:

Land and buildings are revalued every three years. The latest valuation was performed by TelferYoung (Taranaki) Limited. TelferYoung (Taranaki) Limited are a registered experienced valuer with extensive market knowledge in the types of land and buildings owned by the Taranaki Stadium Trust. Trust management has done an assessment of the 30 June 2022 valuation and is satisfied that this latest valuation is materially accurate.

Property, plant and equipment useful lives and residual values:

At each balance date, the Trust reviews the useful lives and residual values of its property, plant and equipment. To assess whether the useful lives and residual values are appropriate, the Trust considers a number of factors, such as, the physical condition of the asset, the expected period of use of the asset, and the expected disposal proceeds, from future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income,

and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets. The Trust has made an impairment assessment with regard to rebuild enhancements in the current financial year – refer note 6.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future. As at 30 June 2022, the Trust's current liabilities exceeded its current assets by \$53,742 (2020/2021: \$5,744,933). This is mainly the result of large payables relating to the repair and refurbishment project. The Trust is funded by Taranaki Regional Council to maintain Yarrow Stadium as a community asset.

Taranaki Regional Council has provided a letter of support to ensure that the Trust will continue to be provided financial support to enable it to pay its debts as they fall due. Taranaki Regional Council have also secured the funding that is required to repair the assets and the stadium as outlined in the Taranaki Regional Council *2021/2031 Long-Term Plan*.

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. In response, New Zealand has since moved through different alert levels with differing levels of restrictions on domestic activity.

The Trust has considered the impact of COVID-19 in respect of its status as a going concern. COVID-19 delayed the implementation of the repair and refurbishment project, thus providing the opportunity for the Taranaki Regional Council to apply for Government “shovel-ready” funding. This application was successful and funding has now been increased to \$30m (2020/2021: \$20m). The Trust was able to continue operating throughout the different pandemic alert levels and COVID-19 has resulted in no impact on liquidity and working capital. There has been no impact on access to capital. The repair and refurbishment project faces increased costs and supply delays resulting from the impacts of COVID-19 on building and construction materials. The Trust has taken the necessary steps to mitigate and minimise these impacts. The Trust is well positioned to maintain its financial position and to continue operating through this time of business uncertainty.

Taranaki Stadium Trust
Statement of Financial Performance
For the Three Years Ended 30 June 2024, 30 June 2025 and 30 June 2026

	Budget 2024	Budget 2025	Budget 2026
	\$	\$	\$
Income			
Taranaki Regional Council Grant	2,178,669	2,178,669	2,178,669
Crown Infrastructure Partners Funding	12,000,000	2,800,000	0
Rent	70,000	70,000	70,000
Interest received	0	0	0
Total income	<u>14,248,669</u>	<u>5,048,669</u>	<u>2,248,669</u>
Expenditure			
Depreciation and amortisation expense	900,000	1,200,000	1,400,000
Major maintenance	30,000	30,000	100,000
Interest	1,050,000	1,352,411	1,372,435
Insurance	175,000	175,000	150,000
Other expenses	50,000	50,000	50,000
Total expenses	<u>2,205,000</u>	<u>2,807,411</u>	<u>3,072,435</u>
Surplus/(deficit) before tax	<u>12,043,669</u>	<u>2,241,258</u>	<u>(823,766)</u>
Income tax expense	0	0	0
Total comprehensive income	<u>12,043,669</u>	<u>2,241,258</u>	<u>(823,766)</u>

Taranaki Stadium Trust
Statement of Changes in Equity
For the Three Years Ended 30 June 2024, 30 June 2025 and 30 June 2026

	Budget 2024	Budget 2025	Budget 2026
	\$	\$	\$
Balance at 1 July	29,945,318	41,988,987	44,230,245
Surplus/(Deficit) for the year	12,043,669	2,241,258	(823,766)
Other comprehensive income	0	0	0
Total comprehensive income	<u>12,043,669</u>	<u>2,241,258</u>	<u>(823,766)</u>
Balance at 30 June	<u>41,988,987</u>	<u>44,230,245</u>	<u>43,406,479</u>

Taranaki Stadium Trust
Statement of Financial Position
For the Three Years Ended 30 June 2024, 30 June 2025 and 30 June 2026

	Budget 2024	Budget 2025	Budget 2026
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	1,887,579	654,066	106,253
Debtors and other receivables	300,000	0	0
Total current assets	<u>2,187,579</u>	<u>654,066</u>	<u>106,253</u>
Non-current assets			
Property, plant and equipment	73,249,071	88,249,071	86,849,071
Total non-current assets	<u>73,249,071</u>	<u>88,249,071</u>	<u>86,849,071</u>
Total assets	<u>75,436,650</u>	<u>88,903,137</u>	<u>86,955,324</u>
Liabilities			
Current liabilities			
Creditors and other payables	700,000	100,000	100,000
Total current liabilities	<u>700,000</u>	<u>100,000</u>	<u>100,000</u>
Non-current liabilities			
Loan	32,747,663	44,572,892	43,448,845
Total non-current liabilities	<u>32,747,663</u>	<u>44,572,892</u>	<u>43,448,845</u>
Total liabilities	<u>33,447,663</u>	<u>44,672,892</u>	<u>43,548,845</u>
Net assets	<u>41,988,987</u>	<u>44,230,245</u>	<u>43,406,479</u>
Equity			
Accumulated funds	39,683,987	41,925,245	41,101,479
Asset Revaluation Reserve	2,305,000	2,305,000	2,305,000
Total equity attributable to the trust	<u>41,988,987</u>	<u>44,230,245</u>	<u>43,406,479</u>

Taranaki Stadium Trust
Statement of Cash Flows
For the Three Years Ended 30 June 2024, 30 June 2025 and 30 June 2026

	Budget 2024	Budget 2025	Budget 2026
	\$	\$	\$
Cash flows from operating activities			
Receipts from other revenue	14,248,669	5,048,669	2,248,669
Interest received	0	0	0
Payments to suppliers	(255,000)	(255,000)	(300,000)
Interest paid on the overdraft and bank fees	0	0	0
Goods and services tax (net)	0	0	0
Net cash from operating activities	<u>13,993,669</u>	<u>4,793,669</u>	<u>1,948,669</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(27,000,000)	(16,500,000)	0
Net cash from investing activities	<u>(27,000,000)</u>	<u>(16,500,000)</u>	<u>0</u>
Cash flows from financing activities			
Loans raised	15,000,000	13,400,000	0
Interest paid	(1,050,000)	(1,352,411)	(1,372,435)
Repayment of borrowings	(1,752,669)	(1,574,771)	(1,124,047)
Net cash from financing activities	<u>12,197,331</u>	<u>10,472,818</u>	<u>(2,496,482)</u>
Net (decrease)/Increase in cash, cash equivalents and bank overdrafts	(809,000)	(1,233,513)	(547,813)
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,696,579	1,887,579	654,066
Cash, cash equivalents and bank overdrafts at the end of the year	<u>1,887,579</u>	<u>654,066</u>	<u>106,253</u>



Tauākī Whakamaunga Atu |
Statement of Intent
2024





1. Kupu Takamua | Foreword

Regional Software Holdings Limited (RSHL) is pleased to present its 2024 Statement of Intent.

RSHL enables Te Uru Kahika to act collaboratively and deliver solutions that, in the normal course of events, would be unaffordable or unachievable. Further, it assists the sector to act and speak as one.

Over the last few years, RSHL has successfully grown the range of collaborative services that it provides together with the range of regional and unitary councils benefiting from those services.

When we presented the 2023 Statement of Intent to you, RSHL was at a transitional point in its history with two significant changes ahead. The first was the transition to be the regional sector shared services organisation. The second was the transition from IRIS Classic to IRIS Next Generation.

The transition into the Regional Sector Shared Services Organisation is now complete and the IRIS Next Generation Programme is fully established with 9 councils carrying on the legacy of the 6 councils that originally created RSHL over a decade ago. The vision of those councils is fully realised in the new structure of RSHL.

The 2024 Statement of Intent reflects a more regular basis of operation, while signalling future opportunities for growth in support of Te Uru Kahika.

Te Uru Kahika established this shared services organisation to achieve:

- A sector that is better prepared to respond to future challenges
- Better return on investment with a focus on quality outcomes and realisation of the sector value proposition
- Increased credibility of the sector as a trusted deliverer with a unified and consistent sector profile
- Improved staff attraction and retention
- Consistent good business practice across the sector and within councils.

RSHL continues to work with Te Uru Kahika to ensure it is fit for purpose to meet these objectives. RSHL will continue to evolve with Te Uru Kahika. Shareholders should consider this Statement of Intent as a baseline and expect continued evolution in line with the continued growth and evolution of RSHL.

Nāku noa nā

A handwritten signature in black ink, appearing to read 'Mike Nield', written over a light blue horizontal line.

Mike Nield

Chairperson



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3. Kupu Whakataki | Introduction

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

Transition to Regional Sector Shared Services Organisation

The regional sector (Te Uru Kahika¹) has implemented a regional sector shared services organisation by restructuring RSHL. Existing Te Uru Kahika collaboration and resource sharing has been consolidated within RSHL.

The transition to the new structure occurred during the 2023 financial year.

Subsidiaries

RSHL has no subsidiaries or joint ventures.

Vision

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

Principles²

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 to:

- 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 to:

- achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- be a good employer;

¹ Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector.

² Principles are from section 2 of the RSHL constitution.

Regional Software Holdings Ltd—FY2024 Statement of Intent



- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

Environmental and Sustainability Ethics

As part of Te Uru Kahika we are fully cognisant of the realities of climate change. We are committed to reducing our environmental impact and promoting sustainability in all our operations. We will continue to look for ways to reduce our carbon footprint, conserve natural resources, and minimise our environmental impact.

Environmental impacts and sustainability will be considered as a matter of course in the development of business cases. The environmental and sustainability impacts will be explicitly considered as part of the development of our strategy.

Values

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

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

4. Te Āhua me te Hōkaitanga o ngā Mahi ka Whakahaeretia | Nature and Scope of Activities to be Undertaken

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:

Activity	Description
IRIS	<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>

Regional Software Holdings Ltd—FY2024 Statement of Intent



Activity	Description
IRIS Next Generation	<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 a 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.
Environmental Monitoring and Reporting (EMAR)	<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, StatsNZ and DOC (and others).</p> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has it’s own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. The LAWA project administration (financial and contractual) is managed by RSHL.</p>
Regional Sector Office	<p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Sector Office is made up of several roles:</p> <ul style="list-style-type: none"> • Executive Policy Advisers to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Resource Management Reform Director.

Regional Software Holdings Ltd—FY2024 Statement of Intent



Activity	Description
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.

5. Ngā Kaimahi Matua | Key Personnel

Organisation	Chief Executive	Mark Donnelly mark.donnelly@rshl.co.nz 027 66 44 674
IRIS NextGen Programme	Programme Manager	Coralie Gibbison coralie.gibbison@rshl.co.nz
	Product Manager	Tania Monk tania.monk@rshl.co.nz
Te Uru Kahika	Executive Policy Advisor	Liz Lambert liz.lambert@teurukahika.govt.nz
	Executive Policy Advisor	Rina Cavell rina.cavell@teurukahika.govt.nz
	Chief Science Advisor	Chris Daughney chris.daughney@teurukahika.govt.nz
	Director-Resource Management Reform	Al Cross al.cross@teurukahika.govt.nz
EMAR/Lawa	Project Manager	Abi Loughnan Abi.loughnan@teurukahia.govt.nz



6. Ngā Tūpono Āheinga hei Whanaketanga | Possible Opportunities for Growth

RSHL seeks to increase the value delivered to Te Uru Kahika and councils.

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

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

7. Te Huarahi Whāinga a te Poari ki te Mana Whakahaere | Board's Approach to Governance

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

The board is made up of 6 non-independent and 2 independent directors.

Each year 2 Directors retire by rotation and the shareholders appoint replacements at the Annual General Meeting to be held before 30 December each year.

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

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

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

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



8. Ngā Poutohutohu | Directors

The following directors are in office as at 1 July 2023

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

Interest Register

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

Director	Organisation	Interest
Bruce Howse	Northland Regional Council	Group Manager, Corporate Services of 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 Project Partners Limited	Chief Executive of RSHL Shareholding Council Director of Project Partners Limited (jointly owned company with husband)
Asbjorn Aakjaer	Negotiate Limited Aakjaer Trustee Company Ice Bear Holdings Limited One Sheep at a Time Limited <i>Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council.</i>	Director & Shareholder Director & Shareholder Director & Shareholder Director & Shareholder
Bruce Robertson	RBruce Robertson Limited Auckland Council Hamilton City Council Thames-Coromandel District Council Waipa District Council Waitomo District Council	Director and Shareholder. Through this business Mr. Robertson has a range of local authority and central government clients. Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair

Regional Software Holdings Ltd—FY2024 Statement of Intent



	Taupo District Council Bay of Plenty Regional Council Tauranga City Council Gisborne District Council Napier City Council South Wairarapa District Council Wellington City Council Timaru District Council Invercargill City Council Southland District Council Ministry of Primary Industries (MPI)	Audit & Risk Committee Chair Audit & Risk Committee Deputy Chair Member of Strategy, Finance & Risk Committee Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair
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9. Ngā Ūnga Mahi me Ētahi Atu Ine | Performance Targets and Other Measures

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

		2023/24	2024/25	2025/26
Non Financial	Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete baseline survey.	Complete survey. Results to be better than previous year.	Complete survey. Results to be better than previous year.
	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	Applies each year		
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System. Revenue and Expenditure for SFMS Programmes are within budget, with any variations approved by the RCEOs. Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.	Complete baseline survey.	Results to be better than previous year.	Results to be better than previous year.
	Effectively support the activities of the Te Uru Kahika through the Regional Sector Office. Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June. Survey results to be the same or better than the previous year.	Applies every year.		
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager	Applies every year.		
	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	Applies each year		

Regional Software Holdings Ltd—FY2024 Statement of Intent



		2023/24	2024/25	2025/26
Financial	<p>RSHL will operate within approved budget, with any material variations approved by the relevant governance group.</p> <ul style="list-style-type: none"> • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group 	Applies each year		
	<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 	Applies each year		

		2023/24	2024/25	2025/26
Growth	Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year		
	Work with the Te Uru Kahika Network to develop shared service opportunities.	Applies each year		
	<p>Engage with councils in the regional sector to increase the scope of the usage of shared solutions.</p> <p>The objective is to increase the number of councils using the solutions, and the breadth of the solution in use.</p>	Applies each year		

10. Ngā Mōhiohio Kaiwhaipānga | Shareholders Information

Shareholding

Regional Software Holdings Limited (RSHL) was formed on 17 October 2012. At the time of formation, the company issued 10,000 shares to its shareholders based on a previously agreed sizing formula. As part of the restructure of the Company and adoption of a new shareholders' agreement and constitution the Company:

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

Regional Software Holdings Ltd—FY2024 Statement of Intent



The current shareholding of the Company is as follows.

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

Estimate of Commercial Value of The Shareholder's Investment

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

Distribution of Profits to Shareholders

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

In order for RSHL to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

As a CCO, RSHL is required to be subject to tax on its income. Under tax law, RSHL is considered to be a business which is carried on for the purpose of profit. However, RSHL operates on a cost recovery basis and seeks to minimise costs to customers. Because of this the company is unlikely to operate at a profit.

Regional Software Holdings Ltd—FY2024 Statement of Intent



Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited³ statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company's medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council's shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

Reference documents

RSHL maintains all records in a Microsoft 365 environment.

The following key documents are the accountability of the RSHL Chief Executive:

- RSHL Statement of Intent
- Internal policies
- Steering Committee/Advisory Group Terms of Reference
- Minutes and documents from Steering Committee/Advisory Group meetings
- Contract documents
- Documents relating to project work
- Board agendas, minutes and supporting papers

The following key documents are the accountability of the financial and secretarial services provider:

- Budget projections
- Monthly and annual financial reports
- Financial records, invoices, payments, bank account information etc.

All RSHL documents will, on request, be available to all members of the RSHL Board and the Advisory Groups. Such documents will be provided to those members to help them in their roles with RSHL. They will be subject to commercial sensitivity and will not be available for general distribution without explicit written permission from one of the following: the Chair of the Board, the Chair of the Advisory Group or the Chief Executive.

The CE report to the Board (less any items that are commercially sensitive) will be circulated as an information item to members of the Advisory Groups.

³ Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

Regional Software Holdings Ltd—FY2024 Statement of Intent



Procedures for Major Transactions and Other Acquisitions and Disposals

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

Procedures for Issue of Shares

The RSHL shareholder agreement requires the approval 75% of the Directors of the company for “the issuing or acquisition of any Shares or any change to the rights attaching to any Shares”.



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

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, addition 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 the most of the SFMS programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>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>Environment Southland</td> <td></td> </tr> <tr> <td>Total 47%</td> <td>Total 37%</td> <td>Total 16%</td> </tr> </tbody> </table> <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 expects to collect \$5.59M in funding from councils in support of Te Uru Kahika.</p>	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		Environment Southland		Total 47%	Total 37%	Total 16%
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																							
	Environment Southland																								
Total 47%	Total 37%	Total 16%																							

Regional Software Holdings Ltd—FY2024 Statement of Intent



Activity	Description																
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 Contributions for IRIS will be collected in the following proportions.</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Waikato Regional Council</td> <td>36.78%</td> </tr> <tr> <td>Northland Regional Council</td> <td>13.55%</td> </tr> <tr> <td>Horizons Regional Council</td> <td>18.17%</td> </tr> <tr> <td>Taranaki Regional Council</td> <td>13.55%</td> </tr> <tr> <td>Southland Regional Council</td> <td>13.55%</td> </tr> <tr> <td>West Coast Regional Council</td> <td>4.4%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table> <p>In FY24 RSHL expects to collect \$0.9M of funding from participating councils.</p>	Shareholder	Percentage	Waikato Regional Council	36.78%	Northland Regional Council	13.55%	Horizons Regional Council	18.17%	Taranaki Regional Council	13.55%	Southland Regional Council	13.55%	West Coast Regional Council	4.4%	Total	100%
Shareholder	Percentage																
Waikato Regional Council	36.78%																
Northland Regional Council	13.55%																
Horizons Regional Council	18.17%																
Taranaki Regional Council	13.55%																
Southland Regional Council	13.55%																
West Coast Regional Council	4.4%																
Total	100%																
IRIS Next Generation	<p>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td>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 Environment Southland</td> <td></td> </tr> </tbody> </table> <p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$25.7 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually. Programme costs include:</p> <ul style="list-style-type: none"> • Datacom software solution delivery • Datacom programme management • Datacom support and maintenance • Datacom council implementation costs • Datacom Good Practice Process Operating Model development • RSHL programme management • Travel and meeting expenses • RSHL Overheads <p>In FY24 RSHL expects to collect \$5M from participating councils for IRIS NextGen. In addition, there is budget provision to collect \$0.4M in contingency if required and approved by the Steering Group for that Programme.</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 Environment Southland		
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 Environment Southland																

Regional Software Holdings Ltd—FY2024 Statement of Intent



Activity	Description																
	In addition to the shared programme costs stated above, each Participating Council will directly incur costs. These costs are the responsibility of each Participating Council and will not be shared according to the council contribution model.																
RSHL Overhead Costs	<p>Overhead costs are costs that cannot be allocated to a specific work programme.</p> <p>All work programmes will contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.</p> <p>In the 2024 Financial year the budgeted proportion of overheads to each programme is as follows:</p> <table border="1" data-bbox="427 667 1233 788"> <thead> <tr> <th data-bbox="427 667 667 696"></th> <th data-bbox="675 667 850 696">2023/24</th> <th data-bbox="858 667 1034 696">2024/25</th> <th data-bbox="1042 667 1217 696">2025/26</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 707 667 736">IRIS</td> <td data-bbox="675 707 850 736">8%</td> <td data-bbox="858 707 1034 736">13%</td> <td data-bbox="1042 707 1217 736">7%</td> </tr> <tr> <td data-bbox="427 748 667 777">IRIS NextGen</td> <td data-bbox="675 748 850 777">44%</td> <td data-bbox="858 748 1034 777">42%</td> <td data-bbox="1042 748 1217 777">46%</td> </tr> <tr> <td data-bbox="427 788 667 817">SFMS</td> <td data-bbox="675 788 850 817">48%</td> <td data-bbox="858 788 1034 817">44%</td> <td data-bbox="1042 788 1217 817">48%</td> </tr> </tbody> </table>		2023/24	2024/25	2025/26	IRIS	8%	13%	7%	IRIS NextGen	44%	42%	46%	SFMS	48%	44%	48%
	2023/24	2024/25	2025/26														
IRIS	8%	13%	7%														
IRIS NextGen	44%	42%	46%														
SFMS	48%	44%	48%														

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

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



12. Ngā Tahua FY2024-26 | FY2024-26 Budgets.

The budgets provided in this Statement of Intent are based on the latest budget information from each activity.

Budgeting process.

Budgets are structured into three activities. Each of these activities receives funding from a different group of organisations, with different funding models and governance.

Activity	Governance	Contractual Basis	Funded by
IRIS NextGen	IRIS NextGen Steering Group.	IRIS NextGen Partnership Agreement.	9 Participant councils.
IRIS	IRIS Advisory Group	IRIS Advisory Group Terms of Reference.	7 Participating Councils.
SFMS	Te Uru Kahika RCEOs Group.	ReCoCo MOU.	16 participating councils, and government entities.

- The IRIS NextGen Partnership agreement stipulates that they will prepare a draft budget in February and final budget in June. This aligns with the SOI Process.
- For IRIS, common practice is to prepare a budget when the SOI budget is developed which is then ratified with participating councils.
- Budget setting for the SFMS is driven from the Te Uru Kahika Business Plan. Planning is coordinated by the Principal Advisors to the RCEOs.

Regional Software Holdings Ltd—FY2024 Statement of Intent



Consolidated Statement of Financial Performance

For the 12 Months to 30 June 2024

2022/23 Budget	Income	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
1,231,038	IRIS Programme		937,305	1,079,797	518,104
415,251	IRIS NextGen Programme		5,406,561	3,274,311	3,289,385
2,671,656	Sector Work Programmes		5,576,963	3,430,288	3,439,825
129,000	Central Government Funding		138,820	138,820	138,820
<u>4,446,945</u>			<u>12,059,649</u>	<u>7,923,216</u>	<u>7,386,134</u>
	<u>Other Income</u>				
600	Interest Received		25,000	25,000	25,000
128,715	Council Specific Software Funding		128,173	132,018	135,979
<u>129,315</u>			<u>153,173</u>	<u>157,018</u>	<u>160,979</u>
4,576,260	Total Income		12,212,822	8,080,234	7,547,113
	Expenditure				
35,600	Administration costs		35,700	36,662	37,561
66,370	Accounting & Technical Support		39,100	41,033	42,494
85,000	Audit & Legal fees		105,000	79,350	82,251
275,340	Datacom Support Services (IRIS)		247,000	262,500	330,000
529,966	Technology Services		5,605,699	3,265,072	2,667,554
63,768	IT Hosting Charges		154,000	156,650	159,350
-	Finance Costs		-	-	-
-	Secondments		-	-	-
778,000	Personnel Costs		1,745,000	1,816,650	1,864,607
84,000	Promotional Costs		91,000	83,250	82,568
37,000	Independent Director's Fees		72,000	74,160	76,385
34,500	Travel & Meeting Costs		184,000	184,990	186,010
128,715	Council Specific Software Purchases		128,173	132,018	135,979
2,000	Other Direct Software		12,000	12,500	12,875
2,128,000	Consultants		4,080,250	1,928,325	1,885,657
<u>4,248,260</u>			<u>12,498,922</u>	<u>8,073,160</u>	<u>7,563,288</u>
	<u>Other Expenditure</u>				
979,556	Depreciation		468,705	400,429	354,460
5,227,816	Total Expenditure		12,967,627	8,473,589	7,917,748
(651,556)	Surplus/ (Deficit) before tax		(754,805)	(393,355)	(370,635)
	Income Tax Expense				
(651,556)	Surplus/(Deficit) after Tax		(754,805)	(393,355)	(370,635)

Regional Software Holdings Ltd—FY2024 Statement of Intent



Consolidated Statement of Cash Flows

For the 12 Months to 30 June 2024

2022/23 Budget	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
Cashflows from Operating Activities				
Cash received from:				
4,575,660		12,187,822	8,055,234	7,522,113
-		-	-	-
600		25,000	25,000	25,000
-		-	-	-
4,576,260		12,212,822	8,080,234	7,547,113
Cash applied to:				
4,248,260		12,498,922	8,073,160	7,563,288
-		-	-	-
-		-	-	-
4,248,260		12,498,922	8,073,160	7,563,288
328,000		(286,100)	7,074	(16,175)
Cashflow from Investing Activities				
Cash received from:				
-		-	-	-
-		-	-	-
-		-	-	-
Cash applied to:				
328,000		-	-	-
-		-	-	-
328,000		-	-	-
- 328,000		-	-	-
Cashflow from Financing Activities				
Cash received from:				
-		-	-	-
-		-	-	-
Cash applied to:				
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
899,799		286,100	7,074	16,175
899,799		899,799	613,699	620,772
899,799		613,699	620,772	604,598
Made up of:				
25,000		25,000	25,000	25,000
874,799		588,699	595,772	579,598
899,799		613,699	620,772	604,598
Funds by Activity:				
899,799		899,799	899,799	899,799
-		286,100	279,027	295,201
-		-	-	-
899,799		613,699	620,772	604,598

Regional Software Holdings Ltd—FY2024 Statement of Intent



IRIS Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2022/23 Budget		Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
<u>1,231,038</u>	Income		<u>999,736</u>	<u>1,064,765</u>	<u>503,317</u>
1,231,038	IRIS Programme		999,736	1,064,765	503,317
	<u>Other Income</u>				
600	Interest Received		-	-	-
<u>128,715</u>	Council Specific Software Funding		<u>128,173</u>	<u>132,018</u>	<u>135,055</u>
129,315			128,173	132,018	135,055
1,360,353	Total Income		1,127,910	1,196,784	638,372
	<u>Expenditure</u>				
3,451	Administration costs		-	-	-
18,922	Accounting & Technical Support		-	-	-
32,829	Audit & Legal fees		-	-	-
275,340	Datacom Support Services (IRIS)		247,000	262,500	330,000
359,966	Technology Services		578,160	613,200	-
23,768	IT Hosting Charges		87,000	88,000	89,000
-	Finance Costs		-	-	-
-	Secondments		-	-	-
167,829	Personnel Costs		55,000	63,150	64,753
4,562	Promotional Costs		-	-	-
10,549	Independent Director's Fees		-	-	-
4,421	Travel & Meeting Costs		1,000	1,000	1,000
128,715	Council Specific Software Purchases		128,173	132,018	135,055
2,000	Other Direct Software		2,000	2,200	2,251
-	Consultants		-	-	-
	Overhead Recovery - Expense		29,576	34,715	16,314
<u>1,032,353</u>			<u>1,127,910</u>	<u>1,196,784</u>	<u>638,372</u>
	<u>Other Expenditure</u>				
979,556	Depreciation		468,705	400,429	354,460
2,011,909	Total Expenditure		1,596,615	1,597,213	992,832
(651,556)	Surplus/ (Deficit) before tax		(468,705)	(400,429)	(354,460)
	Income Tax Expense				
<u>(651,556)</u>	Surplus/(Deficit) after Tax		<u>(468,705)</u>	<u>(400,429)</u>	<u>(354,460)</u>

Regional Software Holdings Ltd—FY2024 Statement of Intent



IRIS NextGen Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2022/23		Notes	2023/24	2024/25	2025/26
Budget	Income		SOI	Indicative	Indicative
-	IRIS Programme		-	-	-
415,251	IRIS NextGen Programme		5,000,000	3,274,311	3,289,385
-	IRIS NextGen Contingency		406,561	-	-
-	Sector Work Programmes		-	-	-
-	Central Government Funding		-	-	-
<u>415,251</u>			<u>5,406,561</u>	<u>3,274,311</u>	<u>3,289,385</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
415,251	Total Income		5,406,561	3,274,311	3,289,385
	Expenditure				
962	Administration costs		-	-	-
6,383	Accounting & Technical Support		-	-	-
24,328	Audit & Legal fees		20,000	20,000	20,000
-	Datacom Support Services (IRIS)		-	-	-
160,000	Technology Services		4,996,539	2,636,422	2,651,640
-	IT Hosting Charges		72,000	-	-
-	Finance Costs		-	-	-
-	Secondments		-	-	-
209,328	Personnel Costs		385,000	415,223	424,979
1,539	Promotional Costs		-	-	-
3,558	Independent Director's Fees		-	-	-
9,154	Travel & Meeting Costs		68,000	68,000	68,000
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		2,000	2,060	2,122
-	Consultants		-	-	-
-	Overhead Recovery - Expense		149,122	125,533	138,819
<u>415,251</u>			<u>5,692,661</u>	<u>3,267,237</u>	<u>3,305,560</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
<u>415,251</u>	Total Expenditure		5,692,661	3,267,237	3,305,560
-	Surplus/ (Deficit) before tax		(286,100)	7,074	(16,175)
	Income Tax Expense				
-	Surplus/(Deficit) after Tax		(286,100)	7,074	(16,175)

Regional Software Holdings Ltd—FY2024 Statement of Intent



Sector Financial Management System Activity- Statement of Financial Performance

For the 12 Months to 30 June 2024

2022/23		Notes	2023/24	2024/25	2025/26
Budget	Income		SOI	Indicative	Indicative
2,671,656	Sector Work Programmes		5,576,963	3,430,288	3,439,825
129,000	Central Government Funding		138,820	138,820	138,820
<u>2,800,656</u>			<u>5,715,783</u>	<u>3,569,108</u>	<u>3,578,645</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
2,800,656	Total Income		5,715,783	3,569,108	3,578,645
	Expenditure				
31,187	Administration costs		25,000	25,750	26,523
41,065	Accounting & Technical Support		-	-	-
27,843	Audit & Legal fees		15,000	16,350	17,741
-	Datacom Support Services (IRIS)		-	-	-
10,000	Technology Services		15,000	15,450	15,914
40,000	IT Hosting Charges		55,000	56,650	58,350
-	Finance Costs		-	-	-
-	Secondments		-	-	-
400,843	Personnel Costs		1,180,000	1,211,650	1,244,157
77,900	Promotional Costs		75,000	77,250	79,568
22,893	Independent Director's Fees		-	-	-
20,925	Travel & Meeting Costs		98,000	98,690	98,401
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		7,000	7,210	7,426
2,128,000	Consultants		4,080,250	1,928,325	1,885,657
-	Overhead Recovery - Expense		165,533	131,783	144,911
<u>2,800,656</u>			<u>5,715,783</u>	<u>3,569,108</u>	<u>3,578,645</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
<u>2,800,656</u>	Total Expenditure		5,715,783	3,569,108	3,578,645
-	Surplus/ (Deficit) before tax		<u>-</u>	<u>-</u>	<u>-</u>
	Income Tax Expense				
-	Surplus/(Deficit) after Tax		<u>-</u>	<u>-</u>	<u>-</u>

Regional Software Holdings Ltd—FY2024 Statement of Intent



RSHL Overheads Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2022/23 Budget	Income	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
	<u>Other Income</u>				
-	Interest Received		25,000	25,000	25,000
-	Council Specific Software Funding		-	-	-
-	Overhead Recovery - Income		-	-	-
-			25,000	25,000	25,000
-	Total Income		25,000	25,000	25,000
	<u>Expenditure</u>				
-	Administration costs		10,700	10,912	11,038
-	Accounting & Technical Support		39,100	41,033	42,494
-	Audit & Legal fees		70,000	43,000	44,510
-	Datacom Support Services (IRIS)		-	-	-
-	Technology Services		16,000	-	-
-	IT Hosting Charges		-	-	-
-	Finance Costs		-	-	-
-	Secondments		-	-	-
-	Personnel Costs		125,000	128,750	132,613
-	Promotional Costs		16,000	6,000	3,000
-	Independent Director's Fees		72,000	74,160	76,385
-	Travel & Meeting Costs		17,000	17,300	18,609
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		1,000	1,030	1,061
-	Consultants		-	-	-
-			366,800	322,185	329,709
-	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
-	Total Expenditure		366,800	322,185	329,709
-	Surplus/ (Deficit) before tax		(341,800)	(297,185)	(304,709)
	Income Tax Expense				
-	Surplus/(Deficit) after Tax		(341,800)	(297,185)	(304,709)



13. Ngā Kaupapahere Kaute | Accounting Policies

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP), the Financial Reporting Act 1993 and the NZ PBE's Tier 2.

Reporting Entity

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

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

RSHL was incorporated on 17 October 2012.

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

Public Benefit Entity Simple Format Reporting

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

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

Basis of Preparation of the Financial Statements

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

Statement of Compliance

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

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

These financial statements comply with PBE Standards.

Regional Software Holdings Ltd—FY2024 Statement of Intent



Presentation Currency and Rounding

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

The functional currency of RSHL is New Zealand dollars.

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

Summary of Significant Accounting Policies

Revenue

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

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

Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

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

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

Debtors

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

Inventories

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Regional Software Holdings Ltd—FY2024 Statement of Intent



Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

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

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The depreciation charge for each period is recognised through the Statement of Financial Performance.

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

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

Critical Accounting Estimates and Assumptions

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

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



14. Note For Information: Requirements for Statement of Intent

Source: Office of the Auditor General

<http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm>

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	3,11,12
Objectives of the group	3
A statement of the board's approach to governance	7
Nature and scope of the activities to be undertaken	4
Accounting policies	13
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	9
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	10
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	10
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	10
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	11
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	10
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	none
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	10

Regional Software Holdings Ltd—FY2024 Statement of Intent





Council
Collaboration
Into Action



Council
Collaboration
Into Action

—

30 June 2023

Tēnā koutou,

RE: RSHL 2024 Statement of Intent

Regional Software Holdings Limited is pleased to present its 2024 Statement of Intent.

RSHL enables Te Uru Kahika¹ to act collaboratively and deliver solutions that, in the normal course of events, would be unaffordable or unachievable. Further, it assists the sector to act and speak as one.

Over the last few years, the company has grown the scope of collaborative services that it provides, and the number of organisations benefiting from those services.

This Statement of Intent continues the growth and development of your collaborative investments.

When we presented the 2023 Statement of Intent to you, RSHL was at a transitional point in its history with two significant changes ahead. The first was the transition to be the regional sector shared services organisation. The second was the transition from IRIS Classic to IRIS Next Generation.

The transition into the Regional Sector Shared Services Organisation is now largely complete and the IRIS Next Generation Programme is fully established. The 2024 Statement of Intent reflects a more regular basis of operation, while signalling future opportunities for growth in support of Te Uru Kahika.

¹ Te Uru Kahika is the collective of the 16 regional councils and unitary authorities that make up the regional sector.

Te Uru Kahika established this shared services organisation to achieve:

- A sector that is better prepared to respond to future challenges
- Better return on investment with a focus on quality outcomes and realisation of the sector value proposition
- Increased credibility of the sector as a trusted deliverer with a unified and consistent sector profile
- Improved staff attraction and retention
- Consistent good business practice across the sector and within councils.

RSHL continues to work with Te Uru Kahika to ensure it is fit for purpose to meet these objectives. RSHL will continue to evolve with Te Uru Kahika.

The budget contained in the Statement of Intent is separated into four activities.

Activity	Description
IRIS Next Generation	The IRIS NextGeneration Programme is underpinned by the IRIS NextGen Partnership Agreement and funded by the nine participating Councils. The programme budget was approved by the IRIS NextGen Programme Steering Group.
IRIS Classic	IRIS Classic is RSHLs longest running programme, underpinned by the IRIS Advisory Group Terms of Reference. The programme is funded by the seven councils that use IRIS. The budget was approved by the IRIS Advisory Group.
Sector Financial Management System	The Sector Financial Management System is the arrangement under which RSHL supports the delivery of Te Uru Kahika work programmes. The activity is underpinned by an MOU between RSHL and the Regional Chief Executive Officers (RCEOs) Group. The work programmes are funded by the sixteen participating councils, as well as government entities. The budget provided in the Statement of Intent was developed by the Te Uru Kahika Office, and endorsed by the RCEOs Group.
Overheads	Costs and income that cannot be attributed to a work programme are represented in the Overheads activity. Costs in this activity are those generally associated with the governance, management and operation of the company. A share of overhead costs is allocated to each of the other activities based on proportion of revenue.

Financially, the company remains in a sound position. All programmes operate on a cost-recovery basis with small annual surplus or deficit.

The IRIS Programme shows a book loss of \$469K but this is entirely driven by depreciation as the IRIS software product reaches end of life. This is not a deficit that RSHL is seeking shareholder funding for.

When we presented the draft SOI for feedback from member councils we encouraged, and fully expected feedback.

Members asked us to improve the presentation of the Statement of Intent which we have done, including the more use of Te Reo. We are committed to increasing the use of Te Reo each year.

Members asked us to provide more information about Te Tiriti responsibilities. Acting in accordance with the principles of Te Tiriti o Waitangi is one of the principles of this organisation and we are committed to that journey. Te Uru Kahika is working to better understand how to meet its Te Tiriti obligations. RSHL intends to align itself with the outcomes of this work.

We were asked to include an environmental and sustainability ethics statement and have done so.

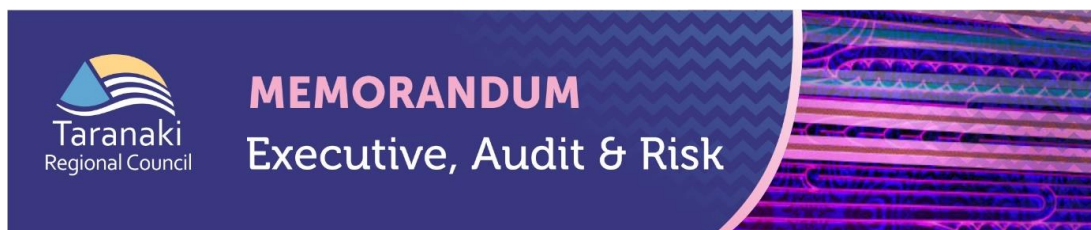
It was noted that in general, the performance targets and measures were broad and not clearly linked to the achievement of the scope of activities to be undertaken. We acknowledge this feedback and it is our intention to incorporate more specific performance indicators in the next SOI. This timing aligns with a strategic initiative to be undertaken in in the next 12 months to better define and measure the services that RSHL provides to Te Uru Kahika.

Thank you for your continued support of RSHL and our work.

Nāku noa nā



Mike Nield
Chairperson



Date 31 July 2023

Subject: **Regional Software Holdings Limited: Nomination of Directors**

Approved by: S J Ruru, Chief Executive

Document: 3188268

Purpose

1. The purpose of this memorandum is to consider and make nominations for election to the Board of Directors of Regional Software Holdings Ltd (RSHL).

Recommendations

That the Taranaki Regional Council:

- a) receives the memorandum Regional Software Holdings Limited: Nomination of Directors
- b) nominates Mr Michael Nield and Mr Ged Shirley as directors for election to the Board of Regional Software Holdings Ltd
- c) authorises the Chief Executive to complete the Notice of Nomination of Director(s) form
- d) determines that this decision be recognised as not significant in terms of section 76 of the *Local Government Act 2002*
- e) determines that it has complied with the decision-making provisions of the *Local Government Act 2002* to the extent necessary in relation to this decision; and in accordance with section 79 of the Act, determines that it does not require further information, further assessment of options or further analysis of costs and benefits, or advantages and disadvantages prior to making a decision on this matter.

Background

2. This memorandum sets out the process for the selection and appointment of Regional Software Holdings Limited's (RSHL) directors and makes Taranaki Regional Council director nominee(s).

Issues

3. This memorandum sets out the process for the selection and appointment of Regional Software Holdings Limited's (RSHL) directors and makes Taranaki Regional Council director nominee(s).

Discussion

4. Regional Software Holdings Limited (RSHL) is a not-for-profit Council Controlled Organisation (CCO) that has been operating as a shared services organisation since 2012. In 2022 the company transitioned into a broader shared services delivery vehicle for Te Uru Kahika (the collective Regional and Unitary Council sector).
5. As a delivery vehicle for Te Uru Kahika, the company will lead and/or support others to use collaboration and shared services to create value for the sector. By working together, the sector can “do more with less” while tackling its issues and opportunities.
6. Ahead of the November 2023 Annual General Meeting (AGM), RSHL is commencing the Director Appointment Process. Two directors are resigning by rotation. The Council can either support the reappointment of one or both of the directors or make nominations for new appointments.

Shareholders' Agreement requirements

7. The company's Shareholders' Agreement and Constitution, states that directors will be appointed by way of an ordinary resolution voted on by all Class A shareholders who have equal rights to participate in the process.
8. The Shareholder's Agreement sets out that the Board must have a minimum of four directors and a maximum of eight directors, and that while the company has less than six directors, at least one must be an independent director and while the company has six or more directors, at least two must be independent directors.
9. It is only the independent directors that are entitled to receive directors' fees.

The Appointment Process

10. The process for appointing the Board is set out in RSHL's Appointment of Directors process policy. The timetable and process is as follows:

The primary steps	Due by
Determine the Directors retiring by rotation at the next annual meeting of shareholders. Update the Board Skills Register	30 April (Complete)
RSHL Chief Executive call for director nominations	9 June (complete)
Nominations from shareholding councils close.	21 July
RSHL Chief Executive distributes board appointment pack to shareholders.	31 July
Shareholding councils advise RSHL of their preferred applicants	30 September
Chief Executive notifies all parties of the outcome.	31 October
Shareholders pass ordinary resolution confirming new board members.	31 November

This occurs at the Annual General Meeting.	
--	--

11. As a Class A shareholder of RSHL, the Council has been invited to participate in the director appointment process.
12. Under the new Board composition shareholders do not have specific representatives on the Board. All directors will be required to disregard any alliance to any shareholders and to act in the best interests of the company, as required under the Companies Act. The Council is encouraged to nominate an applicant(s) that has the appropriate skill set and can add value to the guidance and governance of the company.
13. Council needs to determine if they:
 - Support the re-appointment of one or both of directors retiring by rotation
 - identify and nominate new directors.
14. The Council should confirm that its nominee(s) are happy to accept the nomination and complete the Notice of Nomination of Director(s) form (see Attachment 1).

Taranaki Regional Council Nominations

15. Since the inception of RSHL, the Council's director appointment to the Board has been the Director – Corporate Services (Mr M J Nield). Mr Nield has also been the Board Chairperson since inception. At the 8 November 2022 Ordinary Meeting, the Council reconfirmed Mr Nield as the Council representative on the Board of RSHL. Mr Nield has indicated that he is available to carry on in this role on the Board. Accordingly, it is recommended that the Council nominate Mr Nield.
16. The Council recently considered the new Board composition (February 2023). At that time, the Council supported Mr Ged Shirley (Horizons Regional Council). It is recommended that this support continues.
17. Similarly, given the recent consideration of the Board composition, the support of any new director appointments is not recommended.
18. These decisions need to be, and are, consistent with the Council's *Director Appointment Policy* – attached. The Policy needs to be updated in light of the changes to Regional Software Holdings Ltd's Shareholders' Agreement and Company Constitution.

Options

19. The Council's options are to determine if they:
 - nominate one or both of Mr Michael Nield and Mr Ged Shirley for reappointment to the Board of RSHL
 - identify and nominate new director candidates for election to the Board of RSHL.

Significance

20. In terms of the *Significance and Engagement Policy*, the decision is determined as not significant as:
 - the decision does not affect a large number of residents and ratepayers to a moderate extent
 - the consequences of the decision do not affect a small number of residents and ratepayers to a large extent

- the decision does not have a history of generating wide public interest with the Taranaki region or New Zealand generally.

21. As such, further consultation and/or engagement is not considered warranted.

Financial considerations—LTP/Annual Plan

22. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

23. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

24. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

25. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

26. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/Attachments

Document 1287761: Policy for the Appointment and Remuneration of Directors to the Boards of Council Subsidiaries—February 2014

Document 3189054: RSHL Director Appointment Policy

Document 3189056: RSHL Board Nomination Form

Document 3189057: RSHL Shareholders Information Board Pack Appointment Process



Regional Software Holdings Limited (RSHL)

Appointment of Directors Policy

Date: August 2022

Introduction

The Local Government Act 2002 requires that Councils have a policy that contains an objective and transparent process for the appointment of Directors to council organisations including CCOs council-controlled organisations. As RSHL is a CCO, it will be required to implement and follow a director appointment process.

The Act also states that a Council may appoint a person to a directorship of a CCO only if the Council considers the person has the skills, knowledge and experience to:

- guide the organisation, given the nature and scope of its activities
- contribute to the achievement of the objectives of the organisation.

This policy sets out the objective and transparent director appointment process for RSHL. Class A Shareholding councils are encouraged to incorporate this process into their Council Organisation Director Appointment Policies.

Appointment of Directors process:

The appointment of directors to RSHLs Board will follow this process:

1. No later than 30 April, in each year, the RSHL Board will:
 - Determine the Directors retiring by rotation at the next annual meeting of shareholders. As per clause 7.7(b) of the Shareholders' Agreement (and clause 11.6(b) of the Constitution), the number of Directors required to retire by rotation is two, less any vacancies that occurred throughout the financial year.
 - Determine the availability of the incumbent(s) for re-election.
 - Determine if the required appointment(s) must be independent.
 - Update the Board Skills Register, assessing the skills of the Board and identifying any gaps to consider during the upcoming appointment process.
 - Update the Board Representation Register, assessing the diversity of the Board and identifying any gaps to consider during the upcoming appointment process.
2. No later than 31 May, the CEO, on behalf of the Board, will approach the Class A Shareholding Councils and call for director nominations.

The Board will advise the Councils of:

- The number of vacancies,
- The availability of the Directors that are retiring by rotation at the next annual meeting of shareholders,
- The need for an independent appointment (if required),
- Any current and pending skill and representation gaps within the Board.

Each Class A Shareholding Council, by completing a Notice of Nomination of Director(s) Form (per Appendix 1) is entitled to a maximum of one non independent nominee and one independent nominee.

3. No later than 30 June the Board will close nominations.
4. No later than 31 July the CEO, on behalf of the Board, will:
 - Contact the nominees and obtain a copy of their CVs,
 - Prepare and distribute a Directors appointment package to the Class A Shareholding Councils. The package will consist of:
 - A report on the vacancies, independence requirements, skills gaps and representation gaps,
 - A list of all nominee applicants and their CV's.
5. No later than 30 September the Class A Shareholding Councils will:
 - Review the Director appointment package,
 - Determine their preferred applicants (up to the number of vacancies).
 - Advise the Board of their preferred applicants.
6. No later than 31 October the CEO, on behalf of the Board, will:
 - Tabulate the Class A Shareholding Councils' selections to determine the preferred applicants.
 - Advise all applicants of the outcome of the selections.
 - Develop an Ordinary Resolution for the annual meeting of shareholders, for the appointment of the preferred applicants for the available vacancies.
7. At the annual meeting of shareholders, the Class A Shareholding Councils will vote on the Ordinary Resolution to appoint the preferred applicants to the vacant Director positions. If passed, the preferred applicants are appointed, if not passed, the positions remain vacant and as per clause 7.4(b) of the Shareholders' Agreement the Board may appoint any person to fill the casual vacancy.
8. In addition to the above, as per clause 7.4(b) of the Shareholders' Agreement, throughout the year, the Board may appoint any person to fill a casual vacancy or as an addition to the existing directors.
9. Any director appointed under clause 7.4(b) of the Shareholders' Agreement may hold office until the next annual meeting of shareholders and is then eligible for election at that meeting.

Approved August 2022
Review date August 2024

Appendix 1 - Recommended Class A Shareholding Council process:

1. No later than 31 May of each year, the Council will receive notification from the RSHL Board of:
 - The number of vacancies,
 - The availability of the Directors that are retiring by rotation at the next annual meeting of RSHL shareholders,
 - The need for an independent appointment (if required),
 - Any current and pending skill and representation gaps within the Board.
2. At the first available meeting the Council will consider:
 - Supporting the re-election of any of the retiring Directors and not nominate an additional applicant.
 - Supporting the re-election of any of the retiring Directors, along with nominating an additional applicant.
 - Not supporting the re-election of any of the retired Directors and nominate an applicant.

Council's decision will be made on the basis of:

- It's members own knowledge,
- Reasonable enquiry of council staff,
- Reasonable enquiry of the RSHL Board Chairman (or delegate).

If Council decides to nominate an applicant, it will obtain prior approval from them before completing the nominee application form and returning this to the RSHL Board. Nominations must be received by the Board prior to their closure.

3. No later than 31 July of each year, the RSHL Board will distribute the Director appointment package to all Class A Shareholding Councils.
4. No later than 30 September the Class A Shareholding Councils will:
 - Review the Director appointment package,
 - Make reasonable enquiry of the RSHL Board Chairman (or delegate).
 - Determine their preferred applicants (up to the number of vacancies).
 - Advise the Board of their preferred applicants
5. RSHL will tabulate the Class A Shareholding Councils' selections, advise the applicants and prepare a Director appointment resolution for the annual meeting of shareholders.
6. The Class A Shareholding Councils' will decide whether to vote "for" or "against" the Director appointment resolution at the annual meeting of shareholders.

Appendix 2 Draft Director Nomination Form

Private & Confidential

Regional Software Holdings Limited
12 Victoria Avenue
Palmerston North 4410

[By email: insert address]

[Date]

REGIONAL SOFTWARE HOLDINGS LIMITED (NZCN 4046521) (Company)

NOTICE OF NOMINATION OF DIRECTOR[S]

Pursuant to clause 11 of the constitution of the Company, [insert shareholder's name] gives notice of the nomination of each person listed as a Nominated Director in Annex A as a director of the Company with effect on and from the applicable effective date specified in Annex A and to be voted on in accordance with the Company's director appointment process.

Signed for and on behalf of [insert name] by:

.....
Signature of authorised person

.....
Name of authorised person

ANNEX A Directors Nominated

Director[s] Nominated (the Nominated Directors)	Position	Effective Date
[insert name]	Non independent	[insert date]
[insert name]	Independent	[insert date]

RSHL Document ID: RSHL-1877002180-4606

Director Appointment Policy

Policy for the Appointment and Remuneration of Directors to the Boards of Council Subsidiaries

Director Appointment Policy

**February 2014
Document 1287761**

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Director Appointment Policy

1

1. Purpose

The purpose of this policy is to set out the procedures to be followed for selection, appointment, review and remuneration of directors appointed to the Boards of the Council's council-controlled organisations and subsidiaries.

The following principles underlie this policy:

- appointments will be made on the basis of merit
- the Council will follow corporate governance best practice.
- directors of council-controlled trading organisations will be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation.

The policy relates to the appointment and remuneration of directors to the Board of Port Taranaki Limited as well as all other council-controlled organisations (referred to in this document as subsidiaries).

The *Local Government Act 2002* requires that the Council may appoint a person to a directorship of council subsidiaries only if the Council considers the person has the skills, knowledge and experience to:

- guide the organisation given the nature and scope of its activities
- contribute to the achievement of the objectives of the organisation.

The Council is required to adopt a policy setting out an objective and transparent process for identifying and considering the skills required of a director, and appointing the directors of subsidiaries.

Director Appointment Policy

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2. Introduction

The purpose of this policy is to set out in section 57(1) of the Local Government Act 2002, which states:

57 *Appointment of directors*

- (1) *A local authority must adopt a policy that sets out an objective and transparent process for –*
 - (a) *the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and*
 - (b) *the appointment of directors to a council organisation; and*
 - (c) *the remuneration of directors of a council organisation.*
- (2) *A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to –*
 - (a) *guide the organisation, given the nature and scope of its activities; and*
 - (b) *contribute to the achievement of the objectives of the organisation.*

In this policy, the term “directors” is used to mean both directors and trustees. Similarly, a “statement of corporate intent” refers to either a statement of corporate intent or a statement of intent. All entities outlined in this policy are referred to as “subsidiaries”.

The Taranaki Regional Council (the Council) has interests in a number of subsidiaries. At 31 December 2013, the Council:

- owned 100% of Port Taranaki Limited
- owned 15.5% of Regional Software Holdings Ltd
- owned 1,000 shares in Civic Assurance Ltd
- controlled 100% of the Taranaki Stadium Trust.

Port Taranaki Ltd	Regional Software Holdings Ltd	Civic Assurance Ltd	Taranaki Stadium Trust
The Taranaki Regional Council appoints all Directors to the Board of Port Taranaki Ltd.	The Taranaki Regional Council is entitled to appoint one director to the Board of Directors of Regional Software Holdings Ltd.	The Taranaki Regional Council is entitled to nominate and vote for Directors on the Board of Civic Assurance Ltd.	The Taranaki Regional Council appoints all Trustees to the Taranaki Stadium Trust.
There are to be no fewer than six directors. The Council is restricted to a maximum of 2 councillors on the Board of Port Taranaki Ltd (by the Port Companies Act 1988).	One director for each shareholding council (currently 6).	There are currently six directors of the Board of Civic Assurance Ltd.	

2.1. Port Taranaki Limited

Port Taranaki Limited operates at *arm's length* from the Council on a purely commercial basis. Port Taranaki Limited's operations are managed and directed by a Board of Directors (the Board).

Director Appointment Policy

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Port Taranaki Limited is a distinct separate legal entity from the Council. In return for the capital invested in Port Taranaki Limited, the Council is entitled to certain statutory rights under the *Port Companies Act 1988* and the *Companies Act 1993*, namely:

- the power to appoint and dismiss directors
- the power to set the level of remuneration for the Board
- the power to approve the size, shape and scope of Port Taranaki Limited and the broad direction of its activities
- the right to receive annual and six month financial statements and to authorise a distribution of profits.

The latter two rights are agreed between the Council and Port Taranaki Limited annually through the statement of corporate interest (SCI) process. The SCI allows the Council to outline its expectations of Port Taranaki Limited in consultation with the Board. The involvement of the Council in the SCI process underpins the governance relationship whilst maintaining the management autonomy of the Board.

2.2. Regional Software Holdings Ltd

Regional Software Holdings Ltd operates at *arm's length* from the Council on a purely commercial basis. Regional Software Holdings Ltd's operations are managed and directed by a Board of Directors (the Board).

Regional Software Holdings Ltd (RSHL) is tasked with providing long-term shared software resources that are relevant to regional council activities and are fit for purpose, reliable, robust, resilient and cost effective. Specifically Regional Software Holdings Ltd is responsible for the Integrated Regional Information Systems (IRIS) solution.

RSHL provides a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own. The company operates through managed contractual arrangements, and by facilitating collaborative initiatives between shareholder councils' staff. Shareholder councils can be both customers of RSHL and providers of service to RSHL. The scope of activities for RSHL is not necessarily limited to the IRIS application suite.

Regional Software Holdings Ltd is a distinct separate legal entity from the Council. In return for the capital invested in RSHL, the Council, in conjunction with the other shareholders, is entitled to certain statutory rights under the *Companies Act 1993*, namely:

- the power to appoint and dismiss directors
- the power to set the level of remuneration for the Board
- the power to approve the size, shape and scope of RSHL and the broad direction of its activities
- the right to receive annual and six month financial statements and to authorise a distribution of profits.

Director Appointment Policy

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The latter two rights are agreed between the Council and RSHL annually through the statement of intent (SOI) process. The SOI allows the Council to outline its expectations of RSHL in consultation with the Board. The involvement of the Council in the SOI process underpins the governance relationship whilst maintaining the management autonomy of the Board.

2.3. Civic Assurance Ltd

Civic Assurance Ltd operates at *arm's length* from the Council on a purely commercial basis. Civic Assurance Ltd's operations are managed and directed by a Board of Directors (the Board).

Civic Assurance Ltd is tasked with providing insurance, risk-financing and superannuation solutions to the local government sector.

The Council owns an immaterial investment (less than 1% of the total shareholding) in Civic Assurance Ltd (1,000 shares valued at approximately \$1,000).

Civic Assurance Ltd is a distinct separate legal entity from the Council. In return for the capital invested in Civic Assurance Ltd, the Council, in conjunction with the other shareholders, is entitled to certain statutory rights under the *Companies Act 1993*, namely:

- the power to appoint and dismiss directors
- the power to set the level of remuneration for the Board
- the power to approve the size, shape and scope of Civic Assurance Ltd and the broad direction of its activities
- the right to receive annual and six month financial statements and to authorise a distribution of profits.

The latter two rights are agreed between the Council and Civic Assurance Ltd annually through the statement of intent (SOI) process. The SOI allows the Council to outline its expectations of Civic Assurance Ltd in consultation with the Board. The involvement of the Council in the SOI process underpins the governance relationship whilst maintaining the management autonomy of the Board.

2.4. Taranaki Stadium Trust

The Taranaki Stadium Trust operates at *arm's length* from the Council on a charitable basis. Taranaki Stadium Trust's operations are managed and directed by Trustees.

Taranaki Stadium Trust (the Trust) is a charitable trust, incorporated in New Zealand, under the *Charitable Trusts Act 1957*. The Trust is a Council Controlled Organisation, as defined in section 6 of the *Local Government Act 2002*. The Trust owns Yarrow Stadium (the Stadium) land, building and facilities. The operation of the Stadium is carried out by the New Plymouth District Council in accordance with a Management Agreement between the two parties.

The fundamental objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of the Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki,

Director Appointment Policy

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working in particular with the Taranaki Regional Council and the New Plymouth District Council to advance this purpose.

The Trust was formed to take over the former Rugby Park and redevelop it into a quality venue for the benefit of the wider Taranaki region. The provision of the stadium facilities contributes to the overall infrastructure of the region and provides economic stimulus from events held at the stadium, particularly sporting events that encourage safe and healthy living.

The Taranaki Stadium Trust is a distinct separate legal entity from the Council. The Council is entitled to certain statutory rights under the *Local Government Act 2002*, namely:

- the power to appoint and dismiss trustees
- the power to set the level of remuneration for the trustees
- the power to approve the size, shape and scope of Taranaki Stadium Trust and the broad direction of its activities
- the right to receive annual and six month financial statements.

The latter two rights are agreed between the Council and Taranaki Stadium Trust annually through the statement of intent process. The statement of intent allows the Council to outline its expectations of Taranaki Stadium Trust. The involvement of the Council in the statement of intent process underpins the governance relationship whilst maintaining the management autonomy of the Board.

3. Policy introduction

This policy relates to the appointment and remuneration of directors. The Council must rely upon the directors to use their skills and experience to achieve the performance targets agreed to between the Council and the subsidiary and as outlined in the SCI. The performance of the directors is an important factor in maximising the value (financial and/or otherwise) of the Council's investment.

The following appointment and remuneration process has been developed based upon the Auditor-General's guidelines as set out in the *Report of the Controller and Auditor-General on Governance of Local Authority Trading Activities – June 1994* and the *KnowHow Guide to Governance* prepared by Local Government New Zealand (2003).

The Council is required to appoint directors who will direct and manage the subsidiary to achieve its principal objective. Directors need intellectual ability, business experience, sound judgement, an understanding of governance issues, integrity and the ability to work as members of a team.

In identifying suitable directors, the following general practice is adopted:

- identification of the skills, experience and other attributes required
- seeking, as widely as practical and necessary, expressions of interest in the positions available from individuals who might have those skills
- consultation with the chairperson, or otherwise, of the subsidiary and the chairperson of the Council on the particular skills required for the position
- evaluation of applicants or nominations against objective criteria
- selection from applicants or nominations of the person most likely to be an effective member of the Board.

3.1. Identification of skills, experience and attributes required

The criteria set out in this paragraph shall apply to all directors of Council-owned subsidiaries. Directors should have the following attributes:

- strong thinking abilities, including the capacity to think strategically
- the ability to articulate thoughts in a concise and clear manner
- a clear commitment to the responsibilities of a director
- relevant experience and/or the ability to gain an in-depth familiarity with the company and its business area
- the ability to objectively take account all points of view
- respect for colleagues and staff
- unimpeachable business ethics
- an understanding of governance issues
- proven commercial/relevant experience at an appropriate level
- the ability to understand statutory and financial issues.

Director Appointment Policy

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3.2. Conflicts of interest

The Taranaki Regional Council expects that directors of subsidiaries will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations the Council requires directors to follow the guidelines for the conduct of directors. All directors are appointed 'at the pleasure' of the Council and may be dismissed for breaches of these guidelines.

The guidelines for the conduct of directors have been reproduced in Appendix 1.

3.3. Seeking expressions of interest

When a vacancy on a Board occurs, or the potential for a vacancy is identified, the Chief Executive will compile a list of potential directors. For clarity, the list of potential directors may be as short as one candidate. The list of potential directors will be derived from a number of sources that may include:

- advertising publicly for expressions of interest whereby any individual or group may nominate any person whom they consider qualified to act as a director;
- seeking and recording nominations of suitable persons known to the existing Boards, Councillors and management of the Board and the Council.

Potential directors selected for the list will be requested to provide details of their curriculum vitae together with a statement recording:

- the reasons why they consider they would be appropriate for an appointment;
- their particular area of interest in respect of the Council's activities and subsidiaries; and
- any conflicts of interest.

The list of potential directors and supporting details will remain confidential to the Council.

Port Taranaki Ltd	Regional Software Holdings Ltd	Civic Assurance Ltd	Taranaki Stadium Trust
The Taranaki Regional Council appoints all Directors to the Board of Port Taranaki Ltd. The Chief Executive will compile a list of potential directors for the Council's consideration.	The Taranaki Regional Council is entitled to appoint one director to the Board of Directors of Regional Software Holdings Ltd. The Chief Executive will compile a list of potential directors for the Council's consideration.	The Taranaki Regional Council is entitled to nominate and vote for Directors on the Board of Civic Assurance Ltd. The Company will seek nominations for directors on the Board of Civic Assurance Ltd. Voting occurs at the AGM. The Chief Executive will seek the views of the Council before voting at the AGM.	The Taranaki Regional Council appoints all Trustees to the Taranaki Stadium Trust. The Chief Executive may compile a list of potential trustees for the Council's consideration.

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3.4. Process for the appointment of an external director

The Chief Executive may consult with the Chairperson of the Board as to the particular skills required for the position. Consideration may be given to ensuring that there is an appropriate mix of skills and experience on the Board. Similarly, consideration may be given to complementing and reinforcing existing skills. The Chief Executive may also consult with the Chairperson of the Council with regard to the particular skills required for the position.

After the consultation and evaluation of skills required, the Chief Executive will prepare a short list of potential directors from the list of candidates. For clarity, the short-list of potential directors may be as short as one candidate.

The Executive Committee may interview the short list of potential directors. The curriculum vitae and references will be checked to ensure the candidate meets the Council's criteria.

The Executive Committee will then make a recommendation to the Council.

The process for appointing a Councillor to a vacancy on the Board of Port Taranaki Limited is outlined in section 3.7.

3.5. Rotation and retirement of Board Members

The term of appointment, rotation and retirement of directors is incorporated into each subsidiary's constitution and/or Trust Deed.

3.6. Review and reappointment of Directors

Where a director's term of appointment has expired and they are offering themselves for reappointment, the process outlined in this section will apply.

The Chief Executive may make confidential enquiries from the Chairperson of the Board. These enquiries will seek to ascertain:

- whether there are other skills that the Board requires
- whether the skills of the incumbent add value to the work of the Board.

The Chief Executive will consider the information obtained and form a view on the appropriateness of reappointment or making a replacement appointment. The Chief Executive is authorised to recommend reappointment to the Council. If replacement is recommended then the process outlined in section 3.4 will be followed.

3.7. Councillors as directors

Councillors can be appointed as Directors to the Board of Regional Software Holdings Ltd, Civic Assurance Ltd or the Taranaki Stadium Trust but due regard should be taken of the table in section 3.8. The processes outlined in section 3.4 will apply.

Section 6(1)(b) of the Port Companies Act 1988 limits the Council to no more than 2 Councillors as directors on the Board of Port Taranaki Limited. The Council's policy is to have two Councillors on the Board of Port Taranaki Limited.

Director Appointment Policy

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All Councillors are eligible to be included in the list of potential directors to fill a vacancy, subject to the processes of this policy.

The following process will complete the appointment of a Councillor as a director of Port Taranaki Ltd. A Councillor appointment must add value to the work of the Board and is not a substitute for a formal monitoring relationship between the Council and the subsidiary.

- the Council resolves to appoint a Councillor to a vacancy on the Board of Directors of Port Taranaki Limited
- those Councillors interested in being considered for the vacancy supply their curriculum vitae and references to the Chief Executive
- the Chief Executive presents the CVs and references to the next Ordinary Meeting of the Council
- the Council considers the CVs and references against the criteria established in section 3.1 of this Policy
- the Council makes an appointment
- the voting system to be utilised in the appointment of a Councillor to the Board of Port Taranaki Limited requires that the person to be elected or appointed receive the votes of a majority of the membership of the Council present and voting and requires that where more than one round of voting is required, the least successful candidate in a round of voting shall not be a candidate in the next round of voting.

The process for reappointing a Councillor who is a Director of Port Taranaki Ltd and retires by rotation as required by Port Taranaki Ltd's company constitution is as outlined in section 3.6.

Notwithstanding the term provided for Board members within the Company's constitution, any Councillor who is a director shall:

- resign from the Board in the event of he or she ceasing to be a Councillor and
- submit a resignation from the Board for acceptance or rejection by the Council following every triennial election of the Council.

The process for appointing an external party to a vacancy on the Board of Port Taranaki Limited is outlined in section 3.4.

3.8. Employees as directors

The appointment of employees as directors creates the potential for conflicts of interest between their roles as advisors to the Council and their obligations as directors.

However, there are situations where it is appropriate and valuable to the subsidiary for Council officers to be directors. These situations are where the business of the subsidiary is related to the internal processes/procedures of the Council or the role of the subsidiary is mostly administrative in nature.

Officers will follow similar procedures as Councillors to disclose and manage any potential or actual conflicts of interest between their roles as directors and their roles as Council officers.

Director Appointment Policy

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Port Taranaki Ltd	Regional Software Holdings Ltd	Civic Assurance Ltd	Taranaki Stadium Trust
Port Taranaki Ltd operates on a commercial basis at arms-lengthly from the Council. There would be potential conflicts of interest between officer's roles as a director and their role as a Council officer. Council officers would not be considered for a role as a director.	Regional Software Holdings Ltd provides information technology solutions to regional councils. This role is focussed on the internal systems and processes within the Council. Accordingly it is appropriate for officers to be on the Board rather than Councillors.	Civic Assurance Ltd provides internal financial services to local authorities whilst operating in a commercial environment. It would be appropriate for both Councillors and officers to be considered to be nominated for the Board of Civic Assurance Ltd.	The Taranaki Stadium Trust role is largely an administrative role implementing the decisions of the Council. It would be appropriate for both Councillors and officers to be considered to be trustees of the Taranaki Stadium Trust.

3.9. Remuneration

Director remuneration is normally set by resolution at the annual general meeting. The Council will form a view regarding the level of remuneration and then the shareholder representative will vote accordingly at the annual general meeting.

There are situations where it is appropriate to remunerate directors for the time and experience that they bring to the position, especially where those directors are not currently remunerated by the Council (officers and/or councillors).

In reaching a view on the appropriate level of remuneration for directors the Council will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors
- the levels and movement of salaries in comparable organisations (the council will retain professional advice on salary levels and movements)
- the objectives of the subsidiary
- the past performance of the subsidiary
- the financial situation of the subsidiary.

Port Taranaki Ltd	Regional Software Holdings Ltd	Civic Assurance Ltd	Taranaki Stadium Trust
Port Taranaki Ltd operates on a commercial basis at arms-lengthly from the Council. Directors are remunerated at market rates.	Regional Software Holdings Ltd provides information technology solutions to regional councils. Directors are regional council officers. No additional remuneration is paid to directors.	Civic Assurance Ltd operates on a commercial basis at arms-lengthly from the Council. Directors are remunerated separately with the level set at each year's AGM.	The Taranaki Stadium Trust role is largely an administrative role implementing the decisions of the Council. No remuneration is paid to the Councillor and officer Trustees.

Appendix 1: Guideline for the conduct of directors

1. Directors must act honestly and in good faith in what the director believes to be the best interests of the subsidiary. Directors must ensure that all shareholders and classes of shareholder are treated fairly according to their rights as between each other.
2. Directors must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the subsidiary conducts its business in accordance with the law and with a high standard of commercial morality.
3. Directors should avoid conflicts of interest so far as is possible. Where a conflict or potential conflict arises, as a minimum they must adhere scrupulously to the procedures provided by law and by the constitution of the subsidiary for dealing with conflicts and with the position of directors having an interest in a particular contract or issue. A director who has a continuing conflict of interest of a material nature should consider resignation as a director.
4. Directors should be diligent, attend board meetings and devote sufficient time to make and keep themselves familiar with the nature of the subsidiary 's business and the environment in which it operates. They should be aware of all statutory and regulatory requirements affecting their company and, where applicable, the requirements of bodies such as the New Zealand Stock Exchange, and see that these are observed.
5. Directors must observe the confidentiality of non public information acquired by them as directors and not disclose it to any other person without the authority of the board. A director who is nominated by, or who has special allegiance to a particular shareholder or group of shareholders, may only disclose confidential information to such shareholders with the authority of the board and in strict compliance with any procedures prescribed by law or the constitution of the company.
6. Directors of public issuers should ensure that their subsidiary has in place an approved procedure for the buying and selling of shares or securities in the company by directors or their relatives or associates. Directors should not engage in short term trading in the company's shares or securities. Directors should notify the board in advance of any intended transaction by them or their relatives or associates involving shares or securities in the subsidiary.
7. Directors must act in accordance with their fiduciary duties. They should comply with the spirit as well as the letter of the law and remember that in addition to purely legal requirements there is a standard of ethical and moral behaviour against which all their actions can be judged.
8. A director should not, bind himself or herself to a pre-determined stance or course of action in the public arena which may then significantly impact on decisions taken at the board table.
9. A director may not publicly criticise a subsidiary or its subsidiaries, or dissent from a collective board decision in a manner likely to damage confidence in the subsidiary or its subsidiaries.
10. Directors must familiarise themselves with the legal risks, both to the subsidiary and to the individual director, involved with the position, and take all reasonable steps to minimise such risks.



Director Nomination Form

Private & Confidential

Regional Software Holdings Limited
12 Victoria Avenue
Palmerston North 4410

[By email: insert address]

[Date]

**REGIONAL SOFTWARE HOLDINGS LIMITED (NZCN 4046521)
(Company)**

NOTICE OF NOMINATION OF DIRECTOR[S]

Pursuant to clause 11 of the constitution of the Company, [insert shareholder's name] gives notice of the nomination of each person listed as a Nominated Director in Annex A as a director of the Company with effect on and from the applicable effective date specified in Annex A and to be voted on in accordance with the Company's director appointment process.

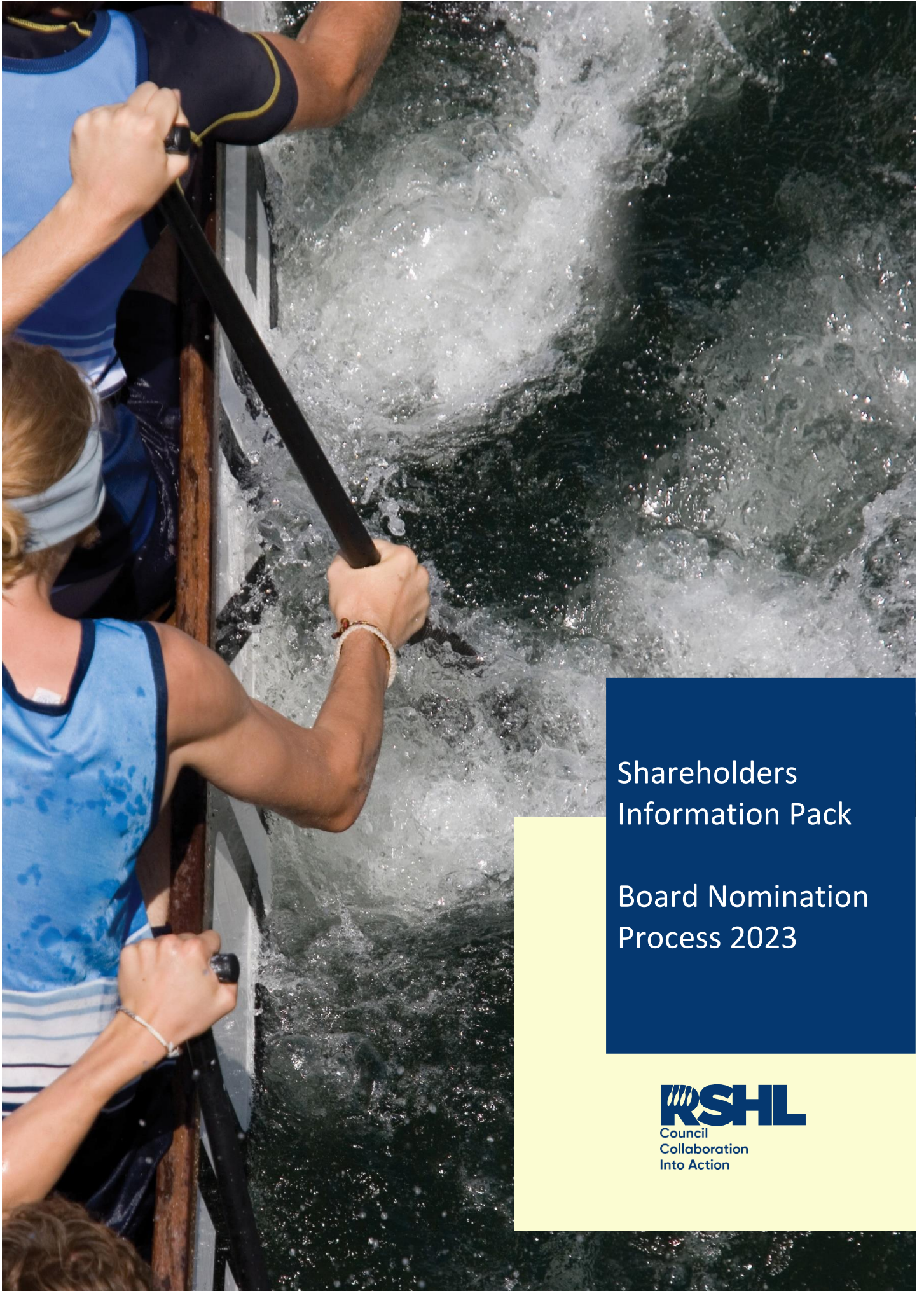
Signed for and on behalf of [insert name] by:

.....
Signature of authorised person

.....
Name of authorised person

**ANNEX A
Directors Nominated**

Director[s] Nominated (the Nominated Directors)	Position	Effective Date
[insert name]	Non independent	[insert date]
[insert name]	Independent	[insert date]



Shareholders Information Pack

Board Nomination Process 2023



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1. Document control

Distribution list

Name	Role
Mike Nield, Taranaki Regional Council Ged Shirley, Horizons Regional Council Bruce Howse, Northland Regional Council Janine Becker, Waikato Regional Council Fiona McTavish, Bay of Plenty Regional Council Wilma Falconer, Southland Regional Council Asbjorn Aakjaer (Independent Director) Bruce Robertson (Independent Director)	RSHL Board
Chris McLay, Waikato Regional Council Bruce Howse, Northland Regional Council Adrian Smith, Horizons Regional Council Mike Nield, Taranaki Regional Council Darryl Lew & Katherine Harbrow, The West Coast Regional Council Wilma Falconer, Southland Regional Council Mark Le Comte, Bay of Plenty Regional Council Susie Young, Hawkes Bay Regional Council Jade Lister-Baty & Pauline Foreman, Gisborne District Council	Shareholder Representatives
	Non-Independent Board Nominees
	Independent Board Nominees

Related documents

Document Title	Author	Document Reference
RSHL Constitution	PWC	RSHL-1877002180-4781
RSHL Shareholders Agreement	PWC	RSEC-1607902493-1030
RSHL Director Appointment Policy August 2022	PWC	RSHL-1877002180-4685

Document change history

Version #	Date	Revision By	Description of Change
0.1	May 2023	Mark Donnelly	First Draft
0.2	June 2024	Mark Donnelly	Updated advice to shareholders on board.
1.0	June 2024	Mark Donnelly	Final version

2. Introduction

Document Purpose

The purpose of this document is to provide RSHL Shareholders with the necessary information to participate in the RSHL board appointment process in 2023. This process will conclude at the RSHL AGM on 23 November 2023.

Additional information will be provided once nominations are received.

Background

The RSHL Shareholders' Agreement and Constitution adopted in November 2022 contains the following key clauses:

- On execution of the Shareholders' Agreement, the current board remained in office until the completion of the process to appoint a new board.
- During the first iteration of the new board appointment process the current board resigned but could be re-nominated.
- Thereafter the board is to operate a "retirement by rotation" approach.

In August 2022 the board of RSHL adopted a policy, as required by section 57 of the Local Government Act, that sets out an objective and transparent process relating to the appointment of directors to the company. This policy supplements the Shareholders' Agreement and Constitution.

Under the new Shareholders' Agreement and Constitution, directors are appointed by way of an ordinary resolution of the Class A Shareholders (casual vacancies can be filled by way of appointment by the board). All Class A Shareholders will have equal voting rights in appointing directors.

Because of the timing of the adoption of the new constitution and shareholders' agreement in November 2022 the inaugural director appointment process differed from the RSHL Director Appointment Policy. The new board was appointed in February 2023.

To fall into line with the timing outlined in the Board Appointment Policy it is necessary to complete a new appointment process to conclude at AGM in November. This means that the current board has had a truncated eight-month term.

3. Timeline and Key Dates

See the RSHL Director Appointment Policy for more information.

On May 24 the board advised of a small change to the timing of the board appointment process. The change in timing was to ensure a quality process while giving shareholders more time to complete their part of the process, while remaining fully compliant with the constitution.

The revised timetable is as follows:

Step	Due by
Determine the Directors retiring by rotation at the next annual meeting of shareholders. Update the Board Skills Register	30 April (Complete)
RSHL Chief Executive call for director nominations	09 June
Nominations from shareholding councils close.	21 July
RSHL Chief Executive distributes board appointment pack to shareholders.	31 July
Shareholding councils advise RSHL of their preferred applicants	30 September
Chief Executive notifies all parties of the outcome.	31 October
Shareholders pass ordinary resolution confirming new board members. This occurs at the Annual General Meeting.	31 November

4. Director Retirements.

The following table lists the directors with appointment dates.

Director	Appointment Date
Michael Nield	17-Oct-12
Ged Shirley	18-May-17
Asbjorn Aakjaer	30-Nov-17
Bruce Howse	24-Aug-22
Janine Becker	23-Feb-23
Wilma Falconer	23-Feb-23
Fiona McTavish	23-Feb-23
Bruce Robertson	23-Feb-23

Mike Nield and Ged Shirley retire by rotation and are eligible for re-election.

The remaining 6 incumbent directors have confirmed their intention to continue.

5. Board Advice to Shareholders on Skill and Representation Gaps.

The RSHL Board completed a skills and representation assessment. Based on the strategic position and direction of the company the board believes it has an appropriate mix of skills, perspectives, and experience.

The board also notes that four of the current eight board members were appointed in February 2023 and one was appointed in August 2022.

The board respects shareholders right to nominate new directors. However, the Board suggests that based on the short term of the current board and relatively high turnover in the last two years that the shareholders prioritise continuity and return the retiring directors. This would be subject to their nomination by their respective councils.

6. Call for Nominations

In accordance with the RSHL Directors Appointment Process, all Class A Shareholders have the right to nominate one independent and one independent director, subject to vacancies.

For this iteration of the board appointment process RSHL has the following Class-A shareholders.

- Northland Regional Council
- Waikato Regional Council
- Bay of Plenty Regional Council
- Gisborne District Council
- Hawkes Bay Regional Council
- Taranaki Regional Council
- Horizons Regional Council
- The West Coast Regional Council
- Southland Regional Council

In 2023 there are 2 non-independent board positions for appointment.

Shareholders are invited to consider the advice below from the board on potential skill and representation gaps.

Shareholders should complete the RSHL Director Preference Form provided and return it to the Chief Executive at Mark.Donnelly@rshl.co.nz by 21 July.



Council
Collaboration
Into Action



Date: 31 July 2023

Subject: **Health and Safety Report**

Approved by: M J Nield, Director - Corporate Services
S J Ruru, Chief Executive

Document: 3191741

Purpose

1. The purpose of this memorandum is to receive and consider reports on health and safety performance.

Recommendations

That the Taranaki Regional Council:

- a) receives the June 2023 Health and Safety Report.

Discussion

2. The health and safety report for June 2023 is attached. There are no significant health and safety issues to report on.

Financial considerations—LTP/Annual Plan

3. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Policy considerations

4. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the *Local Government Act 2002*, the *Resource Management Act 1991* and the *Local Government Official Information and Meetings Act 1987*.

Iwi considerations

5. This memorandum and the associated recommendations are consistent with the Council's policy for the development of Māori capacity to contribute to decision-making

processes (schedule 10 of the *Local Government Act 2002*) as outlined in the adopted long-term plan and/or annual plan.

Community considerations

6. This memorandum and the associated recommendations have considered the views of the community, interested and affected parties and those views have been recognised in the preparation of this memorandum.

Legal considerations

7. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Appendices/Attachments

Document 3190833: June 2023 Health and Safety Report



Health and Safety Dashboard

Reporting Period:

1 – 30 June 2023

Incidents (1 July 2022 – 30 June 2023)

Illness 0 (0)	Incidents 3 (32)	Injury 3 (47)
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ACC Claims 2 (6)	Near Miss 0 (36)	Notifiable 0 (0)
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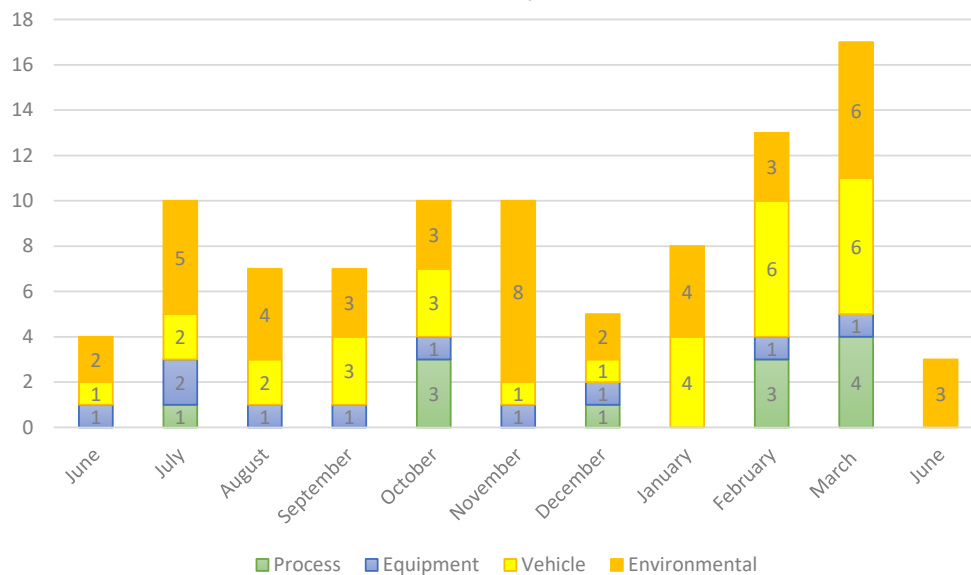
Types of Incidents and Injuries

Slips/Trips/Falls (no injury)	
Sprains/Strains	1
Cuts/Abrasions	2
Bruising	
Near Miss	
Vehicle Damage	
Insect Stings	
Other	3

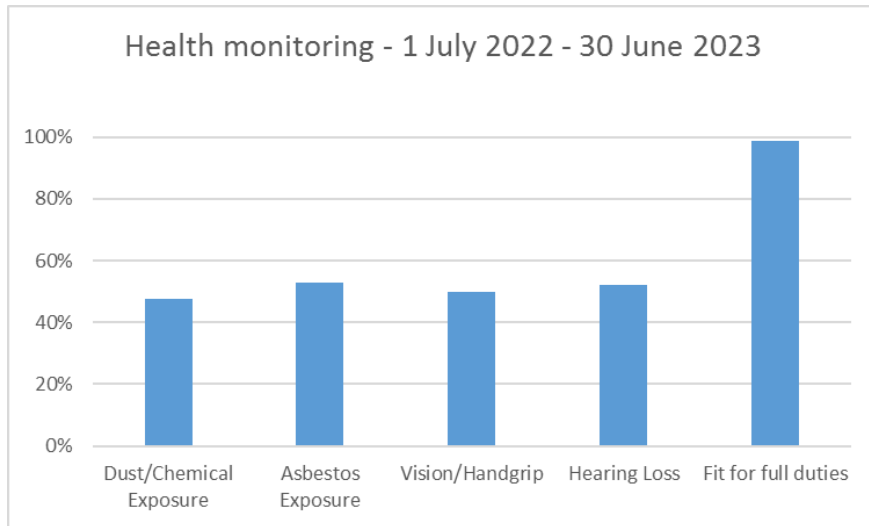
No Treatment	2
First Aid	1
Medical Centre	
Physiotherapy/Osteopath	
Hospitalisation	

Formal Investigation	
WorkSafe Investigation	

Incidents and Near Misses by Incident Mechanism



Health and Wellbeing

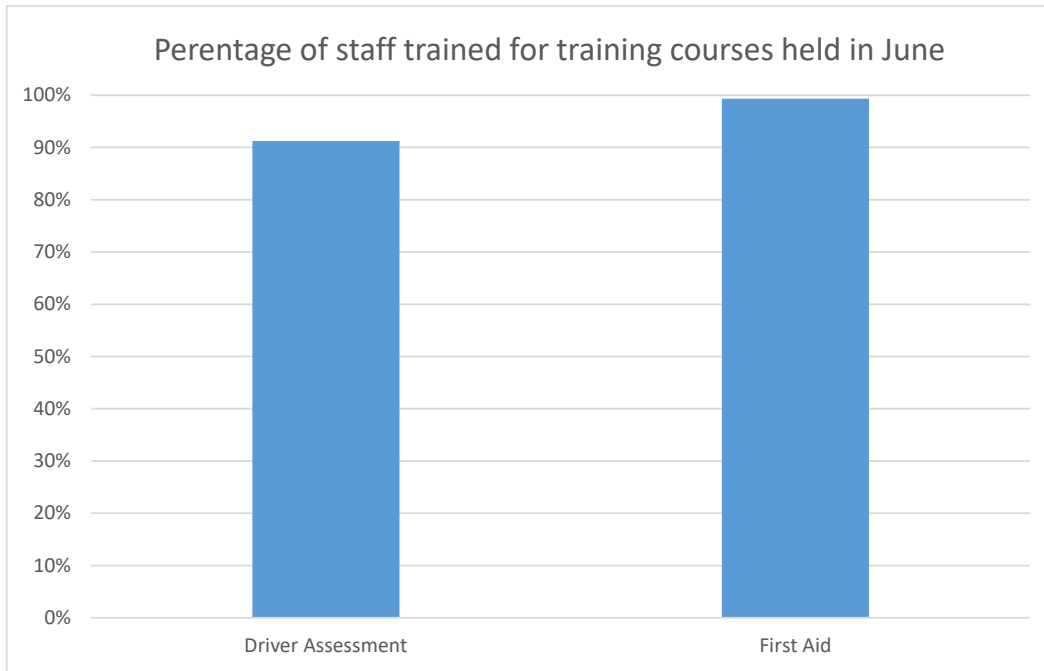


Health and Safety Objectives Update

Work in Progress

A wellbeing strategy is under development focusing on building a mentally healthy workplace and improving worker morale and engagement by the deployment of wellbeing initiatives and

Incident and near miss reporting has significantly reduced with 6 incidents and no near miss incidents reported in June. Near miss reporting is continually encouraged and promoted.



Critical events or have the potential to be critical

No critical events or high-potential events occurred in June.

Public Excluded Recommendations – Executive Audit and Risk Committee 31 July 2023

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive Audit and Risk Meeting on 31 July 2023 for the following reason/s:

The matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under section 48(1) of the *Local Government Official Information and Meetings Act 1987* are as follows:

Item 14 – Confirmation of Public Excluded Executive Audit and Risk Minutes – 19 June 2023

Item 15 – Yarrow Stadium Plus: Project Steering Group Report

Item 16 – Consideration of the 2022/2023 Annual Report

General subject of each matter to be considered	Ground(s) under section 48(1) for the passing of this resolution	Reason for passing this resolution in relation to each matter
Item 15: Yarrow Stadium Plus: Project Steering Group Report	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7 (2) (h) and (2) (i) of the <i>Local Government Official Information and Meetings Act 1987</i> .	This report contains commercially sensitive information. The public interest in knowing the details is not outweighed by the harm that could be caused to negotiations and commercial activities.
Item 16: Consideration of the 2022/2023 Annual Report	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7 (2) (h) of the <i>Local Government Official Information and Meetings Act 1987</i> .	This report contains commercially sensitive information. The public interest in knowing the details is not outweighed by the harm that could be caused to negotiations and commercial activities.

AGENDA AUTHORISATION

Agenda for the Executive, Audit and Risk Committee meeting held on Monday 31 July 2023.

Approved:



24 Jul, 2023 12:15:43 PM GMT+12

M J Nield
Director - Corporate Services



24 Jul, 2023 2:47:31 PM GMT+12

S J Ruru
Chief Executive