



AGENDA

Executive, Audit & Risk

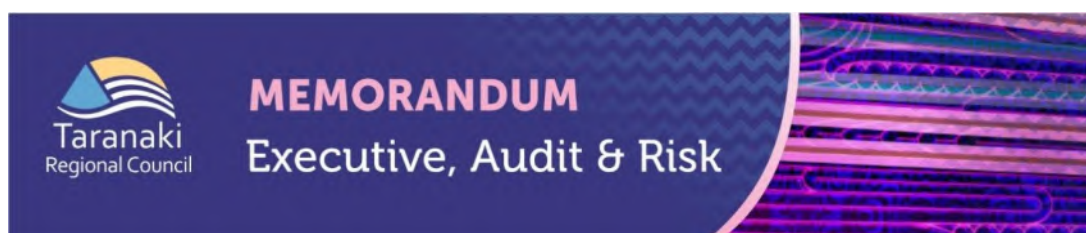
Monday 25 March 2024, 10.00am

Executive Audit and Risk

25 March 2024 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 Papatūānuku
Ko Papatūānuku e takoto ake nei	below
Tūturu o whiti whakamaua kia	Let there be certainty
tina	Secure it!
Tina! Hui e! Taiki e!	Draw together! Affirm!



Date: 25 March 2024

Subject: Executive Audit and Risk Minutes – 19 February 2024

Author: M Jones, Governance Administrator

Approved by: M J Nield, Director - Corporate Services

Document: 3254754

Recommendations

That 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 Boardroom, 47 Cloten Road, Stratford on 19 February 2024 at 10.30am
- b. notes recommendations therein were adopted by the Taranaki Regional Council on Tuesday 27 February 2024.

Appendices/Attachments

Document 3248393: [Minutes Executive Audit and Risk Committee – 29 February 2024](#)



Date: 13 February 2024

Venue: Taranaki Regional Council Boardroom, 47 Cloten Road, Stratford

Document: 3248393

Present:

M J Cloke	Chairperson
S W Hughes	
A L Jamieson	
D H McIntyre	
C S Williamson	zoom (left meeting at 11.00am)
C L Littlewood	ex officio
N W Walker	ex officio

Attending:

S J Ruru	Chief Executive
M J Nield	Director – Corporate Services
L Hawkins	Planning Manager
F Kiddle	Strategy lead
R Johnston	Finance Manager
D Harrison	Director - Operations
F Kiddle	Strategy Lead
J Patterson	zoom (joined meeting at 10.52am)
B Robertson	zoom (joined meeting at 10.56am)
C Woollin	Communications Advisor
M Jones	Governance Administrator
N Chadwick	Executive Assistant

One member of the public attended via Zoom (left meeting at 10.50am)

The meeting opened with a group Karakia at 10.00am.

1. Confirmation of Minutes Executive Audit and Risk Committee Minutes – 4 December 2023

Resolved

That the Taranaki Regional Council:

- a) took as read and confirmed the minutes of Executive Audit and Risk Committee of the Taranaki Regional Council held at 10.00am on 4 December 2023 at Taranaki Regional Council 47 Cloten Road Stratford
- b) noted the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 12 December 2023.

Hughes/Littlewood

2. Financial and Operational Report

- 2.1 Mr M Nield provided the members with an update on operational and financial performance.

Resolved

That the Taranaki Regional Council:

- a) received the memorandum *Financial and Operational Report and the November and December 2023 Financial Reports*
- b) noted the digital media update.

Walker/Jamieson

3. Quarterly Operational Report

- 3.1 Mr M Nield provided members with an update on Quarterly Operational status for the quarter ending 31 December 2023.

Resolved

That the Taranaki Regional Council:

- a) received the *Quarterly Operational Report for the quarter ended 31 December 2023*

Walker/McIntyre

4. Health and Safety Report

- 4.1 Mr M Nield provided an update on health and safety performance.

Resolved

That the Taranaki Regional Council:

- a) received the November 2023, December 2023 and January 2024 Health and Safety reports.

Hughes/Cloke

5. Lower Waiwhakaiho Flood Control Scheme Update

- 5.1 Mr D Harrison gave an update on the Waiwhakaiho river catchment and the requirement for upgrades of the Lower Waiwhakaiho Flood Control Scheme.

Resolved

That the Taranaki Regional Council:

- a) received the agenda memorandum
- b) approved the completion of essential upgrade works along two sections of the Lower Waiwhakaiho Flood Control Scheme at a budget of \$450,000 with funding from the North Taranaki River Control Scheme Reserve.
- c) determined that this decision be recognised as not significant in terms of section 76 of the Local Government Act 2002.
- d) determined 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, determined 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.

Williamson/Hughes

6. Better Travel Choices Update

- 6.1 Ms L Hawkins provided an overview of how the Better Travel Choices for Taranaki, Regional Land Transport Plan and the single stage Business Case align. The reasoning behind the amended timeline and the updates was also provided.

Resolved

That the Taranaki Regional Council:

- a) received the Better Travel Choices Taranaki update
- b) approved the amended timeline for the Better Travel Choices Taranaki as set out in option 2 resulting in the delay of deliberations for the Better Travel Choices Taranaki
- c) noted that interested parties will be updated of this change to the timeline
- d) determined that this decision be recognised as not significant in terms of section 76 of the Local Government Act 2002
- e) determined 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, determined 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.

Cloke/Littlewood

7. Regional Speed Management Plan Update

7.1 Ms L Hawkins provided an update on the Land Transport Rule Setting of Speed Limits 2022 and the consequential need to stop work on developing a Regional Speed Management Plan.

Resolved

That the Taranaki Regional Council:

- a) received the memorandum titled, Regional Speed Management Plan update
- b) noted the work already completed to develop the first Regional Speed Management Plan for Taranaki, which was a new requirement for local government
- c) noted the change in direction by the new Government which has included making developing a Regional Speed Management Plan optional rather than mandatory
- d) agreed to pause work on developing a Regional Speed Management Plan and notify parties accordingly in line with option 2 presented in this Memorandum
- e) determined that this decision be recognised as not significant in terms of section 76 of the Local Government Act 2002
- f) determined 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, determined 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.

Jamieson/McIntyre

8. Civic Financial Services Ltd: Statement of Intent for 2024

8.1 Mr M Nield provided and update on the Civic Financial Services Ltd: Statement of Intent 2024.

Resolved

That the Taranaki Regional Council:

- a) received Civic Financial Services Ltd's Statement of Intent for 2024.

Walker/McIntyre

9. 2023/2024 Annual Report Audit Engagement Letter

9.1 Mr M Nield provided an overview of the Annual Report Audit engagement letter.

Resolved

That the Taranaki Regional Council:

- a) received the Audit Engagement Letter for the audit of the 2023/2024 *Annual Report*.

Walker/Jamieson

10. 2023/2024 Annual Report Audit Proposal Letter

10.1 Mr M Nield informed the members of Deloitte's Proposed Annual Audit of the Council and the Taranaki Stadium Trust.

Resolved

That the Taranaki Regional Council:

- a) received the Audit Proposal Letter for the audits of the Council and the Taranaki Stadium Trust.

Walker/Jamieson

11. Yarrow Stadium Plus: Project Update

11.1 Mr M Nield provided an update on progress of the Yarrow Project and the establishment of the Yarrow Stadium Joint committee.

Resolved

That the Taranaki Regional Council:

- a) noted the progress to date and the next steps on the Yarrow Stadium Plus Redevelopment Project.

Cloke/Walker

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 February 2024 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 17 – Confirmation of Public Excluded Executive Audit and Risk Minutes – 4 December 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 18 – Yarrow Stadium Plus: Project Steering Group 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: 18 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>	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Cloke/Hughes

There being no further business the Committee Chairperson, M J Cloke, declared the meeting of the Executive Audit and Risk Committee meeting closed at 11.05am.

Executive Audit and Risk

Committee Chairperson: _____

M J Cloke



Date: 25 March 2024

Subject: **Health and Safety Report**

Author: L Sandifer, Health, Safety and Wellness Advisor

Approved by: M J Nield, Director - Corporate Services

Document: 3250738

Purpose

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

Recommendation

That Taranaki Regional Council:

- a) receives the February 2024 Health and Safety report.

Discussion

2. The Health and Safety report for February 2024 is attached.

Appendices/Attachments

Document 3254532: [Health and Safety Report February 2024](#)



Health and Safety Dashboard

Reporting Period:

1 – 29 February 2024

Incidents (1 July 2023 – 30 June 2024)

Illness 0 (0)	Incidents 4 (28)	Injury 2 (34)
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ACC Claims 2 (6)	Near Miss 2 (27)	Notifiable 0 (0)
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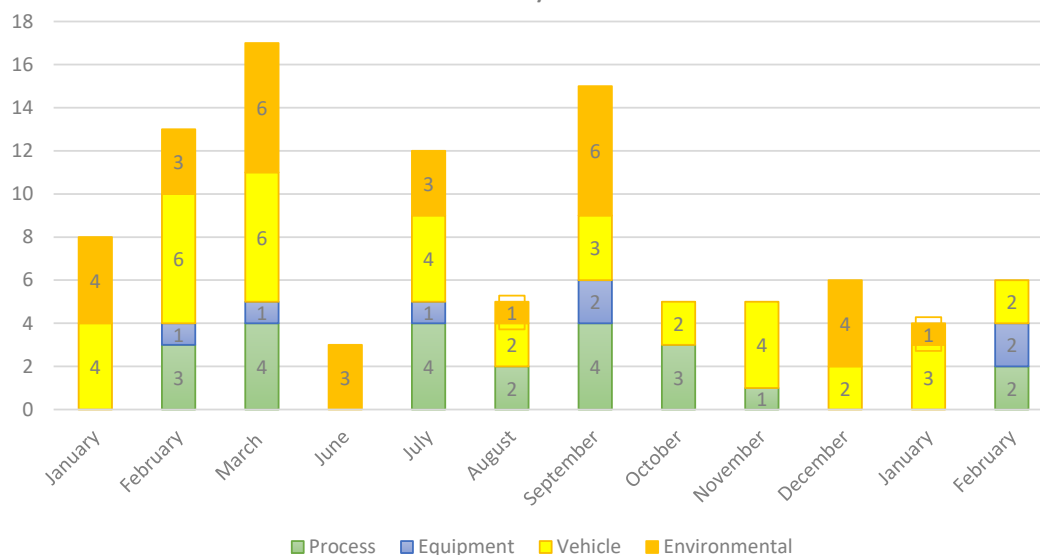
Types of Incidents and Injuries

Slips/Trips/Falls (no injury)	
Sprains/Strains	
Cuts/Abrasions	1
Bruising	
Near Miss	2
Vehicle Damage	
Insect Stings	
Other	5

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

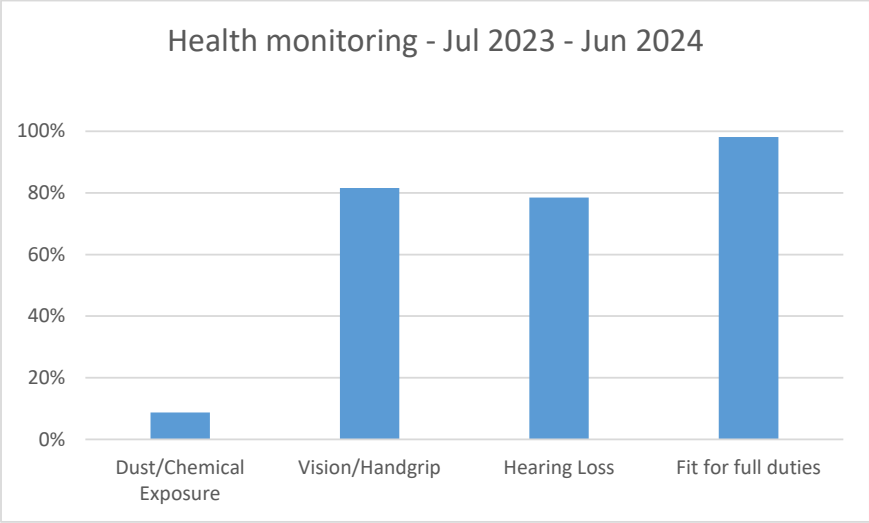
Formal Investigation	
WorkSafe Investigation	

Incidents and Near Misses by Incident Mechanism



Health and Wellbeing

Annual Health Monitoring & Workstation Assessments for February:



Workstations Assessments	Vision & Handgrip	Hearing	Spirometry (Lung Function)
4	17	4	1

Return to Work Plans:

- 2 RTW plans are currently in place, both of which are work-related.

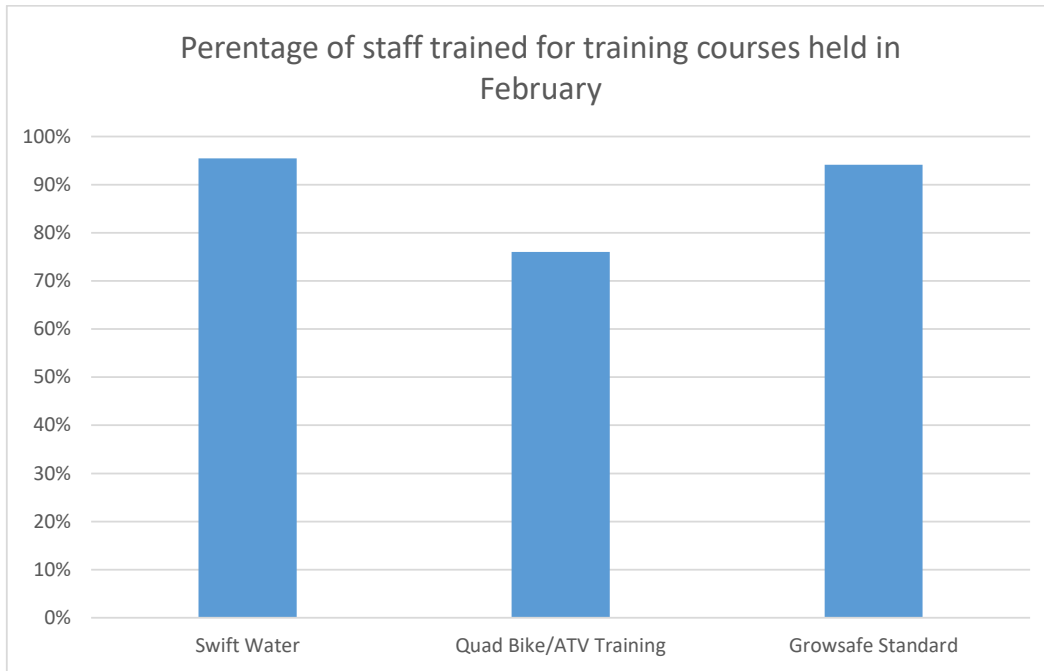
Annual Leave Statistics (February vs January 2024):

<u>Council Annual Leave Balances</u>		<u>Feb-24</u>	<u>Jan-24</u>
Average Annual Leave Balance per employee		2 weeks	2 weeks
Annual Leave Balances	Number of Employees	Number of Employees	
0 > 2 weeks	136	142	
2 > 4 weeks	52	54	
4 > 6 weeks	26	25	
6 > 8 weeks	15	15	
8 > 10 weeks	3	4	
10 > 12 weeks	1	1	
12 > 14 weeks	1	1	
Total Employees	234	242	

Health and Safety Objectives Update

Work in Progress

- Deeper dive into the use of quads, the current training structure and potential alternative options following a number of quad-bike incidents over the previous year (**ONGOING**)
- Generating a more formalised process/procedure for dealing with high-risk and/or aggressive individuals to create better consistency and communication TRC wide. This will enhance the knowledge and awareness for the reporting and registering of information in the appropriate systems.



Critical events or have the potential to be critical

Event	Potential Consequence	Actual Consequence	Potential Controls to implement
Land Management Officer sustained injury to leg while attempting to offload quad bike from flat deck of Ute – the sleeve of their vest became caught as the quad bike was rolling backwards down the ramps.	High	Moderate	Conduct full review assessment on the use of quads, our current training structure in place and standard operating procedure (SOP) to determine our current risk exposure and the potential controls to implement to minimise this risk and prevent any further incidents with more serious outcomes.



Date: 25 March 2024

Subject: **Financial and Operational Report**

Author: R Johnson, Finance Manager

Approved by: M J Nield, Director - Corporate Services

Document: 3250754

Purpose

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

Recommendations

That Taranaki Regional Council:

- a) receives the memorandum Financial and Operational Report and the January 2024 Monthly Financial Report
- b) notes the digital media update.

Background

2. We produce 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.

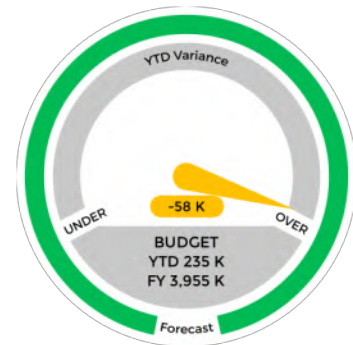
Discussion

3. Attached is the Monthly Financial Report for January 2024.
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 and 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 overall financial result is ahead of budget to the estimates established for 2023/2024 in the *2023/2024 Annual Plan*.
9. The Council implemented and successfully went live with their new finance system *Datascape* in December 2023.
10. Due to opening debtor balances being migrated into the new finance system as at 1 December 2023, aged debtor information is currently unreportable but will recommence in the March 2024 Monthly Financial Report.
11. Outstanding debtor accounts are being collected and monitored closely.
12. As at the end of January 2024 significant income and expenditure variances by activity (plus or minus \$100,000) are:
 - *Resource Management Planning* - \$189,092 under budget due to project costs which have not yet been incurred.
 - *Consent Processing and administration* – over budget by \$138,687 due to the increased workload for resource consents.
 - *Enhancement grants* - \$444,025 under budget due to the timing of STRESS expenditure. This is expected to be on budget at year-end.
 - *Towards Predator-Free Taranaki* - \$473,576 under budget as more significant project spend is planned for later in the financial year.
 - *Biosecurity & Biodiversity direct charges revenue* - \$390,281 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* - \$206,982 under budget due to higher bus contract costs and new routes planned for later in the financial year.
- *Transport direct charges revenue* - \$254,099 under budget due to some fares being funded from the Government Community Connect fare scheme.
- *Transport government grants* - \$723,363 over budget mainly due to the new Community Connect fare scheme supporting youth and Total Mobility users.
- *Regional representation, advocacy and investment management direct charges revenue* - \$210,784 under budget due to the community engagement funding which will be received later in the year.

Communications and Engagement

13. Communications and engagement activities are delivered across publications, media releases, advertising, digital media, events, through stakeholders and through education. Recent points of note are:

- Consultation on the Long-term Plan (LTP) opens on 10 March. Extensive communications and design work has gone into producing an LTP document that is engaging and readable for our community. A 'Your Place, Your Say' campaign will encourage people to provide feedback on the six key areas of the LTP. This campaign will include print, radio, digital and social media channels. A clear, simple online platform has been designed for people to consider options and lodge feedback: www.trc.govt.nz/longtermplan.
- In the regional gardens space, the summer events calendar is almost complete – barring the always-popular Easter egg hunt at Tūpare. A pleasing 1500 people attending a recent free Turkey the Bird concert at Tūpare. A new quarterly Gardens newsletter 'In Season' was launched in March, highlighting news and updates from each of the three gardens. [Read it here](#).
- We have provided a range of communications and design services for new initiative Biosecurity Taranaki, including for its official launch on 22 March.
- Communications and engagement campaigns to promote Seaweek and World Wetlands Day were delivered during February.
- Businesses around The Valley shopping centre have received targeted communications about nearby flood protection work that got underway in February.
- Public consultation on the Regional Land Transport Plan began in February and a communications campaign drives people to a range of channels, including a dedicated website, to share their views: <https://haveyoursay.trc.govt.nz/taranaki-regional-land-transport-plan>

14. In February 1,131 preschool, primary and high schools students participated in environmental or sustainability education programmes on a diverse range of topics including zero waste, sustainable living activities, rocky shore enquiry work and more. The education programme is on target to deliver education to around 17,000 students by the end of June 2024. (Please note that this figure includes students who participate in multiple activities.)

Taranaki Regional Council website overview February 2024 (compared to previous month)		Users
Users that visited the website: 18K (↓8%)		
Top 3 most viewed pages:		
1	Environmental data	9.5K
2	Routes & timetables	6.8K

Taranaki Regional Council website overview February 2024 (compared to previous month)		Users
Users that visited the website: 18K (↓8%)		
Top 3 most viewed pages:		
3	Hāwera-NP Connector	4.4K

Taranaki Regional Council social media overview February 2024		Reach
Combined reach (number of people who saw our posts): 87K (↑38K) (compared to previous month)		
Top 3 pages:		
1	Tūpare	
2	Taranaki Regional Council	27K
3	Towards Predator-Free Taranaki	23K
Top 3 posts:		
1	These three legends 'Turkey The Bird' are playing a free concert down at the River Flat tomorrow (11 Feb) at 11am... (10 February) Tūpare	24K
1	Wow! Who saw the RNZAF Black Falcons?? It's all happening here at the 2024 Egmont A&P Show! (video) (24 February) Towards Predator-Free Taranaki	13.6K
2	We've been doing heaps of work around South Taranaki lately so we're looking forward to catching up with the locals (and any northern visitors!) at the 2024 Egmont A&P Show this weekend. (23 February) Towards Predator-Free Taranaki	6.9K

15. Combined engagement (reactions, comments and shares): 1.4K (↑61)

16. Number of posts across all social media channels: 45 (↓10)

Appendices/Attachments

Document 3254755: [January 2024 Monthly Financial Report](#)



JANUARY 2024

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:
\$23.8M	\$214.4K over budget ↓	\$27.7M	\$631.9K under budget ↑	\$-3.8M	\$846.4K under budget ↓
Against a YTD budget of \$23.6M and a full year budget of \$50.5M.		Against a YTD budget of \$28.3M and a full year budget of \$53.4M.		Against a YTD budget of \$-4.7M and a full year budget of \$-2.9M.	

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

Commentary and variances

As at 31 January 2024, the overall financial result is ahead of budget.

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.

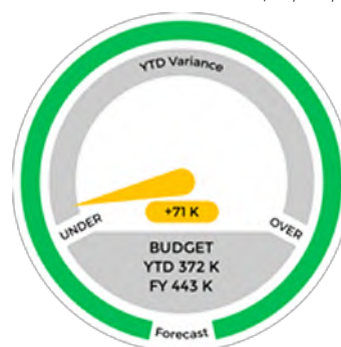
For each Group of Activities:

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			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Cost of services							
Resource management	1,483,299	1,654,958	171,659	12,819,003	13,110,759	291,756	25,570,737
Biosecurity and biodiversity	743,969	790,280	46,311	4,812,227	5,368,114	555,887	9,388,521
Transport	536,918	617,648	80,730	4,188,204	4,372,790	184,586	7,625,531
Hazard management	67,660	91,232	23,572	611,794	654,345	42,551	1,142,834
Recreation culture and heritage	257,346	289,617	32,271	3,360,336	3,271,563	-88,773	5,945,371
Regional representation advocacy and investment management	156,745	193,760	37,015	1,395,682	1,411,128	15,446	2,432,053
Total operating expenditure	3,245,937	3,637,495	391,558	27,187,247	28,188,699	1,001,452	52,105,047
Revenue from exchange transactions							
Direct charges revenue	355,412	1,219,532	-864,120	2,997,383	3,778,320	-780,937	6,106,317
Rent revenue	82,563	132,500	-49,937	666,825	927,500	-260,675	1,590,000
Dividends	0	0	0	4,500,000	4,000,000	500,000	8,000,000
Revenue from non-exchange transactions							
General rates revenue	0	0	0	6,785,768	6,785,768	0	13,571,535
Targeted rates revenue	0	0	0	2,653,059	2,653,054	5	5,306,108
Direct charges revenue	86,657	228,589	-141,932	1,896,050	2,773,588	-877,538	9,978,882
Government grants	328,894	229,611	99,283	3,015,247	2,151,777	863,470	3,969,805
Vested assets	0	0	0	0	0	0	0
Total income	853,526	1,810,232	-956,706	22,514,332	23,070,007	-555,675	48,522,647
Operating surplus/(deficit) before finance income/expenses & taxation	-2,392,411	-1,827,263	-565,148	-4,672,915	-5,118,692	445,777	-3,582,400
Finance income	165,001	63,333	101,668	1,333,445	563,331	770,114	1,960,000
Finance expense	-24,159	0	24,159	-489,464	-120,000	369,464	-1,272,000
Net finance expense	140,842	63,333	77,509	843,981	443,331	400,650	688,000
Operating surplus before taxation	-2,251,569	-1,763,930	-487,639	-3,828,934	-4,675,361	846,427	-2,894,400
Other gains/losses							
Gains/(losses) on revaluation of properties	0	0	0	0	0	0	0
Operating surplus before taxation	-2,251,569	-1,763,930	-487,639	-3,828,934	-4,675,361	846,427	-2,894,400
Income tax expense	0	0	0	0	0	0	10,000
Surplus/(deficit) for the period	-2,251,569	-1,763,930	-487,639	-3,828,934	-4,675,361	846,427	-2,904,400
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)	-2,251,569	-1,763,930	-487,639	-3,828,934	-4,675,361	846,427	-2,904,400

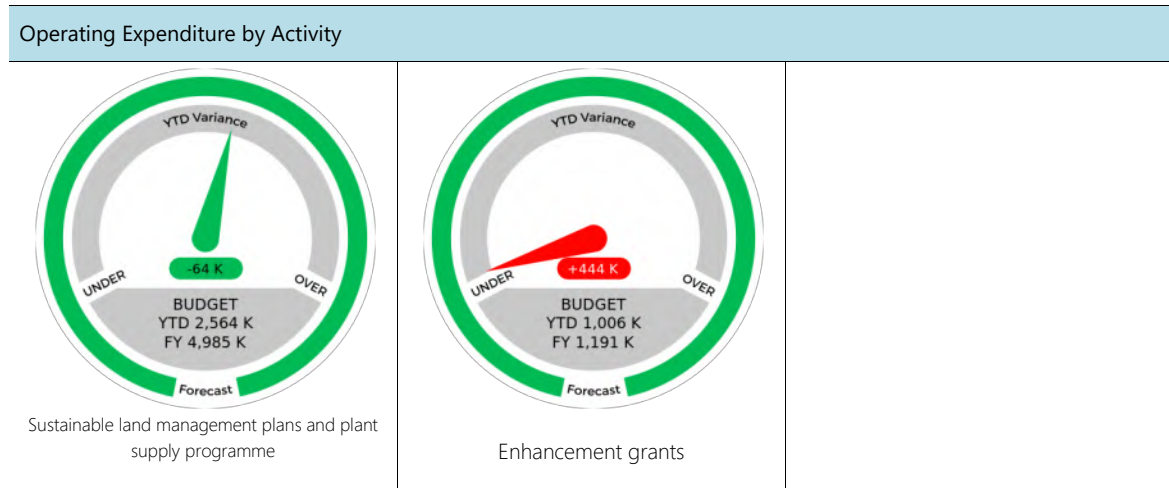
Resource management

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:
\$4.8M	\$36.3K under budget ↓	\$12.8M	\$291.8K under budget ↑
Against a YTD budget of 4.8M and a full year budget of 11.5M.		Against a YTD budget of 13.1M and a full year budget of 25.6M.	

Operating Expenditure by Activity		
<p>Resource management planning</p>	<p>Consent processing and administration</p>	<p>Compliance monitoring programmes</p>
<p>Pollution incidence and response</p>	<p>State of the environment monitoring</p>	<p>Resource investigations and projects</p>

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:

Resource Management Planning - \$189,092 under budget due to project costs which have not yet been incurred.

Consent Processing and administration – over budget by \$138,687 due to the increased workload for resource consents.

Enhancement grants - \$444,025 under budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

RESOURCE MANAGEMENT

Cost of services statement

RESOURCE MANAGEMENT							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Resource management planning	95,807	155,229	59,422	921,601	1,110,693	189,092	1,908,418
Consent processing and administration	142,577	157,895	15,318	1,307,329	1,168,642	-138,687	2,002,490
Compliance monitoring programmes	415,733	467,612	51,879	3,430,209	3,404,469	-25,740	5,866,122
Pollution incidents and response	91,658	107,765	16,107	797,517	782,164	-15,353	1,347,097
State of the environment monitoring	348,837	360,792	11,955	2,692,167	2,626,460	-65,707	4,525,739
Resource investigations and projects	65,799	62,204	-3,595	480,335	448,611	-31,724	771,899
Sustainable land management plans and plant supply programme	287,008	322,123	35,115	2,628,156	2,564,030	-64,126	4,984,608
Waitara River catchment	0	0	0	25	0	-25	2,973,375
Enhancement grants	35,880	21,338	-14,542	561,665	1,005,690	444,025	1,190,989
Total expenditure	1,483,299	1,654,958	171,659	12,819,003	13,110,759	291,756	25,570,737
Income							
General rates	200,862	200,862	0	4,351,552	4,351,552	0	7,674,131
Direct charges	434,944	1,271,954	-837,010	4,226,505	4,268,739	-42,234	10,628,234
Government grants	0	0	0	550,440	544,500	5,940	909,500
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	-110,202	0	-110,202	-726,551	0	-726,551	-600,000
Investment funds	957,695	182,141	775,554	4,417,057	3,945,967	471,090	6,958,872
Total income	1,483,299	1,654,958	-171,659	12,819,003	13,110,759	-291,756	25,570,737
Operating surplus/(deficit)	0	0	0	0	0	0	0

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:
\$0.8M	\$390.3K under budget ↑	\$4.8M	\$555.9K under budget ↑
Against a YTD budget of 1.2M and a full year budget of 4.8M.		Against a YTD budget of 5.4M and a full year budget of 9.4M.	

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 - \$473,576 under budget as more significant project spend is planned for later in the financial year.

Direct Charges revenue - \$390,281 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

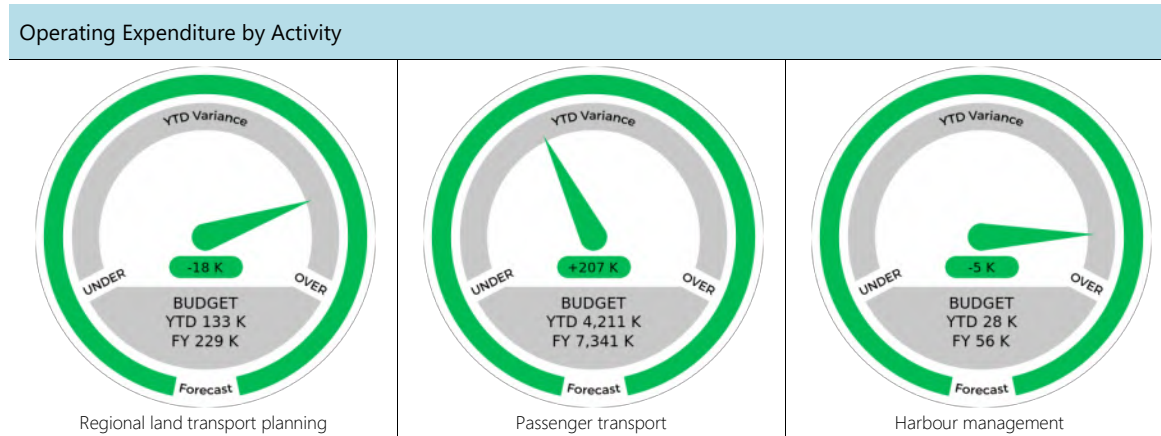
Cost of services statement

BIOSECURITY AND BIODIVERSITY							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Biosecurity and biodiversity planning	6,321	10,434	4,113	60,945	74,531	13,586	128,079
Biosecurity/pest management	179,328	248,748	69,420	1,327,444	1,339,634	12,190	2,329,210
Biodiversity	111,171	131,285	20,114	1,161,704	1,218,239	56,535	2,028,783
Towards Predator-Free Taranaki	447,149	399,813	-47,336	2,262,134	2,735,710	473,576	4,902,449
Total expenditure	743,969	790,280	46,311	4,812,227	5,368,114	555,887	9,388,521
Income							
General rates	404,007	404,007	0	2,191,457	2,191,457	0	2,199,219
Direct charges	20,937	19,922	1,015	799,173	1,189,454	-390,281	4,845,059
Transfer from reserves	0	0	0	0	0	0	350,000
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	319,026	366,351	-47,325	1,821,597	1,987,203	-165,606	1,994,243
Total income	743,969	790,280	-46,311	4,812,227	5,368,114	-555,887	9,388,521
Operating surplus/(deficit)	0	0	0	0	0	0	0

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:
\$2.8M	\$469.3K over budget 	\$4.2M	\$184.6K under budget 
Against a YTD budget of 2.4M and a full year budget of 4.3M.		Against a YTD budget of 4.4M and a full year budget of 7.6M.	



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

Passenger Transport - \$206,982 under budget due to higher bus contract costs and new routes planned for later in the year.

Direct charges revenue - \$254,099 under budget due to some fares being funded from the Government Community Connect fare scheme.

Government grants - \$723,363 over budget mainly due the new Community Connect fare scheme supporting youth and Total Mobility users.



TRANSPORT

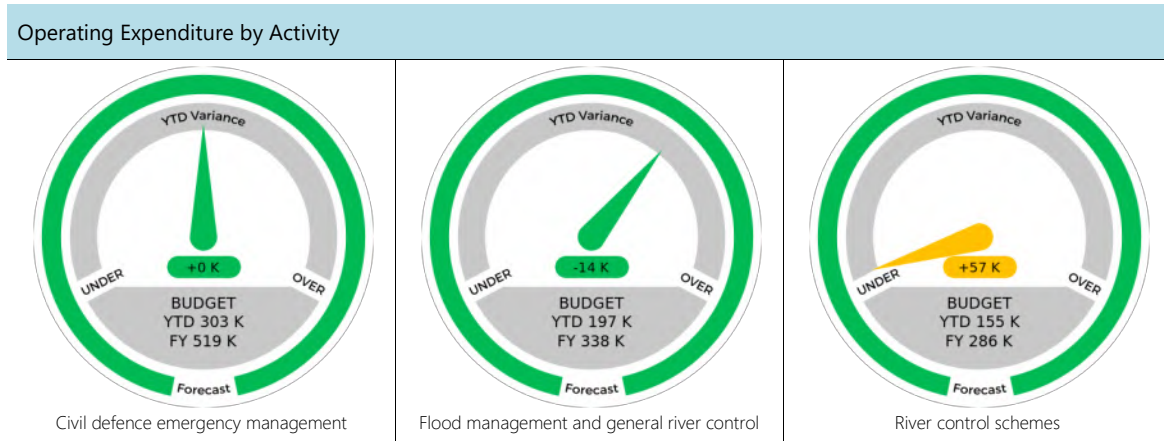
Cost of services statement

TRANSPORT							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional land transport planning	16,968	18,382	1,414	150,959	133,285	-17,674	228,874
Passenger transport	519,950	598,766	78,816	4,004,023	4,211,005	206,982	7,340,657
Harbour management	0	500	500	33,222	28,500	-4,722	56,000
Total expenditure	536,918	617,648	80,730	4,188,204	4,372,790	184,586	7,625,531
Income							
General rates	147,428	147,428	0	437,697	437,697	0	481,051
Targeted rates	0	0	0	1,182,466	1,182,466	0	2,364,932
Direct charges	31,967	106,921	-74,954	494,348	748,447	-254,099	1,283,028
Government grants	309,728	229,611	80,117	2,330,640	1,607,277	723,363	3,060,305
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	47,795	133,688	-85,893	-256,947	396,903	-653,850	436,215
Total income	536,918	617,648	-80,730	4,188,204	4,372,790	-184,586	7,625,531
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:
\$0.1M	\$88.6K over budget 	\$0.6M	\$42.6K under budget 
Against a YTD budget of 0.0M and a full year budget of 0.0M.		Against a YTD budget of 0.7M 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. There are no material activity variances (> or < than \$100,000).

HAZARD MANAGEMENT

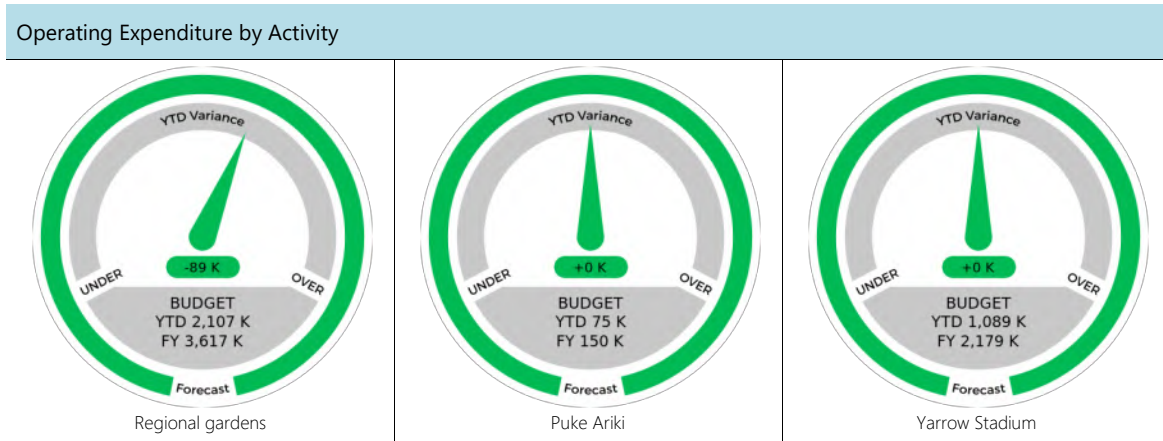
Cost of services statement

HAZARD MANAGEMENT							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Civil defence emergency management	43,236	43,237	0	302,656	302,659	3	518,838
Flood management and general river control	21,566	27,852	6,286	211,277	196,869	-14,408	337,534
River control schemes	2,857	20,143	17,286	97,861	154,817	56,956	286,462
Total expenditure	67,660	91,232	23,572	611,794	654,345	42,551	1,142,834
Income							
General rates	47,846	47,846	0	163,746	163,746	0	271,419
Targeted rates	0	0	0	381,258	381,254	4	762,507
Direct charges	85	0	85	1,142	0	1,142	0
Government grants	12,500	0	12,500	87,500	0	87,500	0
Transfer from reserves	9,302	0	9,302	113,969	0	113,969	0
Transfer to reserves	0	0	0	-334,326	0	-334,326	-58,942
Investment funds	-2,073	43,386	-45,459	237,642	148,483	89,159	246,122
Total income	67,660	91,232	-23,572	650,932	693,483	-42,551	1,221,106
Operating surplus/(deficit)	0	0	0	39,138	39,138	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:
\$0.1M	\$16.6K over budget ↑	\$3.4M	\$88.8K over budget ↑
Against a YTD budget of 0.1M and a full year budget of 0.1M.		Against a YTD budget of 3.3M and a full year budget of 5.9M.	



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 on budget. There are no material activity variances (> or < than \$100,000).

RECREATION, CULTURE AND HERITAGE

Cost of services statement

RECREATION CULTURE AND HERITAGE							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Regional gardens	257,346	289,617	32,271	2,196,001	2,107,229	-88,772	3,616,702
Puke Ariki	0	0	0	75,000	75,000	0	150,000
Yarrow Stadium	0	0	0	1,089,334	1,089,334	0	2,178,669
Total expenditure	257,346	289,617	32,271	3,360,336	3,271,563	-88,773	5,945,371
Income							
General rates	146,254	146,254	0	1,105,017	1,105,017	0	1,907,822
Targeted rates	0	0	0	1,089,335	1,089,334	1	2,178,669
Direct charges	70,756	10,741	60,015	91,744	75,187	16,556	128,877
Investment funds	40,336	132,622	-92,286	1,074,241	1,002,025	72,216	1,730,004
Total income	257,346	289,617	-32,271	3,360,336	3,271,563	88,773	5,945,371
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	\$210.8K under budget ↓	\$1.4M	\$15.4K under budget ↑
Against a YTD budget of 0.3M and a full year budget of 0.5M.		Against a YTD budget of 1.4M and a full year budget of 2.4M.	

Operating Expenditure by Activity		
<p>Investment management</p>	<p>Community engagement</p>	<p>Advocacy and response</p>
<p>Governance</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 regional representation and advocacy expenditure is on budget. Material activity variances (> or < than \$100,000) are: Direct charges revenue - \$210,784 under budget due to the community engagement funding which will be received later in the year.

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

Cost of services statement

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT							
	Month			Year to date			2023/2024
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
Expenditure							
Investment management	40,292	53,382	13,090	396,634	388,309	-8,325	6,000
Community engagement	0	500	500	400	3,500	3,100	669,086
Advocacy and response	32,047	49,211	17,164	306,632	353,624	46,992	607,322
Governance	84,407	90,667	6,260	692,015	665,695	-26,320	1,149,645
Total expenditure	156,745	193,760	37,015	1,395,682	1,411,128	15,446	2,432,053
Income							
General rates	81,818	81,818	0	601,469	601,469	0	1,037,894
Direct charges	235	37,750	-37,515	53,466	264,250	-210,784	453,000
Investment funds	74,692	74,192	500	740,747	545,409	195,338	941,159
Total income	156,745	193,760	-37,015	1,395,682	1,411,128	-15,446	2,432,053
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 \$	2023/2024 Estimates \$	2022/2023 Annual Report \$
Current Assets			
Cash and cash equivalents	1,456,867	820,034	3,360,640
Current portion of investments	24,252,477	-	22,263,780
Trade and other receivables	3,980,009	3,605,000	5,792,130
Inventories	209,863	206,000	209,863
Treasury investments	50,000	-	50,000
Prepayments	939,001	257,500	396,787
Work in progress	1,201,714	206,000	337,990
Total current assets	32,089,931	5,094,534	32,411,190
Non-current assets			
Treasury investments	537,500	24,487,500	437,500
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	21,500,000	30,000,000	19,500,000
Investment properties	21,859,000	22,054,000	21,859,000
Intangible assets	1,413,749	278,250	1,640,887
Property plant and equipment	37,114,697	37,378,816	37,170,523
Deferred tax asset	175,390	260,000	175,390
Total non-current assets	109,399,454	141,257,684	107,582,418
Total assets	141,489,385	146,352,218	139,993,608
Current liabilities			
Trade and other payables	8,420,874	7,725,000	8,445,424
Work-in-progress	2,704,057	1,030,000	1,296,743
Employee entitlements current	1,175,025	1,339,000	1,233,077
Borrowings	4,000,000	-	2,000,000
Total current liabilities	16,299,955	10,094,000	12,975,244
Non-current liabilities			
Employee entitlements term	275,860	412,000	275,860
Borrowings	19,500,000	30,000,000	17,500,000
Total non-current liabilities	19,775,860	30,412,000	17,775,860
Total liabilities	36,075,815	40,506,000	30,751,104
Public equity			
Retained earnings	65,112,350	69,222,756	69,888,192
Reserves	33,145,465	30,609,040	32,198,557
Asset revaluation reserves	7,155,755	6,014,422	7,155,755
Total public equity	105,413,570	105,846,218	109,242,504
Total liabilities and equity	141,489,385	146,352,218	139,993,608

Capital expenditure and disposals

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

DESCRIPTION	AMOUNT \$
HP ProBook (x20)	31,200
Microsoft Surface Pro (x20)	46,004
TRC Office Accommodation Refurbishment - Capital WIP	27,043
Pukeiti New Outer Tracks - Capital WIP	47,933
Gym Relocation Project - Capital WIP	50,232

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

DESCRIPTION	AMOUNT \$
Nil	-

Local Authorities (Members' Interests) Act 1968

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

CODE	CREDITOR NAME	ADDRESS	DATE ESTABLISHED
12334	Mathieson @ Rongomai Limited	104 Rongomai Road, Rd 37, Okato 4381	3-Jan-24
12336	NZ Mutual Liability Risk Pool (Wellington)	Po Box 5521, Wellington 6140	3-Jan-24
12337	Marchelle Investments Ltd	33 Fenton Street, Stratford 4332	3-Jan-24
12338	Information Leadership Design Services Ltd	Po Box 36598, Christchurch 8146	5-Jan-24
12339	Manella Productions	30 Crownhill Street, New Plymouth 4310	5-Jan-24
12340	Port Nicholson Packaging	Po Box 38133, Wellington	5-Jan-24
12341	RJ& SB Richards Family Trust	109 Garsed Road, Rd 2, Patea 4598	8-Jan-24
12342	Kiwirail Holdings Limited	Po Box 593, Wellington 6140	9-Jan-24
12344	TLC & TJ Jupp	427A Corbett Road, New Plymouth 4373	11-Jan-24
12345	Ferns Takeaway	15A Swadling Street, Kaponga 4679	11-Jan-24
12346	Spark Hire Inc	1500 Skokie Boulevard, Northbrook Il, USA	11-Jan-24
12347	Kohi Farms 2023 Limited	113B Putahi Road, Rd 1, Patea 4597	12-Jan-24
12348	Taranaki Sports Trust (Sports Taranaki)	Po Box 5049, New Plymouth	15-Jan-24
12349	Joy Plants	78 Jericho Road, Pukekohe, Auckland	16-Jan-24
12350	Ngati Te Whiti	304 South Road, Rd 4, New Plymouth 4374	16-Jan-24
12351	Mchort (Mcperson Horticulture)	155 St Georges Road , Rd 2, Hastings 4172	16-Jan-24
12352	Telus Health (New Zealand) Ltd	Po Box 38864, Howick, Auckland 2145	16-Jan-24
12354	Trade Me Limited	2 Market Lane, Wellington 6011	18-Jan-24
12355	The Cobbler Hotel	145 Conclusion Street, Porirua 5024	22-Jan-24
12356	Bunn Contracting 2022 Ltd	87 Davis Road, Rd 9, Inglewood 4389	24-Jan-24
12357	CC Consulting New Zealand Ltd	79 Station Road, Rd 1, Kumeu 0891	26-Jan-24
12358	Preston Engineering Limited	Po Box 102, Kaponga 4642	30-Jan-24

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 January 2024 that exceeded the budgeted approved delegated authority levels:

DESCRIPTION	AMOUNT \$
Nil	-

Reserves

As at 31 January 2024 the following reserve balances were held:

DESCRIPTION	AMOUNT \$
Contingency/Disaster Reserve	1,086,000
North Taranaki/Waitara River Control Scheme Reserve	1,768,087
South Taranaki Rivers Control Scheme Reserve	34,589
Dividend Equalisation Reserve	4,331,829
Egmont National Park Control Reserve	813,000
Endowment Land Sales Reserve	2,935,000
Waitara Lands Act 2018 Reserve	22,176,960
Total reserves	33,145,465

Borrowing

The total LGFA borrowing at 31 January 2024 was as follows:

MATURITY DATE	AMOUNT \$	INTEREST RATE %
15/04/2024	2,000,000	6.2
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
20/04/2029	2,000,000	5.5
Total borrowings	23,500,000	4.6*

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

Borrowing limits

Council borrowing against policy limits at 31 January 2024 was as follows:

ITEM	REQUIRED PERFORMANCE	ACTUAL PERFORMANCE
Net Debt/Total Revenue	≤225%	-5.4%
Net Interest/Total Revenue	≤15%	-1.4%
Net Interest/Annual Rates Income	<20%	-3.6%
Liquidity	>110%	211.7%
Debt Cap	\$55 million	\$23.5 million

Bank and investment balances

As at 31 January 2024 the following cash, bank and investment balances were held:

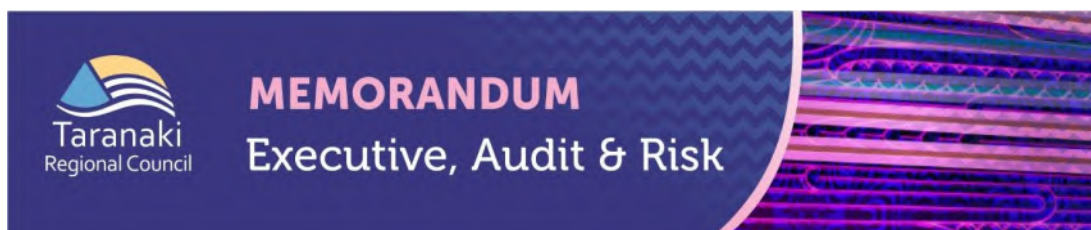
	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
BNZ:							
Call Account	4		1,028,052			0.3	On Call
Current Account	2		398,474			0.1	On Call
Waitara Lands Account	0		263			0.1	On Call
Waitara Lands Term Investment	2		572,255			6.3	20/11/2024
Waitara Lands Term Investment	6		1,474,272			6.0	6/05/2024
Waitara Lands Term Investment	2		540,011			6.0	27/05/2024
Waitara Lands Term Investment	2		461,314			6.0	22/04/2024
Term Investment	2		458,211			6.0	8/07/2024
Total BNZ	19	50	4,932,852	30,000,000	AA-		
ASB:							
Cheque Account	0		10			0.0	On Call
Waitara Lands Term Investment	2		577,542			6.3	30/03/2024
Waitara Lands Term Investment	9		2,333,324			6.4	2/11/2024
Waitara Lands Term Investment	5		1,270,003			6.4	4/11/2024
Waitara Lands Term Investment	18		4,760,654			6.0	30/07/2024
Total ASB	34	50	8,941,533	30,000,000	AA-		
Westpac:							
Waitara Lands Account	0		3,653			0.1	On Call
Waitara Lands Term Investment	11		2,884,622			5.8	6/4/2024
Waitara Lands Term Investment	9		2,444,330			6.1	20/07/2024
Waitara Lands Term Investment	9		2,449,165			6.0	22/06/2024
Term Investment	6		1,621,079			6.4	11/10/2024
Total Westpac	36	50	9,402,849	30,000,000	AA-		
TSB Bank:							
Cheque Accounts	0		21,148			0.0	On Call
Call Account	0		5,266			0.5	On Call
Waitara Lands Term Investment	9		2,405,695			5.9	31/07/2024

Executive Audit and Risk - Financial and Operational Report

	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
Total TSB	9	25	2,432,110	15,000,000	A-		
LGFA:							
Borrower Notes x 14	2		587,500	Unlimited	N/A	3.5	Various
Total	100		26,296,844			6.0	

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

www.trc.govt.nz



Date: 7 March 2024

Subject: Accommodation Project Update

Author: K Meynell, Administration and Logistics Manager

Approved by: M J Nield, Director - Corporate Services

Document: 3253890

Purpose

1. The purpose of this memorandum is to provide an update on the Accommodation Project (the project) and to present draft preliminary plans for the new build.

Executive summary

2. The project continues to track to budget and program.
3. The project is broken up into three key work streams:
 - Administration building remedial works including HVAC and electrical upgrades
 - Demolition of the Compliance building, water tank, didymo shed and bird cage
 - Replacement building.
4. The new build is currently at preliminary design stage. Plans are attached to this report. Further detail on the design is provided in the body of this report.

Recommendation

That Taranaki Regional Council:

- a) receives the memorandum Accommodation Project Update
- b) notes the progress to date, the next steps and preliminary design documents.

Demolition

5. Demolition of the didymo shed, water tank, birdcage and the compliance building is underway. Expected completion of demolition is by the end of March 2024.
6. Work began on site in early January, focusing on asbestos removal, followed by salvaging of the building materials which could be reused. A waste summary will be provided later but much of the building's material has been recycled.
7. A site blessing took place with representatives of Ngāti Maru and Ngāti Ruanui prior to the building demolition.
8. The demolition project is likely to come in under budget.

Administration building remedial works

9. An open tender was released on GETS on 28 February 2024 for the HVAC upgrade, electrical upgrade and compliance work required on the Main Administration building. The tender closes on 26 March and will be evaluated to appoint a main contractor.
10. The tender included: fire alarm upgrade and passive remediation, heating and cooling upgrade, and electrical upgrade including transformer.
11. With any remedial works on a building the risk to budget is slightly higher than a green fields project. Once we have confirmed contract prices for the works on the Administration building, we will have a clear understanding of the effect on the full project budget and confirmation of the budget available for the new build.

New build

12. The new build objectives remain at the forefront of the design process. These are:
 - Functional
 - Fit for purpose
 - Sustainable
 - Future flexible
 - Innovative
 - Delivered on budget.
13. Concept design has been completed, and the design is on budget as per the June 2023 approval. The building footprint remains based on 1350sqm.
14. Initial iwi consultation meeting has been held to invite iwi cultural design aspects into the new build and to ensure we are following correct tikanga throughout the project.
15. Attachment A provides a site map/masterplan of the site and two preliminary design plans. These are preliminary designs to ensure the core drivers and objectives of the project can be achieved in the desired footprint.
16. The designs are being reviewed by operational teams. Some design amendments and tweaks are likely following feedback being received.

Next Steps

17. The demolition contract will be closed out by the end of March. Geotechnical testing will occur on the new building site to confirm ground condition.
18. In early April contractors will be appointed for the remedial works in the Administration building for the HVAC, electrical upgrade and fire and building compliance works.
19. Design work on the new build will continue to progress and be checked against the full project budget.

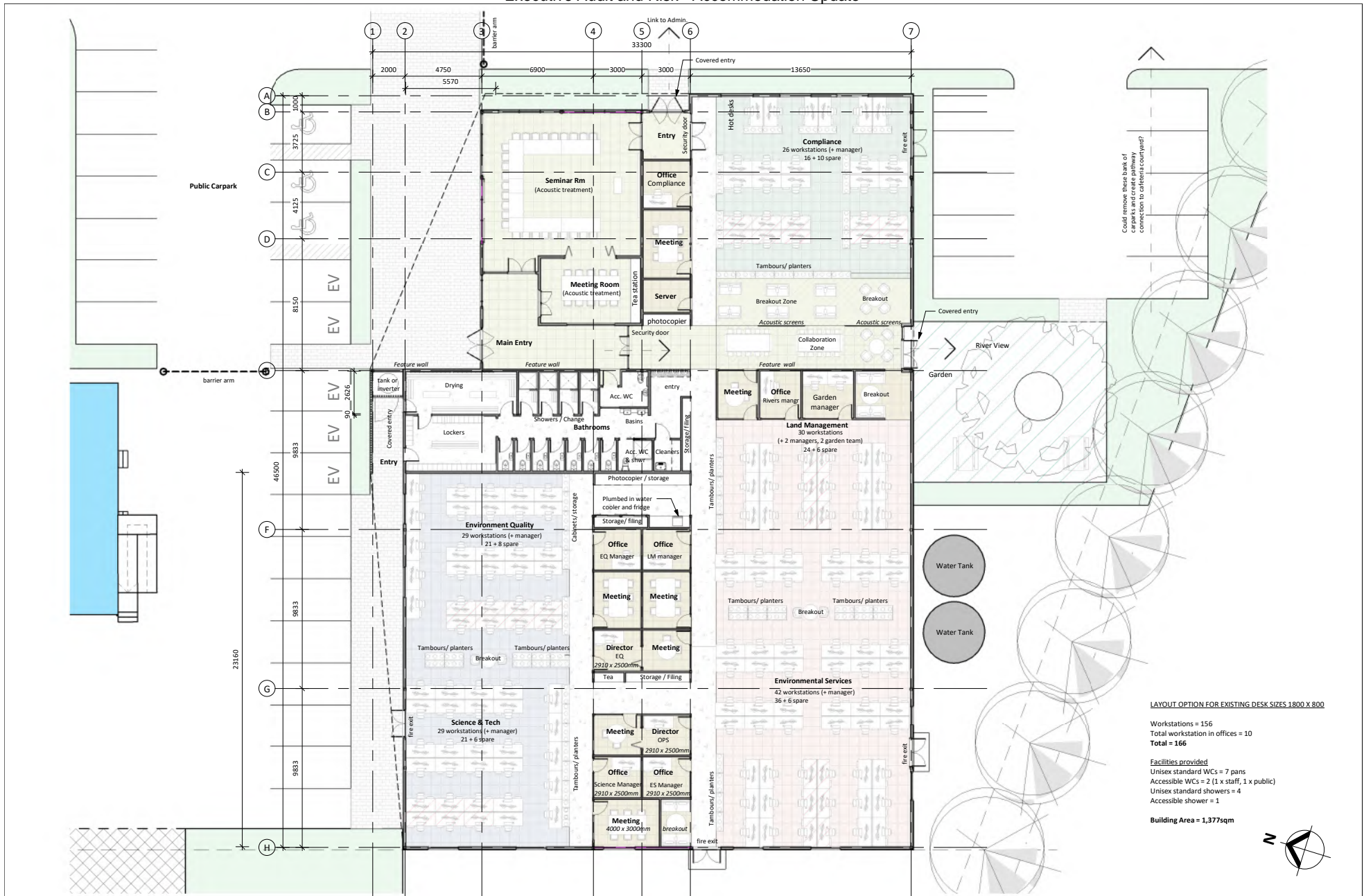
Community considerations

20. 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.

Appendices/Attachments

Document 3254449: [Preliminary Building Design](#)

Executive Audit and Risk - Accommodation Update



LAYOUT OPTION FOR EXISTING DESK SIZES 1800 X 800

Workstations = 156
Total workstation in offices = 10
Total = 166

Facilities provided
Unisex standard WCs = 7 pans
Accessible WCs = 2 (1 x staff, 1 x public)
Unisex standard showers = 4
Accessible shower = 1

Building Area = 1,377sqm



170 POWDERHAM STREET,
NEW PLYMOUTH, 4310, NEW ZEALAND
WWW.AP-ARCHITECTS.CO.NZ
+64 6 759 2190
ADMIN@AP-ARCHITECTS.CO.NZ

New Office Building
Taranaki Regional Council
47 Cloten Road, Stratford

REV	DATE	DESCRIPTION
B	28/02/2024	Design Options
C	04/03/2024	Updated Layout
D	07/03/2024	Updated Layout

DRAWING
Proposed Floor Plan

PROJECT PHASE
Preliminary Design
DRAWING ISSUE
For Information

PROJECT NO.
3086.22
SCALE
1 : 200

DRAWING NO. REVISION
A2-01 D



Date: 25 March 2024

Subject: **Single Stage Business Case March 2024 Overview**

Author: C Gazley, Transport Engagement Manager

Approved by: M J Nield, Director - Corporate Services

Document: 3254658

Purpose

1. To provide an overview of the process and mahi to prepare a Public Transport Single Stage Business Case (SSBC).

Executive summary

2. We are preparing a Single Stage business case (SSBC) to present the case for investment in improved public transport services and infrastructure in Taranaki. The aspiration is to have a public transport system that connects people to where they want to go and is the preferred mode of choice within the Taranaki region.
3. The current bus services have largely been unchanged for the past 15 years. Services are complex, meandering and with land use changes do not meet the needs of the community. This has contributed to high private vehicle use and transport emissions. Without investment, customer experiences will continue to be challenging, and equally as important, accessibility and the health and wellbeing for those in the region will continue to be compromised.
4. This SSBC is building on the public transport review carried out in 2023, as part of developing an updated Regional Public Transport Plan (RPTP). This was consulted on as part of Better Travel Choices Part B: Regional Public Transport Plan 2024 -2054. The feedback received is a guiding consideration throughout the development of this business case particularly during option development, and supports us in taking a step change toward public transport provision.

Recommendation

That Taranaki Regional Council:

- a) receives and notes the memorandum titled Single Stage Business Case March 2024 Overview.

Background

5. There are currently four components of public transport services:
 - a. New Plymouth

- Citylink – these operate from Monday to Friday with 14 services per day with varying frequency until around 6pm. Two different routes operate on Saturdays with two services. Currently, no services are provided on Sundays or public holidays.
 - School services – there are 27 individual services with each service performing one weekday AM and PM trip. These are well utilised and, in some instances, additional buses are required.
- b. Regional Connector: services from Ōpunake, Hāwera and Stratford to New Plymouth. This operates four times per day return. There are also two school services, which travel from Hāwera to various schools in New Plymouth.
- c. Southlink: There are three routes in South Taranaki providing a basic access option for those in the area:
- Waverley – Pātea – Hāwera- operates on Tuesday and Thursdays only
 - Ōpunake – Oākura – New Plymouth – weekly three day service.
- d. Total Mobility: A nationwide scheme aimed at assisting people with impairments, who are not able to use conventional public transport, to become more mobile.
6. Outside of our services, there are also the following public transport services in the region:
- Rural school services funded directly by Ministry of Education (MoE)
 - Community transport services run by local charities such as the Ironside Society
 - Long-distance coach services to Auckland and Wellington operated by Inter City.
7. Public transport provision has been largely unchanged for the past 15 years. The opportunity presents, with existing regional contracts expiring on 30 September 2025, to investigate ways in which public transport provision can be improved. As public transport is a service part funded by Central Government, a SSBC needs to be prepared to inform future funding in order to provide for a change in service provision. The SSBC investigates public transport provision with a regional focus, however, due to the size and complexity of the urban network particular attention is paid in this area.
8. In order to align with the timing requirements of tendering for new contracts, work on the business case needs to start early and has already begun. We have employed BECA, to assist with the development of the business case. Key stakeholders and partners have also been identified and have been involved in the initial stages of work.
9. The approach required by NZTA focusses on three critical steps:
- The case for change
 - Optioneering
 - Refining the preferred option.
10. These three steps form the basis of the business case and are developed one-step at a time, using the five-case model as a framework. This is recognised as being international best practice for investment in infrastructure projects. This approach (as set out in the diagram below) progressively develops the framework, providing assurance at each stage that the right questions are being asked and addressed to ensure public value is optimised.



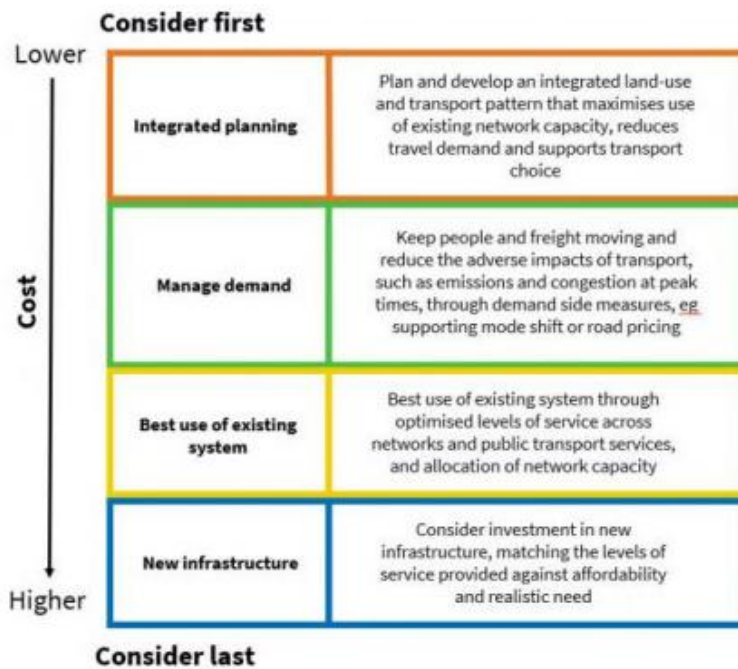
Source: *The five case model* - <https://www.nzta.govt.nz/planning-and-investment/learning-and-resources/business-case-approach-guidance/the-five-case-model/introduction-to-the-five-case-model/>

11. This approach to the SSBC supports an outcome-focused approach to investment; early, meaningful collaboration; and progressive development of a robust, evidence-based investment case.

Discussion

12. We have begun work on the first stage of the business case – *the case for change*. Much of the work done to date has relied heavily on the feedback received during recent consultation on the BTCS and the Public Transport review. Over 400 submissions were received as part of that wider consultation and from this it is evident that the community want change and they want a public transport network which provides them with choice, improves access and which works toward achieving a more sustainable future for Taranaki. A deep dive into existing service data has been undertaken to help inform the business case and assist in directing opportunities to explore.
13. A key task in this first stage of the business case is to identify problem statements and investment objectives for the project. These formed the focus for the ‘kick off’ workshop on 30 November 2023. This workshop involved key stakeholders including Waka Kotahi/NZTA, New Plymouth District Council officers, TRC officers and project consultant, BECA.
14. Three problem statements were identified as followed, and were provided with a weighting to inform future stages:
 - Problem 1: Travel Choice (40%)
 - Problem 2: Inclusive Access (40%)
 - Problem 3: Environmental Sustainability (20%)
15. Attachment 1 provides a fulsome summary of the detail framing the problem statements, including identified the investment objective to guide the SSBC and identification of what would happen if the SSBC did not address the problem statement.
16. In order to inform the next stage of the process, ‘*optioneering*’ potential treatments to assist in responding to the problem statements must be developed. This list needs to be considered through the lens of the Waka Kotahi/NZTA’s intervention hierarchy for National Land Transport Fund (NLTF).
17. NZTA’s intervention hierarchy for National Land Transport Fund (NLTF) investments, shown below, is used to consider and assess the potential interventions. The hierarchy categorises interventions into

four strategic alternative groupings: Integrated Planning, Manage Demand, Best Use of Existing System, New Infrastructure. It encourages the use of lower cost strategic alternatives before higher cost strategic alternatives. This means that higher cost strategic alternatives should only be selected if the investment objectives cannot be achieved by lower cost strategic alternatives.



18. A workshop with the key stakeholders developed an initial list of treatments and applied the Intervention Hierarchy. Examples of treatments are, flexible hours of PT to match demand, subdivision standards to include requirements for PT stops and infrastructure as part of consenting, and bus priority measures such as special vehicle lanes and shoulder running.
19. Themes were then developed with stakeholders as follows:
 - Planning and policy interventions
 - Optimising roading infrastructure
 - Customer service and user experience
 - Technology
 - Rural community services
 - Network design.

Next Steps

20. Work is continuing to develop the initial list of options workshopped with key stakeholders. This work is being informed by community feedback from previous engagement. This list will be assessed against the Early Assessment Sifting Tool (EAST) for practicality and to identify if there are any fatal flaws that should prohibit an option from progressing. The EAST is a tool designed by Waka Kotahi/NZTA to apply a consistent format, to quickly and robustly rule out alternative options that are non-starters, allowing for more time to investigate a more manageable list of options. It only rules out options with true fatal flaws.
21. To close out the optioneering process the options that pass the EAST assessment will be workshopped by stakeholders to develop network maps. Two workshops will be run in April, one involving members

of this committee, councillor representatives from the three Taranaki territorial authorities, and Iwi representatives, and a second to involve all interested key stakeholders such as Sport Taranaki, Te Whatu Ora o Taranaki, and I Love Public Transport. The network maps are proposed to be hand drawn in the workshops and then evaluated using the Remix Public Transit System Planning Software. REMIX is a software platform that assists transport planners to bring together the complete transportation picture and offers features such as, travel-time visualisations, timetable customisation, sketch planning using existing stop infrastructure and cost estimates.

22. Following the workshops, we will consult with the public to continue the long list network option development. The public will become the customer of the new public transport network making their input critical to success and benefit achievement.
23. Multi-criteria analysis (MCA) is then used to assess the long list network options. The MCA is considered best practice and is a process which provides a means for equitably assessing the long list and identifying the options that are worth taking forward to form a short list. The assessment criteria will be based on the investment objectives and other criteria recommended by Waka Kotahi guidance material.
24. Once a short list of programme options has been determined, inputs such as, cost and usage assessments, consideration of the strategic requirements on public transport in the Taranaki region, and public and stakeholder feedback will be used to select and then refine a preferred option.
25. The committee can expect an update on the first draft SSBC at the 6 May 2024 meeting.
26. In June, a draft SSBC will go through a peer review and then for consideration by the Committee.
27. The final draft SSBC will come before the Committee in July for final approval and submission to Waka Kotahi/NZTA.
28. It should be noted that work undertaken to date is currently being reviewed in light of the recently released draft Government Policy Statement on land transport (GPS). The review will ensure that the development of the SSBC aligns with the direction contained in the GPS.

Financial considerations—LTP/Annual Plan

29. 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. Consideration of the SSBC has been included in the RLTP and the LTP, although it is noted that finalization of financial contributions can only be determined following the full SSBC process.

Policy considerations

30. 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

31. 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. Specific engagement with iwi will be undertaken as part of the optioneering stage.

Community considerations

32. 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. Both targeted consultation with those with key interest and a wider consultation will be undertaken to inform the SSBC.

Legal considerations

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

Appendices/Attachments

Document 3254837: [SSBC Problem Statements and Investment Objectives](#)

SSBC – Problem Statements and Investment Objectives

<p>Problem Statement 1 : Travel Choice</p> <ul style="list-style-type: none"> • This current network is complex and some routes change depending on the time, this reduces the attractiveness of public transport especially when it is much faster to travel via a private vehicle. • In addition, the frequency of services is variable throughout the day which means passengers who miss a bus will have extended wait times making it a less desirable mode of choice. Services are also limited especially during the weekend with only two services available, namely Route 10 and 11. • The urban services (Citylink buses) run from around 7am with the last service departing around 6.20pm during the weekdays and is a drop-off service only. This restricts social opportunities outside of these hours especially for those without access to a vehicle. They will either have to miss out on evening events or are bound to rely on other forms of travel such as Ubers and taxis that tend to be more expensive and out of reach for some customer groups. • Outside of New Plymouth, services are limited with nothing available on the weekends. Depending on where you live, there may only be services once or twice a week eg Kaponga. <p>All of the above suggests the current network configuration and frequency is inadequate which is reflected in the customer feedback received through the ‘Better Travel Choices’ consultation. When asked to prioritise public transport improvements, respondents expressed a need for increased frequency for both weekday and weekend services. A common request was to have at least two services per hour, no more than 30 minutes apart with higher frequency during work and school and school start times.</p>	<p>Weighting 40%</p> <p><i>The speed, frequency, network configuration and infrastructure of the public transport services are inadequate which leads to limited public transport mode share.</i></p> <p><i>If buses were more frequent, 79% of respondents said they would use public transport more. (TRC)</i></p>
<p>Investment Objective 1: Travel Choice Where public transport is available, it is seen as the preferred mode of choice by 2050</p>	
<p>What if we did nothing? If no investment is made, there will be a continued lack of travel choice and an over reliance on private vehicle use for the community. This lack of long-term sustainable transport choice will be counter intuitive to the objectives set out with in the RPTP 2023 in delivering mode shift from car to buses and in contributing to reduction in carbon emissions from transport.</p>	

Problem Statement 2: Inclusive Access	Weighting 40%
<p>Public transport services do not meet the needs of users, geographically, physically, or socially resulting in limited accessibility to economic, social and educational opportunities.</p> <p>This problem focuses on the current public transport services being unable to meet the needs of the users in the community which consequently leads to lack of access to economic, social and educational opportunities. The main cause of the problem is missing transport connections especially for those that are transport disadvantaged.</p> <p>In addition, transport costs were the third highest weekly household expense in New Zealand in recent years (\$216 per week in 2019¹) combined with the rising cost of fuel will indicate that operating a private vehicle, will continue to remain a top expenditure into the future. This will have the greatest impact on those within the low socio-economic group where disposable income is already stretched and will be further burdened. Other travel options such as that of public transport, therefore, becomes vital as an affordable alternative to enhance accessibility and consequently wellbeing for those in the community</p> <p>¹https://www.stats.govt.nz/information-releases/household-expenditure-statistics-year-ended-june-2019</p>	<p><i>All areas in New Plymouth should have evening bus services every day of the week, including weekends. Lack of these services is preventing people from accessing work, health, education, business and recreational options. The lack of a comprehensive bus service in New Plymouth and greater Taranaki causes extreme hardship and massive social costs. It obstructs people from raising their living standards and social conditions."</i></p> <p><i>"We support the extension of public transport frequency, cross route links and later in the day public transport. This will support more children and young people with opportunities to participate in physical activity after school and supports them being less reliant on their parents for transport."</i></p> <p><i>– Sport Taranaki</i></p> <p><i>"Regular and high frequency buses on weekdays, evenings and weekends. Too few buses going at the moment and makes it difficult to rely on the bus. 6pm is way too early for the last bus, no busses on the weekends is super limiting for non-drivers."</i></p> <p><i>"I think all services deserve weekend coverage. I mostly use the #9/#20, but would love to see more weekend services"</i></p>

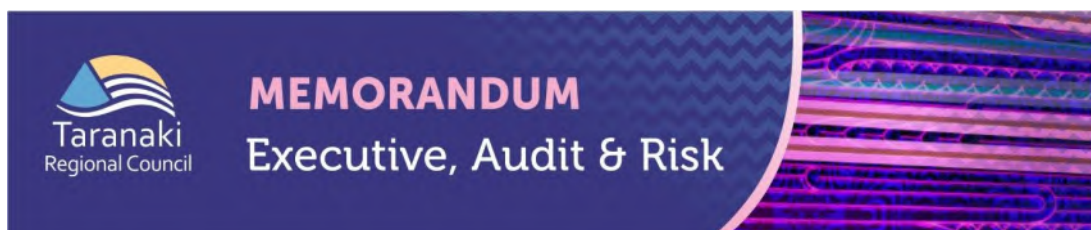
	<p><i>designed to cater to recreational opportunities (e.g. Pukekura Park, the pools, mountain, beaches, walkways etc.) “</i></p>
<p>Investment Objective 2: Inclusive Access A public transport service where ‘no one is left behind’ and connects more people to where they want to go.</p>	
<p>What if we did nothing? Failure to improve the public transport system to meet the needs of the community will continue to compromise social, education and economic opportunities for the community and further increase inequality and equity for those that are disadvantaged.</p>	
<p>Problem Statement 3: Environmental Sustainability</p>	<p>Weighting 20%</p>
<p>Transport emissions in the region is high as a consequence of the current transport network and the form of the existing bus fleet. The current transport network favours private vehicle use for reasons such as, the fragmented existing active mode network which discourages its uptake.</p> <p>For rural areas and smaller settlements there is often limited alternative routes to the high speed and heavily trafficked State Highway. This has driven a perception of poor safety for vulnerable road users which is reflected through community engagement where the top enabler to switch to active travel is improved infrastructure and safety. Active travel is a vital part of every journey such as the ‘first and last mile’ for public transport and without a good active travel network, public transport uptake and overall mode share is impacted.</p> <p>Another contributing factor of transport emission in the region is the existing diesel bus fleet, although noting that its contribution is relatively small. Nevertheless, from July 2025 no new diesel vehicles may be introduced into local bus contracts and from July 2035 all buses in TRC must be zero emission.</p> <p>As a consequence of the existing transport network and bus fleet, transport emission has been between 250 and 300 kilotonnes of carbon dioxide equivalent in the last ten years with household transport emission accounting for approximately 70% of the total transport emission in 2021. This highlights private vehicle use is the biggest emitter of transport emission. Inherently, active travel and public transport are more space efficient than the private vehicle.</p>	<p><i>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. (TRC)</i></p>

Investment Objective 3: Environmental Sustainability

A public transport system that supports net carbon zero by 2050.

What if we do nothing?

If nothing is done, transport emissions, especially from private vehicles will remain high in the region. This will have detrimental effects on the health and wellbeing of the people in the community and is counter-intuitive to the climate change objectives set out within the GPS.



Date: 25 March 2024

Subject: Regional Software Holdings Ltd Six Month Report to Shareholders to 31 December 2023

Author: M J Nield, Director - Corporate Services

Approved by: S J Ruru, Chief Executive

Document: 3252239

Purpose

1. The purpose of this memorandum is to receive and consider Regional Software Holdings Ltd's interim report on the operations and activities of the company for the six months ending 31 December 2023.

Recommendation

That Taranaki Regional Council:

- a) receives Regional Software Holdings Ltd's interim report for the six months ended 31 December 2023 including the unaudited financial report.

Background

2. The Council is a shareholder in Regional Software Holdings Ltd. Regional Software Holdings Ltd is a council-controlled organisation (CCO) of the Council.
3. The *Local Government Act 2002*, and Regional Software Holdings Ltd's Statement of Intent, require a six-month set of financial statements (unaudited) to be prepared.

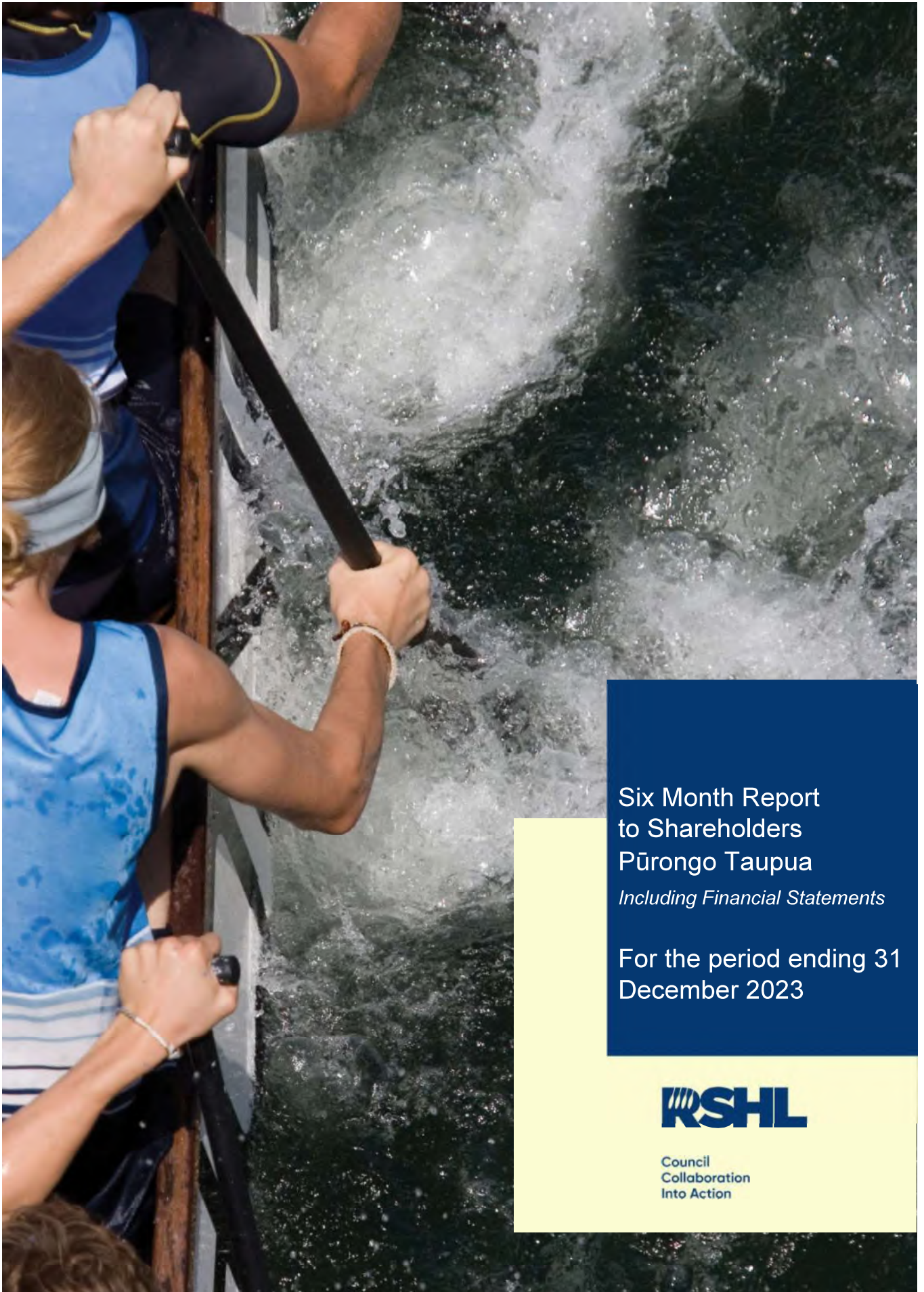
Discussion

4. Attached is the report for the six months ended 31 December 2023. The financial statements contained in the interim report are unaudited. This has been another very successful period of delivery of collaborative and shared services for the regional sector.
5. Regional Software Holdings Ltd is operating successfully, operationally and financially.
6. Items of significance during the six months include:
 - IRIS: The focus shifts to the future and the IRIS NextGen, solution
 - IRIS Next Generation: Significant progress on the design and build of IRIS Next Gen ahead of the first implementation in 2025
 - Te Ura Kahika: Support provided for the delivery of Te Uru Kahika's Business Plan.

7. Financially the company is in a healthy position, with a year-to-date deficit of \$747,000 against a budgeted loss of \$582,000. The position is largely due to timing differences in the planned expenditure for work programmes and is expected to be closer to budget by year end.

Appendices/Attachments

Document 3252211: [Regional Software Holdings Ltd Six Month Report to Shareholders to 31 December 2023](#)



Six Month Report
to Shareholders
Pūrongo Taupua
Including Financial Statements

For the period ending 31
December 2023



Council
Collaboration
Into Action



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Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

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

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

Looking Forward

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

Signed on behalf of the Board of Directors:

M Nield - Chairperson

Date: 22 February 2024

G Shirley - Director

Date: 22 February 2024



Statement of Responsibility | Tauākī o te Kawenga

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

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

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

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2023 and confirm that all the statutory requirements in relation to the Performance Report were complied with, as outlined in the Local Government Act 2002 and the Companies Act 1993.

Signed on behalf of the Board of Directors:

A handwritten signature in black ink, appearing to be 'M Nield', written over a horizontal line.

M Nield - Chairperson

Date: 22 February 2024

A handwritten signature in black ink, appearing to be 'G Shirley', written over a horizontal line.

G Shirley - Director

Date: 22 February 2024



Statement of Service Performance | Hei Ine i te Mahi

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

Who are we and why do we exist?

Vision

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

Mission

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

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

Values

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

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

Guiding Principles

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

What did we do?

Activities

RSHL provides a framework for collaboration between shareholders and across the regional sector. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate. RSHL provides a more cost-effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

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

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



	<ul style="list-style-type: none"> • 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.
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Ngā Mahi e Rapua Nei Te Utu Paremata | Activities for Which Compensation Is Sought

Funds for the operation of the Sector Office, The Sector Financial Management System, EMAR/LAWA, IRIS and IRIS NextGen are received by way of levies from the councils participating in each programme. Each programme pays a share of the overhead costs of the company proportional to the size of the programme.

These levies are set annually in the Statement of Intent.

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

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

Activity	Description									
Sector Financial Management System	<p>Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the Programmes in the Sector Financial Management System.</p> <p>For some programmes, additional contributions may be sought from other local government organisations and government ministries.</p> <p>Contributions will be according to the agreed models. This activity includes:</p> <ul style="list-style-type: none"> • 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 style="text-align: left;">Tier 1 – 9.4% each</th> <th style="text-align: left;">Tier 2 – 6.2% each</th> <th style="text-align: left;">Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <tr> <td>Auckland Council</td> <td>Horizons RC</td> <td>Tasman DC</td> </tr> <tr> <td>Environment Canterbury</td> <td>Otago RC</td> <td>Nelson City Council</td> </tr> </tbody> </table>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council
Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each								
Auckland Council	Horizons RC	Tasman DC								
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	Greater Wellington RC	Hawke's 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%																		
	BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.																				
	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.																				
IRIS	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.																				
	Proportion of Contributions to the IRIS Programme																				
	Contributions for IRIS will be collected in the following proportions.																				
	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Waikato Regional Council</td> <td>32.39%</td> </tr> <tr> <td>Northland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Horizons Regional Council</td> <td>16.00%</td> </tr> <tr> <td>Taranaki Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Southland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>West Coast Regional Council</td> <td>3.87%</td> </tr> <tr> <td>Hawke's Bay Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>			Shareholder	Percentage	Waikato Regional Council	32.39%	Northland Regional Council	11.93%	Horizons Regional Council	16.00%	Taranaki Regional Council	11.93%	Southland Regional Council	11.93%	West Coast Regional Council	3.87%	Hawke's Bay Regional Council	11.93%	Total	100%
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IRIS Next Generation	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:																				
	<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> </tbody> </table>			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%)							
Large Councils	Medium Councils	Small Councils																			
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	<p>Taranaki Regional Council Environment Southland</p> <p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$26 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually.</p>															
<p>RSHL Overhead Costs</p>	<p>Overhead costs are costs that cannot be allocated to a specific work programme.</p> <p>All work programmes contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.</p> <p>In the 6 months to 31 December 2023, the cost and proportion of overheads to each programme is as follows:</p> <table border="1" data-bbox="459 786 1375 1010"> <thead> <tr> <th></th> <th>FY24 YTD \$</th> <th>FY24 YTD %</th> </tr> </thead> <tbody> <tr> <td>IRIS</td> <td>16,674</td> <td>9%</td> </tr> <tr> <td>IRIS NextGen</td> <td>80,737</td> <td>43%</td> </tr> <tr> <td>SFMS</td> <td>89,870</td> <td>48%</td> </tr> <tr> <td>Total</td> <td>187,281</td> <td>100%</td> </tr> </tbody> </table>		FY24 YTD \$	FY24 YTD %	IRIS	16,674	9%	IRIS NextGen	80,737	43%	SFMS	89,870	48%	Total	187,281	100%
	FY24 YTD \$	FY24 YTD %														
IRIS	16,674	9%														
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SFMS	89,870	48%														
Total	187,281	100%														



How did we perform?

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



	<p>1.) Maintaining and updating LAWA content:</p> <p>The annual refresh of the Water Quality, Water Quantity and Estuary Health was completed on time and within budget.</p> <p>The annual update of data and information for the River Quality, Lake Quality, Groundwater Quality, Can I swim here?, Water Quantity and Estuary Health topics was completed on World River’s Day (24 Sept 2023).</p> <p>To support the awareness of the latest data and information, we profiled the national picture for lakes and river water quality topics on release day, and followed up with a national picture summary spotlight on groundwater quality in November.</p> <p>Acknowledgements to the project teams and council staff across Te Uru Kahika (managers, scientists, data managers, GIS specialists and comms) who provide their time and expertise in keeping their regional data and information on LAWA updated.</p> <p>2.) Increasing the LAWA reach:</p> <p>Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaboration. This uptick in users means we’re furthering the reach and value of the data and information from the regional sector/Te Uru Kahika (and others) and securing LAWA as a go to place for authoritative, up-to-date environmental data and information.</p> <p>Data and information from LAWA are being used by many (central and local government, research and education sector, industry, iwi and public) in a wide range of applications to inform decision making. Over the 6-month period (1 July 2023 – 31 Dec 2023) we have had around 141K users and 511K views (compared to 120K users and 484K views over the same period in the previous year).</p> <p>3. New Projects.</p> <p>The LAWA Operating System Upgrade has been brought forward and is tracking for completion around February within time and budget.</p> <p>The LAWA Actions for Healthy Waterways topic development now scheduled to start once the Operating System Upgrade is complete (completion scheduled for Q4 2023/24).</p>
<p>Regional Sector Office</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 <p>In the reporting period the sector office welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group.</p> <p>The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government.</p> <p>The sector office provided a Briefing to Incoming Ministers about Te Uru Kahika, including current priorities, capabilities, and ways in which Te Uru Kahika could help the new government deliver on it’s policies.</p> <p>The sector office also provided a liaison point between central government and the regional sector on Resource Management Reform, Freshwater Policies, Transport and Science amongst others.</p>



<p>Sector Financial Management System</p>	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • 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. <p>In the first part of FY24 RSHL efficiently collected \$2.8M in funding from councils to support Te Uru Kahika programmes. \$3.8M has been expended in support of various sector programmes.</p> <p>At the time of writing RSHL has more than 40 service contracts of varying sizes under management on behalf of Te Uru Kahika.</p> <p>Of particular note are the contracts for LIDAR Imagery to in support Cyclone Gabrielle recovery work in sections of Northland, Waikato, Auckland, Bay of Plenty and Horizons Regions. This work was supported by funding from Ministry for the Environment — Manatū Mō Te Taiao, with specialist procurement and technical advice provided by Land Information New Zealand - Toitū Te Whenua.</p> <p>With the support of RSHL, via the SFMS Te Uru Kahika continues to expand the scope and benefits to member councils.</p>
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Key Judgements

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



Statement of Service Performance | Hei Ine i te Mahi

Performance Measures

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

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



Statement of Service Performance | Hei Ine i te Mahi

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



Financial Statements | Ngā Tauākī Pūtea

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

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

Registered Office

C/- O'Fee Next Level Accounting

12 Victoria Avenue, Palmerston North

Directors

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

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

Interest Register

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

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



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

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

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

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

The other directors are paid through their respective Councils.



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

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

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

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

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



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

Regional Software Holdings Limited As at 31 December 2023

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

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



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

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

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



Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

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

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

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



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

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

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

Reporting Entity

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

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

RSHL has no subsidiaries or joint ventures.

Entity Structure

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

The shareholding of the Company as at 31 December 2023 is as follows:

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

The shareholdings changed during the year ended 30 June 2023, in line with the Company Constitution November 2022 and the Shareholders Agreement November 2022. The opening 10,000 shares (fully paid up) were re-designated Class B Shares representing the original Shareholders' funding contribution towards the development of the IRIS Software. In the 6 months ended 31 December 2023, the Company issued a single Class A "Controlling" Share to Otago Regional Council for fair value of \$1 per share (In year ended 30 June 2023, 9 new Class A Shares were issued for \$1 per share). The total number of shares at 31 December 2023 is 10,010 (June 2023 and December 2022: 10,009).

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

Basis of Preparation

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

Statement of Compliance

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

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

Presentation Currency and Rounding

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

Changes in Accounting Policies

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

Summary of Significant Accounting Policies

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

Foreign Currency Transactions

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

Goods and Services Tax

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

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

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

Critical Accounting Estimates and Assumptions

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

Additional Disclosure

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

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

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
Fees to Auditors				
Fees to Audit NZ for audit of the financial statements and performance information	12,821	-	15,000	44,267
Fees to Audit NZ for other services	1,838	-	-	-
Total Fees to Auditors	14,658	-	15,000	44,267

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

2. Revenue

Accounting Policy

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

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

Exchange Revenue

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

Other Revenue

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

Investment Revenue

Interest revenue is recorded as it is earned.

Non-Exchange Revenue

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

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

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

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

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

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

Members Contributions and Regional Sector Shared Services

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

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

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

Members Contributions as per SOI

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

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



	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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Other Income

Consulting Services	134,943	64,210	-	188,293
Recovery of Other Direct Software Expenses	47,744	61,243	128,173	110,038
Total Other Income	182,687	125,453	128,173	298,331

3. Expenses

Accounting Policy

Expenditure is recognised on an accrual basis when the service was provided, or the goods received. Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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Administration Expenses

Accounting & Technical Support	65,923	66,341	39,100	90,542
Administration Costs	6,939	6,142	31,700	11,455
Bank Fees	207	158	-	383
Insurance	3,270	2,868	4,000	2,868
Total Administration Expenses	76,339	75,509	74,800	105,248

4. Cash and Cash Equivalents

Accounting Policy

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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Cash and cash equivalents

Business Online Saver	286,600	281,617	-	283,807
Credit Card - Mark Donnelly	(1,547)	(756)	-	(1,191)
Current Account	5,678,009	2,371,077	-	5,569,171
Total Cash and cash equivalents	5,963,061	2,651,938	-	5,851,788

5. Receivables

Accounting Policy

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

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

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

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

6. Property, Plant and Equipment

Accounting Policy

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

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

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

Depreciation

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

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

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

7. Intangible Assets

Accounting Policy

Software acquisition and development

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

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation

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

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

RSHL has considered the external and internal sources of information under IPSAS 26 and considers it likely that on or about 30 June 2027 the current IRIS software platform and attendant e-learning software will be discontinued with no residual value. On this consideration the current IRIS asset and attendant e-learning software has been impaired in 2021 and then further impaired in 2022, but with no further impairment identified in 2023. Therefore all impaired software assets will be amortised on a straight-line basis at variable rates so as to have a nil residual value on 30 June 2027 (no change since last year).

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

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

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

At 31 December 2023 the work in progress value of the IRIS Asset is \$Nil. The work in progress written off has been included in other direct software expenses.(30 June 2023: Nil).

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

8. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
Payables and Deferred Revenue				
Accounts Payable	866,449	651,682	-	1,712,558
Accrued Expenses	-	46,690	-	40,410
Income Received in Advance	33,482	31,380	-	85,050
Total Payables and Deferred Revenue	899,932	729,751	-	1,838,018

9. Employee Entitlements

Accounting Policy

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

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

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

10. Income Tax

Accounting Policy

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

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

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

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

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

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

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

11. Equity

Accounting Policy

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

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

12. Contingent Liabilities and Guarantees

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

13. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure (excluding GST):

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

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

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

Member contributions were received as follows:

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

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

14. Events After Balance Date

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

15. Financial Instruments

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

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



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

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

Financial Instrument Risks

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

Market risk

Currency risk

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

Fair value interest rate risk

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to RSHL, causing RSHL to incur a loss. In the normal course of its business, credit risk arises from receivables, and deposits with banks.

These entities have high credit ratings. For its other financial instruments, RSHL does not have significant concentrations of credit risk.

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

Although cash and cash equivalents as at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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

Liquidity risk

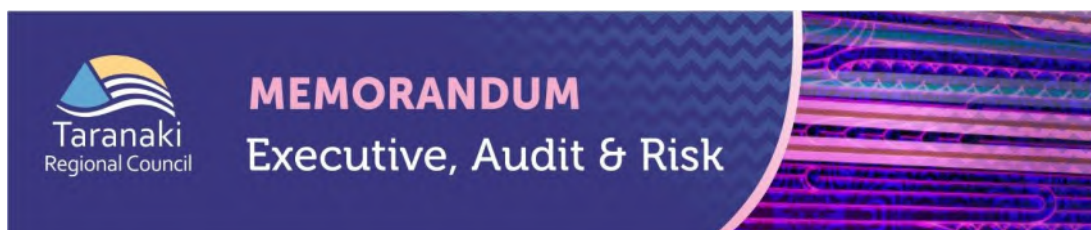
Management of liquidity risk

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



Council
Collaboration
Into Action

PO Box 1007, Palmerston North



Date: 25 March 2024

Subject: Regional Software Holdings Ltd: Draft Statement of Intent for 2025

Author: M J Nield, Director - Corporate Services

Approved by: S J Ruru, Chief Executive

Document: 3250882

Purpose

1. The purpose of this memorandum is to receive and consider Regional Software Holdings Ltd's Statement of Intent (SOI) for the year ending 30 June 2025 and then to provide feedback to the Board of Directors.

Recommendations

That Taranaki Regional Council:

- a) receives and considers Regional Software Holdings Ltd's draft Statement of Intent for the year ending 30 June 2025
- b) provides feedback to the Board of Directors of Regional Software Holdings Ltd.

Background

2. We are a shareholder in Regional Software Holdings Ltd. Regional Software Holdings Ltd is a council-controlled organisation (CCO) of the Council.
3. CCO's are required to prepare a statement of intent and forward it to shareholders by 1 March of each year. Shareholders then consider the draft SOI and provide feedback to the CCO. CCO's are required to furnish a completed statement of intent by 30 June of each year.
4. Regional Software Holdings Ltd has prepared the attached draft SOI for the year ending 30 June 2025. The SOI was received by the statutory deadline.

Discussion

5. The *Local Government Act 2002* sets out the requirements for a statement of intent. The attached statement complies with the requirements of the Act.
6. The draft statement of intent reflects the partnership arrangements between the regional sector that have developed and been implemented RSHL.
7. The key focuses for the 2024/205 year are:
 - Continuing the design, build, testing and deployment of IRIS NextGen

- Maintaining the IRIS classic product until IRIS NextGen is rolled out
 - Continuing the development and delivery of sector services across the regional sector and to Te Uru Kahika.
8. The Statement of Intent reflects the position and decisions that we have made and supports the delivery of both our wider strategic goals and, more specifically, our Digital Strategy. As such, it is recommended that the Statement of Intent be received.

Appendices/Attachments

Document 3252208: [Regional Software Holdings Ltd Statement of Intent 2025 Covering Letter](#)

Document 3252209: [Regional Software Holdings Ltd Statement of Intent 2025](#)



Council
Collaboration
Into Action

—

29 February 2024

Tēnā koutou,

RE: Draft 2025-27 Statement of Intent

The Board of Regional Software Holdings Limited (RSHL) is pleased to present its draft 2025-27 Statement of Intent.

RSHL enables the regional sector councils and 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. After several years of transformation, this Statement of Intent reflects a stable base of operations.

The transition to the new company structure is complete, the IRIS NextGen Programme is fully established, and Te Uru Kahika work programmes are embedded within RSHL.

Our primary focus for the next year is completing the design and build of IRIS NextGen and commencing the first implementations.

Alongside this focus is our commitment to supporting the delivery of the Te Uru Kahika work programmes. Te Uru Kahika aims 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 enable it to deliver upon these objectives.

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 draft programme budget was approved by the IRIS NextGen Programme Steering Group. Non-participating councils make no contribution to this programme and bear no delivery or residual risk in the project.
IRIS Classic	IRIS Classic is our longest running programme, underpinned by the IRIS Advisory Group Terms of Reference. The programme is funded by the seven councils that use IRIS. The draft budget was approved by the IRIS Advisory Group. Non participating councils make no contribution to this programme and bear no delivery or residual risk in the project.

Activity	Description
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 a Memorandum of Understanding 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 draft budget reflected in the Statement of Intent was developed by the Te Uru Kahika Virtual Office and endorsed by the RCEOs Group.
Overheads	Costs and income that cannot be directly 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, we remain 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 \$650,000. This is driven by depreciation of \$400,000 and use of \$250,000 of carry over funds from the 2023/2024 financial year. The budgeted 2023/2024 surplus is a result of tight control of the spend on the IRIS Programme. IRIS Programme costs are steadily reducing each year.

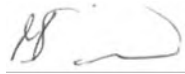
The IRIS NextGen Programme also shows a small book loss of \$180,000. Again, this results from the use of a budgeted surplus from the previous year. The retained funds are because of a contractual retention from a supplier.

Feedback on the Draft 2024-26 Statement of Intent noted the performance targets and measures were broad and not clearly linked to the achievement of the scope of activities to be undertaken. In this Draft Statement of Intent we have endeavoured to better align our performance measures with our strategic priorities.

In this period of uncertainty, while the local government sector navigates a change in direction from central government, RSHL stands ready to assist councils respond coherently and cohesively.

Thank you for your continued support of RSHL and our work. We look forward to receiving your feedback before 1 May 2024.

Nāku noa nā

A handwritten signature in black ink, appearing to read 'Mike Nield', enclosed in a thin black rectangular border.

Mike Nield
Chairperson



Tauākī Whakamaunga Atū |
Statement of Intent
2025 (DRAFT)







1. Kupu Takamua | Foreword

Regional Software Holdings Limited (RSHL) is pleased to present its draft 2025 Statement of Intent and we welcome feedback from shareholder councils.

RSHL enables the regional sector councils and 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. After several years of transformation, this Statement of Intent reflects a stable base of operations.

The transition to the new company structure is complete, the IRIS NextGen Programme is fully established, and Te Uru Kahika work programmes are embedded within RSHL.

Our primary focus for the next year is completing the design and build of IRIS NextGen and commencing the first implementations.

Alongside this focus is our commitment to supporting the delivery of the Te Uru Kahika work programmes. Te Uru Kahika aims 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.

We are excited about continuing to provide excellence in shared services to the regional sector. We welcome and look forward to receiving your feedback.

Nāku noa nā

A handwritten signature in black ink, appearing to read 'Mike Nield', is enclosed in a thin black rectangular border.

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.

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.

Principles¹

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:

- Ensure 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.
- 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 the local government sector, 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.

¹ Principles are from section 2 of the RSHL constitution.

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



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. 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 10 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>The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme.</p> <p>RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 3 years.</p> <p>The IRIS Programme is now in the sunset phase. Expenditure is kept to a minimum to allow councils and staff to focus on IRIS NextGen.</p> <p><i>Performance</i></p> <p>When assessing the performance of the IRIS Programme we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>We place an emphasis on value, predictability, and delivery.</p> <p>Performance against budget and delivery of releases are used to assess performance.</p>

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



Activity	Description
IRIS Next Generation	<p>Nine 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 led by the IRIS NextGen Steering Group. The Group is made up of senior managers from the councils, RSHL and Datacom.</p> <p>The goal of the IRIS NextGen Programme is to delivery game-changing productivity improvements to the regional sector through sector alignment around good practice process, supported by fit for purpose software.</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>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, IRIS NextGen will:</p> <ul style="list-style-type: none"> • Make council staff work easier. • Promote operational excellence and efficiency. • Demonstrate collaboration at a sector level. • Ensure the development of the technical solution is fit for purpose. <p>Over the next two years the IRIS NextGen Programme will complete the build of the IRIS NextGen software solution and commence rollout to the councils, starting with implementation at the pilot council in 2024-25.</p> <p><i>Performance</i></p> <p>When assessing the performance of the IRIS NextGen Programme we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>We place an emphasis on predictability, delivery and consistency.</p> <p>Performance against budget, delivery against milestones, and customer feedback are used to assess performance.</p>

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



Activity	Description
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 its own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL. The LAWA project administration (financial and contractual) is managed by RSHL.</p> <p><i>Performance</i></p> <p>When assessing the performance of the EMAR we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>An emphasis is placed on predictability, delivery and consistency.</p> <p>Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.</p>

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<p>Te Uru Kahika Support Services</p>	<p>Te Uru Kahika is the collective name for the 16 Regional Councils and Unitary Authorities in New Zealand.</p> <p>Through Te Uru Kahika, the regional sector:</p> <ul style="list-style-type: none"> • Shares knowledge and resources between councils, • Coordinates input into national direction setting, • Works together to more effectively implement central government policy and respond to nationally significant events. <p>The Virtual Office of Te Uru Kahika is made up of a small team who coordinate the activity of cross-functional groups from different councils.</p> <p>RSHL provides services that underpin and accelerate Te Uru Kahika, including the Sector Financial Management System.</p> <p><i>The Virtual Office</i> The Virtual Office supports the activities of Te Uru Kahika.</p> <p>The Virtual Office is made up of several roles:</p> <ul style="list-style-type: none"> • Te Uru Kahika – Executive Director • Executive Policy Adviser • Chief Science Advisor • Te Uru Kahika Administrator • Resource Management Reform Director. • Kaimahi • Contract Communications Advisor <p>All of these roles are employed or engaged by RSHL.</p> <p><i>Sector Financial Management System (SFMS)</i> Te Uru Kahika organises its activities into Work Programmes:</p> <ul style="list-style-type: none"> • Te Uru Kahika Virtual Office • River Management • Bio Management • Ngā Kairapu • Resource Management • Climate Change Working Group • Communications • EDMS • INFDP • EMAR • Science Programme • National BioControl Programme <p>Under the SFMS, RSHL collects funding from councils for each of these programmes in a coordinated way, contracts service providers to assist with the delivery of the programmes, pays provider and reports on the use of the funding.</p> <p>The services that RSHL provides to Te Uru Kahika are defined in a Memorandum of Agreement.</p> <p>When assessing RSHLs performance for this activity, the focus is different for each service. The performance measures are defined in the MoA.</p> <p>These services are:</p> <table border="1" data-bbox="456 1859 1324 1935"> <tr> <td data-bbox="456 1859 893 1935">Financial/Operations Management</td> <td data-bbox="900 1859 1324 1935">These are foundational services, the focus is on compliance with policy, alignment with good practice.</td> </tr> </table>	Financial/Operations Management	These are foundational services, the focus is on compliance with policy, alignment with good practice.
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Activity	Description	
	Operation of shared services/solutions.	The focus is on achieving the intended outcome of the shared service, while effectively managing staff and finances.
	Employment of Staff	The focus is on providing a working environment where staff are supported, motivated and safe.
	Programme Management	The focus is on delivering high quality, skilled and trusted programme management, so that Te Uru Kahika maximises the benefits of investment into shared programmes.
	Management Services (As requested)	The focus is on being an enabler and problem solver, allowing Te Uru Kahika to maintain momentum towards its goals.



5. Ngā Kaimahi Matua | Key Personnel

Organisation	Chief Executive	Mark Donnelly mark.donnelly@rshl.co.nz 027 66 44 674
	Business Support Specialist	Jane Fletcher Jane.fletcher@rshl.co.nz
IRIS and IRIS NextGen Programme	Programme Manager	Coralie Gibbison coralie.gibbison@rshl.co.nz
	Product Manager	Tania Monk tania.monk@rshl.co.nz
Te Uru Kahika	Te Uru Kahika Executive Director	Liz Lambert liz.lambert@teurukahika.govt.nz
	Executive Policy Advisor	Vacant.
	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 constantly 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 the RSHL Board of Directors are appointed by the shareholders according to the company constitution.

The board is made up of 6 non-independent and 2 independent directors. The non-independent directors are senior staff from shareholding councils.

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 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 on 1 July 2024

Director	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
Michael Nield	Taranaki Regional Council
Ged Shirley	Horizons Regional Council

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	R Bruce 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

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Director	Organisation	Interest
	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



9. Ngā Ūnga Mahi me Ētahi Atu Ine | Performance Targets and Other Measures

Performance targets by which success may be judged in relation to our objectives are:

Theme: Programme Delivery

Performance Statement: We will manage our programmes to a high standard.

Target	Timing
All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity.	Self-assessment in June each year.
All programmes will have an effective governance structure appropriate to the size and complexity of the programme.	Self-assessment in June each year.
All programmes will have an effective planning process. Draft plans and budgets will be set before 1 March, final plans and budgets will be set by 30 June.	Self-assessment in June each year.
All programmes will meet agreed delivery targets set by the programme governance group each year. Annual performance surveys will be completed with participating councils. Survey feedback will be considered and actioned where appropriate – including sharing feedback with the Board.	Self-assessment in November each year.

Theme : Support Te Uru Kahika

Performance Statement: We will deliver high-quality services to Te Uru Kahika.

Target	Timing
We will review and agree performance targets with Te Uru Kahika annually as part of the planning and budgeting process.	Self-assessment in June each year.
We will meet or exceed agreed performance targets. Results will be agreed with Te Uru Kahika Executive Advisor and shared with RCEOs Group and Board.	Assessed at year-end.

NB – RSHL support for Te Uru Kahika is underpinned by a Memorandum of Agreement which outlines the services to be provided.

Theme : Operational Excellence

Performance Statement: We will set a high standard for the governance and management of the company.

Target	Timing
We will operate within approved budget, with any material variations approved by the board.	Assessed at year-end.
We will meet all statutory governance and reporting deadlines.	Assessed in July for the previous year.

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Target	Timing
The board will operate according to the Institute of Directors' Code of Practice.	Self-assessment to be completed in June for the previous financial 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.

In 2022 as part of the restructure of the Company a new shareholders' agreement and constitution were adopted. The company:

- Issued a single Class A "Controlling" Share to each existing shareholder of the Company.
- created a Class B shareholding which holds 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 Hawke's Bay Regional Council on completion of the necessary processes and documents.

In August 2023 Otago Regional Council completed the necessary process to become a shareholder and was issued a single Class A share.

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	
Hawke's Bay Regional Council	1	
Otago 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 councils can achieve on their own.

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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.

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 audited² 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:

² Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

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- Budgets
- 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.

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 by special resolution.

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" data-bbox="475 1120 1197 1429"> <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>Hawke’s Bay RC</td> <td>Gisborne DC</td> </tr> <tr> <td>Waikato RC</td> <td>Northland RC</td> <td>Marlborough DC</td> </tr> <tr> <td>Bay of Plenty RC</td> <td>Taranaki RC</td> <td>West Coast RC</td> </tr> <tr> <td></td> <td>Southland RC</td> <td></td> </tr> <tr> <td>Total 47%</td> <td>Total 37%</td> <td>Total 16%</td> </tr> </tbody> </table> <p>*Auckland Council does not fund all sector programmes. In cases where they do not fund a programme, their contribution will be collected from the remaining councils according to the model above.</p> <p>BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.</p> <p>The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.</p> <p>In FY25 RSHL expects to collect \$3.87M 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	Hawke’s Bay RC	Gisborne DC	Waikato RC	Northland RC	Marlborough DC	Bay of Plenty RC	Taranaki RC	West Coast RC		Southland RC		Total 47%	Total 37%	Total 16%
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	Southland RC																								
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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 FY25 RSHL expects to collect \$0.78M 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%
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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 FY25 RSHL expects to collect \$4.6M from participating councils for IRIS NextGen. In addition, there will be a budget provision to collect a contingency if required and approved by the IRIS NextGen Steering Group.</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															
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	Taranaki Regional Council Environment Southland																

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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"> <thead> <tr> <th></th> <th>2023/24 (SOI)</th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> </tr> </thead> <tbody> <tr> <td>IRIS</td> <td>8%</td> <td>7.7%</td> <td>8%</td> <td>5%</td> </tr> <tr> <td>IRIS NextGen</td> <td>44%</td> <td>46.1%</td> <td>50%</td> <td>58%</td> </tr> <tr> <td>SFMS</td> <td>48%</td> <td>46.3%</td> <td>42%</td> <td>37%</td> </tr> </tbody> </table> <p>In FY25 RSHL expects to have overheads of \$0.39M. This is 3.7% of total expenditure.</p>		2023/24 (SOI)	2024/25	2025/26	2026/27	IRIS	8%	7.7%	8%	5%	IRIS NextGen	44%	46.1%	50%	58%	SFMS	48%	46.3%	42%	37%
	2023/24 (SOI)	2024/25	2025/26	2026/27																	
IRIS	8%	7.7%	8%	5%																	
IRIS NextGen	44%	46.1%	50%	58%																	
SFMS	48%	46.3%	42%	37%																	

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 FY2025-27 | FY25-27 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 Te Uru Kahika Executive Director.

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Consolidated Statement of Financial Performance

For the 12 Months to 30 June 2025

2023/24 Budget	Notes	2024/25 SOI	2025/26 Indicative	2026/27 Indicative
Income				
937,305	IRIS Programme	757,384	776,435	494,247
5,406,561	IRIS NextGen Programme	4,364,029	4,603,406	5,985,436
5,576,963	Sector Work Programmes	3,303,450	3,865,169	3,864,749
<u>138,820</u>	Central Government Funding	<u>1,258,820</u>	<u>138,820</u>	<u>138,820</u>
12,059,649		9,683,684	9,383,830	10,483,253
			-	-
Other Income				
25,000	Interest Received	25,000	25,000	25,000
<u>128,173</u>	Council Specific Software Funding	<u>135,274</u>	<u>139,332</u>	<u>143,512</u>
153,173		160,274	164,332	168,512
12,212,822	Total Income	9,843,958	9,548,162	10,651,765
Expenditure				
35,700	Administration costs	34,650	35,570	38,804
39,100	Accounting & Technical Support	69,140	71,214	74,437
105,000	Audit & Legal fees	133,380	137,381	142,208
247,000	Datacom Support Services (IRIS)	250,500	300,000	330,000
5,605,699	Technology Services	4,452,677	4,394,481	5,463,733
154,000	IT Hosting Charges	157,650	160,350	162,100
-	Finance Costs	-	-	-
-	Secondments	-	-	-
1,745,000	Personnel Costs	2,147,550	2,211,977	2,278,336
91,000	Promotional Costs	83,250	85,568	84,955
72,000	Independent Director's Fees	78,400	80,752	83,175
184,000	Travel & Meeting Costs	179,990	181,010	182,060
128,173	Council Specific Software Purchases	135,274	139,332	143,512
12,000	Other Direct Software	12,500	12,809	13,193
<u>4,080,250</u>	Consultants	<u>2,531,650</u>	<u>1,931,879</u>	<u>1,889,317</u>
12,498,922		10,266,611	9,742,320	10,885,829
Other Expenditure				
468,705	Amortization	400,429	400,429	354,460
12,967,627	Total Expenditure	10,667,040	10,142,749	11,240,289
(754,805)	Surplus/ (Deficit) before tax	(823,082)	(594,587)	(588,524)
	Income Tax Expense			
(754,805)	Surplus/(Deficit) after Tax	(823,082)	(594,587)	(588,524)

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



Consolidated Statement of Cash Flows

For the 12 Months to 30 June 2024

2023/24 Budget	Notes	2024/25 SOI	2025/26 Indicative	2026/27 Indicative
Cashflows from Operating Activities				
Cash received from:				
12,187,822		9,818,958	9,523,162	10,626,765
-		-	-	-
25,000		25,000	25,000	25,000
-		-	-	-
12,212,822		9,843,958	9,548,162	10,651,765
Cash applied to:				
12,498,922		10,266,611	9,742,320	10,885,829
-		-	-	-
-		-	-	-
12,498,922		10,266,611	9,742,320	10,885,829
(286,100)		(422,653)	(194,158)	(234,064)
Cashflow from Investing Activities				
Cash received from:				
-		-	-	-
-		-	-	-
-		-	-	-
Cash applied to:				
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
Cashflow from Financing Activities				
Cash received from:				
-		-	-	-
-		-	-	-
-		-	-	-
Cash applied to:				
-		-	-	-
-		-	-	-
-		-	-	-
(286,100)		422,653	194,158	234,064
899,799		613,699	191,046	3,113
613,699		191,046	3,113	237,177
Made up of:				
25,000		25,000	25,000	25,000
588,699		166,046	28,113	262,177
613,699		191,046	3,113	237,177
Funds by Activity:				
899,799		649,799	649,799	649,799
- 286,100		180,153	382,036	624,058
-		-	-	-
613,699		469,646	267,763	25,741

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



IRIS Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2023/24 Budget		Notes	2024/25 SOI	2025/26 Indicative	2026/27 Indicative
937,305	Income		757,384	776,435	494,247
937,305	IRIS Programme		757,384	776,435	494,247
	<u>Other Income</u>				
-	Interest Received		-	-	-
128,173	Council Specific Software Funding		135,274	139,332	143,512
128,173			135,274	139,332	143,512
1,065,478	Total Income		892,658	915,767	637,759
	Expenditure				
-	Administration costs		-	-	-
-	Accounting & Technical Support		-	-	-
-	Audit & Legal fees		-	-	-
247,000	Datacom Support Services (IRIS)		250,500	300,000	330,000
578,160	Technology Services		585,168	300,000	-
27,000	IT Hosting Charges		101,000	102,000	102,000
-	Finance Costs		-	-	-
-	Secondments		-	-	-
55,000	Personnel Costs		37,490	38,615	39,773
-	Promotional Costs		-	-	-
-	Independent Director's Fees		-	-	-
1,000	Travel & Meeting Costs		1,000	1,000	1,000
128,173	Council Specific Software Purchases		135,274	139,332	143,512
2,000	Other Direct Software		2,200	2,200	2,266
-	Consultants		-	-	-
27,145	Overhead Recovery - Expense		30,026	32,620	19,208
1,065,478			1,142,658	915,767	637,759
	<u>Other Expenditure</u>				
468,705	Amortization		400,429	400,429	354,460
1,534,183	Total Expenditure		1,543,087	1,316,196	992,219
(468,705)	Surplus/ (Deficit) before tax		(650,429)	(400,429)	(354,460)
	Income Tax Expense				
(468,705)	Surplus/(Deficit) after Tax		(650,429)	(400,429)	(354,460)

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



IRIS NextGen Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2023/24		Notes	2024/25	2025/26	2026/27
Budget	Income		SOI	Indicative	Indicative
-	IRIS Programme		-	-	-
5,000,000	IRIS NextGen Programme		3,957,468	4,603,406	5,985,436
406,561	IRIS NextGen Contingency		406,561		
-	Sector Work Programmes		-	-	-
-	Central Government Funding		-	-	-
<u>5,406,561</u>			<u>4,364,029</u>	<u>4,603,406</u>	<u>5,985,436</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
5,406,561	Total Income		4,364,029	4,603,406	5,985,436
	Expenditure				
-	Administration costs		-	-	-
-	Accounting & Technical Support		-	-	-
20,000	Audit & Legal fees		20,000	20,000	20,000
-	Datacom Support Services (IRIS)		-	-	-
4,996,539	Technology Services		3,852,059	4,078,567	5,447,342
72,000	IT Hosting Charges		-	-	-
-	Finance Costs		-	-	-
-	Secondments		-	-	-
385,000	Personnel Costs		426,910	439,717	452,909
-	Promotional Costs		-	-	-
-	Independent Director's Fees		-	-	-
68,000	Travel & Meeting Costs		63,000	63,000	63,000
-	Council Specific Software Purchases		-	-	-
2,000	Other Direct Software		2,060	2,122	2,185
-	Consultants		-	-	-
149,122	Overhead Recovery - Expense		180,153	201,883	242,021
<u>5,692,661</u>			<u>4,544,182</u>	<u>4,805,289</u>	<u>6,227,458</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
5,692,661	Total Expenditure		4,544,182	4,805,289	6,227,458
(286,100)	Surplus/ (Deficit) before tax		(180,153)	(201,883)	(242,021)
	Income Tax Expense				
(286,100)	Surplus/(Deficit) after Tax		(180,153)	(201,883)	(242,021)

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



Sector Financial Management System Activity- Statement of Financial Performance

For the 12 Months to 30 June 2024

2023/24		Notes	2024/25	2025/26	2026/27
Budget	Income		SOI	Indicative	Indicative
5,576,963	Sector Work Programmes		3,303,450	3,865,169	3,864,749
138,820	Central Government Funding		1,258,820	138,820	138,820
<u>5,715,783</u>			<u>4,562,270</u>	<u>4,003,989</u>	<u>4,003,569</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
5,715,783	Total Income		4,562,270	4,003,989	4,003,569
	Expenditure				
25,000	Administration costs		25,750	26,523	27,318
-	Accounting & Technical Support		-	-	-
15,000	Audit & Legal fees		16,350	17,741	19,173
-	Datacom Support Services (IRIS)		-	-	-
15,000	Technology Services		15,450	15,914	16,391
55,000	IT Hosting Charges		56,650	58,350	60,100
-	Finance Costs		-	-	-
-	Secondments		-	-	-
1,180,000	Personnel Costs		1,552,400	1,598,972	1,646,941
75,000	Promotional Costs		77,250	79,568	81,955
-	Independent Director's Fees		-	-	-
98,000	Travel & Meeting Costs		98,690	99,401	99,133
-	Council Specific Software Purchases		-	-	-
7,000	Other Direct Software		7,210	7,426	7,649
4,080,250	Consultants		2,531,650	1,931,879	1,889,317
165,533	Overhead Recovery - Expense		180,870	168,218	155,593
<u>5,715,783</u>			<u>4,562,270</u>	<u>4,003,989</u>	<u>4,003,569</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
5,715,783	Total Expenditure		4,562,270	4,003,989	4,003,569
-	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—FY2025-27 Draft Statement of Intent



RSHL Overheads Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

2023/24 Budget	Income	Notes	2024/25 SOI	2025/26 Indicative	2026/27 Indicative
	<u>Other Income</u>				
25,000	Interest Received		25,000	25,000	25,000
-	Council Specific Software Funding		-	-	-
-	Overhead Recovery - Income		-	-	-
			<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
-	Total Income		25,000	25,000	25,000
	<u>Expenditure</u>				
10,700	Administration costs		8,900	9,047	11,486
39,100	Accounting & Technical Support		69,140	71,214	74,437
70,000	Audit & Legal fees		97,030	99,641	103,035
-	Datacom Support Services (IRIS)		-	-	-
16,000	Technology Services		-	-	-
-	IT Hosting Charges		-	-	-
-	Finance Costs		-	-	-
-	Training		7,500	7,725	7,957
125,000	Personnel Costs		130,750	134,673	138,713
16,000	Promotional Costs		6,000	6,000	3,000
72,000	Independent Director's Fees		78,400	80,752	83,175
17,000	Travel & Meeting Costs		17,300	17,609	18,927
-	Council Specific Software Purchases		-	-	-
1,000	Other Direct Software		1,030	1,061	1,093
-	Consultants		-	-	-
			<u>416,050</u>	<u>427,722</u>	<u>441,822</u>
366,800					
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
			<u>-</u>	<u>-</u>	<u>-</u>
366,800	Total Expenditure		416,050	427,722	441,822
(341,800)	Surplus/ (Deficit) before tax		(391,050)	(402,722)	(416,822)
	Income Tax Expense				
- 341,800	Surplus/(Deficit) after Tax		(391,050)	(402,722)	(416,822)



13. Ngā Kaupapahere Kaute | Accounting Policies

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.

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	
Hawke's Bay Regional Council	1	
Otago 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.

Regional Software Holdings Ltd—FY2025-27 Draft 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.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Regional Software Holdings Ltd—FY2025-27 Draft Statement of Intent



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

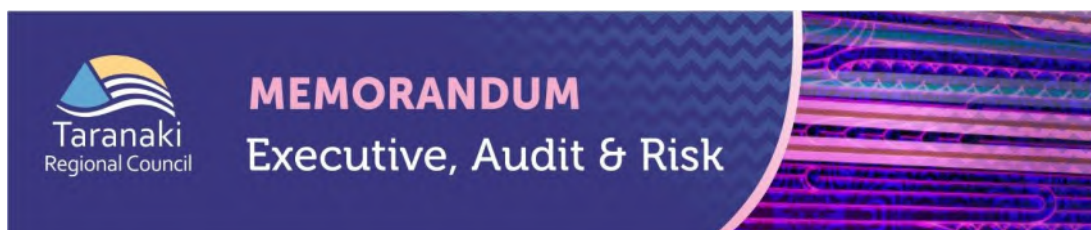
Source: Office of the Auditor General

<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	3,9,11,12
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	N/A
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



Council
Collaboration
Into Action



Date: 25 March 2024

Subject: Taranaki Stadium Trust: Statement of Intent for the Year Ended 30 June 2025

Author: M J Nield, Director - Corporate Services

Approved by: S J Ruru, Chief Executive

Document: 3253898

Purpose

1. The purpose of this memorandum is to receive and consider the Taranaki Stadium Trust's statement of intent (SOI) for the year ending 30 June 2025 and then to provide feedback to the Trustees.

Recommendations

That Taranaki Regional Council:

- a) receives and considers the Taranaki Stadium Trust's draft Statement of Intent for the year ending 30 June 2025
- b) provides feedback to the Trustees of the Taranaki Stadium Trust.

Background

2. On 27 June 2013, the Council took over control of the Taranaki Stadium Trust (formerly the Yarrow Stadium Trust) from the New Plymouth District Council. The Taranaki Stadium Trust (the Trust) is a council-controlled organisation (CCO).
3. CCO's are required to prepare and present a statement of intent by 1 March of each year. Council's then consider the draft and provide feedback to the CCO. CCO's are required to furnish a completed statement of intent by 30 June of each year. Completed statements of intent are required to be published on our website.

Discussion

4. The *Local Government Act 2002* sets out the requirements for a statement of intent. The attached statement complies with the requirements of the Act.
5. The draft Statement of Intent reflects the partnership arrangements between the Council, the New Plymouth District Council and the Trust. That partnership involves the New Plymouth District Council funding and operating Yarrow Stadium, on behalf of the Trust, through a management agreement. We fund, through the Trust, an agreed programme of maintenance and long-term development. The Trust holds and owns the Yarrow Stadium assets.

6. The draft Statement of Intent is consistent with the proposed *2024/2034 Long-Term Plan* and the decisions made to date in relation to the new East Stand.
7. The draft Statement of Intent is now open for consideration. This is the opportunity to provide further feedback to the Trustees.

Appendices/Attachments

Document 3248052: [TST Statement of Intent for the year to 30 June 2025](#)

Document 3248422: [TST Estimate for the years ended 30 June 2025, 2026 and 2027](#)

Taranaki Stadium Trust

Statement of Intent

For the Year to 30 June 2025

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 Taranaki Regional Council. The Trust owns Yarrow Stadium (the Stadium) land, building and facilities. The operation of the stadium is carried out by 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 Taranaki Regional Council and 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 Taranaki Regional Council in accordance with the Trust Deed.

Nature and Scope of Activities to Be Undertaken

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

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

New Plymouth District Council provides funding for the ongoing operation of the Stadium. The operation of the Stadium is undertaken by 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 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 Taranaki Regional Council and 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

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 2023, the equity was recorded at \$31,198,597 (30 June 2022: \$20,924,464).

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 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 Taranaki Regional Council and 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.

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 2023.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2023.

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 Tier 2 PBE IPSAS 17 Property, Plant and Equipment for the purposes of accounting for revaluations and have applied the disclosure concession applicable for Tier 2 entities.

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 2023, property is normally revalued on a three yearly cycle, however an additional revaluation has been undertaken as at 30 June 2023.

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 and have applied the disclosure concession applicable for Tier 2 entities 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 recorded at the amount borrowed from the lender and include any interest accrued at balance date that has not yet been paid. All borrowing costs are expensed in the period they occur.

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 2023 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.

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 2023, the Trust's current assets exceeded its current liabilities by \$652,959 (2021/2022: current liabilities exceeded current assets by \$53,742).

Taranaki Regional Council continues to provide a letter of support to ensure where required, the Trust will be able to pay its debts as they fall due. Taranaki Regional Council has 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.

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 Taranaki Regional Council to apply for Government "shovel-ready" funding. This application was successful and funding of \$30m was approved (2021/2022: \$30m). 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 2025, 30 June 2026 and 30 June 2027

	Budget 2025	Budget 2026	Budget 2027
	\$	\$	\$
Income			
Taranaki Regional Council Grant	2,178,669	2,178,669	2,178,669
Crown Infrastructure Partners Funding	6,236,442	0	0
Rent	80,000	85,000	90,000
Interest received	10,000	0	0
Total income	<u>8,505,111</u>	<u>2,263,669</u>	<u>2,268,669</u>
Expenditure			
Depreciation and amortisation expense	1,100,000	1,900,000	1,900,000
Major maintenance	30,000	30,000	30,000
Interest	1,507,500	1,595,000	1,585,000
Insurance	175,000	200,000	200,000
Other expenses	50,000	50,000	50,000
Total expenses	<u>2,862,500</u>	<u>3,775,000</u>	<u>3,765,000</u>
Surplus/(deficit) before tax	<u>5,642,611</u>	<u>(1,511,331)</u>	<u>(1,496,331)</u>
Income tax expense	0	0	0
Total comprehensive income	<u>5,642,611</u>	<u>(1,511,331)</u>	<u>(1,496,331)</u>

Taranaki Stadium Trust
Statement of Changes in Equity
For the Three Years Ended 30 June 2025, 30 June 2026 and 30 June 2027

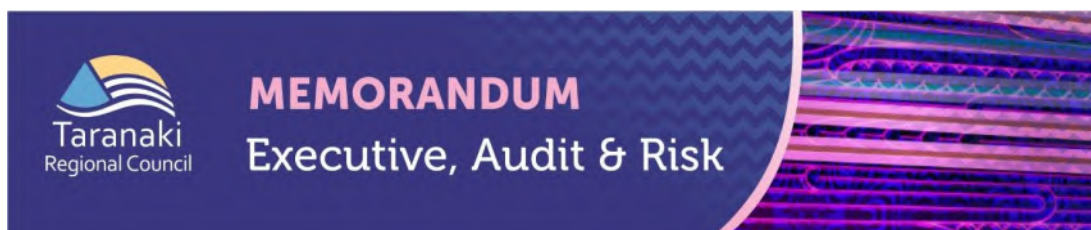
	Budget 2025	Budget 2026	Budget 2027
	\$	\$	\$
Balance at 1 July	39,830,340	45,472,951	43,961,620
Surplus/(Deficit) for the year	5,642,611	(1,511,331)	(1,496,331)
Other comprehensive income	0	0	0
Total comprehensive income	<u>5,642,611</u>	<u>(1,511,331)</u>	<u>(1,496,331)</u>
Balance at 30 June	<u>45,472,951</u>	<u>43,961,620</u>	<u>42,465,289</u>

Taranaki Stadium Trust
Statement of Financial Position
For the Three Years Ended 30 June 2025, 30 June 2026 and 30 June 2027

	Budget 2025	Budget 2026	Budget 2027
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	548,284	361,953	190,622
Debtors and other receivables	0	0	0
Total current assets	<u>548,284</u>	<u>361,953</u>	<u>190,622</u>
Non-current assets			
Property, plant and equipment	90,025,000	88,125,000	86,225,000
Total non-current assets	<u>90,025,000</u>	<u>88,125,000</u>	<u>86,225,000</u>
Total assets	<u><u>90,573,284</u></u>	<u><u>88,486,953</u></u>	<u><u>86,415,622</u></u>
Liabilities			
Current liabilities			
Creditors and other payables	100,000	100,000	100,000
Total current liabilities	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Non-current liabilities			
Loan	45,000,333	44,425,333	43,850,333
Total non-current liabilities	<u>45,000,333</u>	<u>44,425,333</u>	<u>43,850,333</u>
Total liabilities	<u><u>45,100,333</u></u>	<u><u>44,525,333</u></u>	<u><u>43,950,333</u></u>
Net assets	<u><u>45,472,951</u></u>	<u><u>43,961,620</u></u>	<u><u>42,465,289</u></u>
Equity			
Accumulated funds	43,206,429	41,695,098	40,198,767
Asset Revaluation Reserve	2,266,522	2,266,522	2,266,522
Total equity attributable to the trust	<u><u>45,472,951</u></u>	<u><u>43,961,620</u></u>	<u><u>42,465,289</u></u>

Taranaki Stadium Trust
Statement of Cash Flows
For the Three Years Ended 30 June 2025, 30 June 2026 and 30 June 2027

	Budget 2025	Budget 2026	Budget 2027
	\$	\$	\$
Cash flows from operating activities			
Receipts from other revenue	8,495,111	2,263,669	2,268,669
Interest received	10,000	0	0
Payments to suppliers	(255,000)	(280,000)	(280,000)
Interest paid on the overdraft and bank fees	0	0	0
Goods and services tax (net)	200,000	0	0
Net cash from operating activities	<u>8,450,111</u>	<u>1,983,669</u>	<u>1,988,669</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(25,400,000)	0	0
Net cash from investing activities	<u>(25,400,000)</u>	<u>0</u>	<u>0</u>
Cash flows from financing activities			
Loans raised	18,000,000	0	0
Interest paid	(1,507,500)	(1,595,000)	(1,585,000)
Repayment of borrowings	0	(575,000)	(575,000)
Net cash from financing activities	<u>16,492,500</u>	<u>(2,170,000)</u>	<u>(2,160,000)</u>
Net (decrease)/Increase in cash, cash equivalents and bank overdrafts	(457,389)	(186,331)	(171,331)
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,005,673	548,284	361,953
Cash, cash equivalents and bank overdrafts at the end of the year	<u>548,284</u>	<u>361,953</u>	<u>190,622</u>



Date: 25 March 2024

Subject: Port Taranaki Ltd: Half Year Report to 31 December 2023

Author: M J Nield, Director – Corporate Services

Approved by: S J Ruru, Chief Executive

Document: 3248984

Purpose

1. The purpose of this memorandum is to receive and consider Port Taranaki Limited's report on the operations and activities of the company for the six months ending 31 December 2023.

Recommendations

That Taranaki Regional Council:

- a) receives Port Taranaki Limited's report for the six months ending 31 December 2023 including the unaudited financial report.
- b) notes the 2023/2024 Port Taranaki Ltd dividends of \$4,500,000 in October 2023 and \$3,500,000 in March 2024.

Background

2. We are the 100% owner of Port Taranaki Ltd (PTL) on behalf of the regional community. The *Port Companies Act 1988* and Port Taranaki Limited's statement of corporate intent require a six-month set of financial statements (unaudited) to be prepared and presented to the shareholder.

Discussion

3. Attached are the half-year report and financial statements for the six months ended 31 December 2023. The attached financial statements are unaudited.
4. Total revenue for the period was \$27.43m. This was marginally down on that recorded in the same period last year. The decrease in revenue against the prior period was driven primarily by lower trade and, as a result, fewer vessel visits. In addition, revenue in the first half of 2023/2024 did not benefit from the unusual non-trade revenue that occurred in the first half of 2022/2023.
5. Total operating expenditure (including depreciation and maintenance dredging) for the first half of the 2024 financial year was \$20.81m compared with \$18.20m in the prior corresponding period. Personnel costs and insurance costs were up on the prior half year. Repairs and maintenance was largely unchanged vis-à-vis the prior half year.

6. Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the six months was \$11.08m, lower than the \$13.00m recorded in the first half of 2022/2023 but up on the \$10.65m recorded in the first half of 2021/2022. The lower EBITDA versus the prior year was driven by higher operating costs.
7. The unaudited after-tax profit of \$4.26m was below the \$6.53m recorded in the six months to 31 December 2022. The result included higher financing and depreciation charges following the commissioning of the new firewater system.
8. Trading in the second six-month period is forecast to be at a similar level to that recorded in the first half. Economic conditions are still mixed, and methanol production is expected to be slightly lower as gas supply is expected to be impacted by planned maintenance outages and lower than expected output from existing wells (reflecting recent gas production results, which have been lower than originally expected following upstream investment).
9. As a result, annual trade to 30 June 2024 is projected to be significantly below 5 million freight tonnes and is likely to be lower than that recorded in 2022/2023.
10. Given the projected lower trade, full-year revenue is expected to be about \$54m, which is below that recorded in 2022/2023. Therefore, there is a firm focus on expenditure, with prioritisation of spend on risk reduction and positioning the Company for longer-term growth.
11. Forecast 2023/2024 EBITDA is in the \$20.00m to \$22.00m range and forecast NPAT is circa \$8.50m.
12. The half-year results reflect the challenging, competitive and fluctuating nature of the port's business. As noted in the current Long-Term Plan process, the port's performance and subsequent dividends are the biggest financial risk we face. Dividends have matched budget for 2023/2024 and PTL has plans in place for 2024/2025. We also have risk mitigations in place.

Appendices/Attachments

Document 3248982: [Port Taranaki Ltd Half-Year Report and Financial Statements for six months ended 31 December 2023](#)

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PORT TARANAKI HALF-YEAR REPORT

This interim report

Half-year ended 31 December 2023

The Directors of Port Taranaki Limited (PTL) have pleasure in presenting this interim report on the operations and activities of the Company for the six months ending 31 December 2023. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and they comply with NZ IAS 34 Interim Financial Reporting.

The financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements and notes included in the 2023 Annual Report.

Financial performance

Total revenue for the period was \$27.43 million. This was marginally down on that recorded in the same period last year. The decrease in revenue against the prior period was driven primarily by lower trade and, as a result, fewer vessel visits. In addition, revenue in the first half of FY24 did not benefit from the unusual non-trade revenue that occurred in the first half of FY23.

Total operating expenditure (including depreciation and maintenance dredging) for the first half of the 2024 financial year was \$20.81 million compared with \$18.20 million in the prior corresponding period. Personnel costs and insurance costs were up on the prior half year. The spend on repairs and maintenance was largely unchanged vis-à-vis the prior half year.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the six months was \$11.08 million, lower than the \$13.00 million recorded in the first half of FY23 but up on the \$10.65 million recorded in the first half of FY22. The lower EBITDA versus the prior year was driven by higher operating costs.

The unaudited after-tax profit of \$4.26 million was below the \$6.53 million recorded in the six months to 31 December 2022. The result included higher financing and depreciation charges following the commissioning of the new firewater system.

Port Taranaki's Key Financial Metrics (\$'000)





Dividend

A final dividend of \$4.50 million in respect of the 2023 financial year was paid to the Shareholder in October 2023. An interim dividend of \$3.50 million has been approved for the 2024 financial year.

People and community

We take pride in supporting our people and community. We do this by providing a safe and healthy workplace for our employees, port users, contractors, and the public. We seek to:

- Promote a positive health, safety and wellbeing culture.
- Prevent incidents, and proactively manage the wellbeing of our employees.
- Work collaboratively and proactively with all users and contractors on our port.
- Provide locally targeted sponsorship and support activities.

During the first six months of FY24 we continued our proactive engagement and relationships with the unions. Together with the union delegates, leaders went through training on interest-based problem solving before forming relevant working groups. This engagement enhances our relationship with unions outside of the bargaining table. We strive

to build solutions from the ground up rather than from the top down.

We rolled out Safety Leadership training to a significant portion of our workforce. These “Switch On” workshops were aimed at enhancing our overall safety culture and leadership behaviours. The workshops were incredibly well received, and we are now working on a plan to extend the tools and messaging across our entire business.

An external health and safety review was completed, focused on a back-to-basics approach, and this review saw us pause and revisit our existing health and safety plan and function. As a result, we are now working under a renewed three-year improvement plan.

We were pleased to provide three university engineering students real-world work experience once again through a 10-week internship over the summer period. Robbie White and Jack Stewart returned, and were joined by Inuri Kankanamage. All three supported our infrastructure division.

In July 2023, we welcomed our first female electrician. Jaimee Hartley is a great addition to PTL and our maintenance team.

During the six months to 31 December 2023, we continued to support several community groups, and we have worked hard through both social media and mainstream media to educate the community on water safety.

In November and December, we were delighted to see the arrival of two cruise vessels – the

first of seven expected visits this cruise season. Seven cruise visits will be a record for the Company, and we are working actively with the community (particularly Venture Taranaki) to build this to 28 by 2028.

Environment

Work continued to progress several environmental activities – activities aimed at enhancing our social licence and positioning us for the future. We continued to upgrade our log yard stormwater systems. This work, along with positive engagement with the Taranaki Regional Council (TRC), has enabled our stormwater consent renewal to progress towards a conclusion. We expect this will be finalised in the second half of FY24.

Internal work began on preparing a consent application to renew our maintenance dredging consents, which expire in 2029. The work to date has primarily involved desk-top studies determining future sand movement into the harbour and the most suitable disposal grounds. This work is ongoing.

Relationships

Building long-term mutually beneficial partnerships with our community, port users, customers, iwi and hapū is one of the keys to building long-term value. Sharing information and consulting with our community helps us plan for the future in a way that best meets all stakeholders’ needs. Our preparation for the

renewal of our maintenance dredging consents (discussed above) has seen, and will continue to see, us liaise with stakeholders.

In addition to this, during the first six months of FY24, we built on the strong foundations laid down in FY23 and continued to engage with Ngāti Te Whiti through the Kaitiaki Forum. This forum enables Ngāti Te Whiti and PTL to share information on current and future activities relating to the Company's land and marine environment, collaborate on complex issues, and engage the expert advice of Ngāti Te Whiti to inform resource consent applications.

After consultation with Ngāti Te Whiti we named a road within the port Kekeno Cres. Kekeno is the Māori name for the New Zealand fur seal.

We continued to engage with interested parties in the offshore wind sector. As New Zealand's premier energy port, we have a central role to play in this sector and we look forward to providing key supporting services and infrastructure in the development and production of offshore wind.

We also continue to work with our traditional energy partners, and during the first six months we supported further decommissioning work at Tui and the drilling of the well KS-9 at the offshore Kupe field. We have also commenced discussions regarding the decommissioning of oil and gas fields.



Assets and infrastructure

Ports are essential infrastructure. PTL is integral to the movement of freight and is a key contributor to the Taranaki economy. Consequently, PTL seeks to make trade easy and, by doing so, create value for our business, Shareholder, customers, and port users.

During the half year we:

- Continued a programme of structural repair work to ensure the longevity of our wharves and enable our existing levels of service to continue.
- Undertook seawall remediation to help maintain the integrity of our assets.
- Began the procurement process for a tug to replace the ageing Rupe, which has serviced the port admirably during the past 40 years.

Capital investment in the six months to December 2023 (at \$3.55 million) was significantly below that of the prior year, given the commissioning of PTL's new firewater system, which was the Company's largest capital investment since the tug Kinaki was commissioned in 2018.



Trade performance

Total trade for the six-month period was 2.05 million freight tonnes, a decrease of 8% on the same period last year. Log volumes were 67 thousand JAS lower and dry bulk trade was 68 thousand freight tonnes lower. Liquid bulk volumes were marginally lower.

First-half log trade was the lowest recorded in the past four years and was impacted by lower demand from China that resulted in low commodity prices. In addition, wet weather hampered harvesting and volumes available for export.

The number of vessels visiting the port also trended lower, following the trade performance. Two cruise vessels visited in December, and we expect to set a record this season with seven cruise visits.

Governance

At the commencement of the financial year, long-standing director Richard Krogh retired. Richard joined the Board of Directors in 2012 and had been chair since 2019. Richard was hugely influential in the success of Port Taranaki, and we thank him for his service.

With the retirement of Richard Krogh, Jeff Kendrew became Port Taranaki chair on 1 July 2023.



PORT TARANAKI HALF-YEAR REPORT 2024

Outlook

Trading in the second six-month period is forecast to be at a similar level to that recorded in the first half. Economic conditions are still mixed, and methanol production is expected to be slightly lower as gas supply is expected to be impacted by planned maintenance outages and lower than expected output from existing wells (reflecting recent gas production results, which have been lower than originally expected following upstream investment).

As a result, annual trade to 30 June 2024 is projected to be significantly below 5 million freight tonnes and is likely to be lower than that recorded in FY23.

Given the projected lower trade, full-year revenue is expected to be about \$54 million, which is below that recorded in FY23. Therefore, there is a firm focus on expenditure, with prioritisation of spend on risk reduction and positioning the Company for longer-term growth.

Forecast FY24 EBITDA is in the \$20.00 million to \$22.00 million range and forecast NPAT is circa \$8.50 million.

Jeff Kendrew
CHAIR

Simon Craddock
CHIEF EXECUTIVE

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FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of profit or loss

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December	
2023 \$000		Note	2023 \$000	2022 \$000
57,429	Total operating revenue	A1	27,431	27,738
29,969	Total operating expenses	A2	16,352	14,741
27,460	Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment (EBITDAF)	A3	11,079	12,997
7,222	Depreciation, amortisation, and maintenance dredging	A3	4,473	3,472
(19)	Net (gain) / loss on sale of property, plant and equipment	A3	(14)	(18)
20,257	Earnings before interest and tax		6,620	9,543
1,032	Net finance expense		697	475
19,225	Profit before tax		5,923	9,068
5,357	Tax expense		1,658	2,539
13,868	Profit after tax		4,265	6,529

Statement of profit or loss continued

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December	
2023 \$000		Note	2023 \$000	2022 \$000
	Earnings per share from operations attributable to the shareholder			
13,868	Profit after tax		4,265	6,529
52,000	Number of ordinary shares ('000's)		52,000	52,000
26.67	Basic and diluted earnings per share (cents)		8.20	12.56

Statement of comprehensive income

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December	
2023 \$000		Note	2023 \$000	2022 \$000
13,868	Profit after tax		4,265	6,529
	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
(1,002)	Revaluation of property, plant and equipment (net of tax)	C4	-	-
104	Change in cash flow hedge reserve (net of tax)	C4	(915)	482
(898)	Total other comprehensive income		(915)	482
12,970	Total comprehensive income		3,350	7,011

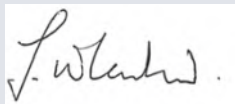
Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

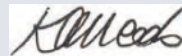
Statement of financial position

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December		
2023 \$000	Note	2023 \$000	2022 \$000	
678		1,664	2,956	Cash and cash equivalents
8,537		6,736	7,291	Trade and other receivables
970		927	843	Inventories
10,185		9,327	11,090	Total current assets
202,950	B1	202,021	199,216	Property, plant and equipment
551		527	585	Right of use assets
277	B2	343	343	Intangible assets
2,197		1,453	2,617	Derivative financial instruments
205,975		204,344	202,761	Total non-current assets
216,160		213,671	213,851	Total assets

For and on behalf of the Board of Directors who authorised the issue of these interim financial statements on 15 February 2024.



Jeff Kendrew
CHAIR



Kathy Meads
CHAIR OF THE AUDIT AND RISK COMMITTEE

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December		
2023 \$000	Note	2023 \$000	2022 \$000	
6,019		3,144	3,290	Trade and other payables
1,668		1,736	1,502	Employee benefit provisions
41		41	30	Lease liability
163	C5	160	140	Borrowings
3,097		607	2,141	Taxation payable
10,988		5,688	7,103	Total current liabilities
37,824	C5	41,528	41,525	Borrowings
405		405	473	Employee benefit provisions
575		555	616	Lease liability
1,327		1,604	1,050	Deferred tax liability
40,131		44,092	43,664	Total non-current liabilities
51,119		49,780	50,767	Total liabilities
26,000	C2	26,000	26,000	Share capital
69,091	C4	68,176	70,473	Reserves
69,950		69,715	66,611	Retained earnings
165,041		163,891	163,084	Shareholder's equity
216,160		213,671	213,851	Total liabilities and shareholder's equity

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of changes in equity

	Note	Issued Capital \$000	Retained Earnings \$000	Revaluation Reserve \$000	Cash Flow Hedge Reserve \$000	Total Equity \$000
As at 1 July 2022		26,000	64,082	68,512	1,477	160,071
Changes in shareholder's equity for six months to 31 December 2022						
Comprehensive income		-	6,529	-	-	6,529
Other comprehensive income		-	-	-	484	484
Dividends	C3	-	(4,000)	-	-	(4,000)
As at 31 December 2022 (Unaudited)		26,000	66,611	68,512	1,961	163,084
Changes in shareholder's equity for six months to 30 June 2023						
Comprehensive income		-	7,339	-	-	7,339
Other comprehensive income		-	-	(1,002)	(380)	(1,382)
Dividends	C3	-	(4,000)	-	-	(4,000)
As at 30 June 2023 (Audited)		26,000	69,950	67,510	1,581	165,041
Changes in shareholder's equity for six months to 31 December 2023						
Comprehensive income		-	4,265	-	-	4,265
Other comprehensive income		-	-	-	(915)	(915)
Dividends	C3	-	(4,500)	-	-	(4,500)
As at 31 December 2023 (Unaudited)		26,000	69,715	67,510	666	163,891

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of cash flows

	Audited For the twelve months ended 30 June	Unaudited For the six months ended 31 December	
		2023 \$000	2022 \$000
Cash flows from operating activities			
65,802	Receipts from customers	30,935	30,258
663	Gross Interest received	714	290
(41,089)	Payments to suppliers and employees	(20,495)	(21,509)
(1,565)	Gross Interest paid	(1,410)	(688)
(4,367)	Income tax paid	(4,196)	(2,742)
19,444	Net cash flows from operating activities	5,548	5,609
Cash flows from investing activities			
419	Sale of property, plant and equipment (net of disposal costs)	1,059	327
(16,441)	Purchase of property, plant and equipment, and software	(4,596)	(8,236)
(581)	Capitalised labour and interest on purchase of property, plant and equipment	(205)	(309)
(16,603)	Net cash flows from investing activities	(3,742)	(8,218)
Cash flows from financing activities			
32,370	Borrowings drawn	25,400	20,070
(26,845)	Borrowings repaid	(21,700)	(10,845)
(8,000)	Dividends paid	(4,500)	(4,000)
(60)	Lease payments	(20)	(29)
(2,535)	Net cash flows from financing activities	(820)	5,196
306	Net increase/(decrease) in cash and cash equivalents	986	2,587
372	Cash and cash equivalents at the beginning of the period	678	372
678	Cash and cash equivalents at the end of the period	1,664	2,959

	Audited For the twelve months ended 30 June	Unaudited For the six months ended 31 December	
		2023 \$000	2022 \$000
Reconciliation of net profit after tax to net cash flows from operating activities			
13,868	Profit after tax	4,265	6,529
Plus: Movements in non-cash items:			
7,222	Depreciation, amortisation, and maintenance dredging	4,473	3,472
277	Deferred tax balances	277	-
Plus: Movements in operating assets and liabilities			
(1,868)	Trade and other receivables	1,801	(2,183)
(55)	Inventories	43	72
157	Provisions	68	59
(980)	Trade and other payables	(2,704)	(2,144)
89	Interest payable	(171)	25
753	Tax payable	(2,490)	(203)
Less: Movements related to investing activities:			
19	Movement in property, plant and equipment creditors	14	18
19,444	Net cash flows from operating activities	5,548	5,609

About these financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The port

Port Taranaki Limited (PTL, also referred to as the Company) is the only deep water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy sector), dry bulk (fertiliser, stock feed and cement), logs and general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services. These are considered under three integrated performance obligations: (i) marine and cargo services revenue; (ii) logistic services revenue; and (iii) property revenue.

PTL is a sea port company incorporated under the Companies Act 1993.

The Company's parent and sole shareholder is the Taranaki Regional Council (TRC) and was, at all times, during the period.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2-8 Bayly Road, Moturoa, New Plymouth 4310.

Basis of preparation

These financial statements have been prepared:

- In accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting. PTL is a for-profit entity for the purpose of complying with NZ GAAP.
- In accordance with the requirements of the Port Companies Act 1988 and the Financial Reporting Act 2013.
- On the basis that the Company is a going concern.
- On a historical cost basis, except for land, and derivatives held at fair value, as identified in the accompanying notes.
- Using the same accounting policies disclosed in PTL's Annual Report for the year ended 30 June 2023 (2023 Annual Report).
- On a Goods and Services Tax (GST) exclusive basis except receivables and payables, which include GST where GST has been invoiced.
- In New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

These financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements and notes included in the 2023 Annual Report.



Key accounting judgements and estimates

In applying PTL's accounting policies and in preparing financial statements in conformity with NZ IAS 34, PTL makes a number of judgements, estimates and assumptions. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements and the key sources of estimation and uncertainty, are the same as those disclosed in the 2023 Annual Report.

These financial statements

These financial statements are presented in a style that makes them less complex and more relevant to our owner, customers and other stakeholders. The financial statements are grouped into the following sections: 'Financial statements'; 'Our performance'; 'Our assets'; and 'Our funding'. The intent is to provide readers with a clear understanding of what drives the financial performance and financial position of PTL.

A

Our performance

In this section

This section explains the financial performance of PTL by displaying additional information about individual items from the statement of profit or loss.

A1 Operating Revenue

	Audited For the twelve months ended 30 June	Unaudited For the six months ended 31 December	
	2023	2023	2022
43,697	Marine and cargo services revenue	20,809	20,862
3,296	Logistics services revenue	1,210	1,515
9,377	Property revenue	4,803	4,752
1,059	Other income	609	609
57,429	Total operating revenue	27,431	27,738

A2 Operating Expenses

	Audited For the twelve months ended 30 June	Unaudited For the six months ended 31 December	
	2023	2023	2022
16,169	Employee expenses	8,866	8,094
4,212	Repairs and maintenance	2,005	2,004
9,588	Other expenses	5,481	4,643
29,969	Total operating expenses	16,352	14,741
	Included within other expenses are:		
410	Director fees	198	203

A3 EBITDAF Reconciliation

	Audited For the twelve months ended 30 June	Unaudited For the six months ended 31 December	
	2023	2023	2022
27,460	EBITDAF	11,079	12,997
1,103	Maintenance dredging	725	526
5,988	Depreciation	3,595	2,881
131	Amortisation	153	66
(19)	Net (gain) / loss on sale of property, plant and equipment	(14)	(18)
(34)	Interest revenue	(24)	(290)
1,066	Interest expense	721	764
19,225	Profit before tax	5,923	9,068
5,357	Tax expense	1,658	2,539
13,868	Profit after tax	4,265	6,529

EBITDAF definition

EBITDAF is earnings before interest, tax, depreciation, amortisation, maintenance dredging, change in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment. EBITDAF is a non-GAAP profit measure that is used internally by Management and the Board to provide insight into PTL's operating performance as it allows the evaluation of PTL's operating performance without the non-cash impacts of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of PTL's capital structure and tax position.

EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

B

Our assets

In this section

This section explains the assets that PTL uses in its business to generate operating revenue.

B1 Property, Plant and Equipment

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
194,353	Opening balance	190,974	194,353
17,022	Additions	15,313	8,633
(4,108)	Disposals	(145)	(317)
(1,002)		-	-
(3,315)	Depreciation	(4,121)	(3,453)
202,950	Closing balance	202,021	199,216

Included within additions is capitalised interest of \$205 thousand (31 December 2022: \$309 thousand, 30 June 2023: \$878 thousand) in relation to capital works underway.

At 31 December 2023, PTL was committed to \$4.1 million of capital expenditure (31 December 2022 \$6.9 million, 30 June 2023 \$4.1 million).

B2 Intangible Assets

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
409	Opening balance	277	409
-	Additions	219	-
(141)	Disposals	-	-
9	Depreciation	(153)	(66)
277	Closing balance	343	343



Our funding

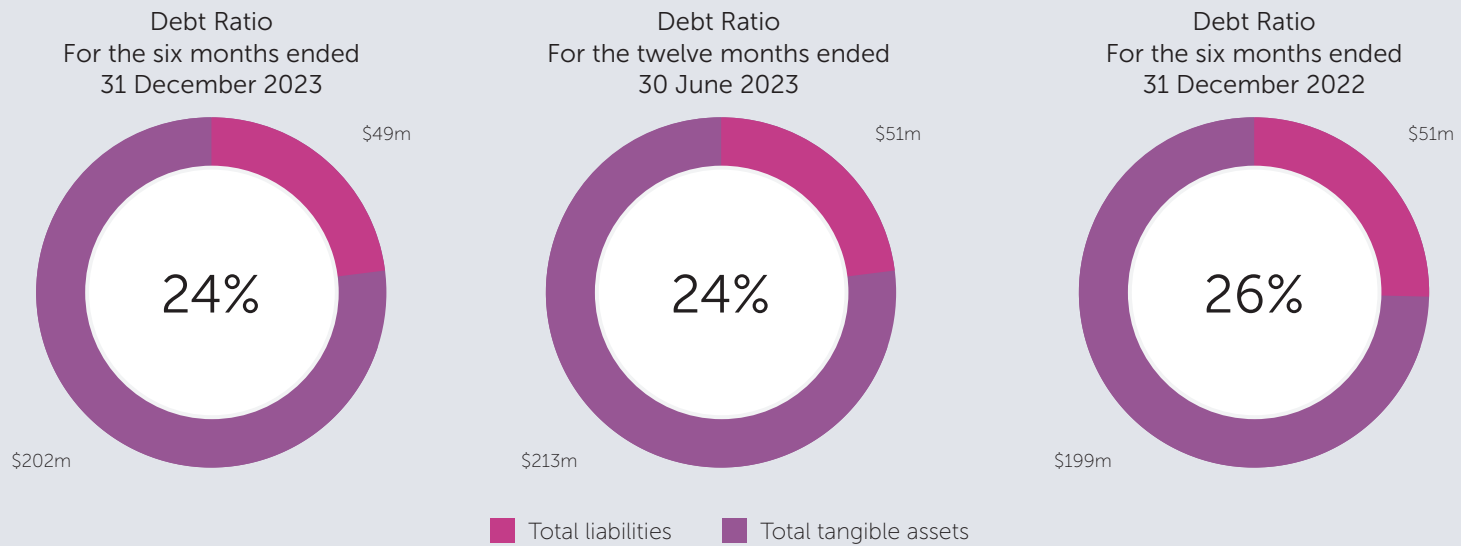
In this section

This section outlines how PTL manages its capital structure, its funding sources and how dividends are returned to the Shareholder.

C1 Capital Structure

The Company's policy is to maintain a stable and strong capital base, so as to maintain investor and creditor confidence and sustain the business development of the Company and safeguard its ability to remain a going concern.

The Company regularly monitors its capital requirements, its compliance with its financial covenants.



C2 Share Capital

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			
Shares (000) 2023	Issued Capital 2023		Shares (000) 2023	Shares (000) 2022	Issued Capital 2023	Issued Capital 2022
52,000	26,000	Share capital (issued and fully paid)	52,000	52,000	26,000	26,000

C3 Dividends

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			
Cents per share	2023		Cents per share	2023	Cents per share	2022
7.69	4,000	Prior year - final	8.65	4,500	7.69	4,000
7.69	4,000	Prior year - Interim	-	-	-	-
	8,000	Total dividends		4,500		4,000



Subsequent event - interim dividend

On 15 February 2024 the Board declared an interim dividend of \$3.50 million to be paid on 5 March 2024.

C4 Reserves

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			Unaudited For the six months ended 31 December		
2023			2023	2023	2023	2022	2022	2022
Revaluation Reserve			Revaluation Reserve	Cash Flow Hedge	Total	Revaluation Reserve	Cash Flow Hedge	Total
69,989	Balance 1 July		67,510	1,581	69,091	68,512	1,477	69,989
(898)	Revaluations in other comprehensive income		-	(915)	(915)	-	485	485
69,091	Balance at end of period		67,510	666	68,176	68,512	1,962	70,474

C5 Borrowings

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			Unaudited For the six months ended 31 December		
Drawn 2023	Un-drawn 2023		Facility 2023	Drawn 2023	Un-drawn 2023	Facility 2022	Drawn 2022	Un-drawn 2022
163	-	Current secured loans	-	160	-	-	140	-
37,824	-	Non-current secured loans	-	41,528	-	-	41,525	-
37,987	27,013	Total	65,000	41,688	23,312	65,000	41,665	23,335

Board of Directors

Jeff Kendrew, Chair
Wendie Harvey
Charlotte Littlewood
Kathy Meads
Steve Sanderson
Jamie Tuuta

Leadership Team

Simon Craddock, Chief Executive
Ross Dingle, GM Commercial
Pippa Farrell, HR Manager
John Maxwell, GM Infrastructure
Allan Melhuish, Chief Financial Officer
Alex Park, GM Operations
Alisha Picard, H&S Manager

Auditors

Deloitte Limited on behalf of the
Auditor-General

Photographs: pipGuthrie Photographer - www.pipphoto.co.nz
Mark Dwyer - www.markdwyer.co.nz
Design: Digital Fuel, daniel@digitalfuel.co.nz

Bankers

ASB Bank Limited

Solicitors

Govett Quilliam The Lawyers

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2-8 Bayly Road
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New Plymouth 4340
New Zealand

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Email: port@porttaranaki.co.nz



Port Taranaki Limited Half-Year Report



Date: 25 March 2024

Subject: Taranaki Stadium Trust: Half Year Report to 31 December 2023

Author: M J Nield, Director - Corporate Services

Approved by: S J Ruru, Chief Executive

Document: 3253856

Purpose

1. The purpose of this memorandum is to receive and consider the Taranaki Stadium Trust's half-year report for the six months ended 31 December 2023.

Recommendation

That Taranaki Regional Council:

- a) receives the Taranaki Stadium Trust's half-year report for the six months ended 31 December 2023.

Background

2. Pursuant to the *Local Government Act 2002* and the Taranaki Stadium Trust's Statement of Intent, the Trust produces a six-monthly financial report. Attached is the half-year report for the six months ended 31 December 2023.

Discussion

3. The focus of the first six months of 2023/2024 has been continuing the implementation of the Yarrow Stadium Plus repair and reinstatement project with a specific focus on the construction of the new East Stand.
4. The Stadium was operational throughout the six months hosting a wide range of local, regional and national events. Progress on the East Stand construction has been positive with the underground works complete and the above ground works underway. The East Stand remains on time and budget.
5. Financially, the Trust's performance is as established in the Statement of Intent. The financial report is unaudited.

Appendices/Attachments

Document 3246805: [Taranaki Stadium Trust Half Year Report and Financial Statements for the six months ended 31 December 2023](#)



Taranaki Stadium Trust



Taranaki Stadium Trust
Half Year Report – Unaudited
Six Months Ended 31 December 2023

VISION FOR YARROW STADIUM

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 fields 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.

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Document 3246805

Entity information for the Six Months Ended 31 December 2023

Legal name

Taranaki Stadium Trust

Type of entity and legal basis

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.

The Trust's purpose

The purpose 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.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of two Trustees who oversee the governance of the Trust. The Trustees are appointed by the Taranaki Regional Council. The Trust does not employ any staff. All the Trust's administrative and support services are undertaken by the Taranaki Regional Council. The operation of Yarrow Stadium is undertaken by the New Plymouth District Council pursuant to a Management Agreement.

Main sources of the Trust's cash and resources

Operating grants received from the Taranaki Regional Council are the primary sources of funding to the Trust.

Outputs

Refer to the statement of service performance.



Trustee's Report

The Trustees are pleased to present the Taranaki Stadium Trust's 2023/2024 Half-Year Financial Report.

The purpose 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, the New Plymouth District Council and the Taranaki Regional Council have a partnership arrangement for the operation and the development, maintenance and enhancement of the Yarrow Stadium facilities. Under the Trust Deed and the Management Agreement between the Trust and the New Plymouth District Council, the New Plymouth District Council operates and funds the operations of Yarrow Stadium. The Taranaki Regional Council funds, via the Trust, the long-term maintenance and development of Yarrow Stadium.

This partnership for funding and operating, maintaining and developing is designed to maintain Yarrow Stadium as the best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.

Highlights

The focus at Yarrow Stadium has been on the implementation of the Yarrow Stadium Plus repair and reinstatement project. During 2023/2024, the Stadium has been open to a wide-range of sporting, cultural and business events. by the Taranaki community.

The Trust and the Taranaki Regional Council, through their 2019/2020 Annual Plan process, agreed on a repair and refurbishment project to return Yarrow Stadium to its previous status as the nation's top regional venue. Over the last six months, significant progress has been made on the designing, contracting and building of the new East Stand. The new East Stand is forecast to open early 2025.

Yarrow Stadium is well regarded nationally and internationally and, as such, the Taranaki Stadium Trust is committed to getting Yarrow Stadium fully operational as soon as is practicable. The Trust shares the Taranaki Regional Council's vision for Yarrow Stadium, being:

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 fields 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.

The project has been challenging especially with the Covid-19 pandemic and the multiple flow on effects. The Trust is grateful to the significant efforts of many local and national contractors and consultants who have progressed the project forward at a remarkable pace.

The project faced significant financial challenges particularly around the budget for the construction of the new East Stand. The total budget increased from \$70m to \$79.7m with the additional \$9.7m being funded by the Taranaki Regional Council.

Trustee's Report

The Trust and the Council are working with the Yarrow Stadium operator, New Plymouth District Council, to seek ways to encourage increased use of the facility by a wider range of sporting and non-sporting organisations. The key achievements during the first half of the 2023/2024 were:

- Reopening of the stadium with eight Taranaki Bulls National Provincial Championship games including hosting the final – won by the Taranaki Bulls
- Multiple groups hiring the suites
- Multiple sports and community events hosted
- Completion of the Stage 1 and 1A ground works for the new East Stand
- Completion of the contractual negotiations for the build of the new East Stand
- Commencement of the build of the new East Stand.



Financial Highlights

The Trust's 2023/2024 funding is focussed around the delivery of the redevelopment project. With work on the West Stand, lights and main field complete and the Stadium operational again, the focus is on the construction of the new East Stand. To date the total project spend is \$44.5m. Funding is in place for the work to be completed. The delivery of the repair and recovery programme will require the Trust to borrow from the Taranaki Regional Council. The servicing of this debt will come from rates sourced Taranaki Regional Council funding.

Looking Ahead

Yarrow Stadium and the Trust face exciting times as the goal of returning the Stadium to full operational use is implemented.

Donna Cram
Trustee
27 February 2024

Michael Nield
Trustee
27 February 2024

Statement of Service Performance

Performance Targets

The performance of Taranaki Stadium Trust has been judged against the following measures:

The presence of a Management Agreement with the New Plymouth District Council for the operation of the Stadium

An agreement for the management and operation of Yarrow Stadium, between the Trust and the New Plymouth District Council, is in place. The original agreement for the Council to manage and operate the stadium was signed in 2004 and the latest renewal came into effect from 27 June 2013. New Plymouth District Council is operating Yarrow Stadium in accordance with the Management Agreement during 2023/2024.

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 Taranaki Regional Council has approved a \$79.7m repair and refurbishment project for Yarrow Stadium. The New Plymouth District Council and the Taranaki Regional Council have agreed upon a long-term maintenance and development programme for the ten years from 2016/2017 to 30 June 2025. In 2023/2024, the Taranaki Regional Council is providing funding of \$2,178,669 to the Taranaki Stadium Trust.

Asset management planning for Yarrow Stadium is on hold while the repair and refurbishment project is delivered. Funding has been used to deliver the repair and refurbishment project. Now the Stadium is operational, the focus is on the build of the new East Stand.



Statement of Financial Performance for the Six Months Ended 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
Revenue			
Funding from central or local government	1	5,710,658	2,437,520
Interest revenue		19,965	8,475
Rental revenue		42,437	34,217
Total revenue		5,773,059	2,480,212
Expenses			
Depreciation	6	404,116	412,552
Finance expenses	2	442,174	238,328
Other expenses	3	391,612	138,195
Total expenses		1,237,902	789,075
Surplus/(deficit)		4,535,157	1,691,137
Other comprehensive revenue			
Gains/(losses) on revaluation of Stadium	6	-	-
Total other comprehensive income		-	-
Total comprehensive income/(deficit)		4,535,157	1,691,137
Total comprehensive income/(deficit) attributable to:			
Taranaki Regional Council		4,535,157	1,691,137
Total comprehensive income/(deficit)		4,535,157	1,691,137

Statement of Changes in Equity for the Six Months Ended 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
Balance at 1 July		31,198,597	20,924,464
Surplus/(deficit) for the year		4,535,157	1,691,137
Other comprehensive income		-	-
Total comprehensive income/(deficit)		4,535,157	1,691,137
Balance at 31 December	4	35,733,754	22,615,601

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,438,994	2,382,149
Debtors and other receivables	7	1,051,311	315,144
Total current assets		3,490,305	2,697,293
Non-current assets			
Property, plant and equipment	6	56,031,657	44,142,382
Total non-current assets		56,031,657	44,142,382
Total assets		59,521,963	46,839,675
Liabilities			
Current liabilities			
Creditors and other payables	8	2,287,877	723,742
Borrowings	9	332	332
Total current liabilities		2,288,209	724,074
Non-current liabilities			
Borrowings	6	21,500,000	23,500,000
Total non-current liabilities		21,500,000	23,500,000
Total liabilities		23,788,209	24,224,074
Net assets		35,733,754	22,615,601
Equity			
Accumulated funds	4	33,467,232	20,310,601
Asset Revaluation Reserve	4	2,266,522	2,305,000
Total equity attributable to the Trust	4	35,733,754	22,615,601

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Six Months Ended 31 December 2023

	Notes	31 December 2023 \$	31 December 2022 \$
Cash flows from (used in) operating activities			
Funding from central or local Government		5,165,990	2,437,520
Rental revenue		41,470	31,878
Interest received		20,199	8,531
Payments to suppliers		(419,469)	(228,915)
Interest paid		(337,384)	(133,552)
Goods and services tax (net)		(228,268)	(274,740)
Net cash from (used in) operating activities	10	4,242,538	1,840,722
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(5,861,358)	(9,924,664)
Net cash from (used in) investing activities		(5,861,358)	(9,924,664)
Cash flows from (used in) financing activities			
Applied to borrowings		-	-
Provided from borrowings		2,000,000	9,000,000
Net cash from (used in) financing activities		2,000,000	9,000,000
Net (decrease)/increase in cash and cash equivalents		381,180	916,058
Opening cash and cash equivalents		2,057,814	1,466,091
Closing cash and cash equivalents	5	2,438,994	2,382,149

The goods and services tax (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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) 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 financial statements of the Trust are for the six months ended 31 December 2023. The financial statements were authorised for issue by the Board of Trustees on 27 February 2024.

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 six months ended 31 December 2023.

Changes in accounting policies

There have been no changes in accounting policies for the six months ended 31 December 2023.

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.

Notes to the Financial Statements

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.

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

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

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 an item of property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment 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.

Notes to the Financial Statements

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

In accordance with the Trust's Statement of Intent for the year to 30 June 2023, property is normally revalued on a three yearly cycle, however an additional revaluation was undertaken as at 30 June 2023.

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.

Notes to the Financial Statements

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 2023 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.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

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.

Notes to the Financial Statements

1. Funding from central or local government

	31 December 2023 \$	31 December 2022 \$
Annual grant from the Taranaki Regional Council	1,089,335	1,089,335
Crown Infrastructure Stadium Rebuild Funding	4,621,323	1,348,185
Total Funding from central or local Government	5,710,658	2,437,520

Donated goods or services not recognised:

During the year, the Trust received professional accounting and secretarial services from the Taranaki Regional Council at no charge.

2. Finance expenses

	31 December 2023 \$	31 December 2022 \$
Interest – TSB	5,911	2,549
Interest – Taranaki Regional Council	436,263	235,779
Total finance expenses	442,174	238,328

3. Other expenses

	31 December 2023 \$	31 December 2022 \$
Ancillary services	-	1,724
Audit fees	1,118	12,900
Bank charges	8	30
Charities commission	44	44
General expenses	720	-
Insurance	373,249	68,294
Legal expense	873	7,156
Rental expenses	13,368	7,475
Stadium repairs and maintenance	2,232	28,212
Valuation Fees	-	12,360
Total other expenses	391,612	138,195

4. Equity

	31 December 2023 \$	31 December 2022 \$
Accumulated funds		
Balance at 1 July	28,932,075	18,619,464
Surplus/(deficit) for the year	4,535,157	1,691,137
Other comprehensive income/(deficit)	-	-
Transfers to asset revaluation reserve	-	-
Balance at 31 December	33,467,232	20,310,601
Asset revaluation reserve		
Balance at 1 July	2,266,522	2,305,000
Movement in the asset revaluation reserve	-	-
Balance at 31 December	2,266,522	2,305,000
Total equity	35,733,754	22,615,601

Notes to the Financial Statements

5. Cash and cash equivalents

	31 December 2023 \$	31 December 2022 \$
TSB Bank current account	28,769	24,344
TSB Bank on call account	2,410,224	2,357,805
Total cash and cash equivalents	2,438,994	2,382,149

The carrying value of cash and cash equivalents approximates their fair value.

6. Property, plant and equipment

	31 December 2023 \$	31 December 2022 \$
Land at valuation		
Carrying amount at 1 July	4,981,739	4,455,000
Additions	-	565,217
Revaluation	-	-
Carrying amount at 31 December	4,981,739	5,020,217
Furniture, fittings and equipment		
Cost at 30 June previous year	3,327,010	3,324,495
Accumulated depreciation	(3,059,154)	(2,936,470)
Net book value previous year	267,856	388,025
Carrying amount at 1 July	267,856	388,025
Additions	-	32,080
Transfers	-	-
Depreciation	(18,730)	(106,110)
Carrying amount at 31 December	249,126	313,995
Buildings at valuation		
Cost at 30 June previous year	32,176,372	26,635,393
Accumulated depreciation	(424,855)	(810,592)
Net book value previous year	31,751,517	25,824,801
Carrying amount at 1 July	31,751,517	25,824,801
Additions	-	405,217
Transfers	-	-
Disposals	-	-
Depreciation	(385,386)	(306,442)
Revaluation	-	-
Carrying amount at 31 December	31,366,131	25,923,576
Office equipment		
Cost at 30 June previous year	16,430	16,430
Accumulated depreciation	(16,430)	(16,430)
Net book value previous year	-	-

Notes to the Financial Statements

	31 December 2023 \$	31 December 2022 \$	
Carrying amount at 1 July	-	-	
Additions	-	-	
Disposals	-	-	
Depreciation	-	-	
Carrying amount at 31 December	-	-	
Work in progress			
Cost at 30 June previous year	13,044,526	4,810,380	
Accumulated depreciation	-	-	
Net book value previous year	13,044,526	4,810,380	
Carrying amount at 1 July	13,044,526	4,810,380	
Additions	6,390,135	4,810,380	
Transfers	-	-	
Disposals	-	-	
Depreciation	-	-	
Revaluation	-	-	
Carrying amount at 31 December	19,434,662	12,884,593	
Total property, plant and equipment	56,031,657	44,142,382	
As at 31 December 2023			
	Cost or Valuation	Accumulated Depreciation	Carrying Amount
Land at valuation	4,981,739	-	4,981,739
Furniture, fittings and equipment at cost	3,327,010	3,077,884	249,126
Buildings at valuation	32,176,372	810,241	31,366,131
Office equipment at cost	16,430	16,430	-
Work in progress at cost	19,434,662	-	19,434,662
Total property, plant and equipment	59,936,213	3,904,555	56,031,657

Valuation

TSB Bank holds a restriction over the title of the Trust's property by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. No plant and equipment is pledged as security for liabilities. The land and buildings were valued, as at 30 June 2023, by Mike Drew, registered valuer, TelferYoung (Taranaki) Limited. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2023, to reflect this revaluation. The 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. The land is valued using market based sales evidence. The land's fair value at 30 June 2023 was \$4,981,739 and loss on revaluation of \$38,478 was recognised in the asset revaluation reserve.

Buildings are valued based on the depreciated replacement cost approach using assumptions the valuer believed to be fair and reasonable at the date of valuation. The total fair value of the buildings at 30 June 2023 was \$31,751,517. Gain on revaluation of the buildings of \$1,365,646 was recognised in the surplus or deficit.

Trust management has done an assessment of the 30 June 2023 valuation and is satisfied that this latest valuation is materially accurate.

Notes to the Financial Statements

Background

During the 2017/2018 year, detailed seismic assessments were completed on the East and West Stands of Yarrow Stadium. The assessments indicated that the East Stand was 10% of new building standard and the West Stand was 20% of new building standard. As such both stands were earthquake prone buildings and were closed from use.

The Trust is committed to the repair of the stands and the investigations on the repair and rebuild options has been completed. The Taranaki Regional Council has approved the repair and refurbishment of Yarrow Stadium. The project will include repairs to the earthquake-prone West Stands and the build of a new East Stand. Other important refurbishments include LED pitch lighting and the reinstatement of Field 1.

The estimated total cost is \$79.7 million which will be funded by a \$30m "shovel-ready" grant from the Government and a loan through Taranaki Regional Council.

The repair of the West Stand is complete. The reinstatement of Field 1 and upgraded lights is also complete, with the stadium reopening in September 2022. The East Stand is currently under construction and is planned to open in time for the winter 2025 sports season.

7. Debtors and other receivables

	31 December 2023 \$	31 December 2022 \$
GST refund	422,239	312,805
Taranaki Regional Council	626,367	-
Rental revenue	2,705	2,339
Total debtors and other receivables	1,051,311	315,144

8. Creditors and other payables

	31 December 2023 \$	31 December 2022 \$
Taranaki Regional Council	256,635	198,546
Trade payables and accruals	2,031,242	525,196
Total creditors and other payables	2,287,877	723,742

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying values approximate their fair value.

9. Borrowings

	31 December 2023 \$	31 December 2022 \$
TSB Bank Liberty Revolving credit facility	332	332
Total current liability borrowings	332	332
Taranaki Regional Council loan	21,500,000	23,500,000
Total non-current liability borrowings	21,500,000	23,500,000

The TSB Bank Liberty Revolving credit facility has a draw down limit of \$5,000,000 and is secured by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. Interest is incurred at a 8.12% variable rate as at 31 December 2023 (2022: 6.87%). The Taranaki Regional Council loan has a draw down facility of \$35,000,000 which is unsecured. Interest is incurred at a 4.6% weighted average rate as at 31 December 2023 (2022: 3.70%).

Notes to the Financial Statements

10. Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual \$	Actual \$
	31 December	31 December
	2023 \$	2022 \$
Surplus/(deficit)	4,535,157	1,691,137
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation expense	404,116	412,552
<i>Add/(less) movements in working capital items</i>		
Creditors and other payables	160,321	14,056
Debtors and other receivables	(857,056)	(277,023)
Net cash from operating activities	4,242,538	1,840,722

11. Related parties

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

The Taranaki Regional Council is deemed to be a related party of Taranaki Stadium Trust. The Trust has a \$21,500,000 loan from the Council as at 31 December 2023. (2022: \$23,500,000).

The Trust owns Yarrow Stadium, but, the New Plymouth District Council manages and operates the Stadium, in accordance with a Management Agreement, between the two parties. In relation to the six months ending 31 December 2023, no debts between the parties were written off or forgiven, and no transactions took place between the parties at nil or nominal value. The Trust does not have any employees. No Trustee fees were paid during the year.

12. Capital commitments

The Trust has capital commitments of \$30.0m as at 31 December 2023 (31 December 2022: \$1.2m).

13. Contingent liabilities

There are no contingent liabilities at 31 December 2023 (31 December 2022: \$nil).

14. Contingent assets

There are no contingent assets at 31 December 2023 (31 December 2022: \$nil).

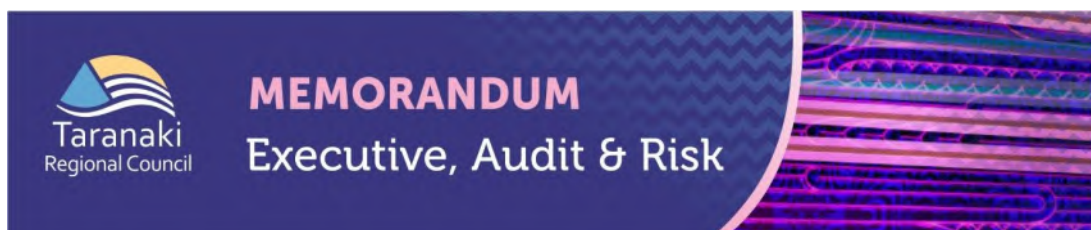
15. Events after the balance sheet date

The Trust has no material events subsequent to balance date. (31 December 2022: \$nil).

Trust Directory

Taranaki Stadium Trust

Nature of business:	Charitable Trust
Trustees:	Donna Cram Michael Nield
Trust Settlement Date:	23 December 1999
Address:	C/- Taranaki Regional Council Private Bag 713 Stratford 47 Cloten Road Stratford
Bankers:	TSB Bank New Plymouth
Solicitors	Till Henderson Stratford
Auditors:	Matt Laing Deloitte Limited on behalf of the Auditor-General



Date: 25 March 2024

Subject: **Yarrow Stadium Plus: Project Update**

Author: J Paterson, Project Lead

Approved by: M J Nield, Director - Corporate Services

Document: 3253733

Purpose

1. The purpose of this memorandum is to provide an update on the Yarrow Stadium Plus Project.

Recommendation

That Taranaki Regional Council:

- a) notes the progress to date and the next steps on the Yarrow Stadium Plus Redevelopment Project.

Background

2. Yarrow Stadium's stands were earthquake prone buildings. The East Stand was identified as earthquake-prone in November 2017 and the West Stand as earthquake-prone in May 2018. Both were closed as a matter of public safety.
3. In the *2019/2020 Annual Plan*, the Council adopted a repair and refurbishment programme for Yarrow Stadium, which included the repair/refurbishment of the two stands and the delivery of a range of essential upgrades.

General Project Update

4. The Stage two contract, the final major contract for the project, was signed on 28 June 2023. This followed the decision to approve an additional \$9.7m, increasing the total project budget to \$79.7m.
5. Following our decision to increase the budget, an updated agreement was developed with Crown Infrastructure Partners (CIP). This agreement includes the project milestones, which are where we draw down the Government funding. This was signed in November with funding drawdowns allocated through to the end of the project.
6. The Director - Corporate Services, Project Steering Group (PSG) and Project Lead continue to build and maintain a strong relationship with CIP, to ensure a true partnership approach is taken to this project. A site visit with CIP's Chief Executive and new General Manager of Infrastructure is expected in early 2024.
7. We continue engagement with New Plymouth District Council (NPDC) on future stadium operation. The Director - Corporate Services has reengaged NPDC regarding the Yarrow Stadium Joint Committee

and the terms of reference have been updated to reflect the new facility, the feedback received from the regional community and our decisions on the vision for the Stadium.

8. We have been working with the stadium operator to refine maintenance programmes and cost to ensure efficient and effective maintenance occurs at a standard expected of our stadiums vision.
9. Minor end of season pitch renovations during October and November 2023 have been undertaken by an external contractor under the guidance of the NPDC Parks Operations team. We are pleased with the works completed and renovations undertaken. An independent turf expert continues to provide NPDC support and guidance on ongoing maintenance and nutrient levels of the pitch.
10. A community open day(s) is being worked through by the project team and main contractor to give the public the opportunity to visit site at various key moments during the construction throughout 2024.

East Stand

11. The new East Stand design reflects the changing nature of sport in New Zealand and internationally. The new design is intended to deliver a superior player and spectator experience for both community use and international events in comparison to the previous stand, while also minimising whole of life cost.
12. The design principles underpinning the project vision have ensured that the building realised is fit for purpose:
 - Scalable: The campus supports local and regional event delivery but can easily accommodate additional infrastructure to host national and international events
 - Affordable: The campus is easy to access, configure and operate for community and commercial users minimising the logistics and cost of event delivery
 - Flexible: The campus spaces and design lend themselves to multiple uses, easily changing form to support desired functions
 - Desirable: campus is designed to delight every player and spectator and is recognised as 'the place to play' at all levels of sport
 - Accessible: The development of the campus allows for clear sightlines, ease of movement across different fields and spaces, and simple wayfinding for all users
 - Provincial Spirit: The campus inspires regional pride, ownership, and connectivity, bringing together people with different interests and passions
 - Innovative: The stadium provides a full and rich end-to-end user experience, through the use of smart technology and adaptable spaces throughout the campus
 - Connected: The campus is naturally accessible and connected throughout, making it practical and fit-for-purpose for all commercial and community events.
13. The new stand is 8 metres closer to the field, which is supported by Rugby New Zealand and New Zealand Football, to create a better atmosphere for players and spectators.
14. The East Stand consenting strategy was two staged, allowing contractor input on buildability of the design and to assist with project programme.
 - Stage 1 – Piling and bulk civil works, preparation for foundations and pad.
 - Stage 2 – Remaining building works to complete.
15. Stage 1 and Stage 1A are now complete.
16. Stage two is underway onsite. The structural steel for the northern and southern lift towers has been erected onsite ahead of programme. This was completed before the holiday break. Works following the break has focused on continuing preparations for framing and plumbing works preparation.

17. The next phase of structural steel (columns and core steel for the main frame) is well underway and on programme.
18. The installation of precast concrete stair treads and landings to the stair towers has been complete. The nibs for ground floor walls are also being installed.
19. Offsite: precast panel construction has been completed and the first of the precast bleacher units is underway
20. The programme to meet the contractual practical completion date of 31 March 2025 remains on track.

Public Excluded Recommendations – Executive Audit and Risk Committee 25 March 2024

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 25 March 2024 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 17 – Confirmation of Public Excluded Executive Audit and Risk Minutes – 19 February 2024

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 18 – Yarrow Stadium Plus: Project Steering Group Report

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: 18 Yarrow Stadium Plus: Project Steering Group Report	The report contains information relating to performance of the contractor which is subject to ongoing monitoring and negotiation.	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 Local Government Official Information and Meetings Act 1987

AGENDA AUTHORISATION

Agenda for the Executive, Audit and Risk Committee meeting held on Monday 25 March 2024

Approved:

A handwritten signature in blue ink, appearing to read 'S J Ruru', is positioned above the printed name.

13 Mar, 2024 7:11:31 PM GMT+13

S J Ruru

Chief Executive