



# **AGENDA**

# Executive, Audit & Risk

Monday 27 March 2023, 10am

## Executive Audit and Risk Committee

27 March 2023 10:00 AM



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### Whakataka te hau

#### *Karakia to open and close meetings*

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

### Nau mai e ngā hua

#### *Karakia for kai*

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



**Date** 27 March 2023

**Subject:** **Executive, Audit and Risk Committee Minutes - 13 February 2023**

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

**Document:** 3156723

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### **Recommendations**

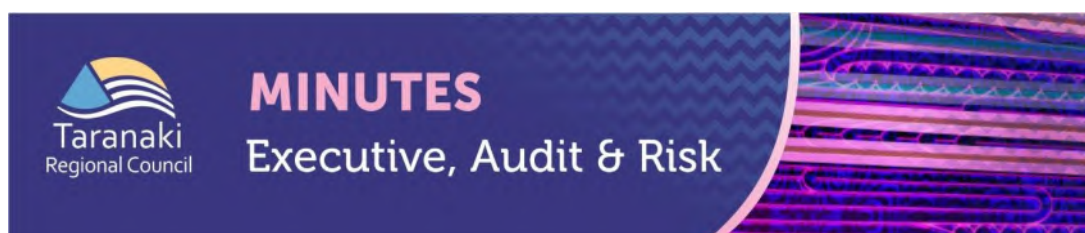
That the Taranaki Regional Council:

- a) takes as read and confirms the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 13 February at 10am
- b) notes the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 28 February 2023.

### **Matters arising**

### **Appendices/Attachments**

Document: 3146415 Minutes Executive Audit and Risk Committee – 13 February 2023



**Date** Monday 13 February 2023, 10am  
**Venue:** Taranaki Regional Council Boardroom, 47 Cloten Road, Stratford  
**Document:** 3146415

<b>Members</b>	Councillors	M J Cloke	<i>Chair</i>
		S W Hughes	
		A L Jamieson	
		D H McIntyre	
		C S Williamson	
		C L Littlewood	<i>ex officio</i>
		N W Walker	<i>ex officio</i>
<b>Attending</b>	Mr	S J Ruru	Chief Executive
	Mr	M J Nield	Director – Corporate Services
	Ms	R Johnson	Financial Services Manager
	Mr	C Woollin	Communications Advisor
	Mr	S Williams	Manager -BITS
	Mrs	M G Jones	Governance Administrator

**Apologies:** No apologies

**1. Confirmation of Minutes Executive Audit and Risk – 5 December 2022**

**Resolved**

That the Taranaki Regional Council:

- a) takes as read and confirms the minutes of the Executive, Audit and Risk Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council chambers, 47 Cloten Road, Stratford on Monday 5 December 2022 at 10am
- b) noted the recommendations therein were adopted by the Taranaki Regional Council on Tuesday 13 December 2022.

Williamson/Walker

**2. Financial and Operational Report**

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

**Resolved**

That the Taranaki Regional Council:

- a) received the Memorandum *Financial Operational Report* and the November 2022 Monthly Financial Reports
- b) noted the digital media update.

Williamson/Littlewood

**3. Quarterly Operational Report – December 2022**

- 3.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum to provide members with update and consider the QOR for the quarter ended 31 December 2022.

**Resolved**

That the Taranaki Regional Council:

- a) received the *Quarterly Operation Report for the quarter ended 31 December 2022*.

Williamson/Cloke

**4. Health and Safety**

- 4.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum providing an update on Health and Safety

**Resolved**

That the Taranaki Regional Council:

- a) received the November and December 2022 health and safety reports.

Walker/Cloke

**5. Digital Strategy**

- 5.1 Mr M J Nield, Director – Corporate Services, spoke to the memorandum providing an update and asked the Committee to consider and adopt the Digital Strategy
- 5.2 Mr S Williams Manager – BITS gave a PowerPoint presentation on the Digital Strategy and answered questions from Committee Members.

**Resolved**

That the Taranaki Regional Council:

- a) received the *Digital Strategy* memorandum
- b) adopted the Digital Strategy
- 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. Public Excluded - Executive, Audit & Risk Committee**

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 Committee Meeting on Monday 12 September 2022 for the following reason/s:

**Item 6 - Confirmation of PE Minutes EAR 5 Dec 2022**

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 7 - Yarrow Stadium Plus: Project Steering Group Report**

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:

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

**Item 8 – Port Taranaki Directorships**

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

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
Port Taranaki Limited - Appointment of Directors.	To protect the privacy of natural persons, including that of deceased natural persons.	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) (a) of the <i>Local Government Official Information and Meetings Act 1987</i> .

**Item 9 – Regional Software Holdings Ltd Appointment of Directors**

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:

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
Regional Software Holdings Limited (RSHL) - Appointment of Directors.	To protect the privacy of natural persons, including that of deceased natural persons.	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) (a) of the <i>Local Government Official Information and Meetings Act 1987</i> .

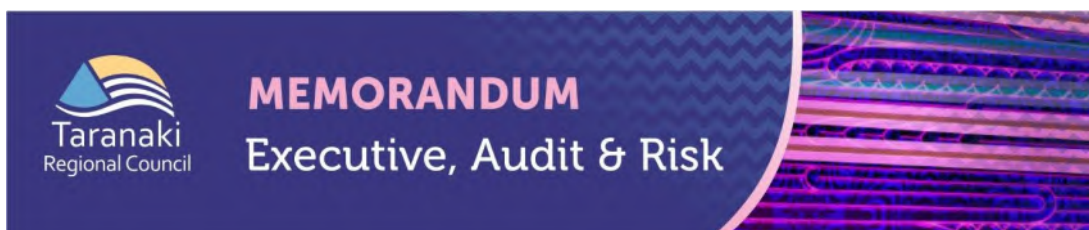


There being no further business, the Committee Chairperson, Councillor M J Cloke, declared the open meeting of the Executive, Audit and Risk Committee closed at 11.00am.

**Executive, Audit and Risk**

**Committee Chairperson:** \_\_\_\_\_

**M J Cloke**



**Date** 27 March 2023

**Subject:** **Financial and Operational Report**

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

**Document:** 3153125

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### **Purpose**

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

### **Recommendations**

That the Taranaki Regional Council:

- a) receives the memorandum *Financial and Operational Report* and the January 2023 Monthly Financial Report
- b) notes the digital media update
- c) approves the common seal transactions:
  - 2022/03 – Renewal of lease – Waitara Boating Club
  - 2022/04 – Renewal of Lease – Molten Metals Limited.

### **Background**

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

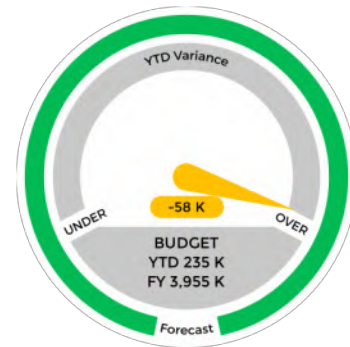
### **Operational Report**

3. Programmes are materially on target with the planned levels of activity established for 2022/2023 in the *2022/2023 Annual Plan*.

### **Discussion**

4. Attached is the Monthly Financial Report for January 2023.

5. 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.
6. 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.
7. 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.
8. 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.
9. Financially, the Council is in-line with the estimates established for 2022/2023 in the *2022/2023 Annual Plan*.
10. At 31 January 2023, the overall financial result is ahead of budget.
11. Significant income and expenditure variances by activity (plus or minus \$100,000) are:



- *Resource management planning* - \$132,409 under budget due to staff vacancies and underspend on consultants.
- *Consent processing and administration* - \$160,727 over budget due to increased workload and demand in resource consents.
- *State of the environment* - \$100,844 under budget mainly due to staff vacancies.
- *Sustainable land management plans and plant supply programme* - \$104,986 over budget due to higher vehicle and overhead expenses than planned.
- *Enhancement grants* - \$447,594 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year-end.
- *Resource management direct charges revenue* - \$170,970 under budget due to the timing of revenue across departments, except for *Pollution incidents and response* revenue which is expected to remain under budget for the remainder of the year due to the large number of responses that have not been recoverable.
- *Towards Predator-Free Taranaki* - \$250,601 under budget. Planning to utilise this underspend to give greater support to landowners later in the year.
- *Biosecurity and biodiversity direct charges revenue* - \$123,702 under budget due to lower pest product and trap sales.
- *Transport direct charges* - \$255,473 under budget due to the impact of half-price fares.
- *Transport government grants* - \$585,478 over budget due to increased claims because of half-price bus fares, higher mobility trips and early infrastructure costs.

## Communication and Engagement

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

- The Regional Council website was visited by 29K individuals from 27 Jan to 13 March, 2023 – a 30% increase on the same period the previous year.
- A programme of public consultation on transport began on 15 March 2023. This includes an [interactive online engagement tool](#) where people can complete surveys, leave comments and ask questions.
- The first Talking Taranaki newsletter for 2023 was published in community newspapers w/c 13 March and sent to approx. 8,5000 stakeholders by electronic direct mail (EDM).
- From 27 January to 13 March the Council sent five media releases, responded to six media inquiries and sent six EDMs (excluding Talking Taranaki) to a combined 4,000 plus people. This included the [Autumn Pest Bulletin](#) and an update on riparian plant ordering.
- The team co-ordinated and/or provided engagement and marketing support to several events including the Egmont A&P show, Inglewood Environment Expo and stakeholder biosecurity events.

## Social Media

13. Social media is an important communication and marketing channel for the Council. It is continually changing and adapting – what worked last month may not work this month. A new social media strategy is currently in development to ensure we are reaching our target audiences in the most effective way, with the most effective content.

Facebook pages 27 Jan - 13 March (as compared to previous period)	Followers	Reach	Engagement
Taranaki Regional Council Facebook	6,505	19,333 (down 43.9%)	1,339
Taranaki Public Transport Facebook	2,051	23,643 (up 59%)	710
Tūpare Facebook	2,300	15,180 (down 23%)	142
Pukeiti Facebook	3,495	10,687 (down 47%)	76
Hollard Gardens Facebook	2,673	15,868 (up 5%)	267
Towards Predator-Free Taranaki Facebook	2,593	12,981 (up 62%)	634
Yarrow Stadium Facebook	3,800	2,141 (up 653%)	49
Enviroschools Facebook	585		60

## Other social media platforms

14. The Taranaki Regional Council Instagram page has 1,623 followers and in the last 90 days reached 4.2K people, with engagement of 342. This is a 111% increase from the previous 90 day period.
15. Each regional garden has its own Instagram page with a combined 1,900 followers. In the last 90 days they had a combined reach of 974 and engagement 51.
16. The Towards Predator-Free Taranaki Instagram page has 179 followers, with a reach over the past 90 days of 573 and 124 users engaging.
17. The Taranaki Regional Council LinkedIn page has 1,370 followers. Historically it has been used mainly for sharing job vacancies, however is likely to be used more widely and strategically going forward.
18. A review of the TRC Twitter page is also under way, as well as other potential channels.

Top Facebook posts -27 January to 13 March 2023		Reach	Engagement
1	Cancellation of bus services 14 Feb 2023 <b>Taranaki Public Transport</b>	18.8K	180
2	Sea lice warning <b>Taranaki Regional Council</b>	10.2K	40
3	Once Upon a Time event <b>Tūpare</b>	9.2K	
4	Tūi sculpture sold (shared from Stuff) <b>Towards Predator-Free Taranaki</b>	8.8K	78
5	Thanks for your patience and understanding (14 Feb) <b>Taranaki Public Transport</b>	7.3K	61
6	Amazing last few days for Coastal and Marine Scientists (photos of coastal monitoring) <b>Taranaki Regional Council</b>	3.8K	128
7	Preparing for winter vegetables event <b>Hollard Gardens</b>	3.6K	
8	Seaweeek celebrations on now <b>Taranaki Regional Council</b>	3.2K	96
9	Come and join us for Seaweeek celebrations <b>Taranaki Regional Council</b>	2.8K	52
10	Happy International Women's Day <b>Taranaki Regional Council</b>	2.7K	98

### Common Seal

19. The following transactions were executed under Common Seal:

- 2022/03 - Renewal of lease - Waitara Boating Club
- 2022/04 - Renewal of Lease - Molten Metals Limited.

### Financial considerations—LTP/Annual Plan

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

### **Policy considerations**

21. 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**

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

### **Community considerations**

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

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3150748: January 2023 Financial Report



JANUARY 2023

# MONTHLY FINANCIAL REPORT

TARANAKI REGIONAL COUNCIL





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## Executive summary

### Financial performance

FINANCIAL INDICATORS					
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%					
Total revenue		Operating expenditure		Operating surplus/deficit	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council’s activities:		Council’s total revenue less operating expenditure:	
Actual YTD:	Trend:	Actual YTD:	Trend:	Actual YTD:	Trend:
\$21.9M	\$520.3K over budget ↓	\$23.7M	\$276.8K over budget ↑	\$-1.8M	\$243.5K ahead of budget ↑
Against a YTD budget of \$21.4M and a full year budget of \$46.6M.		Against a YTD budget of \$23.4M and a full year budget of \$47.5M.		Against a YTD budget of \$-2.0M and a full year budget of \$-1.0M.	

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

### Commentary and variances

As at 31 January 2023, the overall financial result is better than 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.

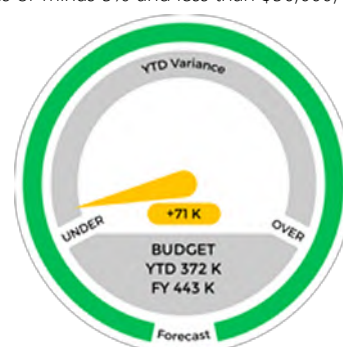
### For each Group of Activities:

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			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Cost of services</b>							
Resource management	1,135,141	1,385,531	250,390	10,961,195	10,513,483	-447,712	23,726,046
Biosecurity and biodiversity	423,455	623,227	199,772	3,852,614	4,194,760	342,146	8,012,037
Transport	503,471	516,989	13,518	3,692,352	3,663,054	-29,298	6,407,534
Hazard management	57,447	87,670	30,223	499,688	627,872	128,184	1,097,123
Recreation culture and heritage	230,370	264,075	33,705	3,151,638	3,089,777	-61,861	5,633,158
Regional representation advocacy and investment management	122,458	159,204	36,746	1,290,135	1,284,546	-5,589	2,128,388
<b>Total operating expenditure</b>	<b>2,472,342</b>	<b>3,036,696</b>	<b>564,354</b>	<b>23,447,621</b>	<b>23,373,492</b>	<b>-74,129</b>	<b>47,004,286</b>
<b>Revenue from exchange transactions</b>							
Direct charges revenue	968,359	1,252,165	-283,806	2,855,564	3,202,795	-347,231	5,048,875
Rent revenue	80,123	110,000	-29,877	956,407	770,000	186,407	1,260,000
Dividends	0	0	0	4,000,000	4,000,000	0	8,000,000
<b>Revenue from non-exchange transactions</b>							
General rates revenue	0	0	0	5,900,668	5,900,668	0	11,801,335
Targeted rates revenue	0	0	0	2,382,893	2,382,906	-13	4,765,811
Direct charges revenue	93,872	207,111	-113,239	2,319,564	2,876,616	-557,052	11,229,886
Government grants	257,144	194,091	63,053	2,760,414	2,109,637	650,777	3,750,071
Vested assets	0	0	0	0	0	0	0
<b>Total income</b>	<b>1,399,499</b>	<b>1,763,367</b>	<b>-363,868</b>	<b>21,175,510</b>	<b>21,242,622</b>	<b>-67,112</b>	<b>45,855,978</b>
<b>Operating surplus/(deficit) before finance income/expenses &amp; taxation</b>	<b>-1,072,843</b>	<b>-1,273,329</b>	<b>200,486</b>	<b>-2,272,111</b>	<b>-2,130,870</b>	<b>-141,241</b>	<b>-1,148,308</b>
Finance income	98,023	16,666	81,357	749,658	162,228	587,430	655,659
Finance expense	-12,512	0	12,512	-248,290	-45,566	202,724	-455,659
Net finance expense	85,511	16,666	68,845	501,368	116,662	384,706	200,000
<b>Operating surplus before taxation</b>	<b>-987,332</b>	<b>-1,256,663</b>	<b>269,331</b>	<b>-1,770,743</b>	<b>-2,014,208</b>	<b>243,465</b>	<b>-948,308</b>
<b>Other gains/losses</b>							
Gains/(losses) on revaluation of properties	0	0	0	0	0	0	0
<b>Operating surplus before taxation</b>	<b>-987,332</b>	<b>-1,256,663</b>	<b>269,331</b>	<b>-1,770,743</b>	<b>-2,014,208</b>	<b>243,465</b>	<b>-948,308</b>
Income tax expense	0	0	0	0	0	0	10,000
<b>Surplus/(deficit) for the period</b>	<b>-987,332</b>	<b>-1,256,663</b>	<b>269,331</b>	<b>-1,770,743</b>	<b>-2,014,208</b>	<b>243,465</b>	<b>-958,308</b>
<b>Other comprehensive income</b>							
Revaluation of property, plant and equipment	0	0	0	0	0	0	0
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating surplus/(deficit)</b>	<b>-987,332</b>	<b>-1,256,663</b>	<b>269,331</b>	<b>-1,770,743</b>	<b>-2,014,208</b>	<b>243,465</b>	<b>-958,308</b>

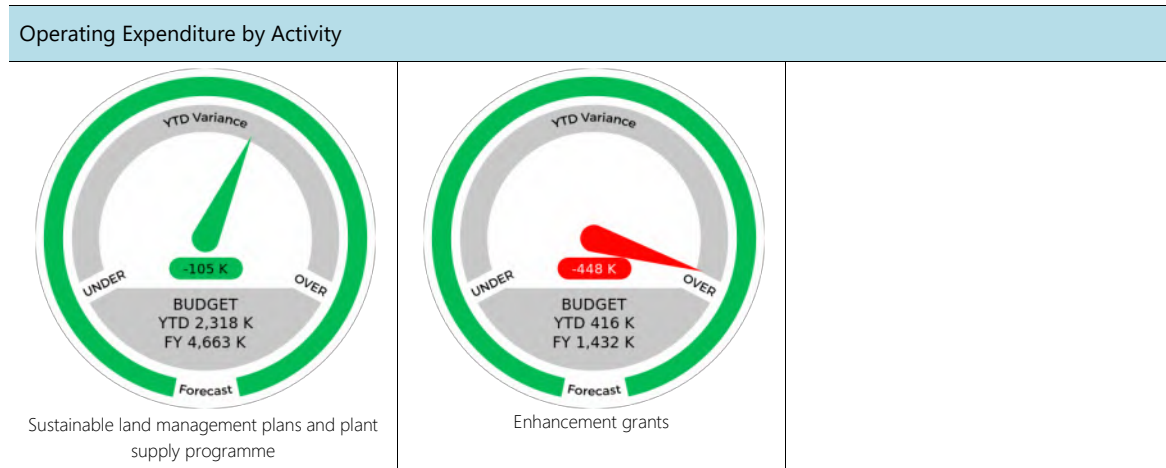
## Resource management

### 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:
\$4.5M	\$105.7K under budget ↓	\$11.0M	\$447.7K over budget ↑
Against a YTD budget of 4.6M and a full year budget of 13.1M.		Against a YTD budget of 10.5M and a full year budget of 23.7M.	

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 - \$132,409 under budget due to staff vacancies and underspend on consultants.

Consent processing and administration - \$160,727 over budget due to increased workload and demand in resource consents.

State of the environment monitoring - \$100,844 under budget due to staff vacancies.

Sustainable land management plans and plant supply programme - \$104,986 over budget due to higher vehicle and overhead expenses than planned.

Enhancement grants - \$447,594 over budget due to the timing of STRESS expenditure. This is expected to be on budget at year end.

Direct Charges Revenue - \$170,970 under budget due to the timing of revenue across departments, except for Pollution incidents and response revenue which is expected to remain under budget for the remainder of the year due to the large number of responses that have not been recoverable.

## RESOURCE MANAGEMENT

## Cost of services statement

RESOURCE MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Resource management planning	64,339	108,576	44,237	650,960	783,369	132,409	1,347,377
Consent processing and administration	94,217	86,751	-7,466	807,108	646,381	-160,727	1,103,337
Compliance monitoring programmes	335,752	406,565	70,813	2,951,683	2,968,409	16,726	5,116,784
Pollution incidents and response	86,311	98,988	12,677	728,740	719,816	-8,924	1,240,059
State of the environment monitoring	238,470	307,630	69,160	2,134,359	2,235,203	100,844	3,850,072
Resource investigations and projects	43,605	60,473	16,868	401,744	426,309	24,565	730,565
Sustainable land management plans and plant supply programme	238,933	277,739	38,806	2,422,702	2,317,716	-104,986	4,662,752
Waitara River catchment	0	0	0	25	0	-25	4,243,214
Enhancement grants	33,514	38,809	5,295	863,874	416,280	-447,594	1,431,886
<b>Total expenditure</b>	<b>1,135,141</b>	<b>1,385,531</b>	<b>250,390</b>	<b>10,961,195</b>	<b>10,513,483</b>	<b>-447,712</b>	<b>23,726,046</b>
<b>Income</b>							
General rates	33,808	33,808	0	3,169,794	3,169,794	0	5,676,920
Direct charges	1,074,732	1,322,044	-247,312	3,639,298	3,810,268	-170,970	12,019,971
Government grants	0	0	0	816,299	751,000	65,299	1,116,000
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	-63,500	0	-63,500	-537,698	0	-537,698	-70,000
Investment funds	90,101	29,678	60,423	3,873,502	2,782,420	1,091,082	4,983,155
<b>Total income</b>	<b>1,135,141</b>	<b>1,385,530</b>	<b>-250,389</b>	<b>10,961,194</b>	<b>10,513,482</b>	<b>447,712</b>	<b>23,726,046</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>0</b>

## Biosecurity and biodiversity

### Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$1.3M	\$123.7K under budget ↓	\$3.9M	\$342.1K under budget ↑
Against a YTD budget of 1.4M and a full year budget of 2.9M.		Against a YTD budget of 4.2M and a full year budget of 8.0M.	

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

### Commentary and variances

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

Towards Predator Free Taranaki - \$250,601 under budget. Planning to utilise this underspend to give greater support to landowners later in the year.

Direct Charges - \$123,702 under budget due to lower pest product and trap sales year to date.





## BIOSECURITY AND BIODIVERSITY

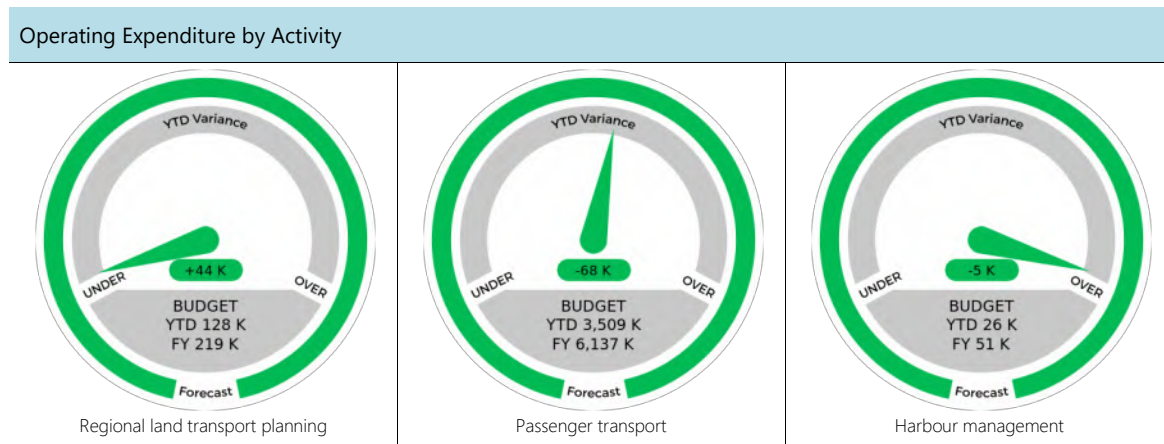
## Cost of services statement

BIOSECURITY AND BIODIVERSITY							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Biosecurity and biodiversity planning	4,241	7,377	3,136	43,361	53,159	9,798	91,458
Biosecurity/pest management	156,760	243,661	86,901	1,255,094	1,305,688	50,594	2,521,459
Biodiversity	95,623	121,234	25,611	1,114,748	1,145,900	31,152	1,884,343
Towards Predator-Free Taranaki	166,831	250,955	84,124	1,439,412	1,690,013	250,601	3,514,777
<b>Total expenditure</b>	<b>423,455</b>	<b>623,227</b>	<b>199,772</b>	<b>3,852,614</b>	<b>4,194,760</b>	<b>342,146</b>	<b>8,012,037</b>
<b>Income</b>							
General rates	321,420	321,420	0	1,463,725	1,463,725	0	2,614,240
Direct charges	9,276	19,667	-10,391	1,322,486	1,446,188	-123,702	2,853,038
Transfer from reserves	0	0	0	0	0	0	250,000
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	92,759	282,140	-189,381	1,066,402	1,284,847	-218,445	2,294,759
<b>Total income</b>	<b>423,455</b>	<b>623,227</b>	<b>-199,772</b>	<b>3,852,614</b>	<b>4,194,760</b>	<b>-342,146</b>	<b>8,012,037</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Transport

### Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): <span style="color: yellow;">●</span> ≥5% and <span style="color: red;">●</span> <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:
\$2.3M	\$330.0K over budget 	\$3.7M	\$29.3K over budget 
Against a YTD budget of 2.0M and a full year budget of 3.8M.		Against a YTD budget of 3.7M and a full year budget of 6.4M.	



Key	YTD Variance
<span style="color: green;">■</span>	< 5% and less than \$50,000
<span style="color: yellow;">■</span>	≥ 5% < 10% and between \$50,000 and \$100,000
<span style="color: red;">■</span>	≥ 10% and greater than \$100,000

### Commentary and variances

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

Direct Charges - \$255,473 under budget due to the impact of half price fares.

Government Grants - \$585,478 over budget due to increased claims because of half price fares, higher mobility trips and early infrastructure costs.



## TRANSPORT

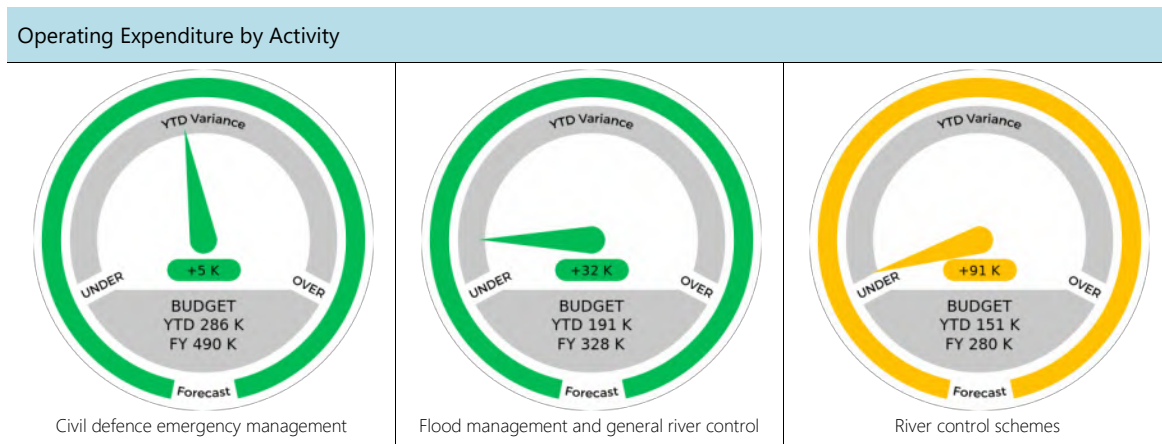
## Cost of services statement

TRANSPORT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Regional land transport planning	7,732	17,586	9,854	83,837	127,745	43,908	219,484
Passenger transport	478,289	498,903	20,614	3,577,359	3,509,309	-68,050	6,137,050
Harbour management	17,450	500	-16,950	31,156	26,000	-5,156	51,000
<b>Total expenditure</b>	<b>503,471</b>	<b>516,989</b>	<b>13,518</b>	<b>3,692,352</b>	<b>3,663,054</b>	<b>-29,298</b>	<b>6,407,534</b>
<b>Income</b>							
General rates	121,685	121,685	0	388,687	388,687	0	433,062
Targeted rates	0	0	0	913,752	913,752	0	1,827,505
Direct charges	33,092	94,399	-61,307	405,320	660,793	-255,473	1,132,757
Government grants	257,144	194,091	63,053	1,944,115	1,358,637	585,478	2,634,071
Government grants for capital	0	0	0	0	0	0	0
Transfer from reserves	0	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0	0
Investment funds	91,550	106,814	-15,264	40,477	341,185	-300,708	380,139
<b>Total income</b>	<b>503,471</b>	<b>516,989</b>	<b>-13,518</b>	<b>3,692,352</b>	<b>3,663,054</b>	<b>29,298</b>	<b>6,407,534</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Hazard management

### Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): <span style="color: yellow;">●</span> ≥5% and <span style="color: red;">●</span> <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.0M	\$0.6K over budget 	\$0.5M	\$128.2K under budget 
Against a YTD budget of 0.0M and a full year budget of 0.0M.		Against a YTD budget of 0.6M and a full year budget of 1.1M.	



Key	YTD Variance
<span style="color: green;">■</span>	< 5% and less than \$50,000
<span style="color: yellow;">■</span>	≥ 5% < 10% and between \$50,000 and \$100,000
<span style="color: red;">■</span>	≥ 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

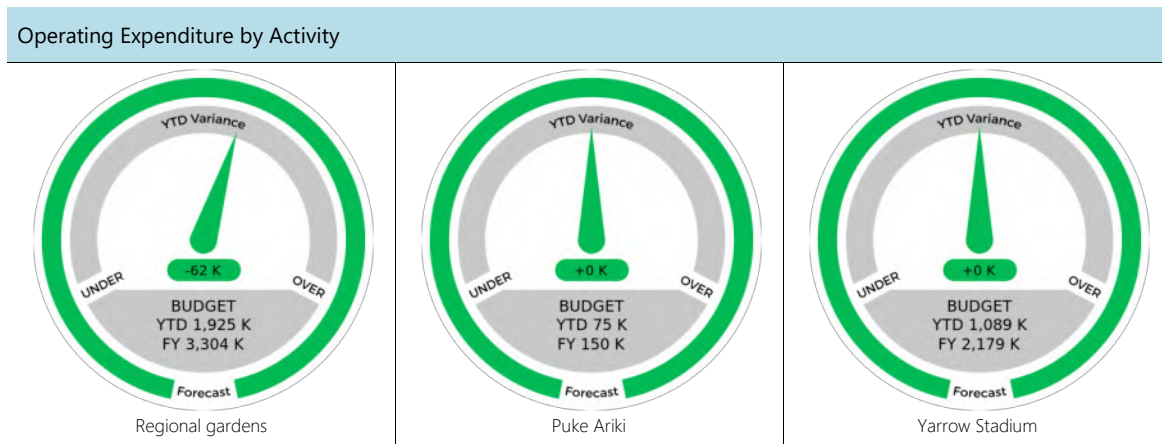
## Cost of services statement

HAZARD MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Civil defence emergency management	40,066	40,800	734	280,459	285,600	5,141	489,600
Flood management and general river control	15,337	27,277	11,940	159,317	191,461	32,144	327,965
River control schemes	2,044	19,593	17,549	59,911	150,811	90,900	279,558
<b>Total expenditure</b>	<b>57,447</b>	<b>87,670</b>	<b>30,223</b>	<b>499,688</b>	<b>627,872</b>	<b>128,184</b>	<b>1,097,123</b>
<b>Income</b>							
General rates	46,688	46,688	0	152,939	152,939	0	249,385
Targeted rates	0	0	0	379,818	379,820	-2	759,637
Direct charges	29	0	29	550	0	550	0
Government grants	0	0	0	0	0	0	0
Transfer from reserves	6,637	0	6,637	57,073	0	57,073	0
Transfer to reserves	0	0	0	-329,408	0	-329,408	(52,536)
Investment funds	4,093	40,982	-36,889	277,853	134,251	143,602	218,909
<b>Total income</b>	<b>57,447</b>	<b>87,670</b>	<b>-30,223</b>	<b>538,826</b>	<b>667,010</b>	<b>-128,184</b>	<b>1,175,395</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39,138</b>	<b>39,138</b>	<b>0</b>	<b>78,272</b>

## Recreation, culture and heritage

### Financial performance

FINANCIAL INDICATORS			
Financial threshold key (for adverse variances): ● ≥5% and ● <10% ≥10%			
Total revenue		Operating expenditure	
What the Council earns – rates, charges, grants and investment income:		The costs to operate Council's activities:	
Actual YTD:	Trend:	Actual YTD:	Trend:
\$0.2M	\$28.5K over budget ↓	\$3.2M	\$61.9K over budget ↑
Against a YTD budget of 0.1M and a full year budget of 0.2M.		Against a YTD budget of 3.1M and a full year budget of 5.6M.	



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

### Commentary and variances

Overall recreation, culture and heritage expenditure is 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			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Regional gardens	230,370	264,075	33,705	1,987,304	1,925,443	-61,861	3,304,489
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
<b>Total expenditure</b>	<b>230,370</b>	<b>264,075</b>	<b>33,705</b>	<b>3,151,638</b>	<b>3,089,777</b>	<b>-61,861</b>	<b>5,633,158</b>
<b>Income</b>							
General rates	131,089	131,089	0	998,525	998,525	0	1,725,161
Targeted rates	0	0	0	1,089,322	1,089,334	-12	2,178,669
Direct charges	8,366	17,917	-9,551	153,875	125,419	28,456	214,995
Investment funds	90,915	115,069	-24,154	909,917	876,499	33,418	1,514,333
<b>Total income</b>	<b>230,370</b>	<b>264,075</b>	<b>-33,705</b>	<b>3,151,638</b>	<b>3,089,777</b>	<b>61,861</b>	<b>5,633,158</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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:
\$0.0M	\$25.4K under budget ↓	\$1.3M	\$5.6K over budget ↑
Against a YTD budget of 0.0M and a full year budget of 0.1M.		Against a YTD budget of 1.3M and a full year budget of 2.1M.	

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

### Commentary and variances

Overall regional representation and advocacy expenditure is on budget. There are no material activity variances (> or < than \$100,000).



## REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT

## Cost of services statement

REGIONAL REPRESENTATION, ADVOCACY AND INVESTMENT MANAGEMENT							
	Month			Year to date			2022/2023
	Actual \$	Budget \$	Variance \$	Actual \$	Budget \$	Variance \$	Budget \$
<b>Expenditure</b>							
Investment management	6,667	500	-6,167	6,667	3,500	-3,167	6,000
Community engagement	27,411	43,939	16,528	332,564	320,748	-11,816	552,938
Advocacy and response	21,226	33,158	11,932	209,828	240,005	30,177	412,402
Governance	67,154	81,607	14,453	741,077	720,293	-20,784	1,157,048
<b>Total expenditure</b>	<b>122,458</b>	<b>159,204</b>	<b>36,746</b>	<b>1,290,135</b>	<b>1,284,546</b>	<b>-5,589</b>	<b>2,128,388</b>
<b>Income</b>							
General rates	82,209	82,209	0	666,057	666,057	0	1,102,565
Direct charges	235	4,833	-4,598	8,451	33,831	-25,380	58,000
Investment funds	40,013	72,162	-32,149	615,627	584,658	30,969	967,823
<b>Total income</b>	<b>122,458</b>	<b>159,204</b>	<b>-36,746</b>	<b>1,290,135</b>	<b>1,284,546</b>	<b>5,589</b>	<b>2,128,388</b>
<b>Operating surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Statement of financial position

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

	Month End Actual \$	2022/2023 Estimates \$	2021/2022 Annual Report \$
<b>Current Assets</b>			
Cash and cash equivalents	270,570	427,054	5,361,260
Current portion of investments	25,831,275	-	26,265,052
Trade and other receivables	3,277,601	2,040,000	5,289,916
Inventories	286,006	153,000	286,006
Prepayments	513,448	102,000	283,282
Work in progress	688,466	408,000	223,182
<b>Total current assets</b>	<b>30,867,366</b>	<b>3,130,054</b>	<b>37,708,698</b>
<b>Non-current assets</b>			
Treasury investments	487,500	14,895,467	362,500
Port Taranaki Ltd	26,000,000	26,000,000	26,000,000
Civic Assurance Ltd	1,000	1,000	1,000
Regional Software Holdings Ltd	798,118	798,118	798,118
Loan to Taranaki Stadium Trust	23,500,000	30,000,000	14,500,000
Investment properties	22,054,000	19,559,000	22,054,000
Intangible assets	214,143	2,124,951	348,084
Property plant and equipment	38,070,437	40,486,196	35,810,413
Deferred tax asset	185,656	80,499	185,656
<b>Total non-current assets</b>	<b>111,310,854</b>	<b>133,945,231</b>	<b>100,059,771</b>
<b>Total assets</b>	<b>142,178,220</b>	<b>137,075,285</b>	<b>137,768,469</b>
<b>Current liabilities</b>			
Trade and other payables	5,704,580	5,100,000	9,768,148
Work-in-progress	2,723,052	612,000	1,342,707
Employee entitlements current	1,088,294	1,173,000	1,224,576
Borrowings	4,000,000	-	-
<b>Total current liabilities</b>	<b>13,515,925</b>	<b>6,885,000</b>	<b>12,335,431</b>
<b>Non-current liabilities</b>			
Employee entitlements term	336,080	575,382	336,080
Borrowings	19,500,000	30,000,000	14,500,000
<b>Total non-current liabilities</b>	<b>19,836,080</b>	<b>30,575,382</b>	<b>14,836,080</b>
<b>Total liabilities</b>	<b>33,352,005</b>	<b>37,460,382</b>	<b>27,171,511</b>
<b>Public equity</b>			
Retained earnings	70,548,512	67,557,209	73,129,288
Reserves	32,263,281	26,840,822	31,453,248
Asset revaluation reserves	6,014,422	5,216,872	6,014,422
<b>Total public equity</b>	<b>108,826,215</b>	<b>99,614,903</b>	<b>110,596,958</b>
<b>Total liabilities and equity</b>	<b>142,178,220</b>	<b>137,075,285</b>	<b>137,768,469</b>

## Capital expenditure and disposals

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

DESCRIPTION	AMOUNT \$
Roof for Tupare Rental	16,313
Subaru XV Hybrid E Boxer x 2	90,581
Ford Ranger x 3	165,015
Honda Quad Bike	16,504
Electric Desk x8	15,715
Pole Shed (Wash down) - 43 Cloten Rd	16,719
LiDAR Data Project WIP	104,680
Pukeiti New Outer Tracks WIP	35,863
Office Security System WIP	15,215
Hill Country App Upgrade WIP	22,279

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
4283	KP & MJ Cline Family Trusts	537 Lincoln Road, RD 9, Inglewood	18-Jan-23
4284	UBCO Ltd	20B Newton Street, Mount Maunganui	23-Jan-23
4285	Hunger, John	104 Hungers Road, RD 23, Stratford	23-Jan-23
4286	David & Karen Gordon	18 Kahikatea Street, Inglewood	23-Jan-23
4287	Bloxham, Stan	57 Ridge Road, Howick, Auckland	23-Jan-23
4288	JC Environmental Ltd	36 Foxley Avenue, RD 1, Turangi	23-Jan-23
4289	Aquatic Plants	208 Mill Road, Otaki	24-Jan-23
4290	Brohen Farms Limited	238 Kaihihi Road Lower, RD 37, Okato	25-Jan-23
4291	Aui Farms Partnership	2163 Opunake Road, RD 29, Hawera	25-Jan-23

Notes:

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

## Financial delegations

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

DESCRIPTION	AMOUNT \$
Nil	-

## Aged debtors analysis

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

DESCRIPTION	AMOUNT \$	PERCENT %
Current balance	796,382	38
30 days balance	25,399	1
60 days balance	42,481	2
90 days and over balance	1,251,286	59
<b>Total debtors</b>	<b>2,115,548</b>	<b>100%</b>

## Reserves

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

DESCRIPTION	AMOUNT \$
Contingency/Disaster Reserve	1,086,000
North Taranaki/Waitara River Control Scheme Reserve	1,676,793
South Taranaki Rivers Control Scheme Reserve	16,864
Dividend Equalisation Reserve	5,240,945
Egmont National Park Control Reserve	713,000
Endowment Land Sales Reserve	2,935,000
Waitara Lands Act 2018 Reserve	20,594,680
<b>Total reserves</b>	<b>32,263,281</b>

## Borrowing

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

MATURITY DATE	AMOUNT \$	INTEREST RATE %
14/03/2023	4,000,000	4.5
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	2.6
15/04/2027	1,000,000	3.8
15/04/2027	1,500,000	5.9
15/05/2028	3,000,000	5.7
20/04/2029	2,000,000	4.3
15/05/2028	2,000,000	5.8
<b>Total borrowings</b>	<b>23,500,000</b>	<b>3.5*</b>

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

## Borrowing limits

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

ITEM	REQUIRED PERFORMANCE	ACTUAL PERFORMANCE
Net Debt/Total Revenue	≤225%	-6.7%
Net Interest/Total Revenue	≤15%	-0.4%
Net Interest/Annual Rates Income	<20%	-1.2%
Liquidity	>110%	213.1%
Debt Cap	\$55 million	\$23.5 million

## Bank and investment balances

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

	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
<b>BNZ:</b>							
Call Account	0		3,508			0.3	On Call
Current Account	1		164,411			0.1	On Call
Waitara Lands Account	0		1,564			0.1	On Call
Waitara Lands Term Investment	2		543,675			4.0	24/05/2023
Waitara Lands Term Investment	5		1,402,096			3.8	8/05/2023
Waitara Lands Term Investment	2		514,076			4.0	30/05/2023
<b>Total BNZ</b>	<b>10</b>	<b>50</b>	<b>2,629,329</b>	<b>30,000,000</b>	<b>AA-</b>		
<b>ASB:</b>							
Cheque Account	0		10			0.0	On Call
Waitara Lands Term Investment	2		547,230			3.5	30/03/2023
Waitara Lands Term Investment	8		2,203,656			4.6	7/05/2023
Waitara Lands Term Investment	5		1,199,342			4.8	9/05/2023
Waitara Lands Term Investment	17		4,500,880			5.2	30/07/2023
<b>Total ASB</b>	<b>32</b>	<b>50</b>	<b>8,451,118</b>	<b>30,000,000</b>	<b>AA-</b>		
<b>Westpac:</b>							
Waitara Lands Account	0		491			0.1	On Call
Term Investment	6		1,540,625			3.2	31/03/2023
Term Investment	8		2,055,110			4.5	21/03/2023
Waitara Lands Term Investment	10		2,746,987			3.3	6/04/2023
Waitara Lands Term Investment	9		2,322,058			4.7	20/07/2023
Waitara Lands Term Investment	9		2,326,252			4.5	22/06/2023
<b>Total Westpac</b>	<b>41</b>	<b>50</b>	<b>10,991,522</b>	<b>30,000,000</b>	<b>AA-</b>		
<b>TSB:</b>							
Cheque Accounts	0		733			0.0	On Call
Call Account	0		99,854			0.5	On Call
Term Investment	6		1,642,916			3.5	9/04/2023
Waitara Lands Term Investment	9		2,286,373			5.0	31/07/2023

Executive Audit and Risk Committee - Financial and Operational Report

	% OF TOTAL	COUNCIL POLICY % LIMITS	INVESTED \$	COUNCIL POLICY \$ LIMITS	S&P CREDIT RATING	YIELD %	MATURITY DATE
Total TSB	15	25	4,029,875	15,000,000	A-		
LGFA:							
Borrower Notes x 12	2		487,500	Unlimited	N/A	3.1	Various
<b>Total</b>	<b>100</b>		<b>26,589,345</b>			<b>4.3*</b>	

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



[www.trc.govt.nz](http://www.trc.govt.nz)



**Date** 27 March 2023

**Subject:** **Health and Safety Report**

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

**Document:** 3154609

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### **Purpose**

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

### **Recommendations**

That the Taranaki Regional Council:

- a) receives the January and February 2023 health and safety reports.

### **Discussion**

2. The health and safety reports for January and February 2023 are attached. There are no significant health and safety issues to report on.

### **Financial considerations—LTP/Annual Plan**

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

### **Policy considerations**

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

### **Iwi considerations**

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

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

### **Community considerations**

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

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3153925: January 2023 Health and Safety Dashboard

Document 3154006: February 2023 Health and Safety Dashboard



## Health and Safety Dashboard

Reporting Period:

1 – 31 January 2023

### Incidents (1 July 2022 – 30 June 2023)

<b>Illness 0 (0)</b>	<b>Incidents 2 (16)</b>	<b>Injury 4 (29)</b>
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<b>ACC Claims 0 (3)</b>	<b>Near Miss 2 (15)</b>	<b>Notifiable 0 (0)</b>
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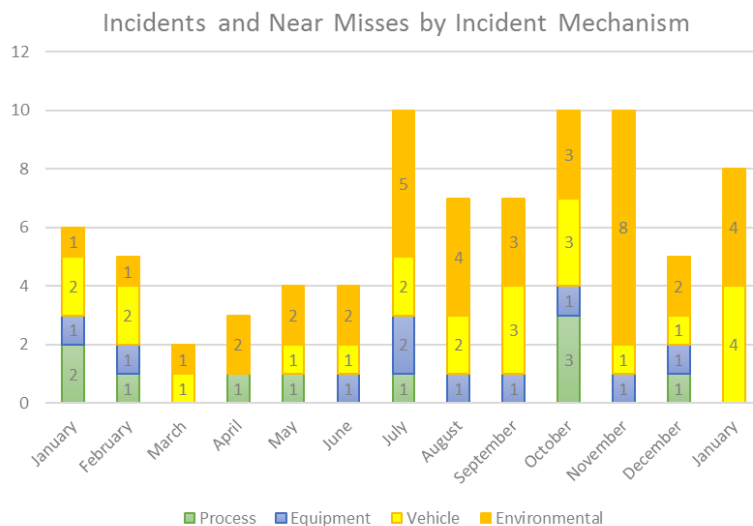
### Types of Incidents and Injuries

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

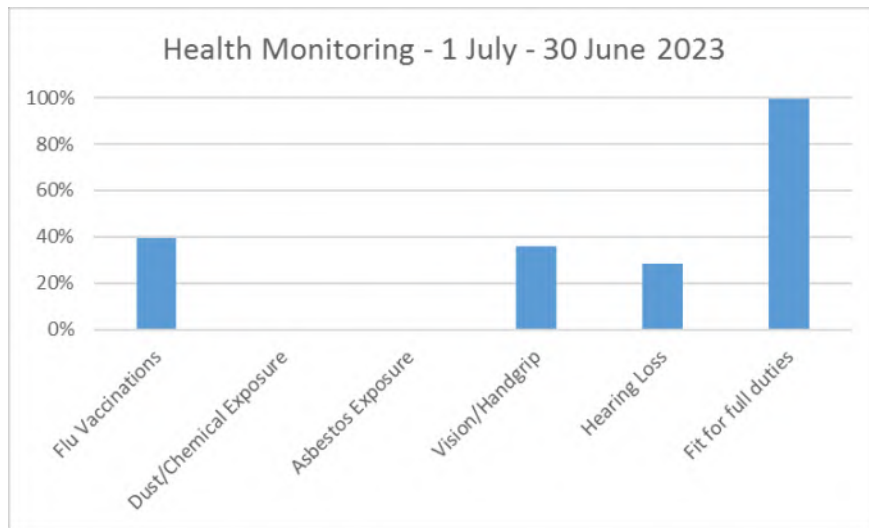
No Treatment	
First Aid	3
Medical Centre	
Physiotherapy/Osteopath	
Hospitalisation	1

Formal Investigation	
WorkSafe Investigation	

An Officer was hospitalised after being stung twice by a wasp. This Officer has a known allergy to wasps. After being stung the Officer was treated with a TRC supplied EpiPen®, the Officer was then transferred to the Hospital for further treatment and observation. The EpiPen® has since been replaced.



## Health and Wellbeing

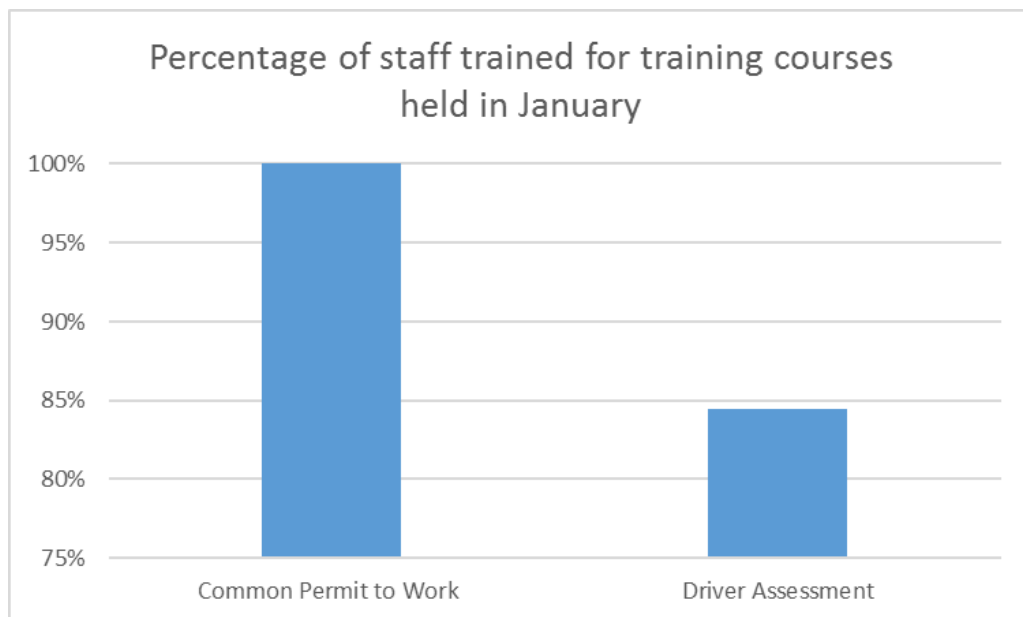


Due to COVID-19, there are now additional H&S requirements to complete monitoring of dust, chemical or asbestos exposure to our staff. One Return to Work plan is in place, and this is non work-related.

## Health and Safety Objectives Update

### Work in Progress

Wellbeing Strategy is in development with part of this strategy been peer reviewed.



Critical events or have the potential to be critical

Event	Potential Consequence	Actual Consequence	Potential Controls to implement
Near Miss – Quad bike power steering failure	High	Low	Review current maintenance schedule and processes



## Health and Safety Dashboard

Reporting Period:

1 – 28 February 2023

Incidents (1 July 2022 – 30 June 2023)

<b>Illness 0 (0)</b>	<b>Incidents 1 (17)</b>	<b>Injury 3 (32)</b>
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<b>ACC Claims 0 (3)</b>	<b>Near Miss 9 (24)</b>	<b>Notifiable 0 (0)</b>
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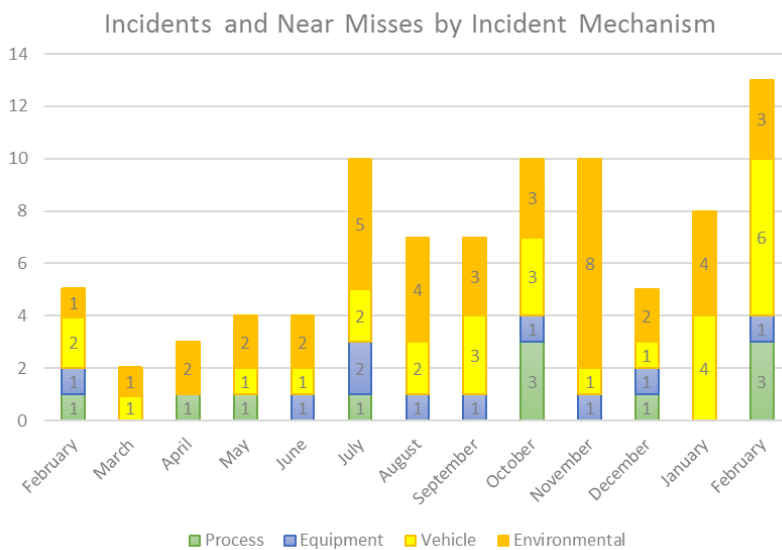
### Types of Incidents and Injuries

Slips/Trips/Falls (no injury)	
Sprains/Strains	1
Cuts/Abrasions	
Bruising	
Near Miss	9
Vehicle Damage	1
Insect Stings	1
Other	1

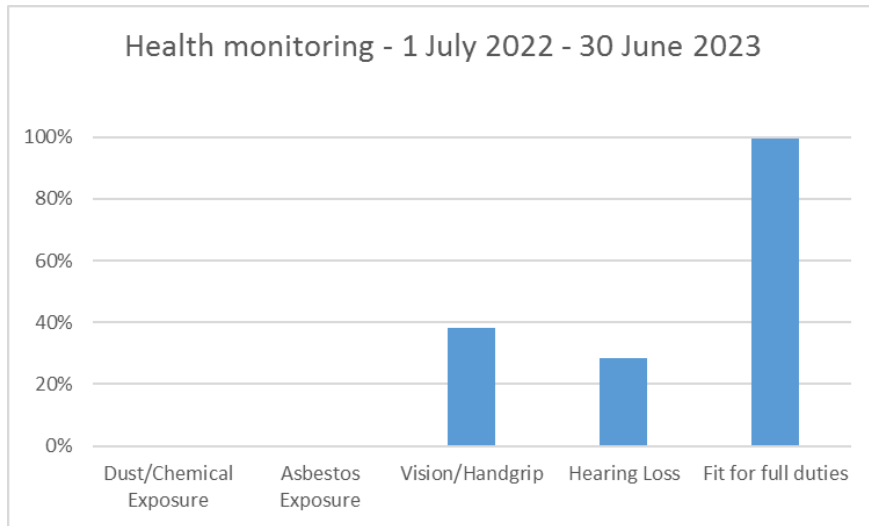
No Treatment	
First Aid	2
Medical Centre	1
Physiotherapy/Osteopath	
Hospitalisation	

Formal Investigation	
WorkSafe Investigation	

Three near misses involve traffic incidents – a deep dive in this critical risks is in progress.



**Health and Wellbeing**



Due to COVID-19, there are now additional H&S requirements to complete monitoring of dust, chemical or asbestos exposure to our staff. These requirements have been worked through and testing will resume in March/April. One Return to Work plan is in place, and this is non work-related.

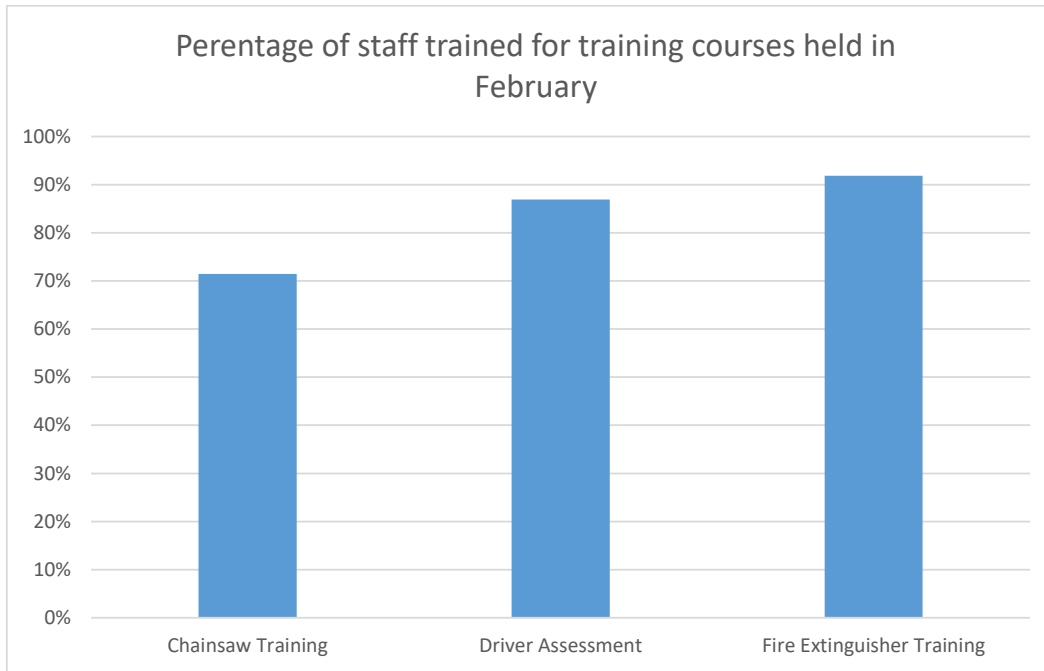
**Health and Safety Objectives Update**

**Work in Progress**

Wellbeing Strategy is in development with part of this strategy been peer reviewed. Launch of new Employee Assistance Programme – Benestar.

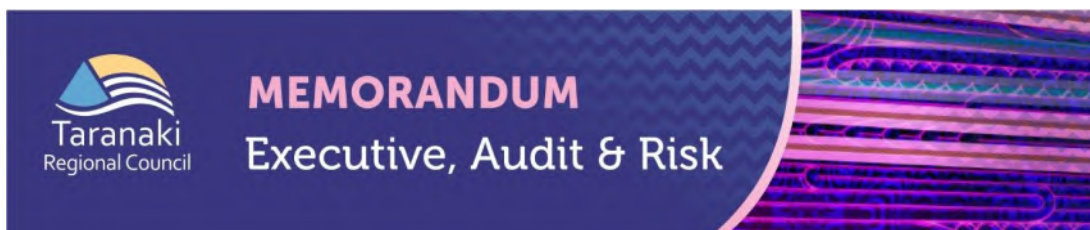
Deep dive into one critical risk (driving for work) is underway.





Critical events or have the potential to be critical

Event	Potential Consequence	Actual Consequence	Potential Controls to implement
Safety catch popped out of pin on trailer	<b>High</b>	<b>Low</b>	Review current trailer checks – look at storing spare safety catches



**Date:** 27 March 2023

**Subject:** **Regional Software Holdings Ltd Draft Statement of Intent for 2024**

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

**Document:** 3155150

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### **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 2024 and then to provide feedback to the Board of Directors.

### **Recommendations**

That the Taranaki Regional Council:

- a) receives and considers Regional Software Holdings Ltd's draft Statement of Intent for the year ending 30 June 2024
- b) provides feedback to the Board of Directors of Regional Software Holdings Ltd.

### **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. 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 2024. 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 councils that have developed and implemented RSHL.

7. RSHL is at a transitional point in its history with two significant changes ahead. First, is the transition to a regional sector shared services organisation (now complete) and second is the transition from IRIS to IRIS NextGen.
8. Last year's Statement of Intent signalled the creation of a regional sector shared services organisation, with a shareholding including most regional councils and unitary authorities. This draft Statement of Intent reflects the realisation of this vision.
9. This statement of intent includes budget provisions for the implementation of IRIS Next Generation. This is a significant multi-year commitment for participating councils.
10. The Statement of Intent reflects the position and decisions that the Council made in December 2022. As such it is recommended that the Statement of Intent be received.

### **Financial considerations—LTP/Annual Plan**

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

### **Policy considerations**

12. 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**

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

### **Community considerations**

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

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3155143: Regional Software Holdings Ltd Statement of Intent 2024 Covering Letter

Document 3155145: Regional Software Holdings Ltd Statement of Intent 2024



Council  
Collaboration  
Into Action

—

28 February 2023

Tēnā koutou,

RE: RSHL DRAFT 2024 Statement of Intent

Regional Software Holdings Limited is pleased to present its draft 2024 Statement of Intent for your consideration and feedback.

The draft Statement of Intent (SOI) is provided to shareholder councils for review and feedback. The Board looks forward to receiving the shareholding councils' views on the draft Statement of Intent before 1 May 2023.

RSHL is the Te Uru Kahika's<sup>1</sup> vehicle to allow it to act collaboratively and deliver solutions that, in the normal course of events, would be unaffordable or unachievable. Further, it assists the sector to act and speak as one.

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

This Statement of Intent continues the growth and development of your collaborative investments. We look forward to receiving your feedback to guide the future direction and growth of your company.

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

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

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

Te Uru Kahika established this shared services organisation to achieve:

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

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

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

<b>Activity</b>	<b>Description</b>
IRIS Next Generation	The IRIS NextGeneration Programme is underpinned by the IRIS NextGen Partnership Agreement and funded by the nine participating Councils. The draft budget was approved by the Programme Steering Group in February.
IRIS Classic	IRIS Classic is RSHLs longest running programme, underpinned by the IRIS Advisory Group Terms of Reference. The programme is funded by the seven councils that use IRIS. The draft budget was approved by the IRIS Advisory Group.
Sector Financial Management System	The Sector Financial Management System is the arrangement under which RSHL supports the delivery of Te Uru Kahika's work programmes. The activity is underpinned by an MOU between RSHL and the Regional Chief Executive Officers (RCEOs) Group. The work programmes are funded by the sixteen participating councils, and government entities. The draft budget provided in the Statement of Intent is indicative. Te Uru Kahika is continuing to develop budgets for FY2024 and

Activity	Description
	these will be subject to approval by the RCEOs Group.
Overheads	Costs and income that cannot be attributed to a work programme are represented in the Overheads activity. Costs in this activity are those generally associated with the governance, management and operation of the company. A share of overhead costs are allocated to each of the other activities based on proportion of revenue.

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

The IRIS Programme shows a book loss of \$488K but this is entirely driven by depreciation as the IRIS software product reaches end of life. This is not a deficit that RSHL is seeking shareholder funding for.

This is a draft SOI for discussion with member councils. Given the dynamic and transitional nature of the environment that RSHL operates in, we encourage, and fully expect feedback on this statement of intent.

Nāku noa nā



Mike Nield  
Chairperson

## Regional Software Holdings Limited 2024 Statement of Intent

February 2023  
Version: DRAFT

### 1 Introduction

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

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

The regional sector (Te Uru Kahika<sup>1</sup>) has implemented a regional sector shared services organisation by restructuring RSHL. Existing Te Uru Kahika collaboration and resource sharing has been consolidated within RSHL.

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

#### Subsidiaries

RSHL has no subsidiaries or joint ventures.

#### 1.2 Vision

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

#### 1.3 Principles<sup>2</sup>

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.
- 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.

#### 1.4 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.

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

<sup>2</sup> Principles are from section 2 of the RSHL constitution.

- 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.

### 1.5 Values

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

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

## 2 Nature and Scope of Activities to be Undertaken

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

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements.

RSHL activities are grouped as follows:

IRIS	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 9 years and is currently in use at 7 councils.</p> <p>The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 2-4 years.</p> <p>The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme.</p>
IRIS Next Generation	<p>RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 2-4 years.</p> <p>9 councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme, under a formal partnership agreement.</p> <p>The IRIS NextGen Programme is governed by the IRIS NextGen Steering Group.</p>



	<p>IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) based on the Datacom Datascape platform.</p> <p>Over the next two years the IRIS NextGen Programme will:</p> <ul style="list-style-type: none"> <li>• Build the IRIS NextGen software solution</li> <li>• Define and agree a good practice operating model</li> <li>• Commence implementation at two pilot councils.</li> </ul> <p>IRIS NextGen will deliver a modern software platform to councils, including an online customer portal and a mobile field application. Along with the software solution, the programme will implement consistent “good practice” processes for the sector, alongside integrated change management. The IRIS NextGen Solution will:</p> <ul style="list-style-type: none"> <li>• Make council staff work easier</li> <li>• Promote operational excellence and efficiency</li> <li>• Demonstrate collaboration at a sector level</li> <li>• Ensure the development of the technical solution is fit for purpose.</li> </ul>
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"> <li>• National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand.</li> <li>• Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format.</li> <li>• Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment.</li> </ul> <p>EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others).</p> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has it’s own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. The LAWA project administration (financial and contractual) is managed by RSHL.</p>
Regional Sector Office	<p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Sector Office is made up of three roles:</p> <ul style="list-style-type: none"> <li>• Executive Policy Advisers to the Regional CEOs</li> <li>• Chief Science Advisor</li> <li>• Regional Sector SIG Network Administrator</li> </ul> <p>Sector Office staff are employed by RSHL.</p>
Sector Financial	<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"> <li>• Sector Business Plan</li> </ul>

Management System	<ul style="list-style-type: none"> <li>• River Managers Business Plan</li> <li>• River Managers Climate Resilience</li> <li>• ReCoCo Technology Projects</li> <li>• EMaR</li> <li>• Bio Managers</li> <li>• Bio Control</li> <li>• Science Programme</li> <li>• Sector Office Special Projects</li> <li>• Regional Sector Office</li> </ul> <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> <li>• Collects this funding from councils and central government,</li> <li>• Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes</li> <li>• Reports to Te Uru Kahika on income and expenditure.</li> </ul> <p>The SFMS is an all-of-sector programme.</p>
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## 2.1 Possible Opportunities for Growth

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

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

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

## 3 Board's Approach to Governance

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

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

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

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

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

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

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

#### **4 Accounting Policies**

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

Appendix 1 includes RSHL's Accounting Policies.

## 5 Performance Targets and Other Measures

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

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

Financial	RSHL will operate within approved budget, with any material variations approved by the relevant governance group. <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board.</li> <li>• IRIS NextGen Programme – IRIS NextGen Steering Group</li> <li>• IRIS Programme – IRIS Advisory Group</li> <li>• Sector Financial Management System – RCEOs Group</li> </ul>	Applies each year
	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. <ul style="list-style-type: none"> <li>• RSHL Overheads – RSHL Board.</li> <li>• IRIS NextGen Programme – IRIS NextGen Steering Group</li> <li>• IRIS Programme – IRIS Advisory Group</li> <li>• Sector Financial Management System – RCEOs Group</li> </ul>	Applies each year
Growth	Monitor the regional sector and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year
	Work with the Te Uru Kahika Network to develop shared service opportunities.	Applies each year
	Engage with councils in the regional sector to increase the scope of the usage of shared solutions.  The objective is to increase the number of councils using the solutions, and the breadth of the solution in use.	Applies each year

## 6 Distribution of Profits to Shareholders

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

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

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.

## 7 Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.

- Within two months of the end of the financial year the following audited<sup>3</sup> statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company’s medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council’s shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

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

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

## 9 Procedures for Issue of Shares

The RSHL shareholder agreement requires the approval 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”.

## 10 Activities for Which Compensation Is Sought

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

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"> <li>• Sector Business Plan</li> <li>• River Managers Business Plan</li> <li>• River Managers Climate Resilience</li> <li>• ReCoCo Technology Projects</li> <li>• EMaR</li> <li>• Bio Managers</li> <li>• Bio Control</li> </ul>
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<sup>3</sup> Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

	<ul style="list-style-type: none"> <li>• Science Programme</li> <li>• Sector Office Special Projects</li> <li>• Regional Sector Office</li> </ul> <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="488 539 1211 938"> <thead> <tr> <th>Tier 1 – 9.4% each</th> <th>Tier 2 – 6.2% each</th> <th>Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <tr> <td>Auckland Council</td> <td>Horizons RC</td> <td>Tasman DC</td> </tr> <tr> <td>Environment Canterbury</td> <td>Otago RC</td> <td>Nelson City Council</td> </tr> <tr> <td>Greater Wellington RC</td> <td>Hawkes Bay RC</td> <td>Gisborne DC</td> </tr> <tr> <td>Waikato RC</td> <td>Northland RC</td> <td>Marlborough DC</td> </tr> <tr> <td>Bay of Plenty RC</td> <td>Taranaki RC</td> <td>West Coast RC</td> </tr> <tr> <td></td> <td>Environment Southland</td> <td></td> </tr> <tr> <td><b>Total 47%</b></td> <td><b>Total 37%</b></td> <td><b>Total 16%</b></td> </tr> </tbody> </table> <p>BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.</p> <p>The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.</p>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council	Greater Wellington RC	Hawkes Bay RC	Gisborne DC	Waikato RC	Northland RC	Marlborough DC	Bay of Plenty RC	Taranaki RC	West Coast RC		Environment Southland		<b>Total 47%</b>	<b>Total 37%</b>	<b>Total 16%</b>
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Environment Canterbury	Otago RC	Nelson City Council																							
Greater Wellington RC	Hawkes Bay RC	Gisborne DC																							
Waikato RC	Northland RC	Marlborough DC																							
Bay of Plenty RC	Taranaki RC	West Coast RC																							
	Environment Southland																								
<b>Total 47%</b>	<b>Total 37%</b>	<b>Total 16%</b>																							
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><b>Proportion of Contributions to the IRIS Programme</b> Contributions for IRIS will be collected in the following proportions.</p> <table border="1" data-bbox="437 1424 1010 1693"> <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><b>Total</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	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%	<b>Total</b>	<b>100%</b>								
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West Coast Regional Council	4.4%																								
<b>Total</b>	<b>100%</b>																								
IRIS Next Generation	<p>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1" data-bbox="424 1888 1254 1948"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Large Councils	Medium Councils	Small Councils																					
Large Councils	Medium Councils	Small Councils																							

<b>17.93% per council (Total 35.87%)</b>	<b>10.87% per council (Total 43.48%)</b>	<b>4.35% per council (Total 4.35%)</b>
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
	<b>8.15% per council (Total 16.30%)</b>	
	Taranaki Regional Council Environment Southland	

Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$25.7 million.

Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually. Programme costs include:

- 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
- RSHL travel and meeting expenses
- Datacom travel and meeting expenses
- RSHL Overheads

The programme costs outlined above do not include programme contingency. The circumstances under which Programme Contingency may be required will be agreed by the Programme Steering Group via an annual risk assessment. RSHL will not invoice Participating Councils for contingency until it is required.

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	Overhead costs are costs that cannot be allocated to a specific work programme.			
	All work programmes will contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.			
	In the 2024 Financial year the budgeted proportion of overheads to each programme is as follows:			
		2023/24	2024/25	2025/26
	IRIS	11%	13%	7%
IRIS NextGen	50%	43%	50%	
SFMS	39%	44%	44%	

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.

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

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

## 12 Shareholding

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

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

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

The current shareholding of the Company is as follows.

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

### 13 FY2024-26 Budgets.

The draft budget provided in this Statement of Intent are based on the latest draft budget information from each activity. Confirmed budgets for each programme, and for RSHL Overheads will be included in the final version of the Statement of Intent in June.

#### 13.1 Budgeting process.

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

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

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

**13.2 Consolidated Statement of Financial Performance****For the 12 Months to 30 June 2024**

2022/23 Budget	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
1,231,038	Income	999,736	1,064,765	503,317
415,251	IRIS Programme	5,000,000	3,914,913	4,581,495
2,671,656	IRIS NextGen Programme	3,856,374	3,959,656	4,050,143
129,000	Sector Work Programmes	138,820	138,820	138,820
4,446,945	Central Government Funding	9,994,930	9,078,155	9,273,775
			-	-
	<u>Other Income</u>			
600	Interest Received	600	600	600
128,715	Council Specific Software Funding	128,173	132,018	135,055
129,315		128,773	132,618	135,655
<b>4,576,260</b>	<b>Total Income</b>	<b>10,123,704</b>	<b>9,210,773</b>	<b>9,409,430</b>
	<b>Expenditure</b>			
35,600	Administration costs	35,700	36,662	37,351
66,370	Accounting & Technical Support	39,100	41,033	42,270
85,000	Audit & Legal fees	75,000	77,800	80,221
275,340	Datacom Support Services (IRIS)	247,000	262,500	330,000
529,966	Technology Services	5,164,138	3,662,472	3,910,470
63,768	IT Hosting Charges	142,000	144,650	146,953
-	Finance Costs	-	-	-
-	Secondments	60,000	230,400	-
778,000	Personnel Costs	905,000	910,500	931,442
84,000	Promotional Costs	91,000	83,250	82,027
37,000	Independent Director's Fees	72,000	74,160	75,866
34,500	Travel & Meeting Costs	116,000	116,990	117,772
128,715	Council Specific Software Purchases	128,173	132,018	135,055
2,000	Other Direct Software	12,000	12,500	12,788
2,128,000	Consultants	3,215,000	3,308,450	3,382,244
4,248,260		10,302,111	9,093,385	9,284,457
	<u>Other Expenditure</u>			
979,556	Depreciation	468,705	400,429	354,460
<b>5,227,816</b>	<b>Total Expenditure</b>	<b>10,770,816</b>	<b>9,493,814</b>	<b>9,638,917</b>
<b>(651,556)</b>	<b>Surplus/ (Deficit) before tax</b>	<b>(647,113)</b>	<b>(283,041)</b>	<b>(229,487)</b>
	Income Tax Expense			
<b>(651,556)</b>	<b>Surplus/(Deficit) after Tax</b>	<b>(647,113)</b>	<b>(283,041)</b>	<b>(229,487)</b>

### 13.3 Consolidated Statement of Financial Position as at 30 June 2024

2022/23 Budget	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
		<b>ASSETS</b>		
		<b>Current assets</b>		
899,799		899,799	899,799	899,799
-		(178,408)	(61,020)	63,954
-				
<u>899,799</u>		<u>721,391</u>	<u>838,779</u>	<u>963,753</u>
		<b>Total Bank Accounts and Cash</b>		
		Debtors and Prepayments		
-		-		
		Accrued Revenues		
-		-	-	-
		GST receivable		
-		-	-	-
		Tax receivable (payable)		
-		-	-	-
		<b>Non Current Assets</b>		
2,111,430		1,642,725	1,242,296	887,836
<u>3,011,229</u>		<u>2,364,116</u>	<u>2,081,075</u>	<u>1,851,589</u>
		<b>Total Assets</b>		
		<b>LIABILITIES</b>		
		<b>Current liabilities</b>		
-		-	-	-
		Creditors and Accrued Expenses		
-		-	-	-
		Income Received in Advance		
		GST payable		
		<b>Non Current Liabilities</b>		
		Borrowings		
-		-	-	-
<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
		<b>Total Liabilities</b>		
<u>3,011,229</u>		<u>2,364,116</u>	<u>2,081,075</u>	<u>1,851,589</u>
		<b>NET ASSETS</b>		

#### REPRESENTED BY:

2022/23 Budget	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
		<b>Equity</b>	
5,149,150	5,149,150	5,149,150	5,149,150
-	-	-	-
651,556	647,113	283,041	229,487
-	-	-	-
1,486,366	2,137,922	2,785,035	3,068,076
<u>3,011,228</u>	<u>2,364,116</u>	<u>2,081,075</u>	<u>1,851,587</u>
		<b>Total Equity</b>	

#### Statement of Movement in Equity

2022/23 Budget	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
3,662,784	3,011,228	2,364,116	2,081,075
(651,556)	(647,113)	(283,041)	(229,487)
<u>3,011,228</u>	<u>2,364,116</u>	<u>2,081,075</u>	<u>1,851,587</u>
		<b>Total Equity</b>	
102%	100%	100%	100%
	equity to assets (>60%)		

### 13.4 Consolidated Statement of Cash Flows

#### For the 12 Months to 30 June 2024

2022/23 Budget	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
<b>Cashflows from Operating Activities</b>				
<b>Cash received from:</b>				
4,575,660		10,123,104	9,210,173	9,408,830
-		-	-	-
600		600	600	600
-		-	-	-
<b>4,576,260</b>		<b>10,123,704</b>	<b>9,210,773</b>	<b>9,409,430</b>
<b>Cash applied to:</b>				
4,248,260		10,302,111	9,093,385	9,284,457
-		-	-	-
-		-	-	-
<b>4,248,260</b>		<b>10,302,111</b>	<b>9,093,385</b>	<b>9,284,457</b>
<b>328,000</b>		<b>(178,408)</b>	<b>117,388</b>	<b>124,973</b>
<b>Cashflow from Investing Activities</b>				
<b>Cash received from:</b>				
-		-	-	-
-		-	-	-
-		-	-	-
<b>328,000</b>		-	-	-
<b>328,000</b>		-	-	-
<b>- 328,000</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Cashflow from Financing Activities</b>				
<b>Cash received from:</b>				
-		-	-	-
-		-	-	-
-		-	-	-
<b>328,000</b>		-	-	-
<b>328,000</b>		-	-	-
<b>- 328,000</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash-flow for the year</b>				
899,799		899,799	721,391	838,779
<b>899,799</b>		<b>721,391</b>	<b>838,779</b>	<b>963,752</b>
<b>Made up of:</b>				
25,000		25,000	25,000	25,000
874,799		696,391	813,779	938,752
<b>899,799</b>		<b>721,391</b>	<b>838,779</b>	<b>963,752</b>
<b>Funds by Activity:</b>				
899,799		899,799	899,799	899,799
-		178,408	61,020	63,954
-		-	-	-
<b>899,799</b>		<b>721,391</b>	<b>838,779</b>	<b>963,753</b>

**13.5 IRIS Programme Activity - Statement of Financial Performance****For the 12 Months to 30 June 2024**

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

**13.6 IRIS NextGen Programme Activity - Statement of Financial Performance****For the 12 Months to 30 June 2024**

2022/23 Budget	Income	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
-	IRIS Programme		-	-	-
415,251	IRIS NextGen Programme		5,000,000	3,914,913	4,581,495
-	Sector Work Programmes		-	-	-
-	Central Government Funding		-	-	-
<u>415,251</u>			<u>5,000,000</u>	<u>3,914,913</u>	<u>4,581,495</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
<b>415,251</b>	<b>Total Income</b>		<b>5,000,000</b>	<b>3,914,913</b>	<b>4,581,495</b>
	<b>Expenditure</b>				
962	Administration costs		-	-	-
6,383	Accounting & Technical Support		-	-	-
24,328	Audit & Legal fees		20,000	20,000	20,000
-	Datacom Support Services (IRIS)		-	-	-
160,000	Technology Services		4,570,978	3,033,822	3,894,664
-	IT Hosting Charges		-	-	-
-	Finance Costs		-	-	-
-	Secondments		60,000	230,400	-
209,328	Personnel Costs		325,000	331,300	338,279
1,539	Promotional Costs		-	-	-
3,558	Independent Director's Fees		-	-	-
9,154	Travel & Meeting Costs		48,000	48,000	48,000
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		2,000	2,060	2,107
-	Consultants		-	-	-
-	Overhead Recovery - Expense		152,430	131,943	153,471
<u>415,251</u>			<u>5,178,408</u>	<u>3,797,525</u>	<u>4,456,521</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
<b>415,251</b>	<b>Total Expenditure</b>		<b>5,178,408</b>	<b>3,797,525</b>	<b>4,456,521</b>
-	<b>Surplus/ (Deficit) before tax</b>		<b>(178,408)</b>	<b>117,388</b>	<b>124,974</b>
	Income Tax Expense				
-	<b>Surplus/(Deficit) after Tax</b>		<b>(178,408)</b>	<b>117,388</b>	<b>124,974</b>



**13.7 Sector Financial Management System Activity- Statement of Financial Performance****For the 12 Months to 30 June 2024**

2022/23		Notes	2023/24	2024/25	2025/26
Budget	Income		SOI	Indicative	Indicative
2,671,656	Sector Work Programmes		3,856,374	3,959,656	4,050,143
129,000	Central Government Funding		138,820	138,820	138,820
<u>2,800,656</u>			<u>3,995,194</u>	<u>4,098,476</u>	<u>4,188,963</u>
	<u>Other Income</u>				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
<b>2,800,656</b>	<b>Total Income</b>		<b>3,995,194</b>	<b>4,098,476</b>	<b>4,188,963</b>
	<b>Expenditure</b>				
31,187	Administration costs		25,000	25,750	26,342
41,065	Accounting & Technical Support		-	-	-
27,843	Audit & Legal fees		15,000	16,350	17,416
-	Datacom Support Services (IRIS)		-	-	-
10,000	Technology Services		15,000	15,450	15,805
40,000	IT Hosting Charges		55,000	56,650	57,953
-	Finance Costs		-	-	-
-	Secondments		-	-	-
400,843	Personnel Costs		420,000	407,050	416,791
77,900	Promotional Costs		75,000	77,250	79,027
22,893	Independent Director's Fees		-	-	-
20,925	Travel & Meeting Costs		50,000	50,690	50,235
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		7,000	7,210	7,376
2,128,000	Consultants		3,215,000	3,308,450	3,382,244
-	Overhead Recovery - Expense		118,194	133,626	135,774
<u>2,800,656</u>			<u>3,995,194</u>	<u>4,098,476</u>	<u>4,188,963</u>
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>
<b>2,800,656</b>	<b>Total Expenditure</b>		<b>3,995,194</b>	<b>4,098,476</b>	<b>4,188,963</b>
-	<b>Surplus/ (Deficit) before tax</b>		<u>-</u>	<u>-</u>	<u>-</u>
	Income Tax Expense				
-	<b>Surplus/(Deficit) after Tax</b>		<u>-</u>	<u>-</u>	<u>-</u>

**13.8 RSHL Overheads Activity - Statement of Financial Performance****For the 12 Months to 30 June 2024**

2022/23 Budget	Income	Notes	2023/24 SOI	2024/25 Indicative	2025/26 Indicative
	<u>Other Income</u>				
-	Interest Received		600	600	600
-			600	600	600
-	<b>Total Income</b>		<b>600</b>	<b>600</b>	<b>600</b>
	<u>Expenditure</u>				
-	Administration costs		10,700	10,912	11,009
-	Accounting & Technical Support		39,100	41,033	42,270
-	Audit & Legal fees		40,000	41,450	42,805
-	Datacom Support Services (IRIS)		-	-	-
-	Technology Services		-	-	-
-	IT Hosting Charges		-	-	-
-	Finance Costs		-	-	-
-	Secondments		-	-	-
-	Personnel Costs		105,000	109,000	111,619
-	Promotional Costs		16,000	6,000	3,000
-	Independent Director's Fees		72,000	74,160	75,866
-	Travel & Meeting Costs		17,000	17,300	18,537
-	Council Specific Software Purchases		-	-	-
-	Other Direct Software		1,000	1,030	1,054
-	Consultants		-	-	-
-			300,800	300,885	306,159
	<u>Other Expenditure</u>				
-	Depreciation		-	-	-
-	<b>Total Expenditure</b>		<b>300,800</b>	<b>300,885</b>	<b>306,159</b>
-	<b>Surplus/ (Deficit) before tax</b>		<b>(300,200)</b>	<b>(300,285)</b>	<b>(305,559)</b>
	Income Tax Expense				
-	<b>Surplus/(Deficit) after Tax</b>		<b>(300,200)</b>	<b>(300,285)</b>	<b>(305,559)</b>

## Appendix 1: Accounting Policies

### 1 General Information

#### Reporting Entity

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

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

RSHL was incorporated on 17 October 2012.

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

#### Public Benefit Entity Simple Format Reporting

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

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

#### Basis of Preparation of the Financial Statements

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

#### Statement of Compliance

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

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

These financial statements comply with PBE Standards.

### **Presentation Currency and Rounding**

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

The functional currency of RSHL is New Zealand dollars.

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

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

### **Revenue**

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

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

Interest revenue is recorded as it is earned.

### **Expenditure**

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

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

### **Bank Accounts and Cash**

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

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

### **Debtors**

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

### **Inventories**

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Income Tax**

Income tax expenses calculated using the taxes payable method. As a result no allowance is made

for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

**Creditors and Accrued Expenses**

Creditors and accrued expenses are measured at the amount owed.

**Property, Plant and Equipment**

*Software acquisition and development*

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

*Depreciation*

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

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

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

**Critical Accounting Estimates and Assumptions**

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

**Additional Disclosure**

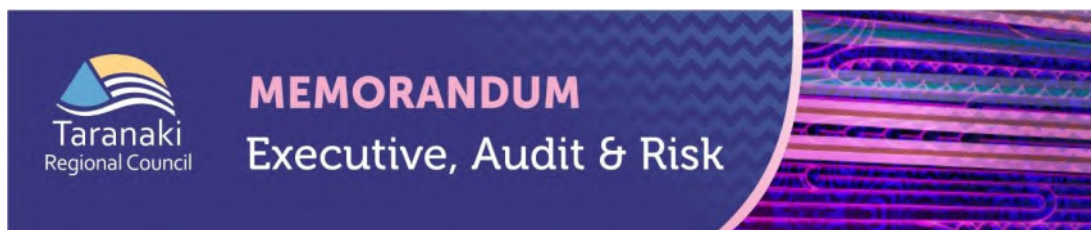
The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

Note For Information: Requirements for Statement of Intent

Source: Office of the Auditor General

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

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



**Date:** 27 March 2023

**Subject:** **Regional Software Holdings Ltd Six Month Report to Shareholders to 31 December 2022**

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

**Document:** 3155163

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### **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 2022.

### **Recommendations**

That the Taranaki Regional Council:

- a) receives Regional Software Holdings Ltd's interim report for the six months ended 31 December 2022 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 2022. The financial statements contained in the interim report are unaudited.
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: In this period, nine Councils have signed a Partnership Agreement to participate in the IRIS NextGen Programme.

- Sector Shared Services: The transition of RSHL into a sector shared services has been completed.
7. Financially the company is in a healthy position, with a year-to-date surplus of \$957K against a budgeted loss of \$326K. The favourable position is largely due to timing differences in the planned expenditure for work programmes Options

### **Financial considerations—LTP/Annual Plan**

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

### **Policy considerations**

9. 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**

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

### **Community considerations**

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

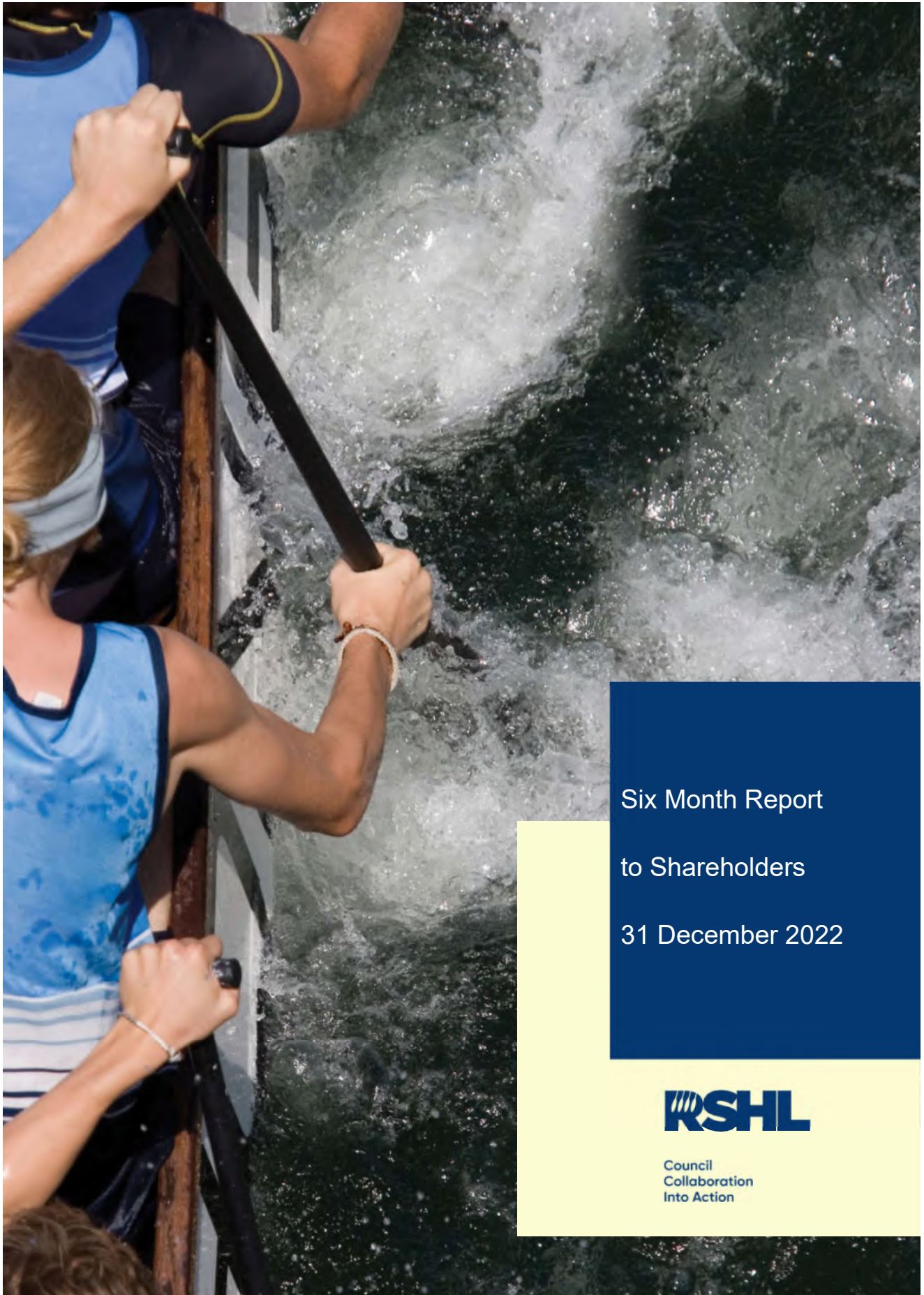
### **Legal considerations**

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

### **Appendices/Attachments**

Document 3155147: Regional Software Holdings Ltd: Six Month Report to Shareholders to 31 December 2022





Six Month Report  
to Shareholders  
31 December 2022



Council  
Collaboration  
Into Action



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13	Directors Report
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16	Statement of Comprehensive Revenue and Expense - IRIS Programme
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18	Statement of Comprehensive Revenue and Expense - Sector Financial Management System
19	Statement of Comprehensive Revenue and Expense - Overheads
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21	Statement of Changes in Equity/Net Assets
22	Statement of Cash Flows
23	Notes to the Financial Statements



# Entity Information

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

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

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

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

### Entity Type and Legal Basis

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

### Entity Structure

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

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

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

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

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

### Shareholding

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

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

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



The current shareholding of the Company is as follows:

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

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

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

These levies are set annually in the Statement of Intent.

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

### Nature and Scope of Activities to be Undertaken

#### Vision

To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

#### Mission

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

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



Entity Information

**Values**

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

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

**Guiding Principles**

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

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

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

RSHL activities are currently grouped as follows:

IRIS	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils.</p> <p>The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p>
IRIS Next Generation	<p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the SaaS, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will confirm:</p> <ul style="list-style-type: none"> <li>• The IRIS NextGen solution</li> <li>• A transition plan for existing users</li> <li>• A growth plan to attract new councils to the programme.</li> </ul>



<p>Environmental Monitoring and Reporting (EMAR)</p>	<p>The objective of EMAR is to improve the collection, accessibility and presentation of environmental data in New Zealand.</p> <p>The EMAR Programme has three projects.</p> <ul style="list-style-type: none"> <li>• National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand.</li> <li>• Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format.</li> <li>• Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment. EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others).</li> </ul> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has it’s own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL and is part of the Regional Sector Programme office. LAWA project administration (financial and contractual) is managed by RSHL.</p>
<p>Regional Sector Office</p>	<p>The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network.</p> <p>The Sector Office is made up of three roles:</p> <ul style="list-style-type: none"> <li>• Executive Policy Adviser – Regional CEOs (RCEOs) Group</li> <li>• Chief Science Advisor</li> <li>• Regional Sector SIG Network Administrator</li> </ul> <p>Sector Office staff are employed by RSHL.</p>
<p>Sector Financial Management System</p>	<p>In 2020 the Regional Council Collaboration (ReCoCo) Programme was superseded by the Sector Financial Management System (SFMS). As part of the SFMS RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> <li>• Sector Business Plan</li> <li>• River Managers Programme</li> <li>• ReCoCo Technology Projects</li> <li>• Bio Managers Programme</li> <li>• Bio Control Programme</li> </ul> <p>The sector has a budget of over \$2M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo Programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>



# Statement of Service Performance

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

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

Items of significance during the six months include:

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



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





Statement of Service Performance

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

**Performance Measures**

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

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



<p>Non Financial</p>	<p>Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.</p>	<p><b>On Track</b> - In this period, only one Major IRIS project was active. The IRIS data migration project definition phase was completed.</p> <p>The outputs of this work included:</p> <ul style="list-style-type: none"> <li>• good practice guidance to councils on how to approach data migration.</li> <li>• determining the scope of data to be migrated from IRIS to Datascape</li> <li>• data quality standards that councils must meet to enable successful migration</li> <li>• a business process framework for data migration</li> <li>• identification of tools that will be used to identify data issues</li> <li>• identification of tools to export and transform data.</li> </ul> <p>The budget for the project was \$69K, and we expect the project to close under budget.</p>									
<p>Non Financial</p>	<p>Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.</p>	<p><b>On Track</b> - Budgets were approved via the Statement of Intent Process in June 2022.</p> <p>As at 31 December 2022 both support and development were under budget.</p> <table border="1" data-bbox="927 1088 1372 1218"> <thead> <tr> <th>Category</th> <th>YTD</th> <th>YTD Budget</th> </tr> </thead> <tbody> <tr> <td>Develop</td> <td>\$192K</td> <td>\$259K</td> </tr> <tr> <td>Support</td> <td>100K</td> <td>\$113K</td> </tr> </tbody> </table> <p>Year-end forecast is for both to be under budget.</p>	Category	YTD	YTD Budget	Develop	\$192K	\$259K	Support	100K	\$113K
Category	YTD	YTD Budget									
Develop	\$192K	\$259K									
Support	100K	\$113K									
<p>Non Financial</p>	<p>Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System.</p>	<p><b>On-Track</b> – RSHL has effectively managed the SFMS through the first half of the year. Revenue and expenditure are consistent with the amounts documented in the SFMS Briefing Paper.</p> <p>RSHL has 28 contracts in place with service providers for support of Te Uru Kahika work programmes.</p>									
<p>Non Financial</p>	<p>Effectively support the activities of the Regional Sector through the Regional Sector Office</p>	<p><b>On-Track</b> - Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including:</p> <ul style="list-style-type: none"> <li>• RM Reform Legislation</li> <li>• The Future for Local Government Review</li> <li>• Freshwater Farm Plan Regulations</li> <li>• Water Services Legislation</li> <li>• LGOIMA Act Amendments</li> </ul> <p>The policy advisors also coordinated the preparation of induction material for incoming</p>									



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

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



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



# Directors Report

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

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

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

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

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

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

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

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

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

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

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

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

Expenditure on the IRIS solution is no longer being treated as a capital investment. As a result, the book value of the asset is depreciating rapidly. This is appropriate as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

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

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

### Directors

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

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



Jane Carroll	Until 24 August 2022
Amy Kubrycht	From 24 August 2022
John Crane	
Heather Mabin	
A Aakjaer (Independent Director)	

### Interest Register

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

Director	Organisation	Interest
Bruce Howse	<i>nil to declare</i>	
MJ Nield	Taranaki Stadium Trust	Trustee
Heather Mabin	<i>nil to declare</i>	
Amy Kubrycht	<i>nil to declare</i>	
G Shirley	<i>nil to declare</i>	
A Aakjaer	Negotiate Limited Aakjaer Trustee Company Limited 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
J Crane	<i>nil to declare</i>	

### Statement of Compliance and Responsibility

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

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

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2022.

Signed on behalf of the Board of Directors:

MJ Nield - Chairperson

A Aakjaer - Director

Date: 23 February 2023



# Statement of Comprehensive Revenue and Expense

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

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

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

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



# Statement of Comprehensive Revenue and Expense - IRIS Programme

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

Activity is IRIS Programme.

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

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

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





# Statement of Comprehensive Revenue and Expense - IRIS NextGen

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

Activity is IRIS NextGen.

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

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

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



# Statement of Comprehensive Revenue and Expense - Sector Financial Management System

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

Activity is Sector Work Programmes.

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

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

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



# Statement of Comprehensive Revenue and Expense - Overheads

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

Activity is Admin & Mgmt, Unassigned.

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

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

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



# Statement of Financial Position

## Regional Software Holdings Limited As at 31 December 2022

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

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

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

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



# Statement of Cash Flows

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

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

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



# Notes to the Financial Statements

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

### 1. Statement of Accounting Policies

#### Reporting Entity

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

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

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

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

#### Basis of Preparation

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

#### Statement of Compliance

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

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

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



### **Presentation Currency and Rounding**

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

### **Changes in Accounting Policies**

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

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

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

### **Foreign Currency Transactions**

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

### **Cash and Cash Equivalents**

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

### **Inventories**

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

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

### **Goods and Services Tax**

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

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

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

### **Income Tax**

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

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

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





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

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

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

### Critical Accounting Estimates and Assumptions

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

### Additional Disclosure

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

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

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

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

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



## 2. Revenue

### Accounting Policy

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

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

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

#### **Investment revenue**

Interest revenue is recorded as it is earned.

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

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

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

## 3. Expenses

### Accounting Policy

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

#### **Overheads**

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

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



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

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

#### 4. Cash and cash equivalents

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
Business Online Saver	281,617	280,331	25,000	280,577
Credit Card - Mark Donnelly	(756)	(1,108)	-	(290)
Current Account	2,371,077	2,216,044	874,799	1,280,071
<b>Total Cash and cash equivalents</b>	<b>2,651,938</b>	<b>2,495,267</b>	<b>899,799</b>	<b>1,560,358</b>

#### 5. Receivables

##### Accounting Policy

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

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

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

	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>Receivables and accruals</b>				
Accounts Receivable	1,206,696	60,654	-	1,315,336
Prepayments	31,380	29,886	-	62,760
<b>Total Receivables and accruals</b>	<b>1,238,076</b>	<b>90,540</b>	<b>-</b>	<b>1,378,096</b>



## 6. Property, Plant and Equipment

### Accounting Policy

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

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

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

### Depreciation

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

The useful life and associated depreciation rate for computer hardware is 1.49 years and 67%.

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

### Impairment

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

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

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

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



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

## 7. Intangible Assets

### Accounting Policy

#### **Software acquisition and development**

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

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

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

Staff training costs are recognised as an expense when incurred.

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

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

#### **Amortisation**

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

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

#### **Impairment**

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

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

Under International Public Sector Accounting Standards (IPSAS) 31 and 21 the management of RSHL is required to consider whether there is an impairment to the suite of intangible assets.

RSHL has considered the external and internal sources of information under IPSAS 21 and considers it likely that on or about 30 June 2027 the current IRIS software platform and attendant e-learning software will be discontinued with no residual value. On this consideration the current IRIS asset and attendant e-learning software has been impaired in 2021 and then further impaired in 2022.

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



have no residual value by 30 June 2028).

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

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

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

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

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

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

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

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

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

## 8. Payable and Deferred Revenue

Short term payables are measured at the amount payable.

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



	31 DEC 22 6 MONTHS UNAUDITED	31 DEC 21 6 MONTHS UNAUDITED	30 JUNE 2023 12 MONTHS SOI	30 JUNE 2022 12 MONTHS UNAUDITED
<b>9. Equity</b>				
<b>Contributed Capital</b>				
Balance at 1 July	5,149,150	5,149,150	5,149,150	5,149,150
Capital Contribution	-	-	-	-
<b>Balance at end of period</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>
<b>Accumulated Surplus</b>				
Balance at 1 July	(2,558,628)	(1,338,903)	(1,486,366)	(1,338,903)
Surplus/(deficit) for the year	957,453	(239,512)	(651,556)	(1,219,726)
<b>Balance at end of period</b>	<b>(1,601,175)</b>	<b>(1,578,415)</b>	<b>(2,137,922)</b>	<b>(2,558,629)</b>
<b>Total Equity</b>	<b>3,547,975</b>	<b>3,570,735</b>	<b>3,011,228</b>	<b>2,590,521</b>

## 10. Contingent Liabilities and Guarantees

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

## 11. Related party transactions

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

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

Shareholder	Dec 22	Dec 21	Description of Services
Waikato Regional Council	61,792	85,001	Management Services - IRIS PMO Manager
Waikato Regional Council	13,113	-	Reimbursement for travel booked by WRC on behalf of RSHL (not analysed in 2021)
Horizons Regional Council	51,001	-	Reimbursement of Regional Sector Office Costs, funded from the SFMS.
Horizons Regional Council	4,177	-	Reimbursement for travel booked by HRC on behalf of RSHL
Taranaki Regional Council	-	12,068	Management Services



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

Member contributions were received as follows:

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

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





Council  
Collaboration  
Into Action

PO Box 1007, Palmerston North



**Date:** 27 March 2023

**Subject:** **Taranaki Stadium Trust Statement of Intent for the Year Ended 30 June 2024**

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

**Document:** 3155140

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### **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 2024 and then to provide feedback to the Trustees.

### **Recommendations**

That the Taranaki Regional Council:

- a) receives and considers the Taranaki Stadium Trust's draft Statement of Intent for the year ending 30 June 2024
- 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. The Council funds, through the Trust, an agreed

programme of maintenance and long-term development of Yarrow Stadium. The Trust holds and owns the Yarrow Stadium assets.

6. The draft Statement of Intent is consistent with the *2022/2023 Annual Plan*, the *2021/2031 Long-Term Plan*, the proposed *2023/2024 Annual 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.

### **Financial considerations—LTP/Annual Plan**

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

### **Policy considerations**

9. 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**

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

### **Community considerations**

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

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3151534: TST Statement of Intent to 30 June 2024 Covering Letter

Document 3144421: TST Statement of Intent to 30 June 2024

Document 3149788: TST Statement of Intent to 30 June 2024 Estimates

6 March 2023  
Document: 3151534



Steve Ruru  
Chief Executive  
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Tēnā koe Steve

## Statement of Intent to 30 June 2024 and Half Year Report

The Trustees are pleased to present the Statement of Intent (SOI) for the year ending 30 June 2024 and the Half Year Report for the six months ended December 2022.

The SOI reflects the decisions that the Council has made in relation the redevelopment project for Yarrow Stadium.

We look forward to receiving the Council's feedback.

Ngā mihi nui

A handwritten signature in blue ink, appearing to be "M J Nield".

M J Nield  
Trustee

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

Document: 3144421

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

### **Objectives**

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

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

### **Vision**

The vision for Yarrow Stadium is:

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

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

### **Governance**

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

### **Nature and Scope of Activities to Be Undertaken**

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

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

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

### **Ratio of Shareholder's Funds to Total Assets**

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

- Accumulated funds
- Asset revaluation reserves.

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

### **Accounting Policies**

The policies will be consistent with:

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

The full accounting policies are attached as Appendix 1.

### **Performance Targets**

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

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

### **Distribution Policy**

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

### **Information to be Provided**

The following information will be made available:

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

### **Procedures for Share Acquisitions**

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

### **Activities for which Compensation is Sought**

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

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

### **Commercial Value of the Trust's Investment**

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

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

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

### **Other Matters**

There are no other matters.

## **Appendix 1: Statement of Accounting Policies**

### **Reporting entity**

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

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

### **Basis of preparation**

#### **Measurement base**

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

#### **Functional and presentation currency**

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

#### **New and amended accounting standards adopted**

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

#### **Changes in accounting policies**

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

#### **Significant accounting policies**

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

#### **Goods and services tax**

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST, recoverable from or payable to the Inland Revenue Department (IRD), is included as part of receivables or payables, in the statement of financial position. The net



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

### **Revenue**

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

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

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

### **Cash and cash equivalents**

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

### **Investments**

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

### **Debtors and other receivables**

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

### **Property, plant and equipment**

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

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

### **Accounting for revaluations**

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

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

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

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

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

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

#### **Additions**

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

#### **Disposals**

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

#### **Subsequent costs**

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

#### **Impairment of property, plant and equipment**

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

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

#### **Depreciation and amortisation expense**

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

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

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

#### **Creditors and other payables**

Creditors and accrued expenses are measured at the amount owed.

#### **Income tax**

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

#### **Loans**

Loans are recognised at the amount borrowed from the lender.

#### **Critical accounting estimates and assumptions**

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

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

##### **Land and building fair values:**

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

##### **Property, plant and equipment useful lives and residual values:**

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

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

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

### **Going concern**

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

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

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

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

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

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

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

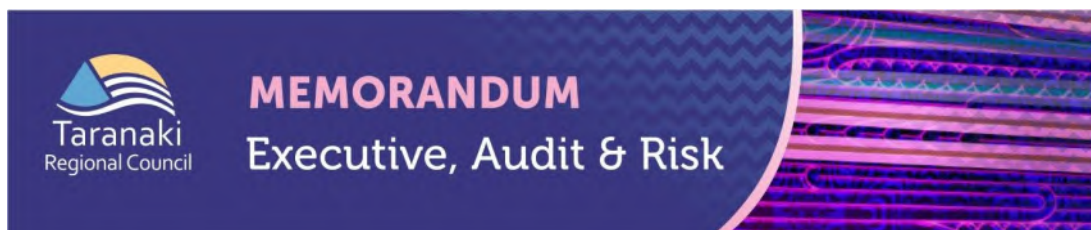
	<b>Budget 2024</b>	<b>Budget 2025</b>	<b>Budget 2026</b>
	\$	\$	\$
<b>Balance at 1 July</b>	29,945,318	41,988,987	44,230,245
Surplus/(Deficit) for the year	12,043,669	2,241,258	(823,766)
Other comprehensive income	0	0	0
Total comprehensive income	<u>12,043,669</u>	<u>2,241,258</u>	<u>(823,766)</u>
<b>Balance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

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

	<b>Budget 2024</b>	<b>Budget 2025</b>	<b>Budget 2026</b>
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,887,579	654,066	106,253
Debtors and other receivables	300,000	0	0
Total current assets	<u>2,187,579</u>	<u>654,066</u>	<u>106,253</u>
<b>Non-current assets</b>			
Property, plant and equipment	73,249,071	78,549,071	77,149,071
Total non-current assets	<u>73,249,071</u>	<u>78,549,071</u>	<u>77,149,071</u>
<b>Total assets</b>	<u><u>75,436,650</u></u>	<u><u>79,203,137</u></u>	<u><u>77,255,324</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and other payables	700,000	100,000	100,000
Total current liabilities	<u>700,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Non-current liabilities</b>			
Loan	32,747,663	34,872,892	33,748,845
Total non-current liabilities	<u>32,747,663</u>	<u>34,872,892</u>	<u>33,748,845</u>
<b>Total liabilities</b>	<u><u>33,447,663</u></u>	<u><u>34,972,892</u></u>	<u><u>33,848,845</u></u>
<b>Net assets</b>	<u><u><b>41,988,987</b></u></u>	<u><u><b>44,230,245</b></u></u>	<u><u><b>43,406,479</b></u></u>
<b>Equity</b>			
Accumulated funds	39,683,987	41,925,245	41,101,479
Asset Revaluation Reserve	2,305,000	2,305,000	2,305,000
<b>Total equity attributable to the trust</b>	<u><u><b>41,988,987</b></u></u>	<u><u><b>44,230,245</b></u></u>	<u><u><b>43,406,479</b></u></u>

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

	<b>Budget 2024</b>	<b>Budget 2025</b>	<b>Budget 2026</b>
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from other revenue	14,248,669	5,048,669	2,248,669
Interest received	0	0	0
Payments to suppliers	(255,000)	(255,000)	(300,000)
Interest paid on the overdraft and bank fees	0	0	0
Goods and services tax (net)	0	0	0
Net cash from operating activities	<u>13,993,669</u>	<u>4,793,669</u>	<u>1,948,669</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(27,000,000)	(6,800,000)	0
Net cash from investing activities	<u>(27,000,000)</u>	<u>(6,800,000)</u>	<u>0</u>
<b>Cash flows from financing activities</b>			
Loans raised	15,000,000	3,700,000	0
Interest paid	(1,050,000)	(1,352,411)	(1,372,435)
Repayment of borrowings	(1,752,669)	(1,574,771)	(1,124,047)
Net cash from financing activities	<u>12,197,331</u>	<u>772,818</u>	<u>(2,496,482)</u>
Net (decrease)/Increase in cash, cash equivalents and bank overdrafts	(809,000)	(1,233,513)	(547,813)
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,696,579	1,887,579	654,066
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b><u>1,887,579</u></b>	<b><u>654,066</u></b>	<b><u>106,253</u></b>



**Date:** 27 March 2023

**Subject:** **Taranaki Stadium Trust Half Year Report to 31 December 2022**

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

**Document:** 3155135

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### **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 2022.

### **Recommendations**

That the Taranaki Regional Council:

- a) receives the Taranaki Stadium Trust's half-year report for the six months ended 31 December 2022.

### **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 2022.

### **Discussion**

3. The focus of the first six months of 2022/2023 has been continuing the implementation of the Yarrow Stadium Plus repair and reinstatement project.
4. The Trust's focus continues to be on returning the Stadium to operation with the West Stand, lights and main field now complete. The new East Stand is scheduled to be completed in 2024. Further, the Stadium reopened for operations on 3 September 2022.
5. Financially, the Trust's performance is as established in the Statement of Intent. The financial report is unaudited.

### **Financial considerations—LTP/Annual Plan**

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



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

### **Policy considerations**

7. 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**

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

### **Community considerations**

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

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3143724: 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 2022

## **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 3143724

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## Entity information for the Six Months Ended 31 December 2022

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### 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

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The Trustees are pleased to present the Taranaki Stadium Trust's 2022/2023 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.

In October 2022, the Taranaki Regional Council appointed Councillor Donna Cram as a Trustee to replace Councillor Elvira Van Der Leden. The Trust wishes to record its appreciation for the mahi and support of Councillor Van Der Leden.

### Highlights

The focus at Yarrow Stadium has been on the implementation of the Yarrow Stadium plus the repair and reinstatement project. On 3 September 2022, the Stadium reopened for its first sporting event since November 2017. This is a major milestone in the reinstatement of Yarrow Stadium and one that should be celebrated 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 year, significant progress has been made on the repair of the West Stand, replacement of the main field turf, replacement of the lights with LED, demolition of the East Stand and the design of the replacement East Stand. The new East Stand is forecast to open in 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 \$50m to \$70m with the additional \$20m being funded 50:50 by the NZ Government and the Taranaki Regional Council.

## Trustee's Report

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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 2022/2023 were:

- Completion of the repair and reinstatement of the West Stand
- Completion of the replacement of the main field turf and the lighting
- Reopening of the stadium with three Taranaki Bulls National Provincial Championship games
- Completion and release of the designs for the new East Stand
- Completion of the Stage 1 ground works for the new East Stand.



### Financial Highlights

The Trust's 2022/2023 funding is focussed around the delivery of the redevelopment project. With work on the West Stand, lights and main field complete, the focus is on the construction of the new East Stand. To date the project spend is \$33.0m. 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 some challenging times ahead as the goal of returning the Stadium to full operational use is implemented.

**Donna Cram**  
Trustee  
28 February 2023

**Michael Nield**  
Trustee  
28 February 2023

## Statement of Service Performance

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### 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 2022/2023.

*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 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 2022/2023 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. The focus has been on getting the Stadium operational again.





### Statement of Financial Performance for the Six Months Ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
<b>Revenue</b>			
Crown Infrastructure Stadium Rebuild Funding		1,348,185	3,166,322
Council funding	1	1,089,335	1,089,335
Interest revenue		8,475	453
Rental revenue		34,217	-
<b>Total revenue</b>		<b>2,480,212</b>	<b>4,256,110</b>
<b>Expenses</b>			
Depreciation	6	412,552	456,246
Finance expenses	2	238,328	40,184
Other expenses	3	138,195	1,118,692
<b>Total expenses</b>		<b>789,075</b>	<b>1,615,122</b>
<b>Surplus/(deficit)</b>		<b>1,691,137</b>	<b>2,640,988</b>
<b>Other comprehensive revenue</b>			
Gains/(losses) on revaluation of Stadium	6	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(deficit)</b>		<b>1,691,137</b>	<b>2,640,988</b>
Total comprehensive income/(deficit) attributable to:			
Taranaki Regional Council		1,691,137	2,640,988
<b>Total comprehensive income/(deficit)</b>		<b>1,691,137</b>	<b>2,640,988</b>

### Statement of Changes in Equity for the Six Months Ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Balance at 1 July		20,924,464	15,008,316
Surplus/(deficit) for the year		1,691,137	2,640,988
Other comprehensive income		-	-
<b>Total comprehensive income/(deficit)</b>		<b>1,691,137</b>	<b>2,640,988</b>
<b>Balance at 31 December</b>	<b>4</b>	<b>22,615,601</b>	<b>17,649,304</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,382,149	959,162
Debtors and other receivables	7	315,144	335,812
<b>Total current assets</b>		<b>2,697,293</b>	<b>1,294,974</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	44,142,382	28,871,286
<b>Total non-current assets</b>		<b>44,142,382</b>	<b>28,871,286</b>
<b>Total assets</b>		<b>46,839,675</b>	<b>30,166,260</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and other payables	8	723,742	2,006,624
Borrowings	9	332	10,332
<b>Total current liabilities</b>		<b>724,074</b>	<b>2,016,956</b>
<b>Non-current liabilities</b>			
Borrowings	6	23,500,000	10,500,000
<b>Total non-current liabilities</b>		<b>23,500,000</b>	<b>10,500,000</b>
<b>Total liabilities</b>		<b>24,224,074</b>	<b>12,516,956</b>
<b>Net assets</b>		<b>22,615,601</b>	<b>17,649,304</b>
<b>Equity</b>			
Accumulated funds	4	20,310,601	16,299,304
Asset Revaluation Reserve	4	2,305,000	1,350,000
<b>Total equity attributable to the Trust</b>	<b>4</b>	<b>22,615,601</b>	<b>17,649,304</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows for the Six Months Ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from (used in) operating activities</b>			
Taranaki Regional Council		1,089,335	1,089,335
Crown Infrastructure Stadium Rebuild Funding		1,348,185	3,166,322
Sundry income		-	26,100
Rental revenue		31,878	-
Interest received		8,531	459
Payments to suppliers		(228,915)	(1,260,321)
Interest paid		(133,552)	(22,485)
Goods and services tax (net)		(274,740)	(210,136)
<b>Net cash from (used in) operating activities</b>	<b>10</b>	<b>1,840,722</b>	<b>2,789,274</b>
<b>Cash flows from (used in) investing activities</b>			
Purchase of property, plant and equipment		(9,924,664)	(7,835,610)
<b>Net cash from (used in) investing activities</b>		<b>(9,924,664)</b>	<b>(7,835,610)</b>
<b>Cash flows from (used in) financing activities</b>			
Applied to borrowings		-	-
Provided from borrowings		9,000,000	5,510,000
<b>Net cash from (used in) financing activities</b>		<b>9,000,000</b>	<b>5,510,000</b>
Net (decrease)/increase in cash and cash equivalents		916,058	463,664
Opening cash and cash equivalents		1,466,091	495,498
<b>Closing cash and cash equivalents</b>	<b>5</b>	<b>2,382,149</b>	<b>959,162</b>

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

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### 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 2022. The financial statements were authorised for issue by the Board of Trustees on 28 February 2023.

#### 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 2022.

##### *Changes in accounting policies*

There have been no changes in accounting policies for the six months ended 31 December 2022.

#### Significant accounting policies

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

##### *Goods and services tax*

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST, recoverable from or payable to the Inland Revenue Department (IRD), is included as part of receivables or payables, in the statement of financial position. The net amount of GST, paid to or received from the IRD, is classified as an operating cash flow, in the statement of cash flows.

## Notes to the Financial Statements

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### **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

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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 2022, property is normally revalued on a three yearly cycle, however an additional revaluation was undertaken as at 30 June 2022.

### **Additions**

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

### **Disposals**

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

### **Subsequent costs**

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

### **Impairment of property, plant and equipment**

The carrying values of property, plant and equipment are reviewed annually for impairment, with reference to internal and external factors which may indicate the carrying value exceeds depreciated replacement cost. The Trust elects to apply *Impairment of Revalued Assets including Amendments to PBE IPSASs 21 and 26* for the purposes of the impairment recognised in note 6. Any significant impairment is recognised by writing the assets down to their depreciated replacement cost and charging the impairment to the relevant revaluation reserve or to the surplus or deficit, where there is no revaluation reserve. If an asset's carrying value exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. In relation to revalued assets, the impairment loss is recognised against the revaluation reserve, for that asset class. Where that results in a debit balance, in the revaluation reserve, the balance is recognised in the surplus or deficit. In relation to assets that are not revalued, the total impairment is recognised in the surplus or deficit.

### **Depreciation and amortisation expense**

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

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

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

### **Creditors and other payables**

Creditors and accrued expenses are measured at the amount owed.

### **Income tax**

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

### **Loans**

Loans are recognised at the amount borrowed from the lender.

## Notes to the Financial Statements

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### *Critical accounting estimates and assumptions*

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

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

#### Land and building fair values:

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

#### Property, plant and equipment useful lives and residual values:

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

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets.

### *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.

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

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

## Notes to the Financial Statements

### 1. Income

	31 December 2022 \$	31 December 2021 \$
Annual grant from the Taranaki Regional Council	1,089,335	1,089,335
<b>Total Council funding</b>	<b>1,089,335</b>	<b>1,089,335</b>

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 2022 \$	31 December 2021 \$
Interest – TSB	235,779	22,485
Interest - loans	2,549	17,699
<b>Total finance expenses</b>	<b>238,328</b>	<b>40,184</b>

### 3. Other Expenses

	31 December 2022 \$	31 December 2021 \$
Ancillary services	1,724	14,071
Audit fees	12,900	-
Bank charges	30	8
Charities commission	44	44
Demolition expense	-	1,043,070
Insurance	68,294	39,839
General expenses	-	4,617
Legal expense	7,156	17,043
Rental expenses	7,475	-
Stadium repairs and maintenance	28,212	-
Valuation Fees	12,360	-
<b>Total other expenses</b>	<b>138,195</b>	<b>1,118,692</b>

### 4. Equity

	31 December 2022 \$	31 December 2021 \$
Accumulated funds		
Balance at 1 July	18,619,464	13,658,316
Surplus/(deficit) for the year	1,691,137	2,640,988
Other comprehensive income/(deficit)	-	-
Transfers to asset revaluation reserve	-	-
<b>Balance at 31 December</b>	<b>20,310,601</b>	<b>16,299,304</b>
Asset revaluation reserve		
Balance at 1 July	2,305,000	1,350,000
Movement in the asset revaluation reserve	-	-
<b>Balance at 31 December</b>	<b>2,305,000</b>	<b>1,350,000</b>
<b>Total equity</b>	<b>22,615,601</b>	<b>17,649,304</b>



## Notes to the Financial Statements

### 5. Cash and cash equivalents

	31 December 2022 \$	31 December 2021 \$
TSB Bank current account	24,344	56,467
TSB Bank on call account	2,357,805	902,695
<b>Total cash and cash equivalents</b>	<b>2,382,149</b>	<b>959,162</b>

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

### 6. Property, plant and equipment

	31 December 2022 \$	31 December 2021 \$
Land at valuation		
Carrying amount at 1 July	4,455,000	3,500,000
Additions	565,217	-
Revaluation	-	-
<b>Carrying amount at 31 December</b>	<b>5,020,217</b>	<b>3,500,000</b>
Furniture, fittings and equipment		
Cost at 30 June previous year	3,324,495	3,340,193
Accumulated depreciation	(2,936,470)	(2,276,177)
Net book value previous year	388,025	1,064,016
Carrying amount at 1 July	388,025	1,064,016
Additions	32,080	-
Transfers	-	-
Depreciation	(106,110)	(332,109)
<b>Carrying amount at 31 December</b>	<b>313,995</b>	<b>731,908</b>
Buildings at valuation		
Cost at 30 June previous year	26,635,393	11,528,265
Accumulated depreciation	(810,592)	(2,446,097)
Net book value previous year	25,824,801	9,082,168
Carrying amount at 1 July	25,824,801	9,082,168
Additions	405,217	-
Transfers	-	-
Disposals	-	-
Depreciation	(306,442)	(124,137)
Revaluation	-	-
<b>Carrying amount at 31 December</b>	<b>25,923,576</b>	<b>8,958,030</b>
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 2022 \$	31 December 2021 \$	
Carrying amount at 1 July	-	-	
Additions	-	-	
Disposals	-	-	
Depreciation	-	-	
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>-</b>	
Work in progress			
Cost at 30 June previous year	4,810,380	7,107,065	
Accumulated depreciation	-	-	
<b>Net book value previous year</b>	<b>4,810,380</b>	<b>7,107,065</b>	
Carrying amount at 1 July	4,810,380	7,107,065	
Additions	8,074,213	8,574,284	
Transfers	-	-	
Disposals	-	-	
Depreciation	-	-	
Revaluation	-	-	
<b>Carrying amount at 31 December</b>	<b>12,884,593</b>	<b>15,681,349</b>	
<b>Total property, plant and equipment</b>	<b>44,142,382</b>	<b>28,871,286</b>	
As at 31 December 2022			
	Cost or Valuation	Accumulated Depreciation	Carrying Amount
Land at valuation	5,020,217	-	5,020,217
Furniture, fittings and equipment at cost	3,356,575	3,042,580	313,995
Buildings at valuation	27,040,610	1,117,034	25,923,576
Office equipment at cost	16,430	16,430	-
Work in progress at cost	12,884,593	-	12,884,593
<b>Total property, plant and equipment</b>	<b>48,318,425</b>	<b>4,176,044</b>	<b>44,142,382</b>

### 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 2022, by Mike Drew, registered valuer, TelferYoung (Taranaki) Limited. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2022, 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 2022 was \$4,455,000 and gain on revaluation of \$955,000 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 2022 was \$25,824,801. Loss on revaluation of the buildings of \$1,296,058 was recognised in the surplus or deficit.

Trust management has done an assessment of the 30 June 2022 valuation and is satisfied that this latest valuation is materially accurate.

### Impairment

As part of the repair and refurbishment of Yarrow Stadium, technology enhancements were started however, these are now not going to be completed. Consequently, the enhancements costs in capital WIP is now at the end of its useful life and its impairment loss is assessed at 100%.

The total value of the impairment loss of the enhancements for the year ended 30 June 2022 was \$91,939 which has been recognised in the surplus or deficit.

## 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 additional food and beverage outlets, toilets, technology upgrades, LED pitch lighting, improvements to the car park and gates, new South Terrace seating and the reinstatement of Field 1.

This work essentially restores what existed, with essential updates. The estimated total cost is \$70 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 expected to be finished in March 2023. The reinstatement of Field 1 and upgraded lights is now complete. The East Stand demolition is also complete with work well underway on the design concepts and plans for the replacement East Stand.

### 7. Debtors and other receivables

	31 December 2022 \$	31 December 2021 \$
GST refund	312,805	335,812
Rental revenue	2,339	-
<b>Total debtors and other receivables</b>	<b>315,144</b>	<b>335,812</b>

### 8. Creditors and other payables

	31 December 2022 \$	31 December 2021 \$
Taranaki Regional Council	198,546	17,699
Trade payables and accruals	525,196	1,988,925
<b>Total creditors and other payables</b>	<b>723,742</b>	<b>2,006,624</b>

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 2022 \$	31 December 2021 \$
TSB Bank Liberty Revolving credit facility	332	10,332
<b>Total current liability borrowings</b>	<b>332</b>	<b>10,332</b>
Taranaki Regional Council loan	23,500,000	10,500,000
<b>Total non-current liability borrowings</b>	<b>23,500,000</b>	<b>10,500,000</b>

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 6.87% variable rate as at 31 December 2022 (2021: 3.37%).

The Taranaki Regional Council loan has a draw down facility of \$35,000,000 which is unsecured. Interest is incurred at a 3.70% weighted average rate as at 31 December 2022 (2021: 1.80%).

## Notes to the Financial Statements

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

	Actual \$	Actual \$
	31 December 2022 \$	31 December 2021 \$
Surplus/(deficit)	1,691,137	2,640,988
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation expense	412,552	456,246
<i>Add/(less) movements in working capital items</i>		
Creditors and other payables	14,056	(127,845)
Debtors and other receivables	(277,023)	(180,115)
<b>Net cash from operating activities</b>	<b>1,840,722</b>	<b>2,789,274</b>

### 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 \$23,500,000 loan from the Council as at 31 December 2022. (2021: \$10,500,000).

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 2022, 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 \$1.2m as at 31 December 2022 (31 December 2021: \$6.2m).

### 13. Contingent liabilities

There are no contingent liabilities at 31 December 2022 (31 December 2021: \$nil).

### 14. Contingent assets

There are no contingent assets at 31 December 2022 (31 December 2021: \$nil).

### 15. Events after the balance sheet date

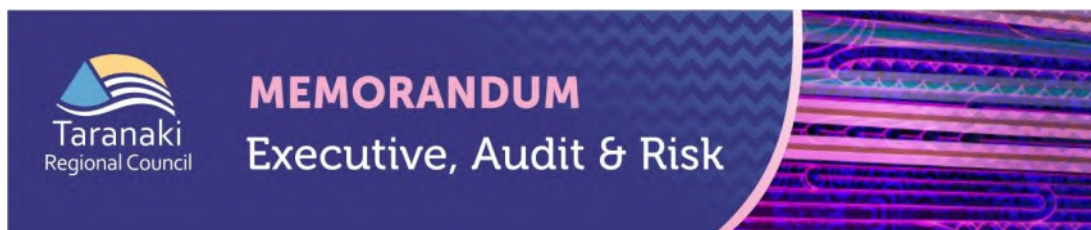
The Trust has no material events subsequent to balance date. (31 December 2021: \$nil).

## Trust Directory

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### Taranaki Stadium Trust

Nature of business:	Charitable Trust
Trustees:	Elvisa van der Leden – To November 2022 Donna Cram – From November 2022 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:** 27 March 2023

**Subject:** **Port Taranaki Ltd: Half Year Report to 31 December 2022**

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

**Document:** 3154505

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### **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 2022.

### **Recommendations**

That the Taranaki Regional Council:

- a) receives Port Taranaki Limited's report for the six months ended 31 December 2022 including the unaudited financial report
- b) notes the 2023/2023 Port Taranaki Ltd dividends of \$4,000,000 in October 2022, and \$4,000,000 in March 2023.

### **Background**

2. The Council is the 100% owner of Port Taranaki Ltd (PTL). 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 (Taranaki Regional Council).

### **Discussion**

3. Attached are the half-year report and financial statements for the six months ended 31 December 2022. The attached financial statements are unaudited.
4. Total trade throughput for the six-month period was 2.22 million freight tonnes, a decrease of 10% on the same period last year. Bulk liquid trade was down 207,000 tonnes freight tonnes on the prior year due to reduced methanol volumes. Methanol trade was down given a longer-than-planned turnaround of Methanex's Motunui-1 plant, an unscheduled week-long full shutdown of a Motunui plant and a longer-than-planned

Maui turnaround programme that resulted in Methanex deciding not to restart its idled Motunui plant.

5. Log volumes were 69,000 JAS lower than the same period last year. PTL continues to work with log exporters to move logs on to rail. In the first half of the year 13,000 JAS were transported to the Port by rail.
6. Revenue from PTL's offshore sector was up 38% on the first half of last year.
7. Total revenue for the period was \$27.74 million. This was \$2.35 million higher than the same period last year. The increase in revenue against the prior period was driven by marine and offshore revenue.
8. Total operating expenditure (including depreciation and maintenance dredging) for the first half of the 2023 financial year was \$18.2 million compared to \$18.06 million in the prior corresponding period. Although operating costs were comparable there were some significant differences with personnel and energy costs up on the prior half year while repairs and maintenance costs were down due to a delay in starting some major maintenance projects.
9. EBITDA for the six months was \$13.00 million, higher than the \$10.65 million recorded in the first half of FY22. Performance against the prior year was driven by higher revenue compared to the first half of 2022 and comparable expenditure.
10. The unaudited after-tax profit of \$6.53 million was 29% higher than that recorded in the six months to 31 December 2020.
11. During the half-year a number of environmental activities were undertaken aligned with the strategic goal of "Mature Our Operational Performance to Clear Standards". These activities focused on:
  - Continuing to upgrade PTL's log yard stormwater systems.
  - Engaging BECA to complete a whole-of-site stormwater treatment review that will look at current practices versus best practise and recommend possible improvements.
  - Isolating the legacy PFOS firefighting foam and preparing to dispose of this foam.
  - Removing undaria from the harbour.
12. Capital investment in the six months to December 2021 (at \$8.46 million) was significantly higher than the prior year. The majority of this related to the firewater system project.
13. In addition to the health, safety and environmental activities outlined above, PTL undertakes various social and community activities that helps the Company to deliver on its vision to be "The Pride of Taranaki".
14. Trading in the second six-month period is forecast to be higher than that recorded in the first half. Primarily due to the increase in methanol trade, however, this will not make up the shortfall for the first six months of the year.
15. Annual trade to 30 June 2022 is projected to be below 5 million freight tonnes. This is the second consecutive year trade has been below 5 million freight tonnes. Revenue is forecast to be in the range of \$51 to \$54 million. Second half expenditure is forecast to be higher than that recorded in the first half year due to increased repairs and maintenance expenditure. This results in a forecast EBITDA of \$21.50 to \$23 million and a forecast NPAT of \$9 to \$10 million.

16. A final dividend of \$4 million in respect of the 2023 financial year was paid in October 2022. An interim dividend of \$4 million has been approved for the 2023 financial year to date. This is consistent with the 2022/2023 budget in the 2022/2023 Annual Plan.

### **Financial considerations—LTP/Annual Plan**

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

### **Policy considerations**

18. 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**

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

### **Community considerations**

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.

### **Legal considerations**

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

### **Appendices/Attachments**

Document 3154509: Port Taranaki Ltd Half-Year Report to 31 December 2022

Document 3154512: Port Taranaki Ltd Financial Statements for six months ended 31 December 2022





**Report to Shareholder**  
Half-Year Ended 31 December 2022

## PORT TARANAKI LIMITED

### Half-Year Ended 31 December 2022

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 2022. 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 2022 Annual Report.

### Financial Performance

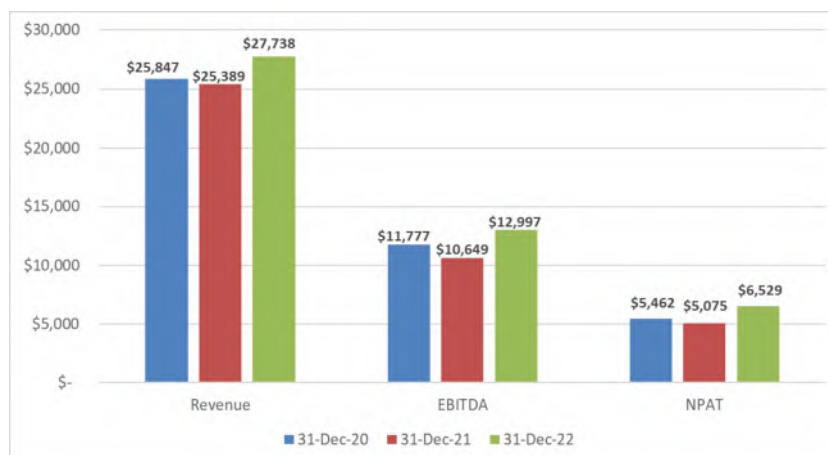
Total revenue for the period was \$27.74 million. This was \$2.35 million higher than the same period last year. The increase in revenue against the prior period was driven by marine revenue and offshore revenue. Marine revenue was up 8% on the primary year given tariff increases whereas offshore revenue was 38% higher than the prior year given increased activity and a tug charter to CentrePort. Revenue also benefited from an insurance payout relating to cyclone Dovi and Z Energy terminating a pipeline licence.

Total operating expenditure (including depreciation and maintenance dredging) for the first half of the 2023 financial year was \$18.20 million compared to \$18.06 million in the prior corresponding period. Although operating costs were comparable there were some significant differences with personnel and energy costs up on the prior half year while repairs and maintenance costs were down due to a delay in starting some major maintenance projects.

EBITDA for the six months was \$13.00 million, higher than the \$10.65 million recorded in the first half of FY22. Performance against the prior year was driven by higher revenue (despite lower trade (248kT lower)) compared to 1H22 and comparable expenditure.

The unaudited after-tax profit of \$6.53 million was 29% higher than the \$5.08 million recorded in the six months to 31 December 2021. PTL's key financial metrics across the last three half years is shown in Figure 1.

**Figure 1: PTL's Key Financial Metrics**



## **Dividend**

A final dividend of \$4.00 million in respect of the 2022 financial year was paid to the Shareholder in October 2022. An interim dividend of \$4.00 million has been approved for the 2023 financial year.

## **Sustainability**

The Company's vision is to be "The Pride of Taranaki". Sustainability is a key component of this. The Company's Sustainability Strategy identifies and addresses the issues that are: (1) material to the Company's risks, opportunities, and financial performance; and (2) important to its communities, customers, shareholder, Iwi, hapū and key stakeholders.

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

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

### **Supporting our People and Community**

A key plank of our Business and Sustainability Strategy is to support our people and community. We do this by providing a safe and healthy workplace for its employees, port users, contractors, and the public. Key components of this strategy are:

- Advancing a positive health, safety and wellbeing culture.
- Preventing incidents and proactively managing wellbeing.
- Building teamwork, diversity and inclusion.
- Providing locally targeted sponsorship and support activities.

As noted in our 2022 Annual Report, following an industry wide port safety review, Port Taranaki was issued two 'improvement notices' relating to traffic management and exclusive zones in the port operational area. During the first six months of FY23 work continued addressing the issues raised and all actions relating to the notices will be complete by the end of March, in accordance with the notices. Improved road markings are in place, delineating parking spaces, pathways and road crossings. Consultation with port operators, customers, other port users has also taken place to better address Restricted Access Area Management.

Other activities undertaken to create value for our employees and our community included:

- Commencing a values alignment process to align the Company's values with our strategy and the values of our people. This process involved a leadership workshop and a series of staff workshops. The output of these workshops was 40 proposed values. Over the course of the next six months the final set of Company values will be determined.

- Providing skin cancer checks to 65 employees.
- Undertaking leadership workshops to initiate the building of a just culture (i.e., a culture that recognises people make mistakes and where individuals feel free to report errors and help the company to learn from mistakes).
- Participating in the Port Industry Association's fatigue working group to develop national guidelines. Developing a fatigue management policy and procedure based upon the national guidelines.
- Providing two University of Canterbury engineering students real-world work experience through a 10-week internship over the summer vacations. Robbie White worked in the engineering team while Jack Stewart was part of the maintenance team. The students experience included, carrying out an under-wharf assessment of Moturoa Wharf, designing and building dust deposition gauges for hoppers, working on the launch Mikotahi, and doing generator and vehicle monthly checks.
- Sponsoring several community groups. Our sponsorships focus on our natural link to the marine environment, education, sustainability, and environmental conservation. Our sponsorship partners include Moturoa School, Mikotahi Sea Scouts, Taranaki Foodbank, Taranaki Volunteer Coast Guard and the Ngamotu Marine Reserve Society.

#### **Environmental Enhancement**

The progress made in enhancing our environment for the future over the first six months of FY23 included:

- Continuing to upgrade PTL's log yard stormwater systems.
- Engaging BECA to complete a whole-of-site stormwater treatment review that will look at current practices versus best practise and recommend possible improvements.
- Isolating the Company's legacy PFOS firefighting foam and preparing to dispose of this foam.
- Removing undaria (a highly invasive species of Asian kelp not native to New Zealand) from the harbour.

#### **Enduring Relationships**

Building long-term mutually beneficial partnerships with our community, port users, customers, Iwi and hapū is key to building long term value. Sharing information helps us plan for the future in a way that best meets all stakeholders' needs. During the first six months of FY23, the Company made the following progress on creating enduring relationships:

- Engaging with Ngāti Te Whiti through the recently established Kaitiaki Forum. This forum provides an opportunity for 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. Currently PTL is consulting with Ngāti Te Whiti on eight separate projects aligned to Ngāti Te Whiti's cultural values as mana whenua of the land upon which the Company operates.

- Actively promoting access to Ngamotu Beach and environs through support to the Sunday Markets, maintaining the boat ramp and dredging and providing the kids fishing jetty which we just recently refurbished.
- Engaging with, and hosting, multiple offshore wind farm developers.
- Engaging with a range of community groups about our trade activity and importance to the regional economy as an essential infrastructure services provider in the region.

### **Resilience**

PTL recognises that ports are essential infrastructure and are integral to the movement of freight. Consequently, PTL seeks to make trade easy and by doing so create value for our business, shareholder, customers, and port users.

Activities undertaken to make trade easy and provide resilience were:

- An upgrade and replacement of the firewater system on the Newton King Tanker Terminal aimed at protecting and future-proofing the energy products wharf for decades to come. The \$16 million project included the installation of new pipelines, monitors (water cannons), valves, pumps, dual electronic controls, a new firefighting foam system, and a refurbished freshwater tank. The system upgrade brings it up to date with International Safety Guide for Oil Tankers and Terminals (ISGOTT) safety standards and meets incoming Environmental Protection Authority (EPA) firefighting foam regulations.
- A short dredging campaign to remove sand and sediment build-up caused by storms and other weather events during the year. One of the Company's regular hydrographic surveys detected an increased build-up of material near the Main Breakwater. The sand and sediment build-up reduced the shipping channel depth, and although, still within safety margins, the Company as a precaution carried out the dredging work to maintain the margins and ensure the safety of the vessels entering and exiting the port.
- Carrying out a concentrated programme of work across Moturoa Wharf, Blyde Wharf and the Newton King Tanker Terminal to inspect and if necessary, repair, the wharf structures to increase their lives and bring the wharves back to their original design. Over time salt water can enter the wharf piles and under wharf structures through cracks in the concrete. If left unrepaired, this could lead to corrosion compromise the integrity of the wharves.

Capital investment in the six months to December 2022 (at \$8.46 million) was significantly higher than the prior year. The majority of this related to the firewater system project which is the Company's largest capital investment since the tug Kīnaki was commissioned in 2018.

### **Trade Performance**

Total trade for the six-month period was 2.22 million freight tonnes, a decrease of 10% on the same period last year. Against the prior year liquid bulk volumes were 207 thousand freight tonnes lower and log volumes were 69 thousand JAS lower.

Liquid bulk trade was impacted significantly by low methanol trade which was impacted by several issues:

- A longer-than-planned turnaround of Methanex's Motunui-1 plant during the first quarter of FY23;
- An unscheduled week-long full shutdown of a Motunui plant in early November; and
- A longer-than-planned Maui turnaround programme that resulted in Methanex deciding not to restart its idled Motunui plant, at the start of FY23, before its planned turnaround.

PTL continues to work with its log exporters to move logs onto rail, where possible, and during the first six months 13 thousand JAS were transported to the port on rail.

Despite a relatively poor trade performance, vessel visits were only one lower than the prior year.

### **Governance**

On 1 July 2022, the Company welcomed Jamie Tuuta and Jeff Kendrew to the Board replacing retiring directors Graeme Marshall and Peter Dryden.

Jamie (Ngāti Mutunga, Ngāti Tama, Ngāti Maru, Te Āti Awa, Taranaki Tūturū) has held a range of governance positions in the past 20 years across iwi development, agribusiness, fishing, health, investment, housing, Māori development, tourism, philanthropy, and education.

Jeff has vast governance experience, both internationally and in New Zealand, across engineering, infrastructure, project management, and supply chains. Jeff had a corporate management career in infrastructure, which included governance of a number of port and port services entities.

The Company was excited to have two directors with such broad experience join the Port Taranaki Board and considered that Jamie and Jeff's knowledge, skills and connections across a range of sectors would be incredibly beneficial in helping guide the Company as it seeks opportunities to drive the business forward and enhance its position as a key economic asset for the region.

Mr Marshall, who joined the Board in 2014, was farewelled at the Board's June meeting, while Mr Dryden, who joined in 2016 and is a former Port Taranaki Board Chair, stepped down in September.

### **Outlook**

Trading in the second six-month period is forecast to be higher than that recorded in the first half, primarily on the back of increased methanol trade as the issues that impacted this trade in the first half year are not expected to reoccur.

The increased methanol trade in the next six months is not however expected to make-up the shortfall (against both budget and the prior period) seen in the first half of the year and annual trade to 30 June 2023 is projected to be below 5 million freight tonnes. This will be the second consecutive year that trade has been below 5 million tonnes.

Full year revenue is forecast to be in the range of \$51 million to \$54 million. Second half expenditure is forecast to be higher than that recorded in the first half year with a large portion

of this increase due to increased repairs and maintenance expenditure given the expected completion of the major maintenance projects that were delayed in the first half of the year.

This results in a forecast EBITDA of \$21.50 million to \$23.00 million and a forecast NPAT of between \$9.00 million and \$10.00 million.



Richard Krogh  
**Chair**



Simon Craddock  
**Chief Executive**

## FINANCIAL STATEMENTS

For the six months ended 31 December 2022

### 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) vessel and cargo/logistics handling services and offshore support; and (ii) property and storage services. These are considered under two integrated performance obligations: (i) port operational revenue; and (ii) property revenue. All activities are undertaken with full regard to health, safety and protection of the environment.

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 2022 (2022 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 2022 Annual Report.

### Relevancy

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding changes in PTL's financial position or financial performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important in the application of PTL's accounting policies;
- it is important for understanding the results of PTL;
- it helps to explain changes in PTL's business; or
- it relates to an aspect of PTL's operations that is important to future performance.

### 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.

### 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 2022 Annual Report.

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**FINANCIAL STATEMENTS**

For the six months ended 31 December 2022

**Statement of profit or loss**

Audited For the twelve months ended 30 June 2022 \$'000	Note	(Unaudited) For the six months ended 31 December	
		2022 \$'000	2021 \$'000
51,463	A2	27,738	25,389
29,774	A3	14,741	14,740
21,689	A4	<b>12,997</b>	<b>10,649</b>
<b>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)</b>			
7,464	A4	3,472	3,709
-	A4	-	-
(392)	A4	(18)	(391)
14,617		9,543	7,331
596		475	282
14,021		9,068	7,049
4,108		2,539	1,974
9,913		<b>6,529</b>	<b>5,075</b>
<b>Profit after tax</b>			
<b>Earnings per share from operations attributable to the shareholder</b>			
9,913		6,529	5,075
52,000		52,000	52,000
19.06		12.56	9.76

**Statement of comprehensive income**

Audited For the twelve months ended 30 June 2022 \$'000	Note	(Unaudited) For the six months ended 31 December	
		2022 \$'000	2021 \$'000
9,913		6,529	5,075
<b>Profit after tax</b>			
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
182	C4	-	(468)
1,181	C4	482	434
1,363		482	(34)
11,276		7,011	5,041

**FINANCIAL STATEMENTS**

As at 31 December 2022

**Statement of financial position**

Audited Full Year as at 30 June 2022 \$'000	Note	(Unaudited)	
		2022 \$'000	2021 \$'000
372		2,956	1,479
5,768		7,291	6,092
915		843	563
7,055		<b>11,090</b>	<b>8,134</b>
194,353	B1	199,216	192,739
618		585	652
409	B2	343	478
2,052		2,617	857
197,432		<b>202,761</b>	<b>194,726</b>
204,487		<b>213,851</b>	<b>202,860</b>
6,098		3,290	5,954
1,443		1,502	1,386
60		30	58
64	C5	140	37
2,344		2,141	271
10,009		<b>7,103</b>	<b>7,706</b>
32,268	C5	41,525	34,693
473		473	568
616		616	646
1,050		1,050	943
34,407		<b>43,664</b>	<b>36,850</b>
44,416		50,767	44,556
26,000	C2	26,000	26,000
69,989	C4	70,473	69,061
64,082		66,611	63,243
160,071		<b>163,084</b>	<b>158,304</b>
204,487		<b>213,851</b>	<b>202,860</b>

**FINANCIAL STATEMENTS**

For the six months ended 31 December 2022

**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 2021		26,000	61,699	68,800	296	156,795
Changes in shareholder's equity for six months to 31 December 2021		-	5,075	-	-	5,075
Comprehensive Income		-	468	(468)	434	434
Other comprehensive income		-	(4,000)	-	-	(4,000)
Dividends	C3	-	(4,000)	-	-	(4,000)
<b>As at 31 December 2021 (Unaudited)</b>		<b>26,000</b>	<b>63,242</b>	<b>68,332</b>	<b>730</b>	<b>158,304</b>
Changes in shareholder's equity for six months to 30 June 2022		-	4,838	-	-	4,838
Comprehensive Income		-	2	180	747	929
Other comprehensive income		-	(4,000)	-	-	(4,000)
Dividends	C3	-	(4,000)	-	-	(4,000)
<b>As at 30 June 2022 (Audited)</b>		<b>26,000</b>	<b>64,082</b>	<b>68,512</b>	<b>1,477</b>	<b>160,071</b>
Changes in shareholder's equity for six months to 31 December 2022		-	6,529	-	-	6,529
Comprehensive Income		-	-	-	484	484
Other comprehensive income		-	(4,000)	-	-	(4,000)
Dividends	C3	-	(4,000)	-	-	(4,000)
<b>As at 31 December 2022 (Unaudited)</b>		<b>26,000</b>	<b>66,611</b>	<b>68,512</b>	<b>1,961</b>	<b>163,084</b>

**FINANCIAL STATEMENTS**

For the six months ended 31 December 2022

**Statement of cash flows**

Audited For the twelve months ended 30 June 2022 \$'000		(Unaudited)	
		For the six months ended 31 December 2022 \$'000	2021 \$'000
	<b>Cash flows from operating activities</b>		
58,155	Receipts from customers	30,923	29,039
53	Interest received	290	20
(34,592)	Payments to suppliers and employees	(22,126)	(16,595)
(1,160)	Interest paid	(739)	(370)
(2,698)	Income tax paid	(2,742)	(2,744)
19,758	Net cash flows from operating activities	5,606	9,350
	<b>Cash flows from investing activities</b>		
(6,887)	Sale of property, plant and equipment (net of disposal costs)	(7,673)	(6,861)
(7,940)	Purchase of property, plant and equipment and software	(8,236)	(3,034)
(174)	Capitalised interest on purchase of property, plant and equipment	(309)	(20)
(15,001)	Net cash flows from investing activities	(16,218)	(9,915)
	<b>Cash flows from financing activities</b>		
19,730	Borrowings drawn	20,070	7,680
(24,320)	Borrowings repaid	(10,845)	(9,870)
-	Dividends	4,000	4,000
(57)	Lease payments	(29)	(28)
(4,647)	Net cash flows from financing activities	13,196	1,782
110	Net increase/(decrease) in cash and cash equivalents	2,584	1,217
262	Cash and cash equivalents at the beginning of the period	372	262
372	<b>Cash and cash equivalents at the end of the period</b>	2,956	1,479
	<b>Reconciliation of profit after tax for the period to net cash flows from operating activities</b>		
9,913	Profit after tax	6,529	5,075
	Plus: Movements in non-cash items:		
7,465	Depreciation, amortisation, and maintenance dredging	3,473	3,677
-	Impairment	-	-
107	Deferred tax balances	-	-
-	Sale of property, plant and equipment	-	-
	Plus: Movements in operating assets and liabilities		
406	Trade and other receivables	(2,183)	2,093
(190)	Inventories	72	162
963	Provisions	59	12
694	Trade and other payables	(2,148)	(536)
(511)	Interest payable	25	(68)
1,304	Tax payable	(203)	(770)
	Less: Movements related to investing activities:		
(392)	Movement in property, plant and equipment creditors	(18)	(295)
19,758	<b>Net cash flows from operating activities</b>	<b>5,606</b>	<b>9,350</b>

## 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.

<b>A1 Operating Revenue Drivers (units)</b>			
<b>Audited</b>		<b>Unaudited</b>	
<b>For the twelve months ended 30 June 2022</b>		<b>For the six months ended 31 December 2022</b>	<b>For the six months ended 31 December 2021</b>
4,743	Trade tonnes (thousands of tonnes)	2,116	2,464
284	Trade vessel visits (number)	141	142
<b>A2 Operating Revenue</b>			
<b>Audited</b>		<b>Unaudited</b>	
<b>For the twelve months ended 30 June 2022</b>		<b>For the six months ended 31 December 2022</b>	<b>For the six months ended 31 December 2021</b>
43,206	Port operational revenue	22,009	21,206
6,804	Property revenue	4,459	3,451
1,453	Other income	1,270	732
<b>51,463</b>	<b>Total operating revenue</b>	<b>27,738</b>	<b>25,389</b>
<b>A3 Operating Expenses</b>			
<b>Audited</b>		<b>Unaudited</b>	
<b>For the twelve months ended 30 June 2022</b>		<b>For the six months ended 31 December 2022</b>	<b>For the six months ended 31 December 2021</b>
15,100	Employee expenses	8,094	7,642
5,349	Repairs and maintenance	2,004	3,102
9,325	Other expenses	4,643	3,996
<b>29,774</b>	<b>Total operating expenses</b>	<b>14,741</b>	<b>14,740</b>
<b>Included within employee expenses are:</b>			
364	Director fees	203	182
<b>A4 EBITDAF Reconciliation</b>			
<b>Audited</b>		<b>Unaudited</b>	
<b>For the twelve months ended 30 June 2022</b>		<b>For the six months ended 31 December 2022</b>	<b>For the six months ended 31 December 2021</b>
21,689	EBITDAF	12,997	10,649
1,452	Maintenance dredging	526	644
5,856	Depreciation	2,881	2,978
156	Amortisation	66	87
-	Impairment of property, plant and equipment	-	-
(392)	Net (gain) / loss on sale of property, plant and equipment	(18)	(391)
(53)	Interest revenue	(290)	(20)
649	Interest expense	764	302
14,021	Profit before tax	9,068	7,049
4,108	Tax expense	2,539	1,974
<b>9,913</b>	<b>Profit after tax</b>	<b>6,529</b>	<b>5,075</b>

### 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	Unaudited	
	For the twelve months ended 30 June 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2021
Opening balance	194,022	194,353	194,022
Additions	8,544	8,633	3,021
Disposals	(1,680)	(317)	(1,676)
Depreciation	(6,533)	(3,453)	(2,528)
<b>Closing balance</b>	<b>194,353</b>	<b>199,216</b>	<b>192,739</b>

Included within additions is capitalised interest of \$168 thousand (31 December 2021: \$20 thousand, 30 June 2022: \$41 thousand) in relation to capital works underway.

During the period the Company undertook the first phase of its 2023 maintenance dredging campaign. This was bought forward following a hydrographic survey that determined the channel had narrowed further than anticipated given the passage of time from the prior maintenance dredging campaign. This phase of the 2023 maintenance dredging campaign resulted in the addition of \$0.8 million in assets during the period.

At 31 December 2022, PTL was committed to \$6.9 million of capital expenditure (31 December 2021 \$9.6 million, 30 June 2022 \$6.8 million).

**B2 Intangible Assets**

	Audited	Unaudited	
	For the twelve months ended 30 June 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2021
Opening balance	565	409	565
Additions	-	-	-
Depreciation	(156)	(66)	(87)
<b>Closing balance</b>	<b>409</b>	<b>343</b>	<b>478</b>

## C. 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 and models various downside scenarios (refer Note C6).



### C2 Issued Capital

Audited		Unaudited			
Shares (000)	Issued Capital	Shares (000)	Shares (000)	Issued Capital	Issued Capital
For the twelve months ended 30 June 2022	For the twelve months ended 30 June 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2021	For the six months ended 31 December 2022	For the six months ended 31 December 2021
52,000	26,000	52,000	52,000	26,000	26,000
Share capital (issued and fully paid)					

### C3 Dividends

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



#### Subsequent event - interim dividend

On 16 February 2023 the Board declared an interim dividend of \$4.00 million to be paid on 2 March 2023.

### C4 Reserves

Audited		Unaudited					
For the twelve months ended 30 June 2022		For the six months ended 31 December 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2021	For the six months ended 31 December 2021	For the six months ended 31 December 2021
Total		Revaluation Reserve	Cash Flow Hedge	Total	Revaluation Reserve	Cash Flow Hedge	Total
69,097	Balance 1 July	68,512	1,477	69,989	68,800	296	69,096
892	Revaluations in other comprehensive income	-	485	485	(468)	434	(34)
69,989	Balance 30 June	68,512	1,962	70,474	68,332	730	69,062

### C5 Borrowings

Audited			Unaudited					
Drawn	Un-drawn		Facility	Drawn	Un-drawn	Facility	Drawn	Un-drawn
For the twelve months ended 30 June 2022	For the twelve months ended 30 June 2022		For the six months ended 31 December 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2022	For the six months ended 31 December 2021	For the six months ended 31 December 2021	For the six months ended 31 December 2021
64		Current secured loans		140				37
32,293		Non-current secured loans		41,525				34,693
32,357	32,643	Total	65,000	41,665	23,335	65,000	34,730	30,270

## Executive Audit and Risk Meeting Public Excluded

In accordance with section 48(1) of the *Local Government Official Information and Meetings Act 1987*, resolves that the public is excluded from the following part of the proceedings of the Executive Audit and Risk Meeting on Tuesday 13 February 2023 for the following reason/s:

Item 13 – Confirmation of Public Excluded Executive, Audit and Risk Minutes – 13 February 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 14 –Port Taranaki Ltd Directorship

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:

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
Port Taranaki Limited - Appointment of Directors.	To protect the privacy of natural persons, including that of deceased natural persons.	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) (a) of the <i>Local Government Official Information and Meetings Act 1987</i> .

Item 15 – Yarrow Stadium Plus: Project Steering Group Reporting

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:

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



## AGENDA AUTHORISATION

Agenda for the Executive, Audit and Risk Committee meeting held on Monday 27 March 2023.

Approved:



17 Mar, 2023 12:50:05 PM GMT+13

M J Nield  
**Director - Corporate Services**



17 Mar, 2023 2:49:44 PM GMT+13

S J Ruru  
**Chief Executive**