



Meeting of the:

Finance and Performance Committee Komiti pūtea, ngā mahinga hoki

Thursday 22 May 2024 at 10am

Environment Southland Council Chamber, 220 North Road, Invercargill

24/F&P/24

Committee Members

Cr Maurice Rodway (Chair)
Cr Alastair Gibson
Cr Lyndal Ludlow (Deputy)

Cr Jeremy McPhail
Cr Phil Morrison
Chairman Nicol Horrell (*ex officio*)

Agenda

- 1 **Welcome I Haere mai**
- 2 **Apologies I Ngā pa pouri**
- 3 **Declarations of interest**
- 4 **Public forum, petitions and deputations I He huinga tuku korero**
- 5 **Confirmation of minutes I Whakau korero**
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- 6 **Notification of extraordinary items/urgent business I He panui autaiā hei totoia pakihi**
- 7 **Questions I Patai**
- 8 **Chairman and councillors reports I Ngā purongo-a-tumuaki me ngā kaunihera Reports**
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and half year report – 31 December 2023 117
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- 10 **Extraordinary/urgent business I Panui autaiā hei totoia pakihi**
- 11 **Public excluded business**
 - 11.1 Confirmation of public excluded minutes from the Finance and Performance Committee 22 February 2024
 - 11.2 Bad debt to be written off – March 2024
 - 11.3 Investment Manager Review



Wilma Falconer
Chief Executive

Terms of reference – Finance and Performance Committee

Council assigns to the committee responsibilities from time to time, and the committee provides advice and reports to Council on development of the organisation's strategic plans including the financial strategy, policies, budgets, together with financial and performance reporting relating to statutory obligations.

The committee will review the effectiveness of the financial and performance reporting by:

1. Governance input into the development of strategic plans and budgets together with associated financial and related policies that support the delivery of the strategic plans (especially long-term plans and annual plans).
2. Governance oversight of performance reporting to Council, incorporating:
 - financial and non-financial performance
 - adherence to statutory obligations
 - monitoring overall financial wellbeing against budget
 - strategic asset allocation, asset management planning and performance review (including investments)
 - procurement
 - delegations of authority
 - Council-controlled organisation oversight and performance.
3. Refer any risk and strategic issues to the relevant working committees.

Minutes of the Finance and Performance Committee

Held at Environment Southland, 220 North Road Invercargill
Thursday 22 February 2024 at 10am



Present:

Cr Maurice Rodway (Chair)
Chairman Nicol Horrell (ex-officio)
Cr Lyndal Ludlow
Cr Jeremy McPhail
Cr Phil Morrison
Cr Alastair Gibson

Mr Dom Rikiti (General Manager, Business Services)
Miss Shanin Bridger (Meeting Secretary)

1 Welcome I Haere mai

The Chair welcomed everyone to the Finance and Performance Committee meeting for Thursday, 22 February 2024, and opened the meeting with a karakia.

2 Apologies

Apologies received for lateness from Chairman Horrell and Cr Gibson for this meeting.

Moved by Cr Ludlow and seconded Cr McPhail, **and resolved:**

That the Finance and Performance Committee accept the apologies.

Carried

3 Declarations of interest

There were no declarations of interest.

4 Public forum, petitions and deputations I He huiuga tuku korero

There were no public forum, petitions or deputations presented at the meeting.

5 Confirmation of minutes

Moved by Cr Morrison and seconded by Cr McPhail **and resolved:**

The Finance and Performance Committee confirms the minutes of the meeting held Wednesday, 29 November 2023, as a true and correct record of that meeting.

Carried

6 Notification of extraordinary and urgent business I He panui autaiā hei totoia pakihi

There were no extraordinary items or urgent business tabled for inclusion in the agenda.

7 Questions I Patai

There were no questions asked by the membership.

8 Chairman and councillors reports

There were no reports from the Chair or councillors for this meeting.

9 Staff reports

9.1 Information management systems, technology and data update

Mrs Jane Carroll was in attendance and spoke to this report, where the purpose was for the Finance and Performance Committee to receive an update on activity to progress information management and information systems projects within the organisation.

Moved Cr McPhail and seconded Cr Ludlow **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report "Information management, systems, technology and data update".**

Carried

9.2 Investment report to 31 December 2023

Ms Tracey Adendorff and Ms Jody Lloyd were in attendance and spoke to this report, where the purpose was to update the committee with the Investment report to 31 December 2023.

Moved Cr Ludlow and seconded Cr Morrison **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report "Investment report to 31 December 2023".**

Carried

9.3 Finance report to 31 December 2023

Ms Tracey Adendorff and Ms Jody Lloyd were in attendance and spoke to this report, where the purpose was to provide an update to the Finance and Performance Committee on finances for the six months to 31 December 2023.

Moved Cr McPhail and seconded Cr Ludlow **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report "Finance report to 31 December 2023".**

Carried

9.4 Regional Software Holdings Limited – update January 2024

Ms Tracey Adendorff and Ms Jody Lloyd were in attendance and spoke to this report, where the purpose was to provide to the committee an update to January 2024.

Moved Cr Ludlow and seconded Cr Morrison **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report “Regional Software Holdings Limited – update January 2024”.**
- 2 Delegate the responsibility of providing feedback on the draft statement of intent to the General Manager Business Services**

Carried

9.5 Civic Financial Services Limited – Statement of Intent for 2024

Ms Tracey Adendorff and Ms Jody Lloyd were in attendance and spoke to this report, where the purpose was to provide to the committee with an update on the Civil Financial Services Ltd (Civic) Statement of Intent for the year 31 December 2024.

Moved Chairman Horrell and seconded Cr McPhail **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report “Civic Financial Services Limited – Statement of Intent for 2024”.**

Carried

9.6 Long-term Plan performance reporting

Ms Rachael Millar was in attendance and spoke to this report, where the purpose was to provide the committee with an update on the progress of activities that are described in Council’s 2021-2031 Long-term Plan.

Moved Chairman Horrell and seconded Cr Ludlow **and resolved:**

That the Finance and Performance Committee

- 1 Receive the report “Long-term Plan progress report to 31 December 2023”.**

Carried

10 Extraordinary/urgent business | Panui autaiā hei totoia pakihi

There was no extraordinary/urgent business tabled for this meeting.

11 Public excluded business | He hui pakihi e hara mo te iwi

Moved Cr McPhail and seconded Chair Horrell, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 7 of that act, that the public be excluded from the following parts of the proceedings of this meeting, namely:

11.1 Confirmation of public excluded minutes – Finance and Performance Committee 29 November 2023.

11.2 Great South Draft Statement of Intent 2024-2027 report

The general subject matters to be considered while the public is being excluded, the reason for this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987 are set out below:

GENERAL SUBJECT MATTER	REASON FOR PASSING THE RESOLUTION	GROUNDS UNDER S.48(1)
Confirmation of public excluded minutes – Finance and Performance meeting 29 November 2023	Enable and local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	S.7(2)(h)
Item 11.2 Great South Draft Statement of Intent 2024-2027	Enable and local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	S.7(2)(h)

Carried

9.1 Finance report to 31 March 2024

Objective ID: A1076207

Report by: Tanea Hawkins, Chief Financial Officer

Approved by: Dom Rikiti, GM Business Services



Purpose

To provide an update to the Finance and Performance Committee on finances for the nine months to 31 March 2024.

Summary

Revenue and expense highlights:

A nine-month operating deficit of \$2.5m was budgeted however, the actual result was an operating deficit of \$1.7m which is \$800k favourable. Income from the marine fee continues to track favourable to plan and is forecasted to be \$3.3m for the full year, ahead of original budget.

Income from Investments of \$7.5m for the nine-month period was better than budget by \$2.2m and up \$2.9m on the December quarter. \$382k of this better than budgeted income was from interest with the balance relating to unrealised income in the portfolio.

Net income received from government funded projects of \$7.2m was \$2.3m unfavourable to budget due to budgeted funding not becoming available this financial year.

The forecast surplus for the year ended June 2024, including investment income is \$1.4m versus a breakeven budget. Forecasted variances in operational income and expenses largely offset, however an unfavourable variance of \$436k remains in the Operating Surplus. Once investment income is included, the forecast is a \$1.4m surplus, (excluding Government Funded projects).

The reduced income forecast for government funded projects is acknowledgement that funding budgeted for additional projects is unlikely to be received this year.

Statement of financial position highlights:

Cash at bank and short-term deposits was \$9.0m at the end of the quarter, in line with the cash flow forecast.

Overdue debts are continuing to improve as a result of consistent efforts from the rates and debtor officers. Progress continues to be made to improve the customer experience relating to the collection of rates and fees & charges with email options and direct debits, which is also helping with internal efficiencies.

The forecast for the year end shows an improvement on the original budget due to increases in investment income, with cashflows tracking as planned.

The schedule of reporting for the next three-month period is:

DATE OF MEETING	COMMITTEE	FINANCIAL REPORT END DATE
28 August 2024	Finance & Performance Committee	Draft quarter four ended 30 June - finance & performance reporting

Recommendation

It is recommended that Finance and Performance Committee resolve to:

- 1 Receive the report "Finance report to 31 March 2024".

Report

Material variances to the budget include:

1. **Other Income**

The favourable variance of \$1.3m includes \$388k from Catchment Integration projects that were not in the original work programme and thus not in the budget. Cruise ship income is \$498k ahead of budget, this variance is expected to continue, with an end of year forecast of \$528k above budget. Cruise ship bookings this season are 28 ahead of the numbers forecast at the time budgets were completed.

Also included in other income are amounts within Resource Management and Consents that are to be offset to operational costs of \$100k and contractors of \$358k.

Overall other Income is forecast to be remain ahead of budget by \$928k for the full year.

2. **People costs**

Total People cost of \$15.3m was unfavourable to budget by \$412k for the nine-months. Overall salaries are \$217k unfavourable to budget with an additional unbudgeted leave accrual of \$122k. Leave taken in January reversed a large part of the variance, however leave accrual balances are growing again in total which is expected as the average value typically increases in line with CPI. The end of year forecast for people cost is \$348k above budget.

3. **Contractors and consultants**

Contractors and consultant expenditure of \$7.1m was unfavourable to budget by \$439k for the quarter.

There are additional projects underway that were not in the original budget, coupled with external support to assist the organisation with business planning, the program management office as well as the provision of technical advice and programme management services. These associated costs largely come with external funding to offset most of the programme costs.

Within the contractors and consultants spend to date there is \$312k offsetting within other income leaving a true variance of \$78k. These externally funded project costs of \$312k are included in the overall \$971k unfavourable variance forecast for the full year.

4. **Operational costs**

Operating costs to March were better than budget by \$273k. Underspends of \$97k across multiple drainage districts within the Catchment Operations Group were responsible for the better than budget outcome. Drainage expenditure often varies to budget during the season.

Operational costs are forecast to be unfavourable to budget by \$163k at year end.

5. **Income from investments**

Income from investments for the year to date is \$7.5m vs a budget of \$5.3m resulting in a favourable variance of \$2.2m. A year end favourable variance of \$522k is forecast for investment income received. In addition, unrealised income has been forecast at \$1.3m.

6. Government funded projects

Government funded projects are on track, with most of the climate resilience projects now nearing completion. The capital surplus is forecast to be \$1.6m less than budget, as noted earlier, due to budgeted funding not becoming available this financial year. The budgeted capital costs of the projects are reduced accordingly.

Environment Southland Revenue & Expense Statement for period ended 31 March 2024

YTD Actual % of FY Budget								
YTD Actual		Remaining Budget						
Revenue	Expenditure	Investment	Year to Date			Full Year		
			Actual	Budget	Variance	Last Yr	Forecast	Budget
			\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Income								
Rates	19,334	19,245	89 F	18,001	25,779	25,661		
Other income	12,075	10,783	1,292 F	11,038	13,405	12,477		
Total Income	31,409	30,028	1,381 F	29,039	39,183	38,138		
Expense								
People	15,326	14,914	412 U	14,281	20,959	20,611		
Contractors and consultants	7,122	6,683	439 U	4,831	10,271	9,300		
Operational	10,614	10,887	273 F	9,651	13,904	13,741		
Total Expense	33,062	32,484	578 U	28,763	45,133	43,652		
Operating Surplus/(Deficit)	(1,653)	(2,456)	803 F	276	(5,950)	(5,514)		
Investment Income								
Dividends	4,709	4,709	-	4,709	4,709	4,709		
Income from Investments - realised	983	601	382 F	898	1,328	806		
Income from Investments - unrealised	1,785	-	1,785 F	825	1,328	-		
Total Investment Income	7,477	5,310	2,167 F	6,432	7,365	5,515		
Surplus/(Deficit) including Investment income	5,824	2,854	2,970 F	6,708	1,415	1		
Government Funded Projects								
Revenue	7,209	9,547	2,338 U	9,400	10,563	12,563		
Expenditure	1,234	1,603	369 F	3,906	1,810	2,179		
Capital Surplus	5,975	7,944	1,969 U	5,494	8,753	10,384		
Total Surplus / (Deficit)	11,799	10,798	1,001 F	12,202	10,168	10,385		

**Statement of Financial Position
as at 31 March 2024**

	YTD Actual \$000's	Last Year YTD Actual \$000's	30 June 2023 Actual \$000's
Assets			
Current Assets			
Cash And Deposits	8,979	13,176	4,766
Trade And Other Receivables	5,655	7,651	4,607
Prepayments	432	345	460
Inventories	81	105	93
Managed Funds	31,227	27,945	28,818
Total Current Assets	46,375	49,222	38,744
Non Current Assets			
Shares In Subsidiary	8,721	8,721	8,721
Other Financial Assets	230	217	230
Property Plant & Equipment	64,103	50,994	55,438
Investment In Related Party	360	450	360
Total Non Current Assets	73,414	60,382	64,748
Total Assets	119,789	109,604	103,492
Liabilities			
Current Liabilities			
Trade And Other Payable	7,780	4,876	9,825
Rates in Advance	6,452	6,000	-
Total Current Liabilities	14,232	10,876	9,825
Non Current Liabilities			
Employee Entitlements	1,986	2,413	1,894
Total non current liabilities	1,986	2,413	1,894
Total Liabilities	16,218	13,289	11,719
Net Assets	103,571	96,315	91,773
Equity			
Retained Earnings	80,212	76,071	68,414
Special Reserves	23,359	14,444	23,359
Total Equity	103,571	96,315	91,773

Statement of Cashflow as at 31 March 2024

	YTD	Last Year
	Actual	Actual YTD
	\$000's	\$000's
Operating Activities		
Receipts from customers	41,868	33,721
Interest received	197	275
Dividends received	4,709	4,709
Payments to suppliers and employees	(32,752)	(25,351)
Finance costs	(34)	(3)
Net Operating Activities	13,988	13,351
Investing Activities		
Purchase of property, plant and equipment	(9,843)	(6,512)
Proceeds from sale of property, plant and equipment	68	-
Acquisition/Disposal of shares / investments	-	-
Net Investing Activities	(9,775)	(6,509)
Financing Activities		
Net Financing Activities	-	-
Cash movement	4,213	6,842
Opening Balance 1st July	4,766	6,334
Closing Bank Balance	8,979	13,176

Monthly cashflow forecast to June 2024

The cash flow forecast report details forecast receipts and expenditure through to 30 June 2024.

The forecast projects normal operating cash flows, cash flows from investments, Climate Resilience projects and Jobs for Nature projects. Cash flow forecasts are updated quarterly.

The opening cash balance at 1 July 2023 was \$4.8m. During the period of this report, cash balances reduced to \$3.1m overdrawn in October before increasing again when rates were received. Cash on hand and invested at 31 March 2024 was \$8.9m. With the completion of the Climate Resilience projects in 2024, funds will reduce again, with a projected total net debt position of \$10.5m in June 2024.

Council expects to drawdown on the short-term ANZ overdraft facility in May 2024. Council is also considering longer-term debt to fund of the Climate Resilience projects with the Local Government Funding Authority (LGFA).

Net Debt Forecast \$000's - 30 June 2024



Significant Expenditure as at 31 March 2024

		Year to Date Actual \$000's	Full year Budget \$000's	YTD Actual % of FY Budget
Government Funded				
Climate Resilience	Government Grant	5,639	10,600	53%
	Local Contribution	6,188	8,751	71%
	Less expenditure	7,294	19,066	38%
	Balance	4,533	285	
Biodiversity Projects	Government Grant	56	1,963	3%
	Local Contribution	1,611	578	279%
	Less expenditure	1,583	2,652	60%
	Balance	85	(111)	
Total Government Funded		4,618	175	

Capital Expenditure

Council Funded			
Buildings - General	62	-	0%
Buildings - Rental	18	-	0%
Sundry Plant and Equipment	207	541	38%
Vehicles	572	540	106%
Infrastructural Assets	1,539	-	0%
Intangible Assets	192	-	0%
Government Funded			
Infrastructural Assets	7,253	19,246	38%
Total Capital Expenditure	9,843	20,327	48%

Year to date Actual \$000's	Year to date Budget \$000's	Life to date Actual \$000's	Period
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Major project expenditure

Coastal Plan	310	207	3,366	2012 -
People, water and land	-	-	5,835	2017 - 2022
pSWLP	1,590	1,344	17,209	2010 -
Total Major project expenditure	1,900	1,550	26,410	

Debtors and rates report as at 31 March 2024

Sundry debtors \$000's							
Year ended	Total sundry debtors	Current balances	Overdue balances	Aging of overdue balances \$000's			
				30 days	60 days	90+ days	90+ days % of overdue balances
31/03/2022	535	186	349	35	40	274	79%
31/03/2023	4,697	3,826	872	534	37	301	35%
31/03/2024	1,728	1,034	694	123	130	442	64%

Council continues to work with debtors and where that is not possible it refers debtors to Debt Management Central (DMC), Council's debt collectors.

There is a 29% increase in the 90+ days category debt as a percentage of overdue balances from the prior year. At 31 March 2024 there were 32 debtors from this category with a total debt of \$116k being managed by DMC. Of these, four debtors have been moved to legal process with a total debt of \$39k. The balance in the 90+ days category is followed up internally and includes a number of debtors with payment arrangements. This category also includes three debtors with a total debt of \$100k with cost objections in place. One debtor in the 90+ days category with \$15k debt made payment in April 2024.

Council holds a total of \$23k debt which is over six years old. This includes two debtors with a total of \$13k owing that are in legal process, two debtors that have registered liens, one debtor which is awaiting business sale proceeds and two debtors on the DMC default listing.

The current balance of \$1 million at 31 March 2024 includes six cruise ship debtors owing \$707k and Ministry for Environment owing \$217k.

Rates debtors \$000's					
Year ended	Rates debtors total	Less rates on 3 payment plan	Net rates outstanding	Annual rates invoiced	Rates balance as % current rates (excl. arrangements)
31/03/2022	2,993	375	2,618	26,290	10%
31/03/2023	2,833	590	2,243	27,602	8%
31/03/2024	2,854	827	2,027	29,652	7%

The net balance of rates outstanding at March was \$2.9 million, or 7% of the rates invoiced and due in November 2023.

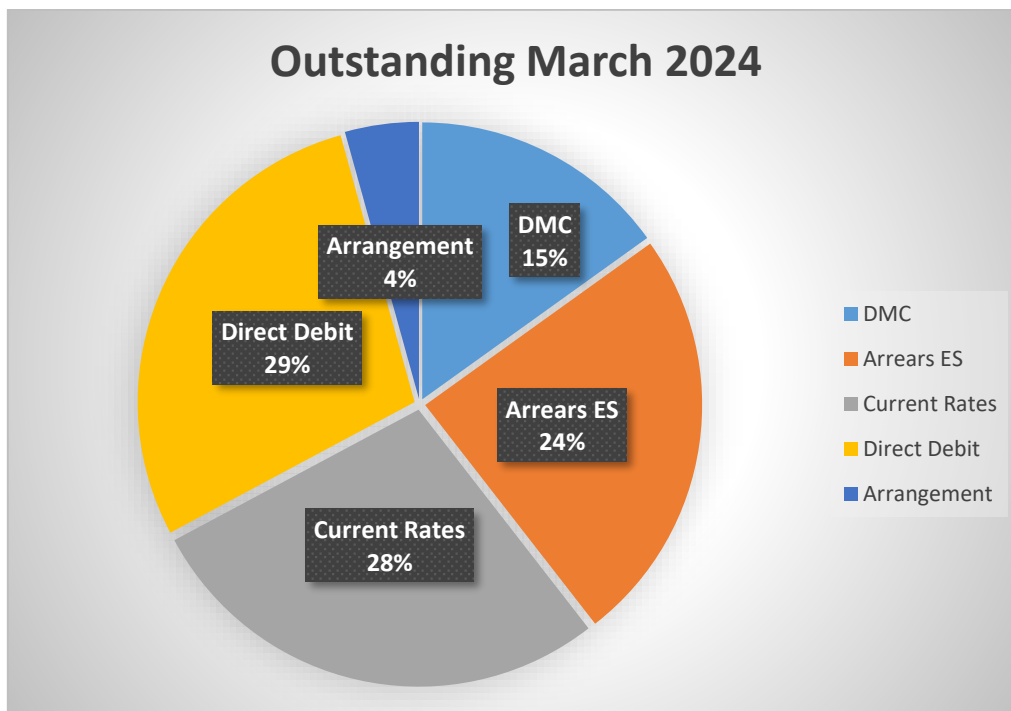
There has been a total of 2,581 ratepayers sent to DMC for outstanding debt as at 31 March 2024, and of these 2,046 ratepayers have paid in full. This equates to 79% of the total ratepayers sent to DMC. The remaining balance includes 124 in mortgagee process, 370 being actively managed, 20 in legal action, and 21 with a miscellaneous status.

Of those in legal action, a total of six have commenced with the rating sales process. Of these, one has since paid in full and another has entered into a payment arrangement. For three of the remaining, Environment Southland is second plaintiff; two with Southland District council being first plaintiff and one with Gore District council being first plaintiff. Environment Southland is only plaintiff for the other remaining property.

Council does not move to rating sale demands without having exhausted every avenue available and given ratepayers every opportunity to pay. The process takes 12 months, and at any point in that 12 months the ratepayer can cancel the process by agreeing to pay or making payment arrangements.

The graph below shows the split of the outstanding \$2.9m rates debtors at 31 March 2024. The final direct debit payment for the 2023/24 year is due on 31 May 2024.

A total of 3,855 reminder letters for current rates were sent in January. A second batch of 1,473 reminder letters are scheduled for end of April who those who did not respond to the letters sent in January.



Council is not able to recover rates debt over six years old through the court process. DMC will also not accept debt that is over six years old. This aged debt is accounted for each year as doubtful debt in the Annual report. In the 2022/23 Annual report the amount of \$88k doubtful debt was included. This is made up of \$51k rates debt over six years old and the balance of \$37k for Winton Racecourse which is under six years old but in dispute. Section 65(1) of the Local Government (Rating) Act 2002 states:

“Limitation of time for recovery of rates

An action to recover unpaid rates must not be commenced in a court of competent jurisdiction later than 6 years after—“

Council has identified that other councils prefer to write off this aged debt each year as part of their end of year process. Council staff will review the current end of year process for the financial year ended 30 June 2024. The Chief executive can write off this aged debt in accordance with Section 90A (1) of the Local Government (Rating) Act 2022:

“Chief executive may write off rates that cannot be recovered

The chief executive of a local authority must write off any outstanding rates that, in the chief executive’s opinion, cannot reasonably be recovered”

Clean Air Loans Quarterly Report as at 31 March 2024

Current Situation

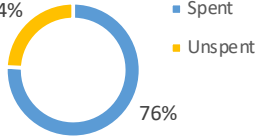
Information supplied by participating Councils

		Gore	Invercargill	Total
Total Applications		32	186	218
Loans in Default		-	-	-
Loans Approved	\$	129,506	\$ 700,107	\$ 829,613
Loans Issued	\$	129,506	\$ 700,107	\$ 829,613
 Loan Balance Remaining to Councils	 \$	 13,179	 \$ 10,103	 \$ 23,282

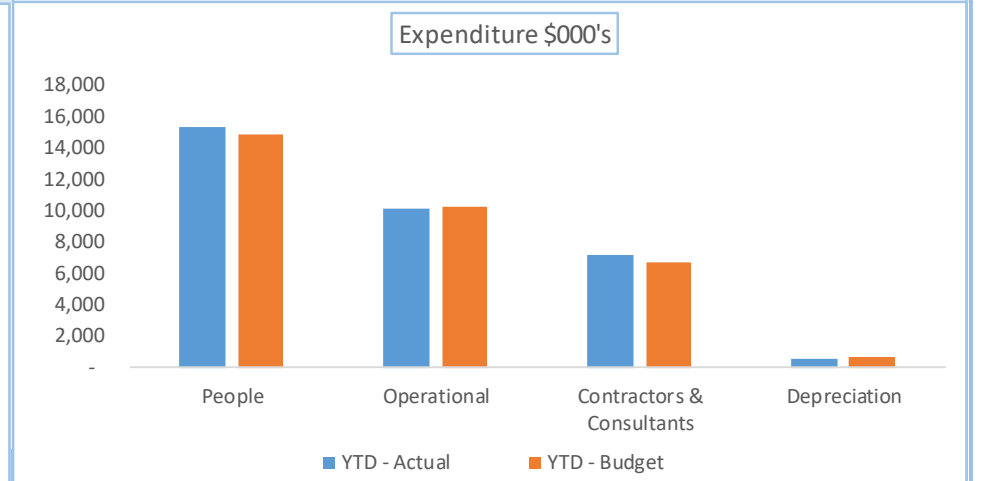
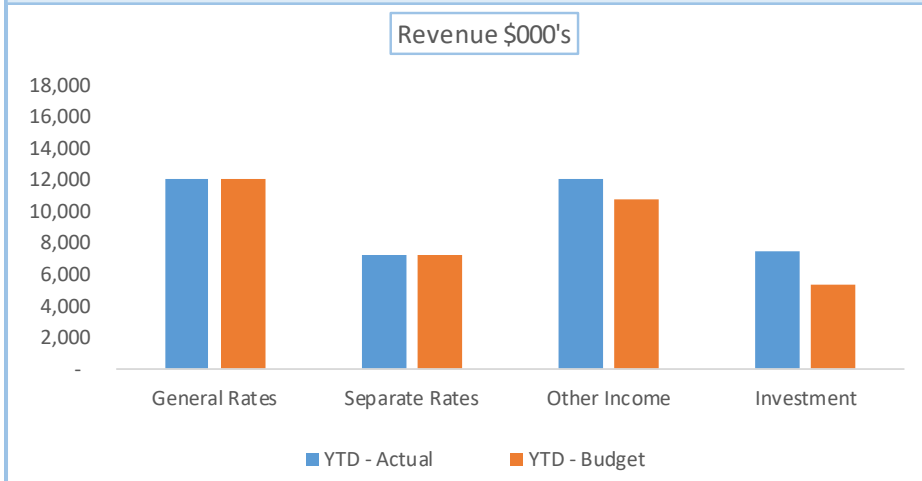
Environment Southland has a Memorandum of Understanding with both Invercargill City Council and Gore District Council for funding in the form of a loan scheme for qualified applicants for the airsheds of Invercargill and Gore respectively.

There have been no changes in the number of Clean Air Loans for some time now.
The scheme is part of a review being undertaken by Council.

Council Activity Performance Report (excl Govt Funded) - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve					YTD Expenditure to Budget	Financial Summary \$000's			
Completed	High	Medium	Low	N/A		Actual	Revenue	Expense	Surplus/(Deficit)
0	37	16	1	1			Budget	38,885	33,062
						Variance	35,337	32,484	2,854
						Variance %	3,548 F	578 U	2,969 F
							10%	-2%	

Summary Revenue and Expenditure



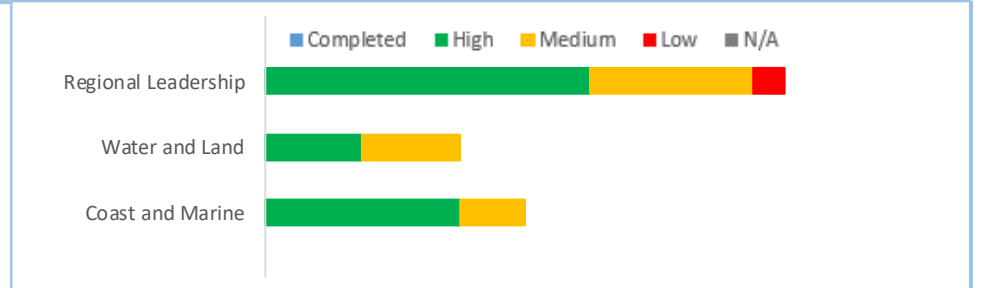
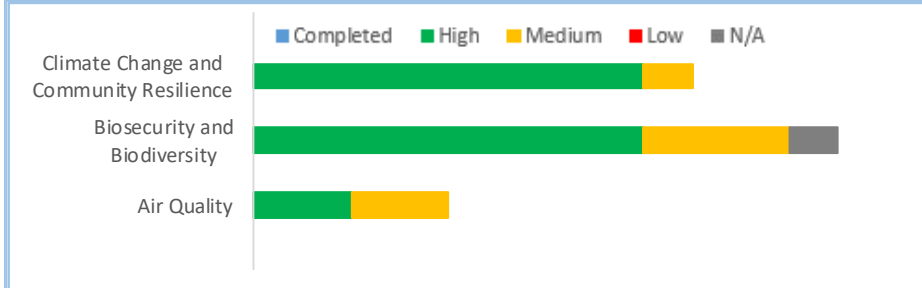
Revenue commentary

The nine months ended 31 March 2024 finished with an Operating deficit of \$1.7m, \$800k above the budgeted deficit of \$2.4m. Income other than rates was \$1.3m more than budgeted.

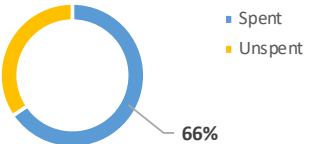
Expenditure commentary

Overall expenditure was \$578k higher than budgeted, largely due to contractors and consultants costs which resulted in an unfavourable variance to budget of \$439k. People costs were also significantly over budget, with an unfavourable variance of \$412k.

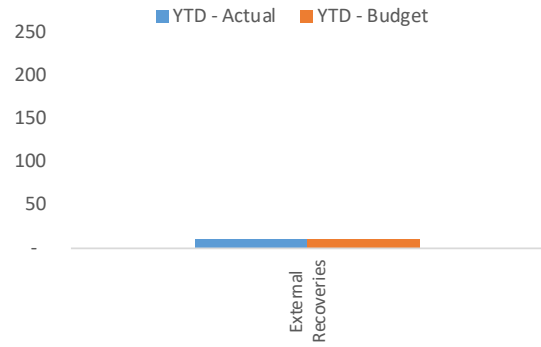
Level of Service by Group



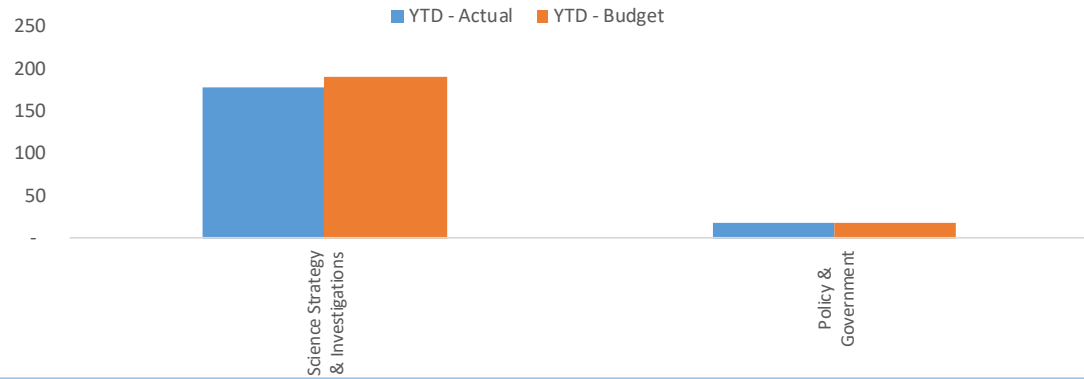
Air Quality Performance Report - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve				YTD Net Cost to Budget	Financial Summary \$'000's				
Completed	High	Medium	Low		Actual	Revenue	Expense	Surplus/(Deficit)	
0	2	2	0			224	223	196	207
					Variance	1 F	11 F	12 F	
					Variance %	0%	6%		

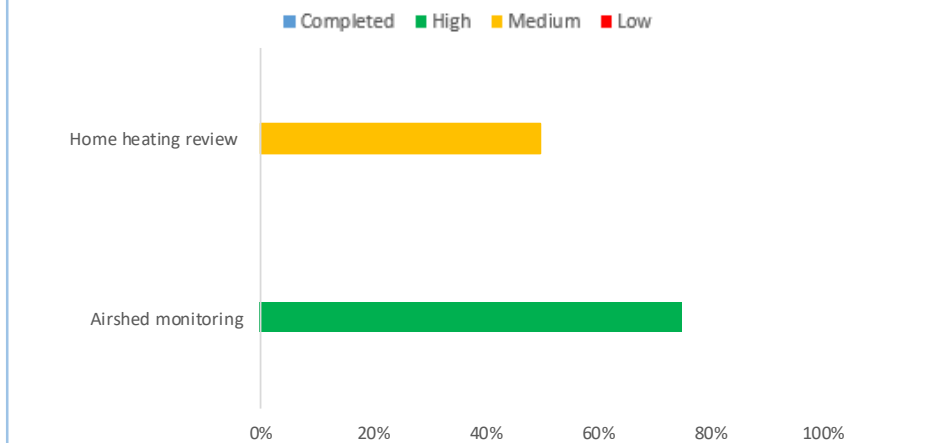
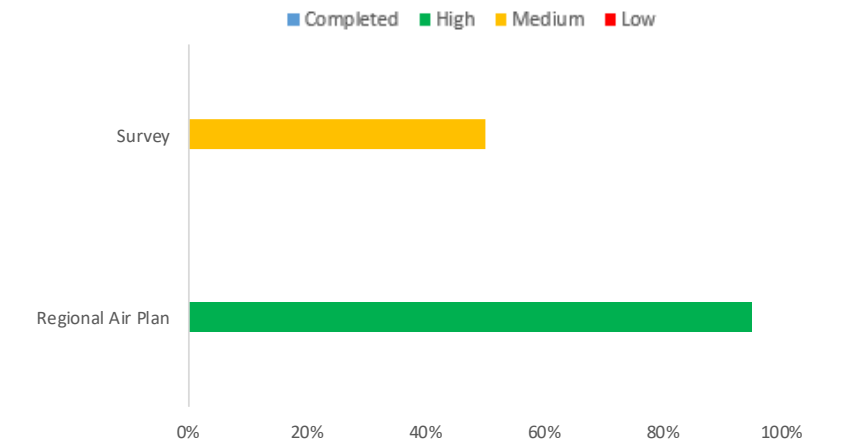
REVENUE (exc rates) \$'000's



EXPENSE \$'000's



Level of Service Performance

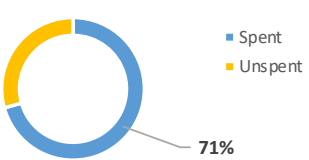


Commentary

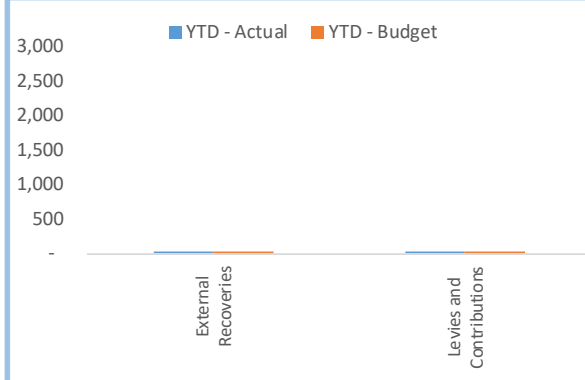
The Regional Air Plan remains on hold in Q3, however is still compliant with current NESAQ requirements. It will be reviewed in light of any further National Planning Framework recommendations that may evolve from central government. Data collected and reported is in accordance with the NESAQ requirements in relation to our airshed monitoring & reporting. In addition to this, a science report has been prepared reviewing the latest monitoring data, analysing trends and assessing the suitability of monitoring sites. This report will be published in Q4. The survey of residents who have adopted practices that improve air quality in the region performance target remains on hold investigating alternative ways of capturing this information as part of the development of the winter air quality campaign.

The existing Clean Air Loan Scheme (CAL) with ICC and GDC also remains on hold pending decisions being made following the CALS review. Staff still intend to try and submit an item to the Strategy and Policy Committee in Quarter 4.

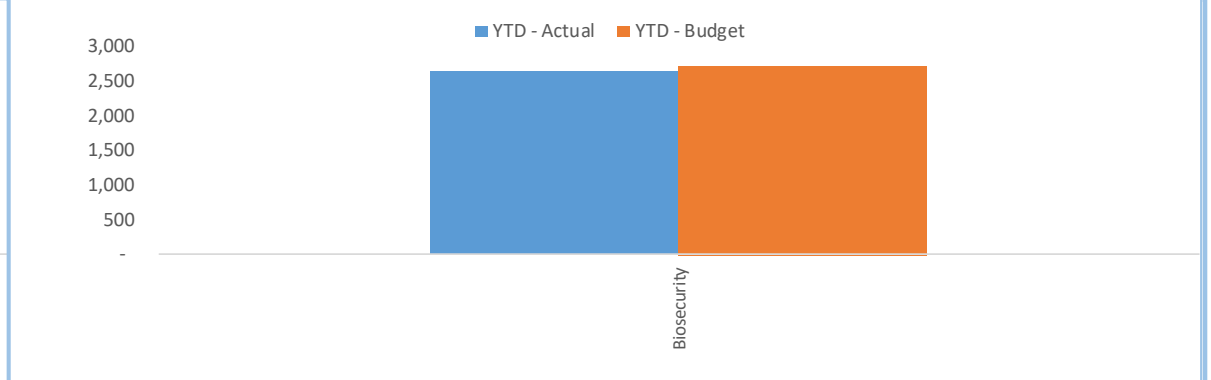
Biosecurity and Biodiversity Performance Report - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve					YTD Net Cost to Budget	Financial Summary \$000's			
Completed	High	Medium	Low	N/A		Actual	Revenue	Expense	Surplus/(Deficit)
0	8	3	0	1			2,537	2,537	2,804
						Budget	2,502	2,927	(425)
						Variance	35 F	123 F	158 F
						Variance %	1%	4%	

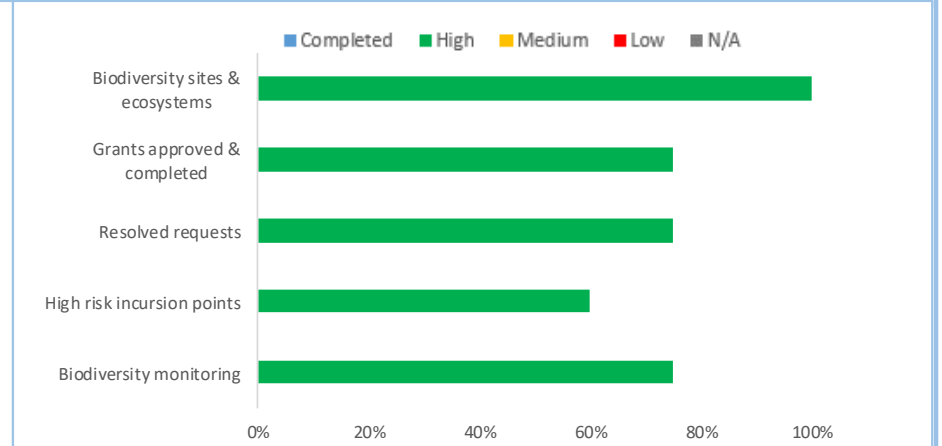
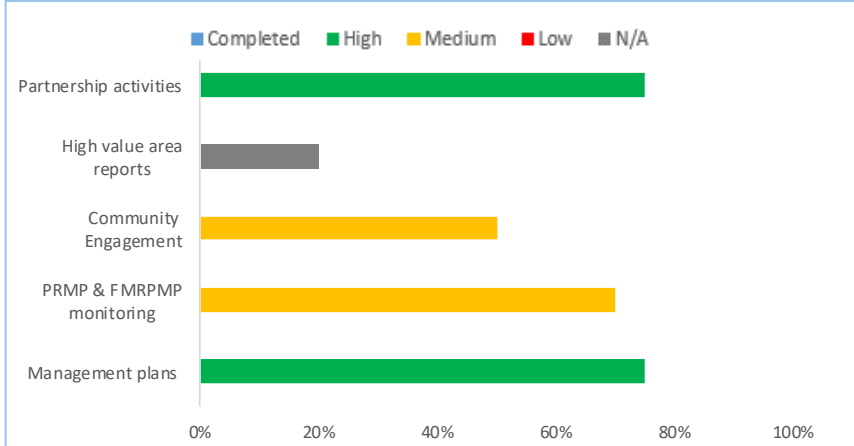
REVENUE (exc rates) \$000's



EXPENSE \$000's



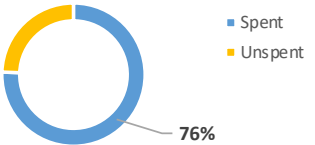
Level of Service Performance

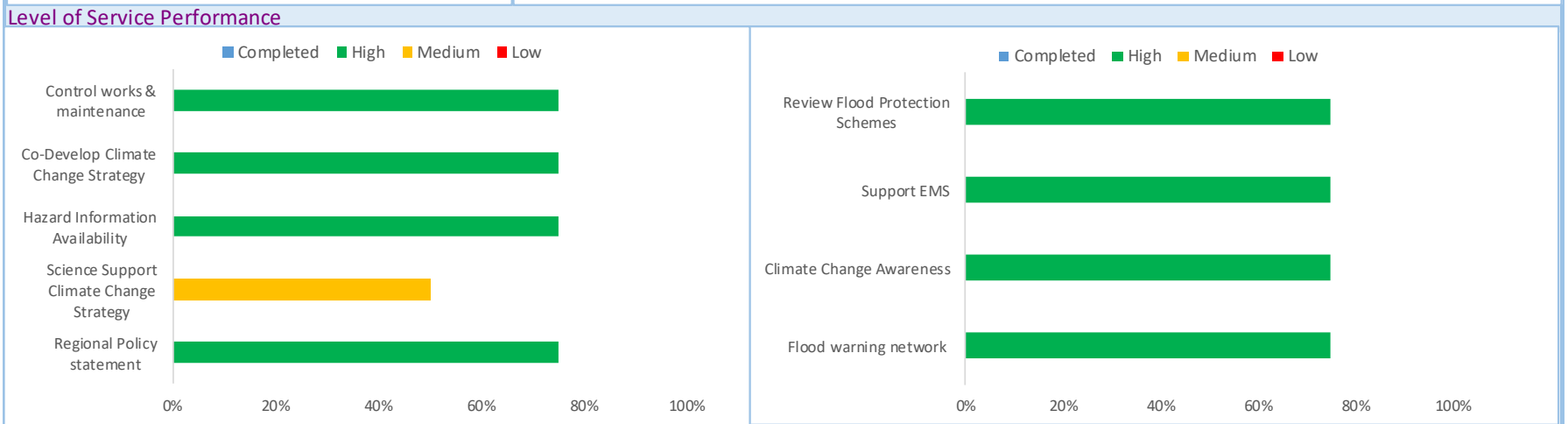
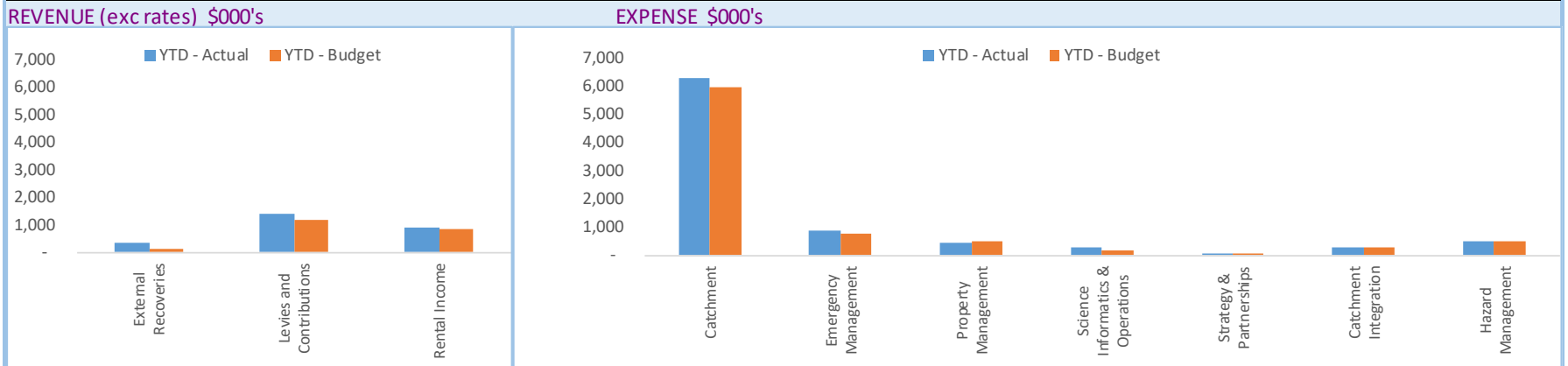


Commentary

Avian Survey work has been completed. Bird counts identified 40 species over five different sites. Rodent monitoring at 7 sites was completed during February 2024. Possums, 3 of 6 Residual Trap Catch monitors have been completed and 11 of 9 plan Wax tag monitors have been completed. Contracts for the remaining RTCs are in place. Possum monitoring at the community groups may not be completed due to staff changes. Rabbit monitoring is scheduled for Q4. Marine monitoring in Rakiura and Fiordland has also been completed. Pest plant monitoring is being completed but is limited due to staff changes and no high risk pest plant sites have been identified. A Fiordland compliance patrol was carried out in February and a Milford Trip was completed in March. All vessels encountered were intercepted and inspections were completed of structures, barges, moorings and high-risk sites. PCA maintenance is behind schedule due to the loss of a contractor, completion now depends on weather and contractor availability. It is likely 6 or 7 PCAs will not receive the required maintenance. Drafting of the Southland wide marine response plan is underway and is nearly complete.

Climate Change and Community Resilience Performance Report - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve				YTD Net Cost to Budget		Financial Summary \$000's		
Completed	High	Medium	Low			Revenue	Expense	Surplus/(Deficit)
0	8	1	0			Actual 9,022	8,583	439
						Budget 8,474	8,205	269
						Variance 548 F	378 U	170 F
						Variance % 6%	-5%	



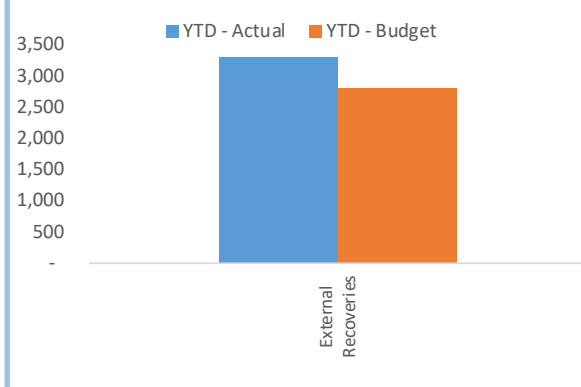
Commentary

A moving radar has been installed on the Oreti River at Centre Bush for the measurement of water level. This will enable us to measure the river levels during lower flows rather than the level of gravel bars. There was a High River Watch on 7 February and Coastal Rivers were high due to heavy rainfall. The Eyre Creek rainfall station at Shepherd Creek hut was dismantled and a replacement site was installed nearly two years ago at Furnace hut. EMS was supported by Environment Southland staff in response to Blue Cliffs state of emergency. A proposed Regional Climate Change strategy has now been drafted was endorsed for consultation by all LG partner agencies late January/early February 2024. Public consultation for the strategy then opened via an engagement portal on the ES website February 29th and will close on May 8th. A rating scheme review has been approved and is currently out for consultation as part of the LTP consultation process. Minimal progress has been made this quarter in terms of refining the regional adaptation science and information pathway (other than discussing it conceptually with our partner agencies regarding funding and LTP implications). The Southland Natural Hazards website has had ongoing updates in conjunction with enquiry streamlining improvements.

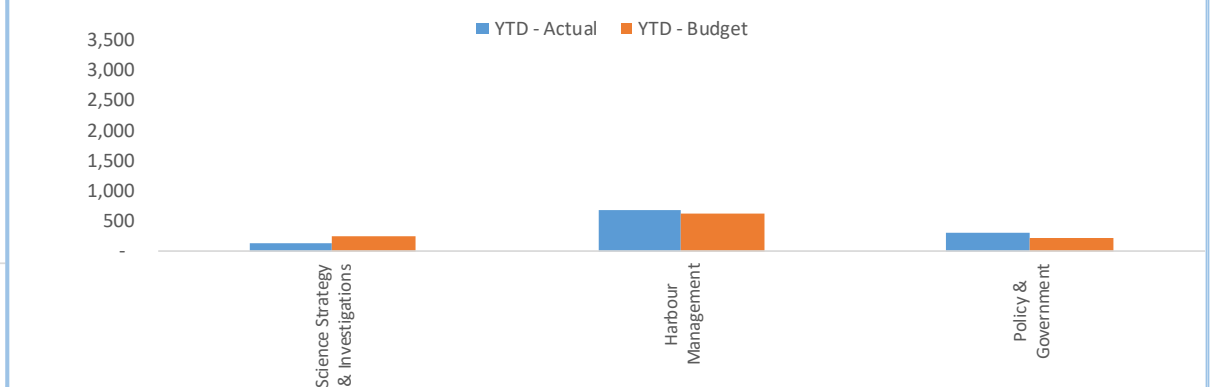
Coast and Marine Performance Report - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve				YTD Net Cost to Budget		Financial Summary \$000's			
Completed	High	Medium	Low			Revenue	Expense	Surplus/(Deficit)	
0	6	2	0			Actual	3,295	1,116	2,179
						Budget	2,810	1,073	1,737
						Variance	485 F	43 U	442 F
						Variance %	17%	-4%	

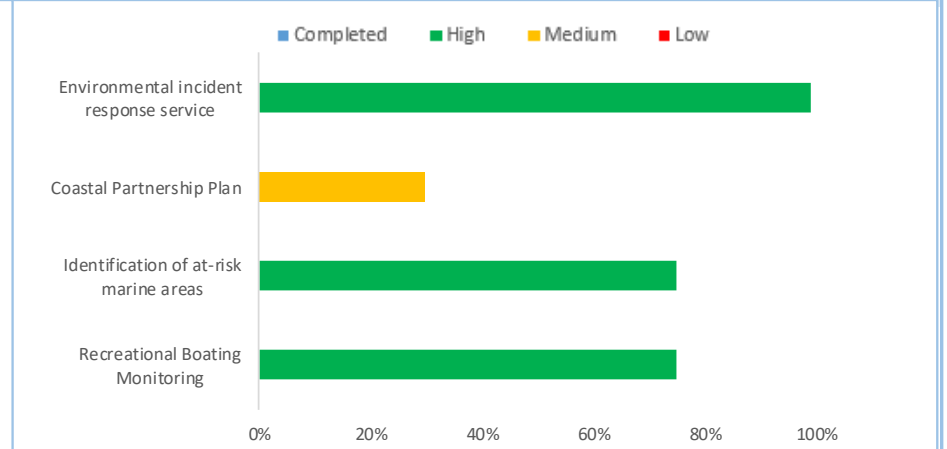
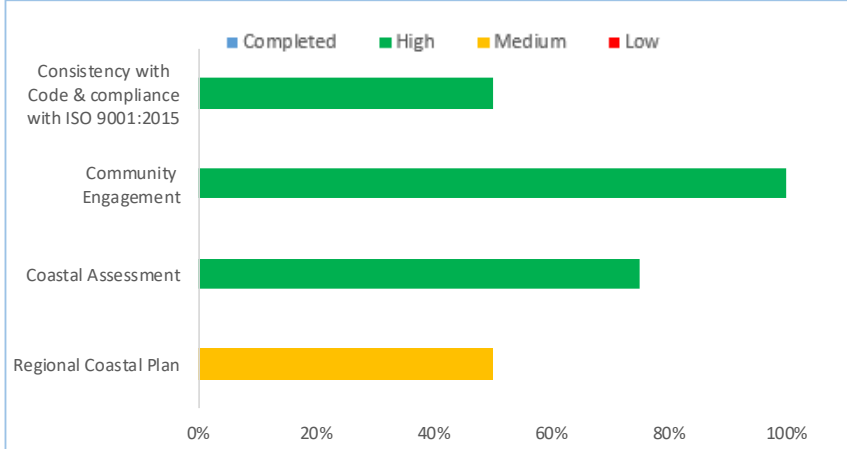
REVENUE (exc rates) \$000's



EXPENSE \$000's



Level of Service Performance

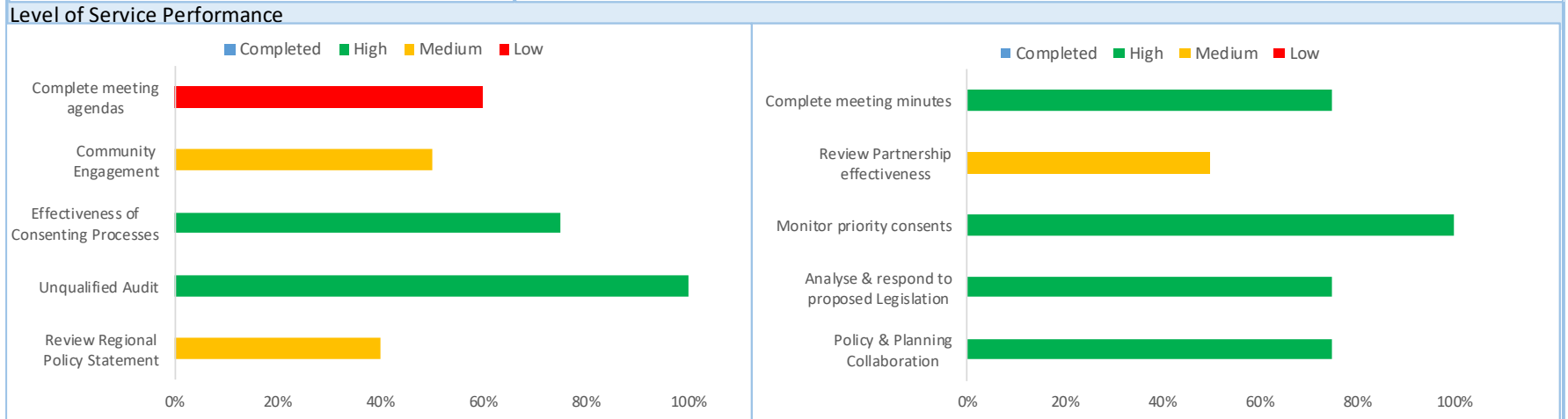
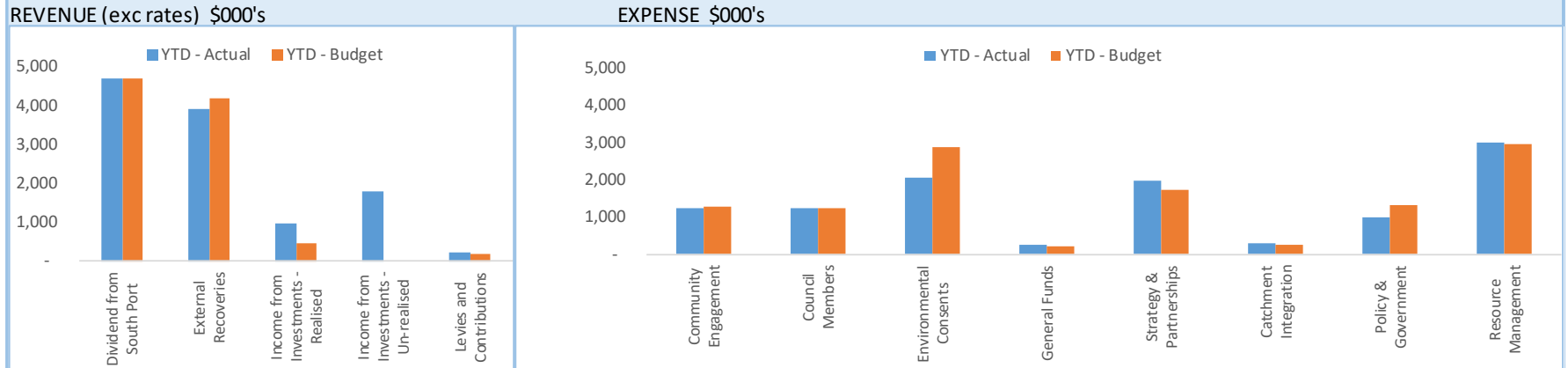


Commentary

No appeals were received on the Surface water activities to amend Plan Change 5 and Council approved the Hearing panel's recommendations. These decisions have been referred to the Minister for Conservation for adoption. Work on the wider Coastal Plan review continues. A workshop was held on approaches to some of the significant outstanding matters. Weekly monitoring and reporting of recreational bathing sites at beaches in the coastal marine area has occurred this quarter and public health warnings of any potentially toxic algae in lakes, rivers, and streams have been made. Staff were in attendance on Lakes Te Anau and Manapouri and Bluff/Riverton over Easter Weekend to provide safe boating coverage. The recreational safe boating campaign commences on the week prior to Labour Weekend as part of the National Safer Boating week and runs through to the end of April 2024. The 2023/24 campaign is now complete. We are continuing to monitor SMS and maintain consistency with the Code. Next joint review schedule for Q4. The Marine Services team have moved into a 1 in 3 on-call roster system which with the development of a suite of incident response processes has greatly improved the maritime operational and emergency response capability.

Regional Leadership Performance Report - for the period 1st of July 2023 to 31st March 2024

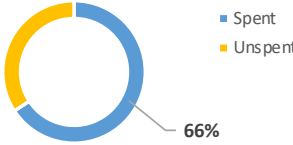
Levels of Service - Confidence to achieve				YTD Net Cost to Budget	Financial Summary \$000's			
Completed	High	Medium	Low		Actual	Revenue	Expense	Surplus/(Deficit)
0	10	5	1	<p>63%</p>				
					Budget	15,683	11,036	4,647
					Variance	13,770	11,885	1,885
					Variance %	1,913 F	849 F	2,762 F
					14%	7%		

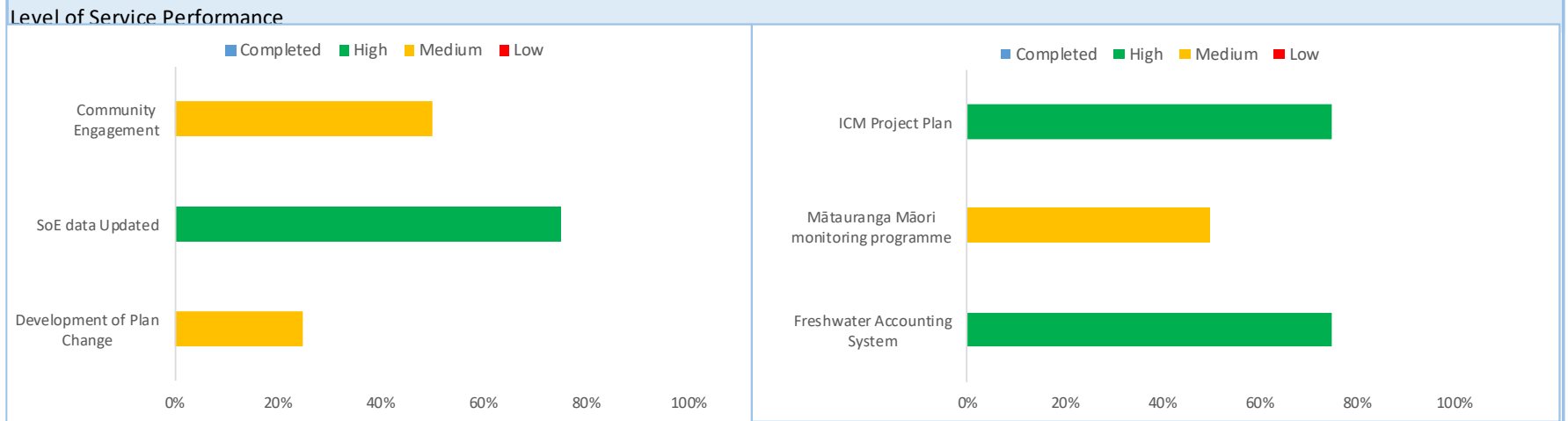
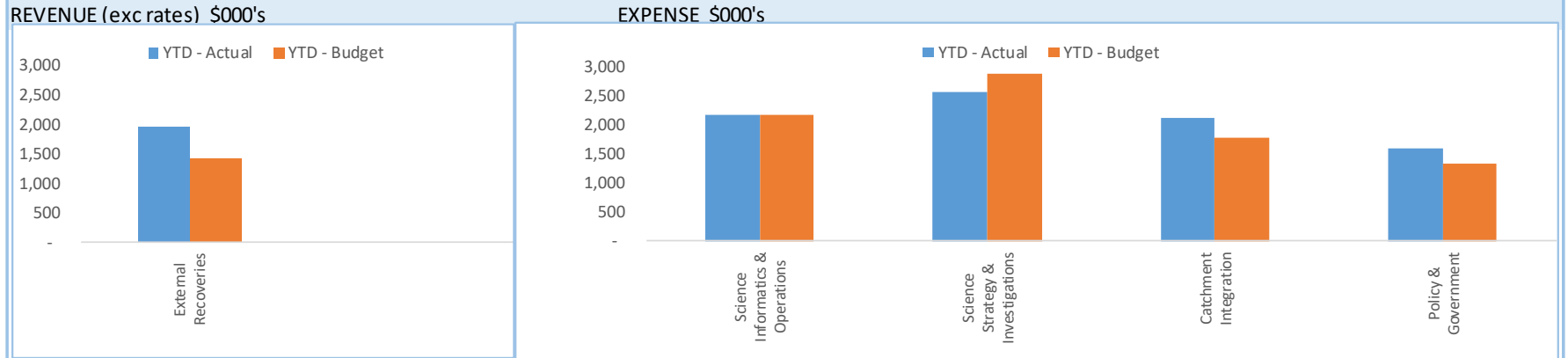


Commentary

The review of the Regional Policy Statement provisions is incorporated within the Plan Change Tuatahi and Regional Coastal Plan review programmes, and provisions are likely to be amended through those formal processes. Both of these programmes are currently working towards notification in 2025. 100% of consents processed in Q3 were processed within the statutory timeframes and reporting completed on the 08/04/2024 shows that we have maintained 81% of high-risk consents monitored for the year. The approach for collecting information about the effectiveness of community engagement is being reassessed as outlined in Section 7.1. Development of the Environment Data (EnvData) website is underway. This project's critical success factors are improving the accessibility and user-friendliness of environmental data for internal and external stakeholders and customers. It is estimated that the Go Live will be 1st August 2024. A phased release will run parallel with the current site to ensure a smooth transition. As of 31 March, the Council had 88,209 website views since 1 January, which is a decrease of -1.44% compared to last year. User views were 20,481 which is a -9.35 decrease compared to the same time period in 2023.

Water and Land Performance Report - for the period 1st of July 2023 to 31st March 2024

Levels of Service - Confidence to achieve				YTD Net Cost to Budget	Financial Summary \$000's			
Completed	High	Medium	Low		Actual	Revenue	Expense	Surplus/(Deficit)
0	3	3	0			Budget	7,558	8,188
					Variance	562 F	267 U	295 F
					Variance %	7%	-3%	



Commentary

The NPS-FM implementation has been pushed out to 2027, this is due to central government announcements and extensions in timeframes related to the RMA. A series of workshops were held with governance to determine their appetite towards progressing with this work. There was a clear message given that some form of plan change progressing within this local government trimester. The scope of that work was to shift from pure NPS-FM implementation to a Southland Water and Land Plan be continued with the aim of notification within this local government trimester. The scope of that work was to shift from pure NPS-FM implementation to a Southland solution that was not pausing action. The redrafting of the scope is underway. No LAWA updates were programmed for this quarter, however monitoring data is available on the Environment Southland website. The Freshwater accounting system project plan has been updated and the work progressing, though it has been noted to be behind schedule. The team working on the co-designing and implementation of a hauora approach to ICM continues to work towards the project plan milestones to progress their targets and is on schedule.

Views of affected parties

There are no matters in this report, which require consideration under this heading.

Compliance with Significance and Engagement Policy

There are no issues within this report, which trigger matters in this policy.

Considerations

Legal implications

This report and the associated recommendations comply with the appropriate statutory requirements placed upon Council.

Attachments

None

9.2 Investment report to 31 March 2024

Objective ID: A1077045

Report by: Tracey Adendorff, Team Leader Finance Operations

Approved by: Dominic Rikiti, General Manager Business Services



Purpose

To update the committee with the Investment report to 31 March 2024.

Summary

The balanced portfolio continues to serve council well during periods of market volatility.

The portfolio has experienced consistent growth since November 2023, replicating the international equity markets. Subsequent changes in market sentiment throughout April have resulted in the portfolio retreating in value by \$400k or 1.3%. The reduction in value of 1.3% compares well to the overall market changes, reflecting the benefits of a diversified portfolio.

“The U.S. stock market experienced a volatile April 2024. After reaching all-time highs in late March, the benchmark S&P 500 mostly retreated in April, but also experienced significant volatility. The S&P 500 lost more than 5% of its value through April’s first three weeks, then regained some of that lost ground“ US Bancorp.

The month of March 2024 saw an increase in the markets resulting in the portfolio increasing in value by \$808k. This is made up of \$193k realised income and \$663k unrealised income before taxes and management fees of \$48k.

Over the nine months, the portfolio has increased in value by \$2.4m, made up of \$786k realised income and \$1.8m unrealised income, before taxes and management fees of \$162k.

Over the past 12 months, the portfolio has gained 12.56%.

As at 31 March 2024, the total of Council’s managed funds investments was \$31.2m.

If the markets remain steady from the end of April to June 30, Council will report a \$1.4m income from unrealised gains against a \$0 budget.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 Receive the report “Investment report to 31 March 2024”

Report

Summary of performance year to date

	March 2024			YTD		
	Equity	Bonds & Cash	Total	Equity	Bonds & Cash	Total
JBWere						
Dividends and Interest Received	52,835	140,316	193,151	248,099	537,660	785,760
Capital Changes *	630,464	32,872	663,336	1,528,145	256,631	1,784,776
LESS Tax & Transaction Charges		(5,455)	(5,455)		(36,138)	(36,138)
LESS Management Fees		(42,692)	(42,692)		(125,658)	(125,658)
Total JBWere	683,298	125,042	808,341	1,776,244	632,494	2,408,738
Other Income						
Interest Received		30,014	30,014		196,755	196,755
Investment Income	683,298	155,057	\$ 838,355	1,776,244	829,249	\$ 2,605,494

* Movement in Market Value

The portfolio performance is discussed in the summary above. Interest earned for on call deposits equalled \$197k.

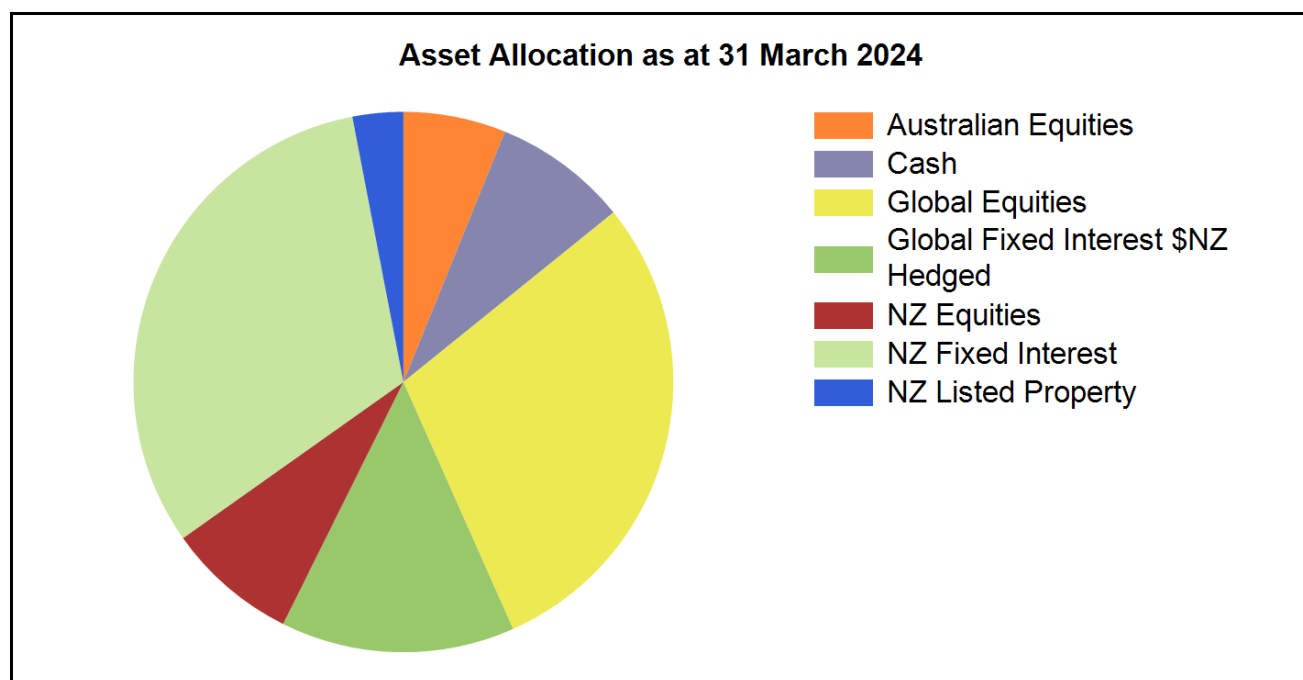
Statement of position

Cash and portfolio investment held by Council at 31 March 2024 were:

	June 2023	March 2024	Inc/(Dec)	% Holding	% SIPO
Cash and Deposits					
ANZ Cheque Account	692,733	588,590	(104,143)		
ANZ Retentions Account	93,720	131,153	37,433		
Petty Cash	1,250	1,250	-		
Call & Short Term Deposits	3,978,174	8,258,296	4,280,122		
Total Cash and Deposits	\$ 4,765,877	\$ 8,979,290	\$ 4,213,413		
Portfolio Investments (JBWere)					
Growth Assets:					
NZ Equities	2,462,981	2,452,614	(10,366)	7.85%	4% - 12%
Australian Equities	1,722,570	1,918,260	195,690	6.14%	4% - 12%
Global Equities	8,167,726	9,098,661	930,935	29.14%	20% - 40%
NZ Listed Property	978,086	945,922	(32,163)	3.03%	2.5% - 7.5%
Income Assets:					
Global Fixed Interest	4,165,785	4,375,167	209,381	14.01%	5% - 20%
NZ Fixed Interest	9,429,619	9,919,603	489,985	31.77%	25% - 45%
Cash	1,891,083	2,516,361	625,278	8.06%	1% - 20%
Total JBWere Portfolio	\$ 28,817,849	\$ 31,226,588	\$ 2,408,738	100%	

Call and short-term deposits show a net increase of \$4m over the nine months. This is the result of the annual rates received in November 2023 less transfers to the ANZ Cheque Account to cover expenses.

The portfolio's asset allocation, as per the Statement of Investment Policy and Objectives (SIPO), is midway in most of the allocation ranges. The percentage holding split from the table above is represented in the pie chart below as at 31 March 2024.



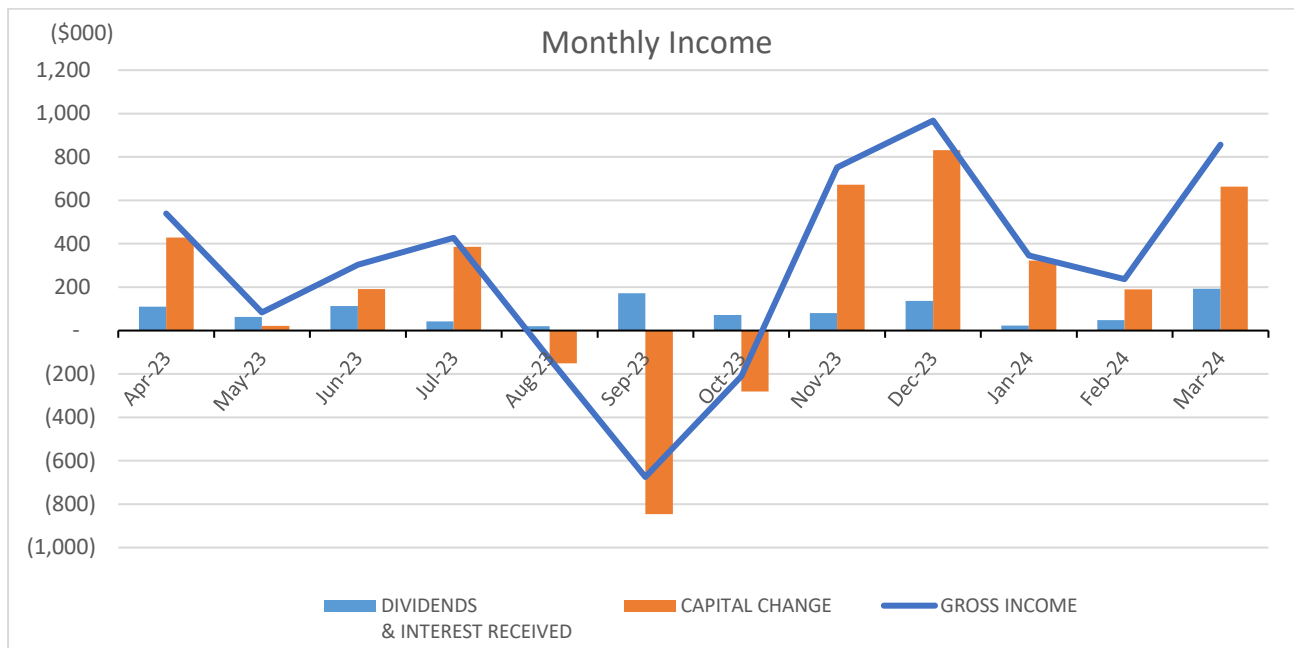
Actual performance versus benchmark – Rolling 12 months ended 31 March 2024

The portfolio performance is ahead of benchmark by 0.28%.

	Actual	Benchmark
NZ Equities	3.08%	2.84%
Australian Equities	7.24%	6.53%
Offshore Equities	14.47%	14.66%
NZ Bonds	0.66%	0.58%
Offshore Bonds	-0.55%	-0.02%
Property	-0.05%	-0.04%
Total	12.56%	12.28%

Volatility - portfolio movements – Rolling 12 months ended 31 March 2024

The graph below depicts regular monthly income from dividend and interest received versus irregular changes in market value (capital change).



Outlook and summary from Council’s advisors, JBWere:

Summary from the attached Q1 2024 Portfolio Performance report from JBWere.

Market commentary

The quarter broadly saw investor optimism continue, with some markets posting new all-time highs during March, as a soft/no landing scenario in the US becomes more-or-less a consensus view, despite some mixed economic data and the market now pricing in fewer rate cuts from the Fed this year.

Portfolio summary

The portfolio increased 4.8% during the quarter. Over the past 12 months, the portfolio has gained 12.6% against a composite benchmark of 12.3%, implying outperformance of 0.3%. In absolute terms, global equities provided the largest contribution to quarterly performance.

Market outlook

While we continue to see the macro landscape in 2024 as somewhat ‘friendlier’ than last year, given that inflation has retreated, central banks (notably the Fed) are expected to pivot towards easing this year, and global growth has held up better than feared, the main challenge for investors is that this improved backdrop has become a consensus view, and is therefore well -reflected in market pricing, with valuations becoming even more elevated during the March quarter. This in itself creates vulnerabilities should negative surprises arise (be it from economic activity, earnings, or geopolitics). While the current macro backdrop does not appear immediately conducive to a material sell-off in equity markets, and the potential certainly exists for positive surprises this year, it still leaves us comfortable retaining an element of caution in portfolios.

JBWere update

Tom Phillips and Bruce Robertson, advisers for the JBWere Investment Strategy Group, are in attendance and will provide the Committee with their update.

Views of affected parties

There are no matters in this report which require consideration under this heading.

Compliance with Significance and Engagement Policy

There are no issues within this report which trigger matters in this policy.

Legal compliance

This report is prepared taking into account the prudential requirements of Part 6 of the Local Government Act.

Consistency with Council's LTP/Annual Plan/Policy/Strategy

This report is consistent with reporting financial results against Council's Long-term Plan for the 2023/24 year.

Financial and resource implications

This investment report covers the period ending 31 March 2024.

Attachments

1. JBWere Q1 2024 Portfolio Performance
2. JBWere Presentation

JBWere

Q1 2024 Portfolio Performance



Prepared by JBWere New Zealand

17 April 2024

Investment Strategy Group

Head of ISG
Rickey Ward

Senior Strategist
Philip Borkin

Investment Analyst
Harrison Knapp

Adviser
Bruce Robertson

Adviser
Mark Corlett

Asset Allocation
Hayden Griffiths

Global Equities
Andrew Thompson

Investment Analyst
Sara Brookes

Adviser
Tom Phillips

Market Commentary

The quarter broadly saw investor optimism continue, but equity market gains remain narrow

The quarter broadly saw investor optimism continue, with some markets posting new all-time highs during March, as a soft/no landing scenario in the US becomes more-or-less a consensus view, despite some mixed economic data and the market now pricing in fewer rate cuts from the Fed this year. On the back of this, outside of select stock-specific examples, cyclical parts of the equity market generally outperformed more defensive sectors. That said, gains continue to be particularly focused in the Tech sector, which again highlights the ‘narrowness’ of the market performance that we have seen continue this quarter. This has resulted in rising levels of market concentration (the representation these companies have within overall equity markets).

Portfolio Summary

The portfolio increased 4.8% during the quarter. Over the past 12 months, the portfolio has gained 12.6% against a composite benchmark of 12.3%, implying outperformance of 0.3%. In absolute terms, global equities provided the largest contribution to quarterly performance.

The NZ fixed interest component benefitted from an earlier decision to reduce duration late last year. We used appropriate new bond issuances to extend duration during the quarter given a growing conviction that further rate increases are becoming more unlikely and interest rates reverted higher. Global bonds suffered on the prospect that the Fed may not have to cut rates by as much as previously signalled.

During the quarter, the NZ equities component of your portfolio increased by 3.1%, outperforming the index by 0.2%. Stock selection and sector calls helped during a 1H24 reporting season which highlighted that the challenging macroeconomic backdrop is here for a little longer yet. Defensive yield positions with defensible and “reliable” earning streams, such as Contact and Meridian Energy performed well. Exposures which should benefit from any interest rate easing cycle, such as the residential housing related aged care and construction sectors were mixed. Stock specific announcements superseded what should become a better backdrop for cyclical names. Summerset upgraded and bucked the negative trend of its peers. Fletcher Building downgraded and there was a subsequent cleanout of Fletcher directors and executives. This was somewhat offset by breakup and M&A speculation which saw some recovery in earlier lost value. During the period, A2 Milk and Fisher & Paykel Healthcare enjoyed renewed support following positive updates, while Infratil’s investor day led to additional increases in the value of their CDC data centre investment.

Australian equities increased by 7.2% for the quarter, outperforming the underlying benchmark by 0.5%. The biggest contributor to relative performance was the overweight position to Financial related investments. ANZ and NAB were standouts while Suncorp benefitted from a benign claim’s environment and growing confidence that the strategy of divesting their banking division to ANZ was nearing completion. A subsequent agreement to exit NZ Life Insurance (Asteron) reinforced the strategy of becoming a pure general insurance play. The portfolio also benefitted from tech-based growth positions where Nextdc and Xero provided positive updates with promising near-term growth expectations leading to significant increases in value. As with New Zealand, consumer discretionary related investments underperformed while resource related exposures suffered from falling commodity prices and concerns around China growth.

The global equities component of the portfolio increased 14.5% which is inline with the index. Within the thematic component of the portfolio, US Infrastructure Development, was the top performing theme during the quarter, as Industrials stocks performed well on the back of the soft/no landing scenario becoming a consensus view. The portfolio’s broad US Technology exposure also, unsurprisingly, performed well. Further, European Banks and Japan both continued to outperform, as did US Healthcare exposures. The key drivers of performance within the direct global equities component of the portfolio were Alphabet, Micron Technology, Microsoft Corporation, Meta Platforms, JP Morgan Chase & Co and Home Depot. During the quarter we repositioned both the global thematic and direct components of the portfolio to better reflect conviction and slightly reduce the defensive tilt.

Stock selection continues to benefit the portfolio

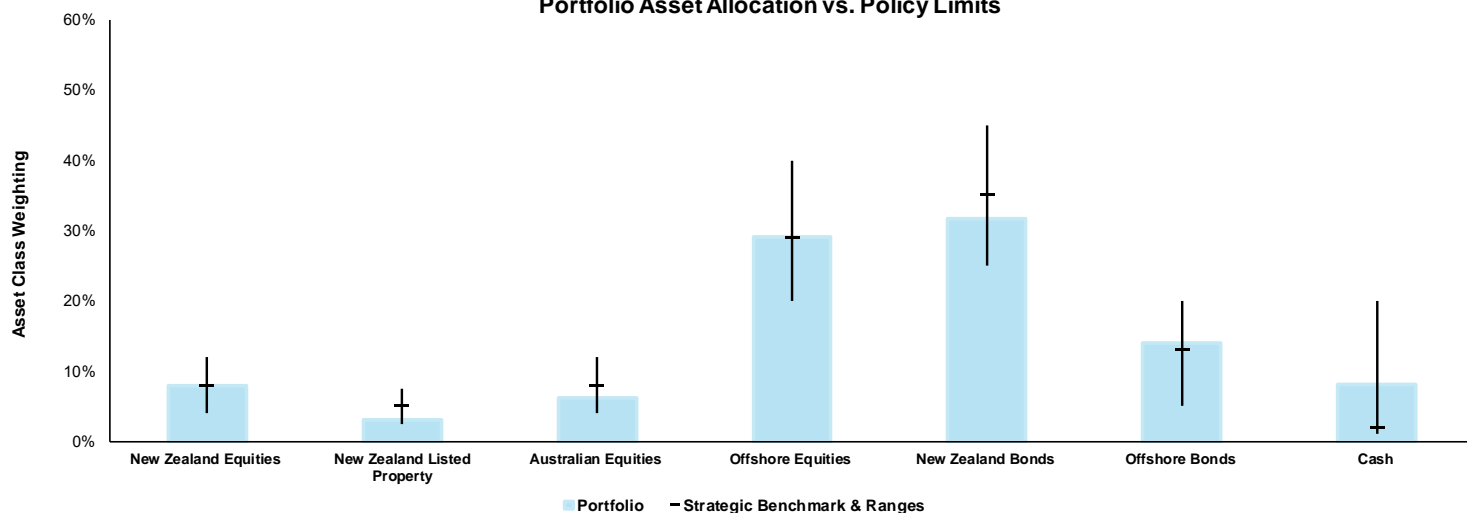
Portfolio Performance

Environment Southland

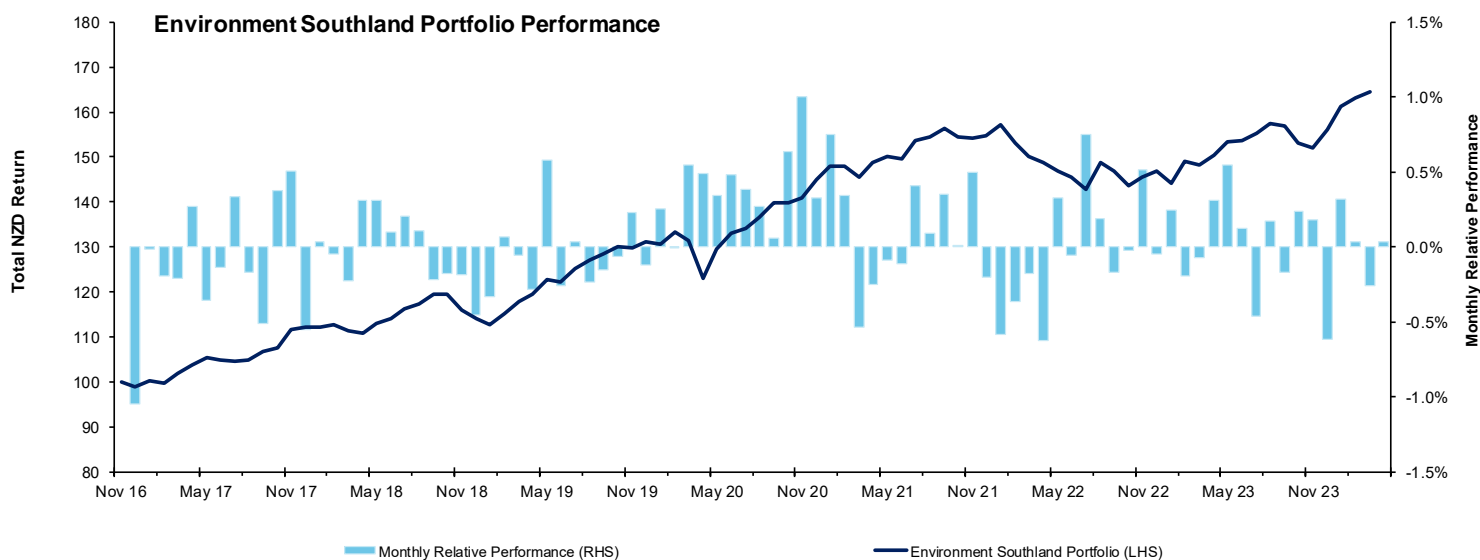
Period End: 31-Mar-24

By Asset Class ¹											
Asset Class	Strategic Allocation	Benchmark Index	3 Months			1 Year			3 Years		
			Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
(Before Fees)	%		%	%	%	%	%	%	%	%	%
Cash	2	S&P 90 Day Bank Bill Index	1.55	1.40	+0.15	7.00	5.69	+1.31	10.95	9.62	+1.33
NZ Bonds	35	S&P Corporate A Grade Bond Index	0.66	0.58	+0.08	6.55	5.49	+1.06	1.21	0.11	+1.10
Global Bonds	13	Barclays Capital Global Aggregate Index \$NZ Hedged	-0.55	-0.02	-0.53	4.60	3.80	+0.80	-4.77	-4.74	-0.03
NZ Listed Property	5	S&P/NZX All Real Estate Industry Group Index	-0.05	-0.04	-0.01	4.07	3.56	+0.51	-10.10	-12.02	+1.92
NZ Equities	8	S&P/NZX 50 Gross Index	3.08	2.84	+0.24	4.52	1.86	+2.66	7.27	-3.63	+10.90
Australian Equities	8	S&P/ASX 200 Accumulation Index	7.24	6.70	+0.54	18.90	16.87	+2.03	34.07	28.86	+5.21
Global Equities	29	MSCI AC World Index	14.47	14.46	+0.01	29.13	28.99	+0.14	41.62	42.94	-1.32
Total	100		4.82	5.07	-0.25	12.56	12.28	+0.28	13.88	12.49	+1.39

Portfolio Asset Allocation vs. Policy Limits



Historical



General Notes:

1. Returns are time weighted (TWR) and are prior to JBWere fees.

Overview			
	3 Months	1 Year	3 Years
Opening Value	\$29,838,975.61	\$27,945,240.32	\$28,046,977.13
Cash Deposits	-	-	-
Cash Withdrawals	-	-	-
Other Cash Movements	-	-	-
Stock Transfers In	-	-	-
Stock Transfers Out	-	-	-
Other Stock Movement	-	-	-
Net Adjustments	-	-	-
<i>Investment Return</i>			
Capital Change	+\$1,175,340.97	+\$2,425,707.57	+\$1,230,263.10
Gross Income	+\$263,970.66	+\$1,072,151.61	+\$2,600,354.23
Gross Closing Value	\$31,278,287.24	\$31,443,099.50	\$31,877,594.46
Tax & Expenses	-\$47,475.02	-\$186,477.30	-\$561,864.50
Imputation / Tax Credits	-\$4,224.45	-\$30,034.43	-\$89,142.11
Net Closing Value	\$31,226,587.8	\$31,226,587.8	\$31,226,587.8
<i>FX Hedging Positions (from last rollover)</i>			
Profit & Loss	-	-	-
Grand Total	\$31,226,587.8	\$31,226,587.8	\$31,226,587.8

Market Outlook

The main challenge for investors is that the improved macro backdrop has become a consensus view, and is therefore well-reflected in market pricing

While we continue to see the macro landscape in 2024 as somewhat ‘friendlier’ than last year, given that inflation has retreated, central banks (notably the Fed) are expected to pivot towards easing this year, and global growth has held up better than feared, the main challenge for investors is that this improved backdrop has become a consensus view, and is therefore well-reflected in market pricing, with valuations becoming even more elevated during the March quarter. This in itself creates vulnerabilities should negative surprises arise (be it from economic activity, earnings, or geopolitics). While the current macro backdrop does not appear immediately conducive to a material sell-off in equity markets, and the potential certainly exists for positive surprises this year, it still leaves us comfortable retaining an element of caution in portfolios. While we are not outright bearish on equities, particularly as we expect the earnings recovery to continue in 2024, there is some risk of downgrade to consensus’ relatively rosy earnings expectations (especially in the US), which risks challenging current valuation levels. If nothing else, this suggests that valuations should act as a restraint on investors’ willingness to chase equities materially higher. Within equity portfolios, we continue to position portfolios for an up-in-quality bias, with an element of defensiveness remaining warranted. That said, and supporting the prevailing macro backdrop, we continue to see merit in owning select cyclical parts of the market. Further, the current level of interest rates now means there are competitive alternatives, with fixed interest now offering attractive risk-adjusted returns again, while also seeing a return to its traditional role within portfolios.

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JBWere



Portfolio Update & Market Outlook

May 2024

Tom Phillips

Bruce Robertson

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Portfolio Performance

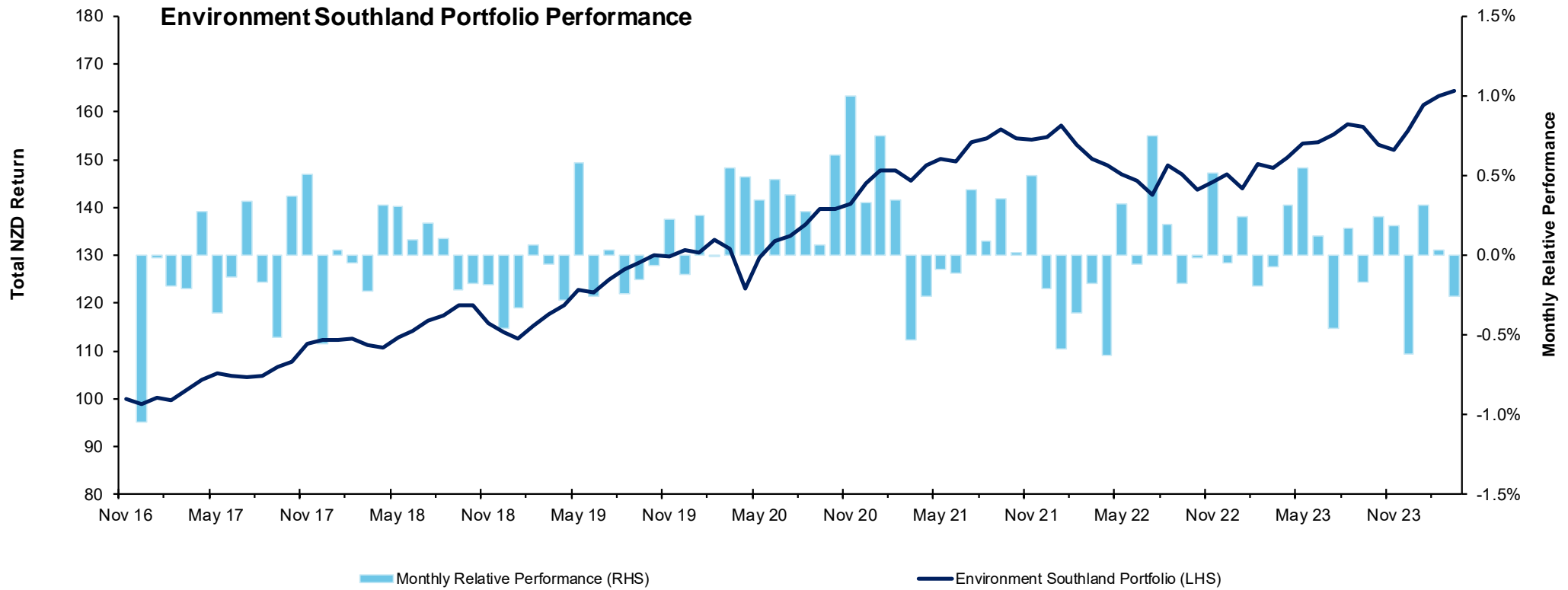
Environment Southland

Period End: 31-Mar-24

			By Asset Class ¹								
Asset Class	Strategic Allocation	Benchmark Index	1 Year			3 Years			5 Years		
			Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
<i>(Before Fees)</i>	%		%	%	%	%	%	%	%	%	%
Cash	2	S&P 90 Day Bank Bill Index	7.00	5.69	+1.31	10.95	9.62	+1.33	15.09	11.86	+3.23
NZ Bonds	35	S&P Corporate A Grade Bond Index	6.55	5.49	+1.06	1.21	0.11	+1.10	11.01	7.54	+3.47
Global Bonds	13	Barclays Capital Global Aggregate Index \$NZ Hedged	4.60	3.80	+0.80	-4.77	-4.74	-0.03	4.10	4.17	-0.07
NZ Listed Property	5	S&P/NZX All Real Estate Industry Group Index	4.07	3.56	+0.51	-10.10	-12.02	+1.92	9.67	6.46	+3.21
NZ Equities	8	S&P/NZX 50 Gross Index	4.52	1.86	+2.66	7.27	-3.63	+10.90	46.73	29.81	+16.92
Australian Equities	8	S&P/ASX 200 Accumulation Index	18.90	16.87	+2.03	34.07	28.86	+5.21	74.28	56.34	+17.94
Global Equities	29	MSCI AC World Index	29.13	28.99	+0.14	41.62	42.94	-1.32	99.87	91.03	+8.84
Total	100		12.56	12.28	+0.28	13.88	12.49	+1.39	41.41	35.38	+6.03

- The Environment Southland portfolio has increased 12.6% over the past 12 months, compared to a composite benchmark return of 12.3%, implying outperformance of 0.3%.
- Outperformance across equities has been driven by a combination of both our stock selection and sector calls.
- Over the last 5 years the portfolio has increased 41.4% vs the composite benchmark return of 35.4%, implying strong outperformance of 6%.
- JBWere continues to actively manage risk within the portfolio at both a tactical asset allocation level and also by careful selection of underlying constituents within each asset class to reflect conviction and current phase of the economic cycle.

Portfolio Performance Since Inception



- The Environment Southland portfolio has now increased 69.2% since inception.

Current Portfolio Positioning

Portfolio Asset Allocation

Environment Southland (DIMS AC) (56483)

Date: 13-May-2024

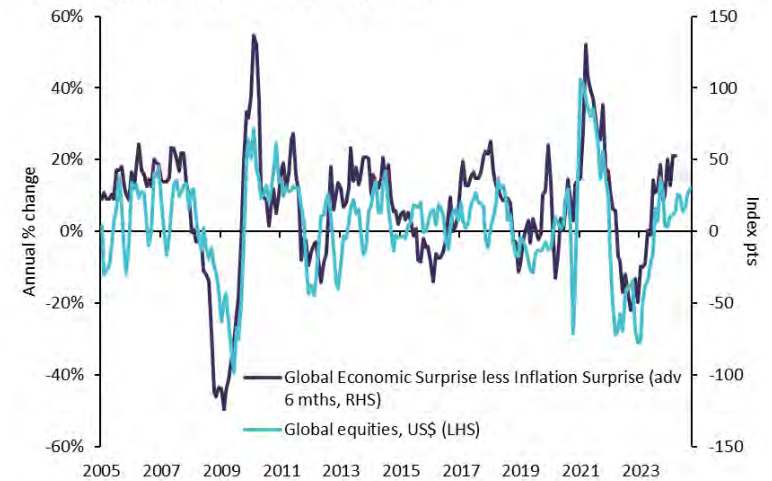
Asset Classes	Current Portfolio		SIPO Settings				Tactical Adjustments	
	Amounts	Portfolio Weights	Benchmark	Allowable Ranges		Compliant?	Tactical Tilts	Target Weights
				Lower	Upper			
Existing Cash	\$2,243,189							
Cash Injection (+) / Withdrawal (-)	-							
Total Cash	\$2,243,189	7.3%	2.0%	1.0%	20.0%	Yes	-	2.0%
NZ Bonds	\$10,765,498	34.8%	35.0%	25.0%	45.0%	Yes	+4.0%	39.0%
Global Bonds, NZ\$ Hedged	\$4,312,833	13.9%	13.0%	5.0%	20.0%	Yes	+2.0%	15.0%
DEFENSIVE ASSETS	\$17,321,520	56.0%	50.0%	40.0%	60.0%	Yes	+6.0%	56.0%
NZ Listed Property	\$903,967	2.9%	5.0%	2.5%	7.5%	Yes	-2.0%	3.0%
Low Correlation Strategies	-	-	-	-	-	Yes	-	-
NZ Equities	\$2,420,040	7.8%	8.0%	4.0%	12.0%	Yes	-	8.0%
Australian Equities	\$1,898,859	6.1%	8.0%	4.0%	12.0%	Yes	-2.0%	6.0%
Global Equities	\$8,388,149	27.1%	29.0%	20.0%	40.0%	Yes	-2.0%	27.0%
Private Equity	-	-	-	-	-	Yes	-	-
GROWTH ASSETS	\$13,611,015	44.0%	50.0%	40.0%	60.0%	Yes	-6.0%	44.0%
TOTAL	\$30,932,535	100.0%	100.0%				-	100.0%

- At a tactical asset allocation level, the portfolio remains defensively positioned, with a modest underweight to growth assets (equities) and overweight to defensive assets.
- From a portfolio construction perspective, toward the end of 2023 we took the opportunity to reduce duration (decrease interest rate risk) within the portfolio as we are of the view that there is risk that the market is too aggressive in its pricing of RBNZ easing expectations. Following the recent upward shift in interest rates, our intention is to increase duration and our exposure to NZ fixed interest when opportunities present themselves.
- This positioning has helped preserve returns within the portfolio as interest rates have grinded higher on the back of both global and domestic economic data which have forced markets to reassess their assumptions regarding the timing and magnitude of the decrease in central bank rate cuts.

Goldilocks and narrow leadership saw a strong start to the year

- Building on strong moves experienced over the December quarter, global equities performed strongly to start the year. The MSCI All Country World Index returned 8.2% over the March quarter, its strongest Q1 performance since 2019.
- ‘Goldilocks’ type macro conditions, with growing optimism that the US economy was on track for a ‘soft landing’, together with outperformance of some of the world’s largest (tech or tech-like) companies, helped to propel equity markets higher.
- Leadership has been particularly narrow, especially over January, and it has not just been unique to the US. Market-cap indices have generally outpaced equal-weighted equivalents.
- Naturally, as returns for some of these large companies have far outpaced the rest of the market, market concentration has risen. The top 10 stocks on the S&P 500 now make up over 30% of the index, which is the highest share in decades. According to Goldman Sachs, this compares with an average share over the past 35 years of ~20% and a ~25% peak during the late-90s.

Growth/Inflation Mix vs Equities



Source: Citi, Bloomberg, JBWere Investment Strategy Group

Market Cap vs Equal Weight Performance

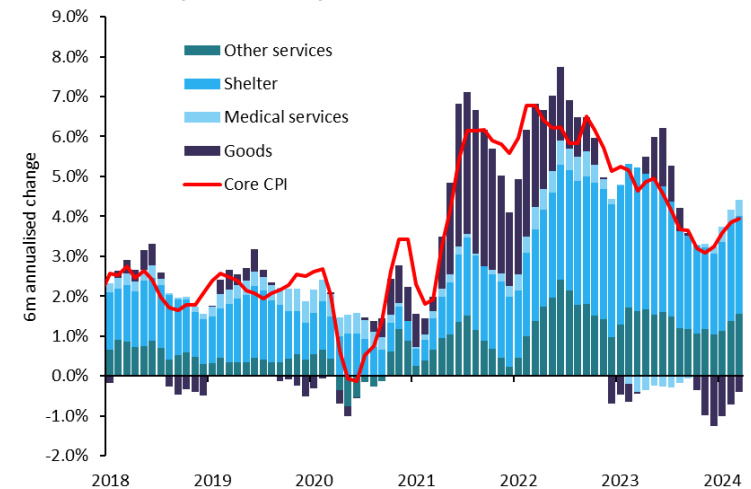


Source: Datastream, JBWere Investment Strategy Group

But a few cracks in the Goldilocks narrative are beginning to emerge

- For the first time in around six months, the Goldilocks narrative is facing a test.
- After a run of downside surprises over the second half of 2023, US CPI has surprised on the upside for three consecutive months, with non-shelter services inflation ('super core') particularly sticky.
- While not all this strength has or will translate through to the Fed's preferred measure of inflation (core PCE deflator), it is still adding weight to the argument that the 'last mile will be the hardest' when attempting to reign in inflation.
- This year, the correlation between US economic data surprises and equity performance has been positive (i.e. good economic news is good news for equities). However, if US inflation remains sticky, we suspect it won't take much for the market to flip to trading as it did over the September quarter last year, where good economic news was bad for stock market performance given what it implies for the inflation and central bank policy outlook.

US Core CPI (6m annual)



Source: Datastream, JBWere Investment Strategy Group

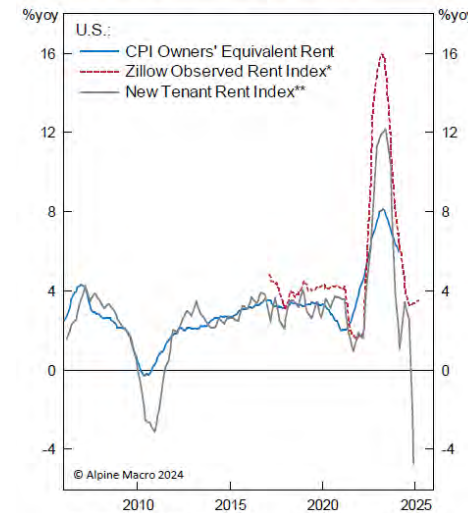
S&P 500 Correlation to Economic Data Surprises



Ongoing disinflation is still our base case... but it looks set to be a bumpy road

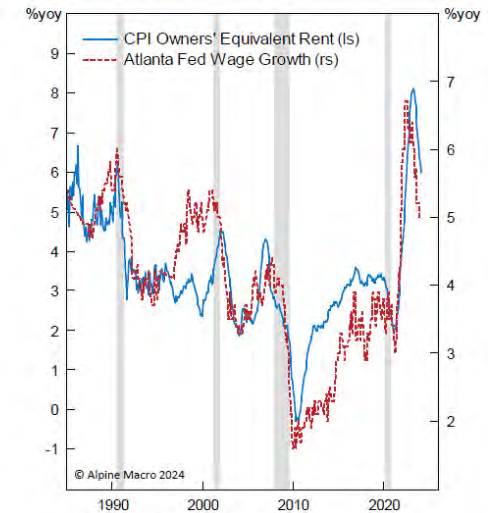
- We have long felt that the path to returning inflation sustainably back to target would be a bumpy one. Ongoing disinflation (even in the US) is still our central case, especially with moderating wage growth and softer leading indicators for shelter inflation.
- However, recent inflation prints (and resilient activity data) highlight that there are obvious risks to this trend.
- On its own, we don't believe a slower pace of disinflation is fatal for equity markets, especially as it has been accompanied by stronger growth. However, it does create some headwinds.
- Moreover, markets seem reassured by the fact that Fed rhetoric hasn't changed materially. Rate cuts are still expected, even if they have been delayed.
- What would be a more troublesome backdrop for equity markets is if the Fed's rhetoric shifted to discussing the risks of potentially having to tighten again. Again, that is not our base case, but it cannot be completely ruled out.

Rental Inflation Vs Its Indicators



*Advanced by 13 months
 **Advanced by 13 months; source: Federal Reserve Bank of Cleveland

Rental Inflation Vs Wage Growth



Note: Shading denotes U.S. recessions

US Job Openings & Wage Growth

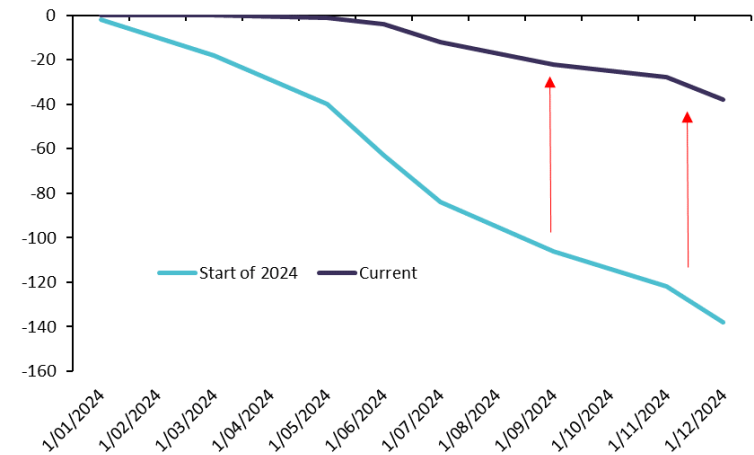


Source: Datastream, JBWere Investment Strategy Group

Rate cuts are coming, just not in the US yet

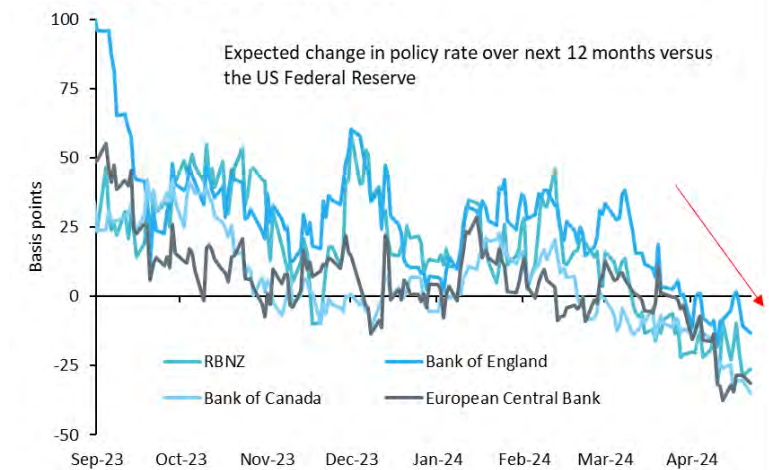
- Reflecting the recent upside surprises in inflation, as well resilient economic data, markets have naturally pushed out the timing of Federal Reserve rate cuts.
- Compared with the start of this year, where close to 140bps of cuts were priced into the curve, this has been pared back to just ~40bps at the time of writing. Many are now talking about the real prospect of no cuts being delivered at all this year.
- This contrasts with several other developed economies, where it has been easier to rationalise rate cuts for some time. Beyond the SNB (which has already begun to ease), the ECB appears on track to cut in June, and the consensus expect cuts from the BoE and BoC around a similar time.
- It is somewhat unusual for easing cycles to not be started by the Federal Reserve.
- As an aside, we believe this growing divergence in central bank policy outlooks (but economic performance more generally) is a taste of what could be in store over the coming decade, versus a more synchronized global economic cycle in the post-GFC years.

Market Pricing For Fed 2024



Source: Refinitiv, JBWere Investment Strategy Group

Global vs US Monetary Policy

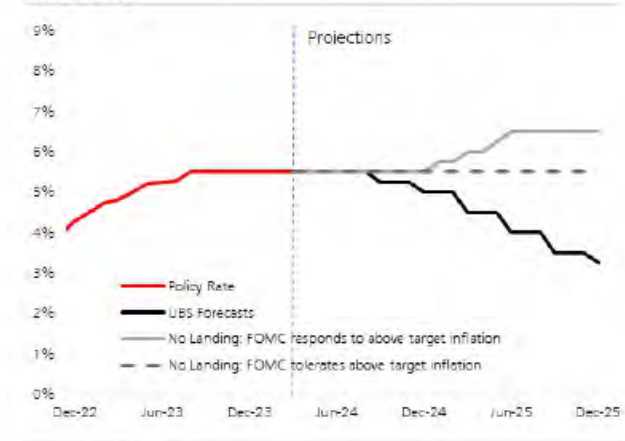


Source: Bloomberg, JBWere Investment Strategy Group

How worried should we be about a ‘no landing’ scenario for the US?

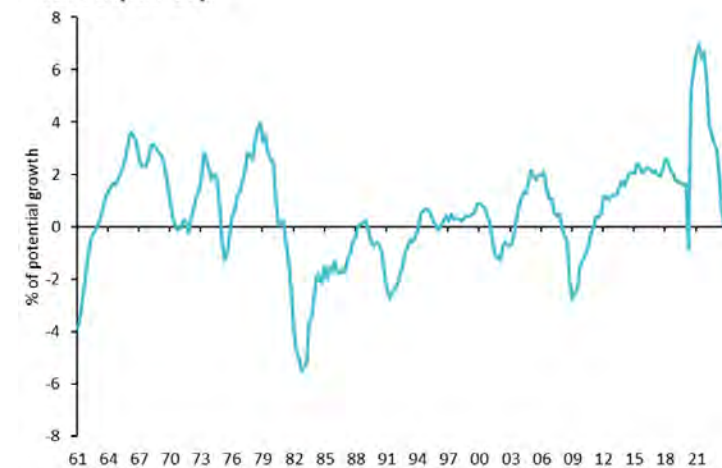
- ‘No landing’ could mean that inflation remains enough above target to keep rates elevated but the expansion continues without the Federal Reserve pushing unemployment up to wring out the remaining inflation.
- However, it could also mean the Fed being forced to resume raising rates again, if it deemed that a 5.50% fed funds rate was not restrictive enough.
- While stronger growth may initially be positive for equities, higher inflation and rates would be detrimental, and the risk is that a correction would be deeper because of today’s elevated valuations.
- Recently, strong US demand growth has been broadly balanced by stronger-than-expected supply-side growth (immigration, labour force participation and productivity growth). Can this continue? Immigration is certainly in the political spotlight, and likely to face greater headwinds going forward. Therefore, whether the US can continue to grow strongly without generating inflationary pressures is likely to come down to productivity growth.

Figure 24: "No landing" can mean different things to different people, but a resumption of Fed hikes seems more likely



Source: UBS, Haver

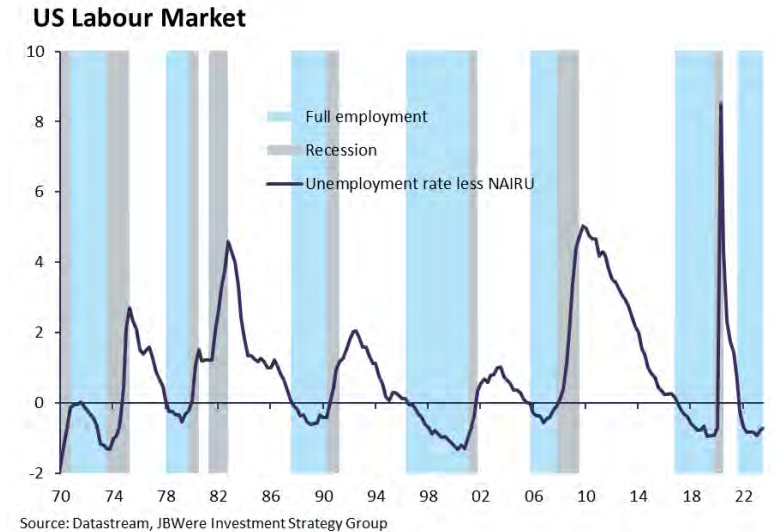
US Output Gap



Source: Federal Reserve Bank of New York, JBWere Investment Strategy

Late cycle dynamics impact on our views of the risk profile

- While recent US growth performance and recent signs of acceleration in the manufacturing sector has questioned our 'late-cycle' beliefs, we still believe there are limits on future growth.
- But greater certainty about the near-term outlook (still solid growth, less Fed easing etc.) belies greater ambiguity about the outlook beyond.
- There are scenarios where ongoing positive supply shocks (productivity growth and/or immigration) result in solid economic growth and further falls in inflation, which would be positive for equity markets (even though it implies a higher neutral interest rate).
- However, given our late cycle beliefs, we continue to feel that the most likely outcomes are either 1) that either sticky inflation and higher-for-longer rates eventually break the private sector (via tighter financial conditions, margin compression, weaker labour market etc.) or 2) robust growth and sticky inflation ultimately force the resumption of tightening cycles, which eventually short circuits the growth backdrop.
- It is this distribution of risks that sees us maintain an overall cautious mindset when thinking about the economic outlook and optimal portfolio positioning.



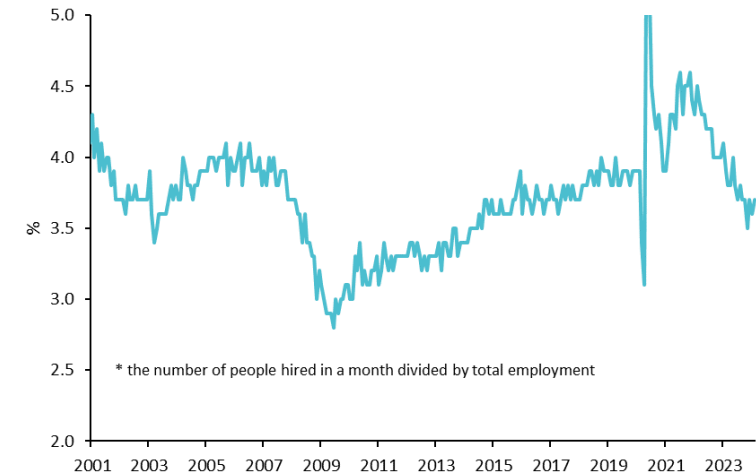
US Late Cycle Indicators				
Rule	Indicator	Current	10-year average	Percentile (since 1980)
Economic				
Low	Unemployment rate (%)	3.8	4.8	6.2%
High	Capacity Utilisation (%)	78.4	77.6	39.0%
High	Profit share of income (%)	12.2	11.8	85.8%
High	Output gap (% of potential GDP)	0.1	2.7	44.0%
High	Core CPI (y/y %)	3.8	2.9	68.0%
Financial				
High	Household debt to income (%)	97.3	100.4	51.4%
High	S&P net debt/EBITDA	1.7	2.1	22.4%
High	S&P net profit margin (%)	10.0	9.0	96.3%
Low	Household Saving Rate (%)	3.6	7.0	10.3%
Market				
Low	Yield curve (10y - 2y, bps)	-42.6	61.5	5.6%
High	S&P 500 Shiller PE	34.0	29.8	90.2%
High	S&P 500 PE TTM	26.9	23.3	90.7%
High	S&P 500 EV/EBITDA	13.6	12.7	93.2%
Low	Equity Risk Premium (%)	2.3	3.5	19.9%
Low	BAA-AAA spread (bps)	77.0	80.6	40.0%

Source: Bloomberg, Datastream, Shiller, St Louis Fed, JBWere Investment Strategy Group

In fact, there are already some pockets of weakness in the US economy

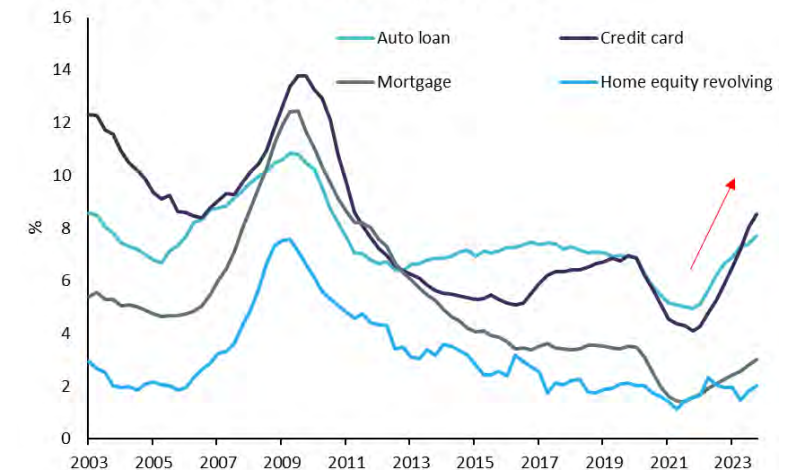
- US economic exceptionalism has been driven, in large part, by a greater willingness of US households to run down excess savings built up during (and after) the pandemic.
- Stronger real disposable income growth (as inflation has fallen and the labour market has remained resilient) is also helping to support consumption growth.
- However, there are pockets of vulnerability. Estimates suggest that low and middle-income households have now depleted their excess savings. Delinquency rates for credit card and auto loans are risen sharply and are above pre-pandemic levels, suggesting some pain in the face of higher interest rates.
- We are watching the labour market closely (and the best gauge for determining a shift in the narrative). While headline payrolls growth is still strong (~300k per month), the likes of the jobs hiring rate and quits rate, which have both fallen below pre-pandemic levels, suggest some underlying softness.

US Jobs Hiring Rate*



Source: Datastream, JBWere Investment Strategy Group

US Flow into Early Delinquency (+30 Day)

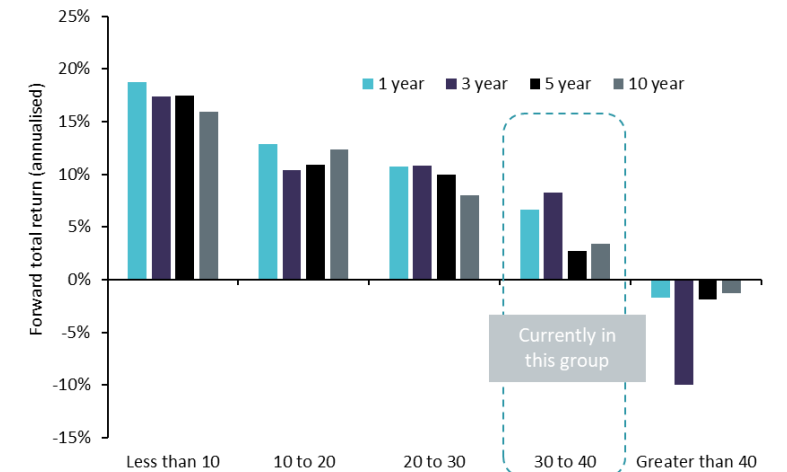


Source: Federal Reserve Bank of New York, JBWere Investment Strategy Group

High valuations temper meaningful equity market upside

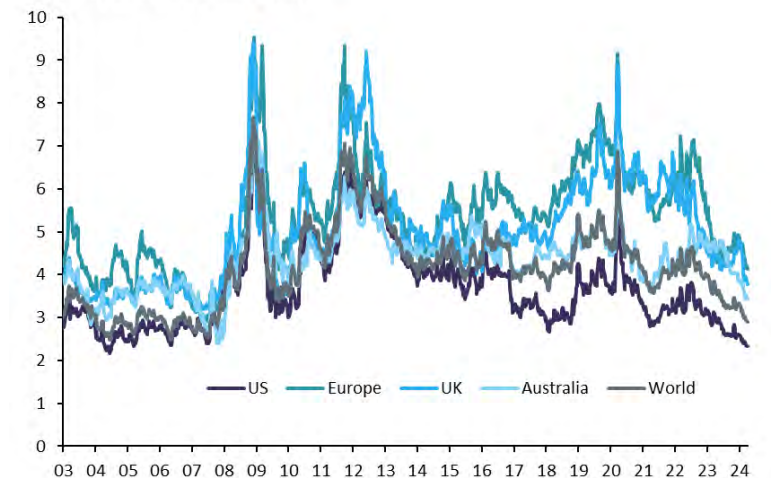
- Equity valuations, especially in the US, have been high for some time, both on an absolute basis and relative to other asset classes (equity risk premia).
- On their own, valuations are not a reason to be bearish, especially if the benign macro backdrop (robust growth, disinflation and falling bond yields) continues. But there is clearly a tension between these two forces (macro and valuations).
- The balance between the macro outlook and the valuation picture suggests that realising deeper equity upside going forward would be most likely with continued inflation normalisation and further positive supply news, but also to some degree necessitates a belief in improved long-run productivity from the impact generative AI, or from other factors that could support current and ongoing high equity valuations.
- The downside case is still most likely associated with recession, particularly if it came with sticky inflation and higher rates. There is some evidence that the drag from overvaluation on equity returns is larger when the economy deteriorates or, put differently, that the negative effect of worsening economic outcomes on equity returns is larger when the market is overvalued.

S&P 500 Shiller P/E and forward returns



Source: Shiller, Bloomberg, JBWere Investment Strategy Group

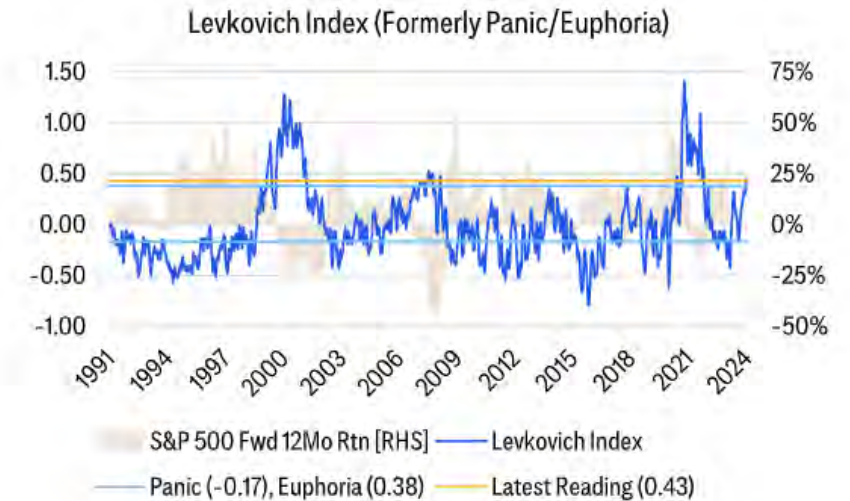
Equity Risk Premia (%)



Source: Absolute Strategy Research, Datastream, JBWere Investment Strategy Group

Exuberant investor sentiment/positioning also creates near-term risks

- Reflecting market moves and benign economic developments over the past six months, investor positioning and sentiment had become increasingly bullish. For example, CFTC net equity future positioning recently rose to a new all-time high led by S&P 500 futures. Global equity flows have also increased year to date on the back of EM and US inflows.
- At extremes, investor sentiment can create a contrarian signal. For example, at elevated levels of optimism, the bar for further upside surprises becomes high and markets vulnerable to disappointments or exogenous shocks (i.e. geopolitical) unless supported by a protraction in the positive macro momentum.
- This contrarian signal is the rationale behind the Citi Panic/Euphoria index, which has recently risen above 'Euphoria' levels for the first time since the 'Covid bubble'.
- This gauge is not a market timing tool, but history does suggest a poor risk/return outlook for US equities over a 1-year forward horizon.



Levkovich Index Statistics

	Last (± 0.10)	Panic	Neutral	Euphoria	S&P 500
Level	0.43	≤ -0.17	-0.17 to 0.38	≥ 0.38	
Forward 1-Year Returns (Based on Level Ranges) *					
Median	-9.2%	17.6%	10.1%	-10.1%	10.9%
90th Percentile	14.9%	32.7%	22.9%	13.9%	27.1%
10th Percentile	-35.8%	2.8%	-10.8%	-23.3%	-12.9%
Up Probability	29%	96%	80%	26%	78%

Levkovich Index: NYSE short interest % of float, margin debt, TRF volume % of total, Market Vane and AAI bullishness, NCF Nonfinancial Leverage, put/call ratio, CRB futures, gasoline prices, and 25 delta put/call skew.

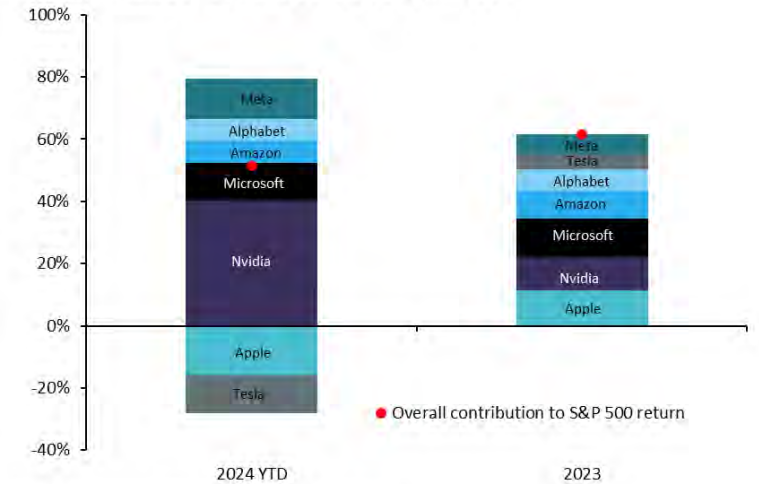
Fair Value Model: 10Y yield, 10Y real GDP trend, EPS growth expectations, CPI%, changes in CPI%, Baa spreads, Dollar Index changes, 2Y yield changes, 2s10s Treasury slope, and NY Fed Recession Probability Index.

Strongest signals come when market appears undervalued/overvalued on the Fair Value Model and the Levkovich Index is in panic/euphoria.

Can the leading stocks continue to lead?

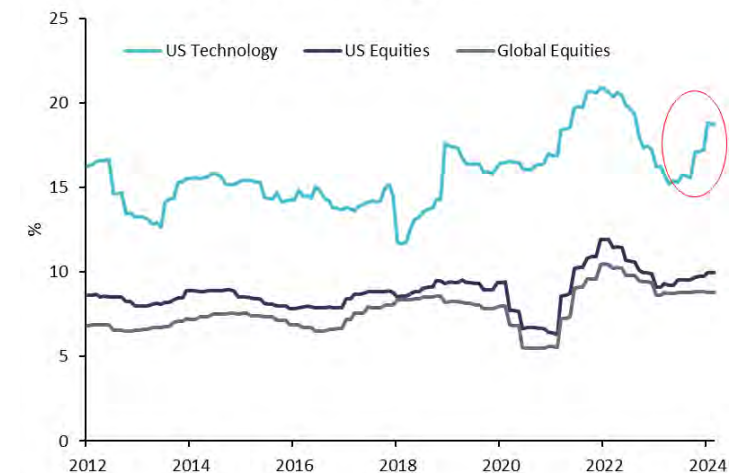
- On some levels, recent narrow market leadership is unsurprising. At a time when there are questions on interest rates and the elevated cost of capital, and the trajectory of economic and earnings growth, investors are seeking large companies with quality attributes, especially those that are potential enablers and beneficiaries of new technologies (AI and GLP-1 drugs).
- These large companies, especially those in the technology space, often operate with large networking effects, limiting competition and allowing them to enjoy above-market profit margins. Moreover, as many of these companies have minimal debt and large cash reserves, they actually benefit from higher interest rates and have ample flexibility to look at investment opportunities without being impacted by high borrowing costs.
- Is this narrowness a concern? Only if it is not justified by fundamentals. While some of these companies do look expensive at face value, this valuation premium is arguably justified by the quality attributes described above and the expectations for strong future growth beyond 12 months.
- Will the market catch up or catch down? The former would almost certainly be more positive for overall market returns than the latter. However, for market performance to sustainably broaden out, it will likely require a more optimistic view on the economic outlook.

Magnificent 7 Contribution to S&P 500



Source: Datastream, JBWere Investment Strategy Group

US Technology Net Profit Margins

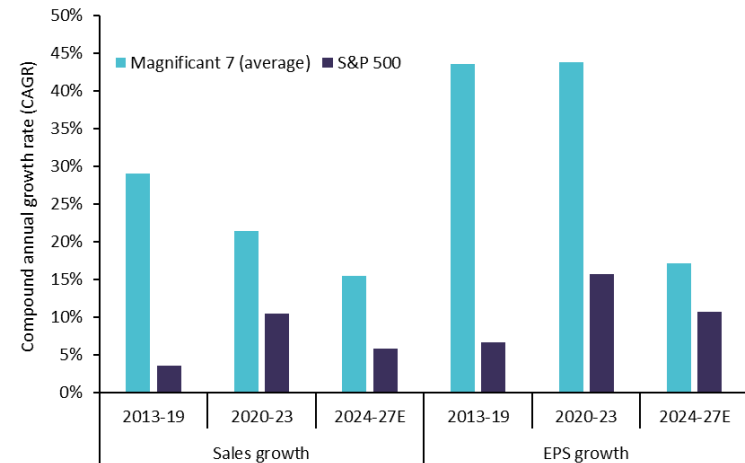


Source: Datastream, JBWere Investment Strategy Group

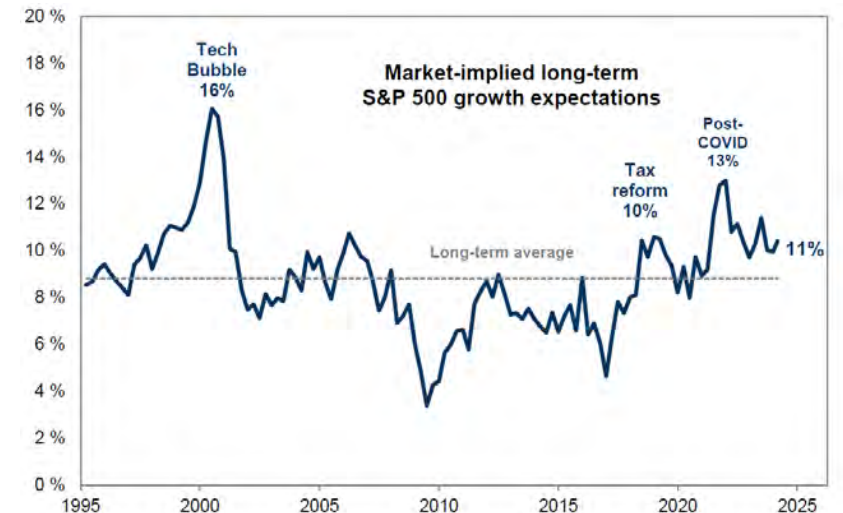
Expectations have risen, but they are arguably not extreme

- At face value, the largest leading companies do look expensive. For example, the Magnificent 7 in the US trade at over a 50% premium to the broader market (33x vs 21x).
- Is this premium justified? Certainly, the consensus expect these companies to record meaningfully stronger sales and EPS growth over the coming years. In fact, on a PEG ratio basis, these companies are arguably cheaper than the broader S&P 500.
- Obviously, the key is that these companies continue to meet or exceed expectations. History teaches us that disappointing elevated investor expectations is usually what bring down these fast growing companies.
- More broadly, however, GS estimate that the market-implied long-term growth expectations for the S&P 500 is around 11%. While that is above the long-term average, it is well below levels reached during the tech bubble or even post-COVID, suggesting that forward growth expectations, at this stage, are not excessive.

Consensus Expectations



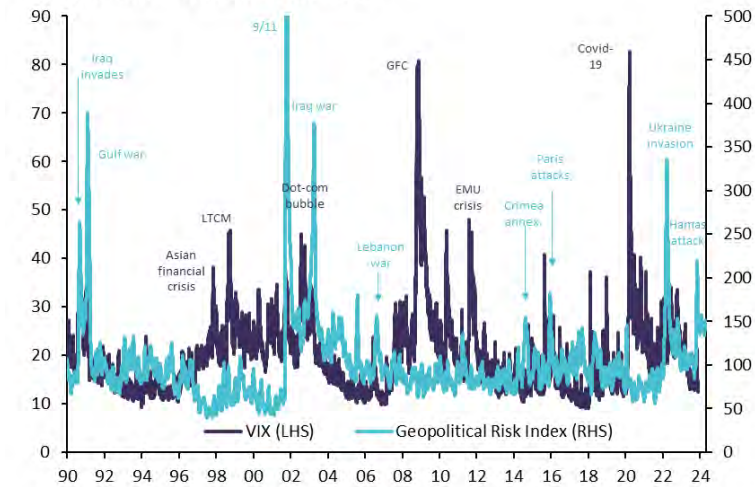
Source: Bloomberg, JBWere Investment Strategy Group



Elevated geopolitical uncertainty creates additional risks

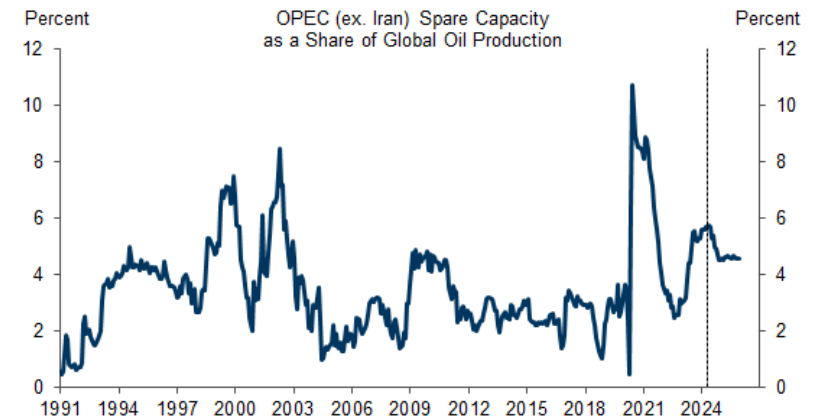
- Following the direct attack by Iran on Israel, there is now a clear risk of further escalation in Middle Eastern tensions.
- We have no particular insight into how this conflict could play out. The situation is highly uncertain, but higher oil prices and disruptions to shipping (through the Strait of Hormuz) are the obvious channels through which a broader economic/market impact could play out.
- There are clearly scenarios where oil prices could surge through US\$100/bbl. However, many of our research partners highlight that there is already a geopolitical risk premium in prices of US\$5–10/bbl.
- Moreover, global spare production capacity has risen meaningfully over the past year or so (in OPEC especially), arguably providing an offset to any possible production impact. Whether or not this spare capacity will be accessed is another uncertainty, however.

Geopolitical Risk & Markets



Source: Bloomberg, Caldara, Dario and Matteo Iacoviello, JBWere Investment Strategy Group

Exhibit 1: Elevated OPEC Spare Capacity Provides Some Insurance Against Oil Price Spikes



Note: 2024Q1 value is GS estimate; values thereafter are forecasted. Global production is a 12-month average.

Source: Platts, IEA, OPEC, EIA, Goldman Sachs Global Investment Research

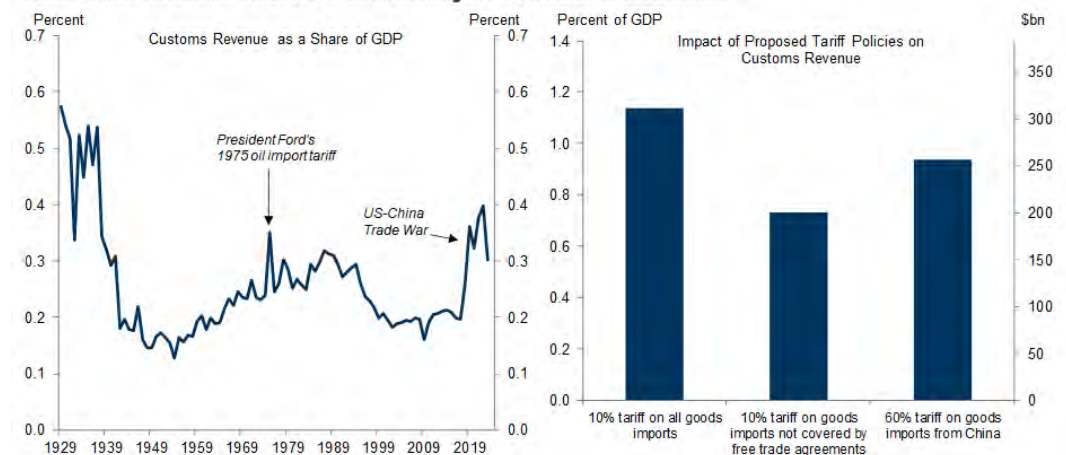
Greater focus on US politics over second half of year

- Interestingly US politics appears to have dropped off the markets' radar. However, we suspect it will become a key talking point as polling becomes more reliable from the US summer.
- US equities usually rise before/after US elections, with the path broadly similar for both Republican and Democratic victories. However, in global markets, regional performance is more mixed.
- Yet we're not sure that history will be an overly useful guide this time around (even though it is effectively a repeat of 2020), given a different macro, fiscal and policy picture.
- Right now, it looks to be a coin toss between Biden and Trump. While the presidency matters, for markets and the broader economy, the make-up of Congress is equally important, given they determine tax/fiscal policy.
- Biden and a mixed Congress represents a 'continuity' scenario, with likely limited sustained market impact.
- There are plenty of moving parts on what a Trump (and red wave) outcome could look like. For example, potentially large increases in tariffs could theoretically be used to fund tax cuts.

US election scenarios

	President	Senate	House
Current	D	D	R
Trump Win	R	R	D
Red Wave	R	R	R
Biden Win	D	R	D

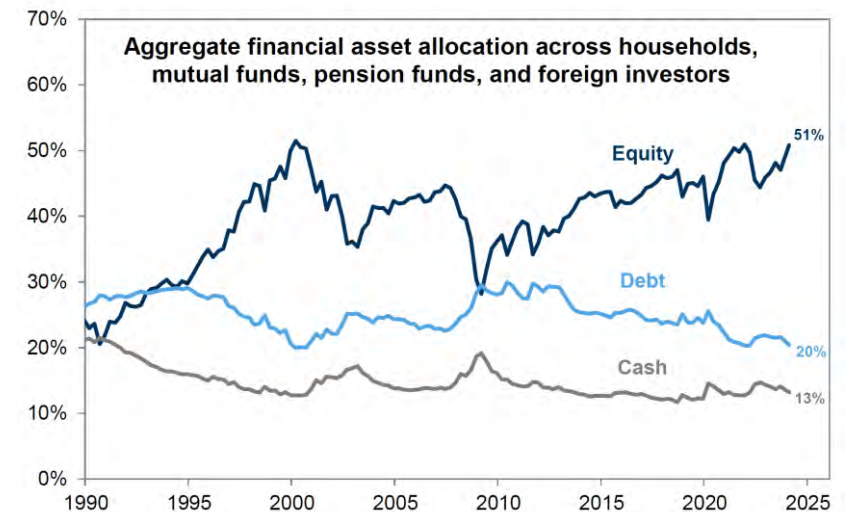
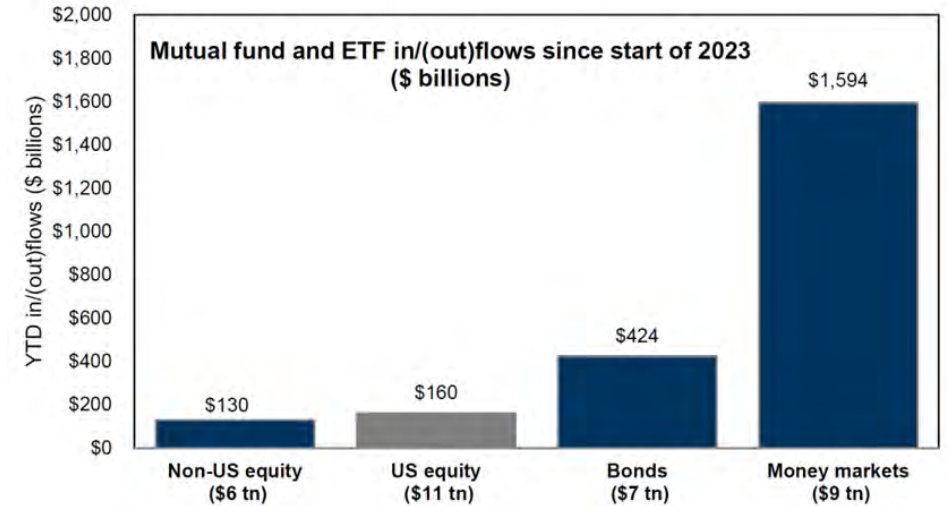
Exhibit 2: Tariffs Have the Potential to Provide a Meaningful Boost to Government Revenues



Source: Department of Commerce, Goldman Sachs Global Investment Research

Lots of cash on the sidelines, but allocations to equities already high

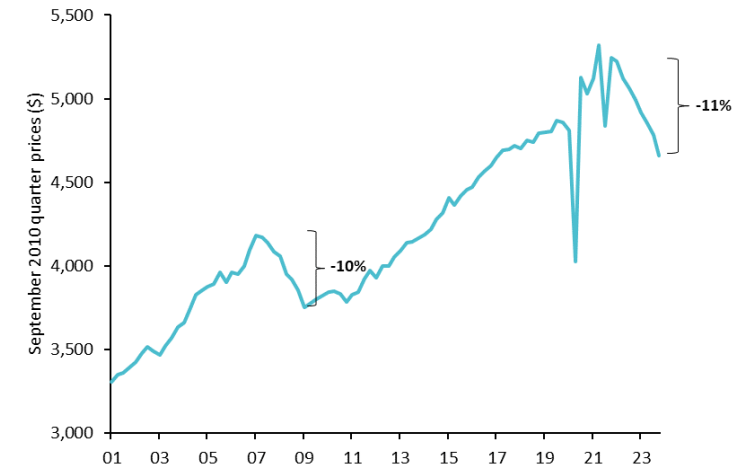
- Inflows into US money market funds have been considerable since the start of 2023. There is a subsequent belief from some that this meaningful 'cash on the sidelines' should help to support equity markets in the event of a sell-off.
- While that is of course possible, it is worth noting that most of these money market inflows largely came from outflows at traditional bank deposits (no doubt exacerbated by the US/European banking stresses in March last year).
- Whether this cash is in turn deployed into other asset classes in the event of a price shock will depend on what is causing prices to fall. For example, if equities are falling because of a growth shock, investors may be more inclined to deploy cash into longer-duration fixed interest instruments.
- It is also worth noting that allocations to US equities across US households, mutual funds, pension funds and foreign investors is already historically elevated.



Stubborn inflation, but RBNZ rate cuts still our base case this year

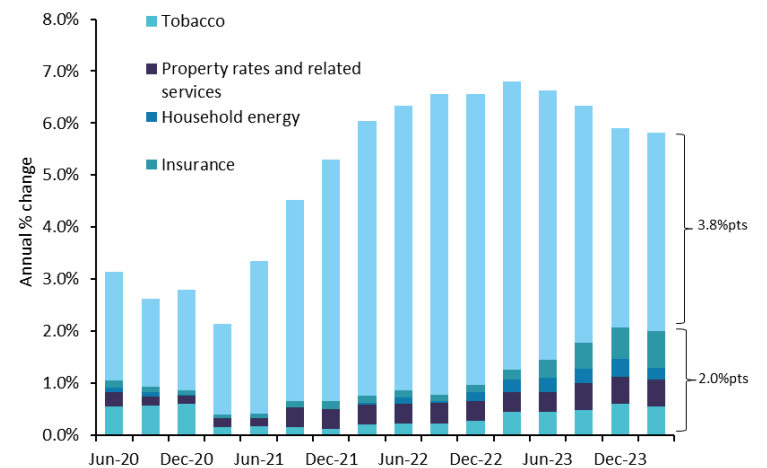
- The NZ economy has contracted in four of the past five quarters, with annual per capita GDP growth on par with what was experienced during the GFC.
- In stark contrast to the US experience, New Zealand households are quite clearly under pressure. Retail sales volumes have fallen for eight consecutive quarters, despite strong population growth.
- Post-election exuberance in business confidence also appears to have unwound, which together with weaker PMI/PSI indicators, point to a continuation of weak economic momentum.
- Yet, reflecting the usual lags as well as still elevated services (wage) inflation, domestic inflation pressures remain sticky. Non-tradable inflation sat at a still uncomfortable 5.8% y/y in Q1 2024.
- That said, factors unrelated to domestic spare capacity (and therefore monetary policy settings) have also made a large contribution to inflation (insurance, local authority rates, tobacco etc). Outside of this, non-tradable inflation is a far more modest 3.8% y/y.

Retail Sales Volumes per Capita



Source: Statistics NZ, JBWere Investment Strategy Group

Non-Tradable Inflation Components

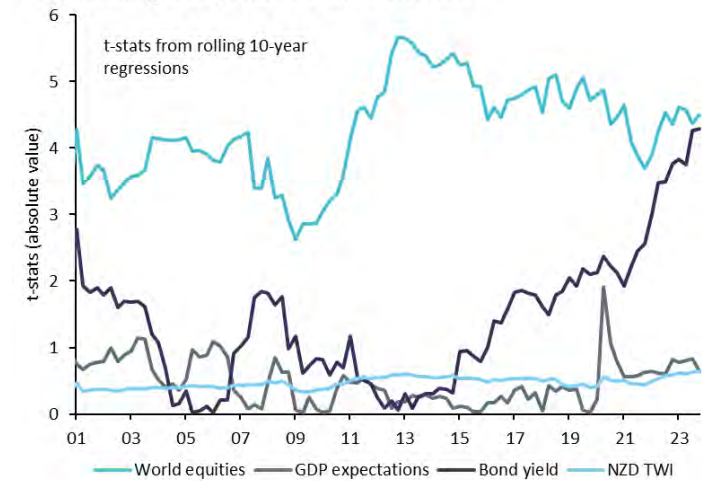


Source: Statistics NZ, JBWere Investment Strategy Group

Still largely about bond yields for the NZ equity market

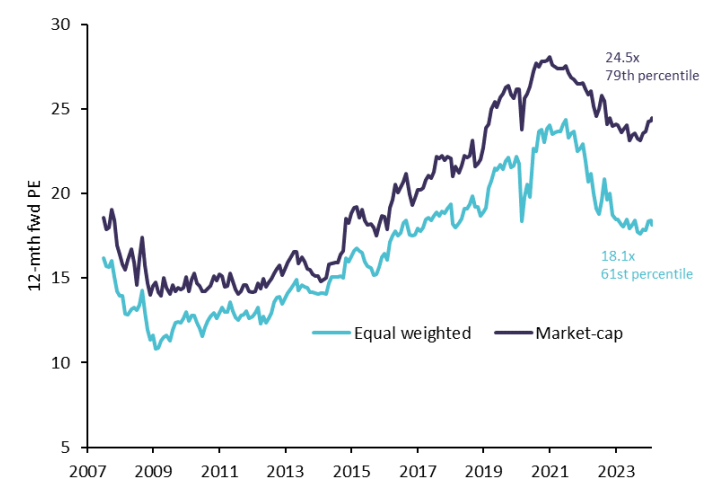
- The New Zealand equity market has been a relative underperformer over the past few years and is ~16% below its early-2021 peak (as opposed to new highs recently seen in the likes of the US, Europe and Japan).
- While some of this weakness reflects idiosyncratic developments, a key macro driver has been higher bond yields, which have weighed on market valuations at a time of lackluster EPS growth.
- In fact, our analysis suggests that over the past 10-years, bond yields have explained just as much variation in NZ equities performance as global equity market movements.
- Idiosyncratic factors will of course still have outsized impacts on the market, but with valuations looking more appealing, especially on an equal-weighted basis, and an expectation for lower bond yields over the next few years, we believe the conditions for better relative performance are emerging.

Explaining S&P/NZX 50 Movements



Source: JBWere Investment Strategy Group

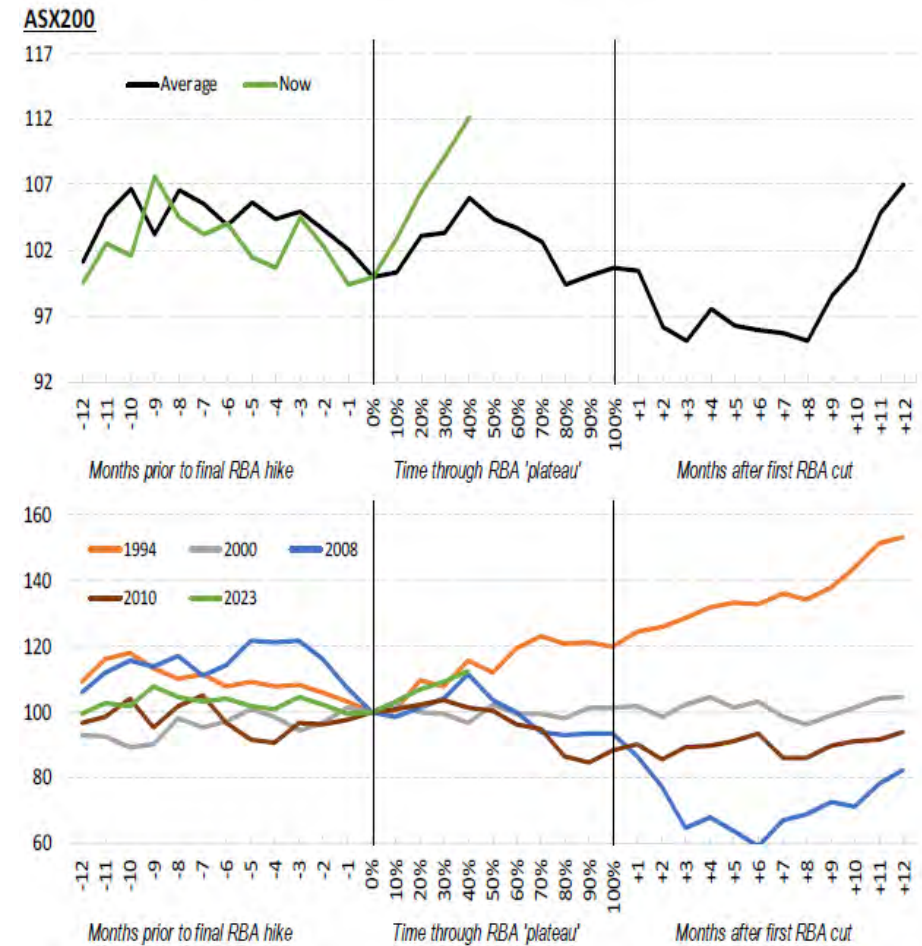
NZX 50 Equal-Weight vs Market Cap



Source: Datastream, JBWere Investment Strategy Group

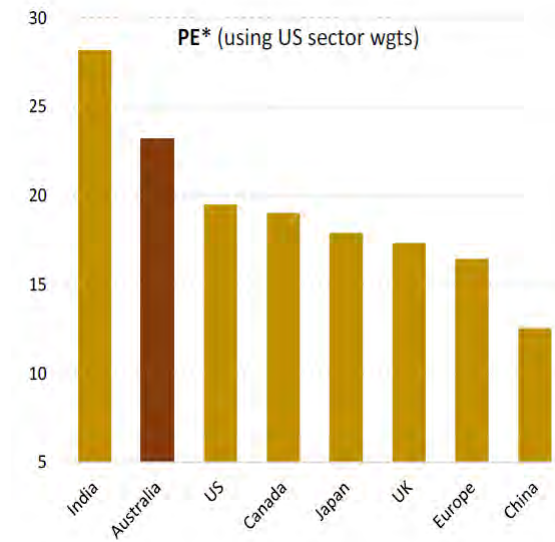
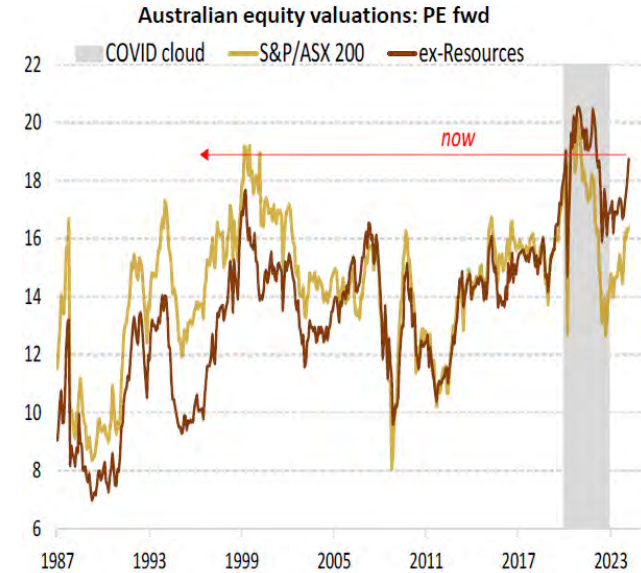
Australian economic showing resilience, RBA on hold

- Like the US, the Australian economy has been remarkably resilient to RBA rate hikes, with the strong migration and 'big spending boomers' helping to cushion the impact.
- These forces have helped to smooth the economic (and profit) cycle, even though mortgage holders have been under strain.
- In a similar story to the US Federal Reserve, the RBA appears comfortable with its level of policy restrictiveness, but rate cuts are off the table unless there is greater sign of economic weakness.
- Given current resilience, we'd be surprised to see the RBA cutting before the Fed.
- Historically, during this 'plateau' period for RBA policy, the ASX 200 has been broadly flat (although the sample size is admittedly small) and the market has already outperformed this historical experience.



The Australian market has become relatively more expensive

- Valuations de-rated meaningfully through 1H 22 as bond yields soared higher. PE ratios now reaching record highs (ex-COVID).
- CBA has driven the market cap weighted PE higher, but even on an unweighted basis, valuations are above anything seen pre-COVID. The Australian market is also trading at high multiple vs global.
- In fact, if US sector weights are applied to Aussie stock valuations, the ASX200 index would sit at a 20% PE premium to the S&P500!
- While we have increased our exposure to Australian equities recently, these high valuations leave us comfortable being selective and looking for attributes that we cannot necessarily find in the NZ market.



9.3 Long-term Plan 21-31 activity progress report to 31 March 2024



Objective ID A1073795
Report by Nicky Carter, Strategy and Partnership
Approved by Rachael Millar, General Manager Strategy, Science and Engagement

Purpose

To provide Council with an update on the progress of activities that are described in Council’s 2021-2031 Long-term Plan.

Summary

Every three months Council receives a progress report on the status of the work programmes set out in the Long-term Plan. This report has been updated to include third quarter activity of the 2023/24 year.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 Receive the attached report “Long-term Plan 2021-2031, Activity progress ending 31 March 2024”.

Background

The attached report presents collated activity updates for the first three quarters of the 2023/24 year (July to March). At the end of the third quarter there was high confidence in 37, medium confidence in 16, and low confidence in 1 of the 54 performance measures being met as planned by the end of the 2023/24 year.

Note that the number of performance measures being reported on has dropped from 55 to 54 due to Government changes to requirements in the National Policy Statement on Indigenous Biodiversity (NPS-IB) resulting in a measure no longer being applicable in 2023/24.

A summary of the third quarter key activities is set out below.

ACTIVITY/PORTFOLIO	SUMMARY OF KEY ACTIVITIES Q2 (2023/2024)
Air Quality	Airshed monitoring and reporting was undertaken in accordance with the National Environmental Standards for Air Quality (NES-AQ). Preparation for the 2024 winter air quality education campaigns commenced.
Water and Land	Following central government announcements highlighting the amendment of the Resource Management Act and the National Policy Statement for Freshwater Management (NPS-FM) timeframe extensions Council has approved progressing some form of plan change, but focused on a Southland solution to freshwater in a manner that is driven by the objectives of the Southland Water and Land Plan. This work is currently being rescoped.
Biosecurity and Biodiversity	The Regional Pest Management Plan (RPMP) and the Fiordland Marine Regional Pathway Management Plan (FMRPMP) remain operative and the annual workplans continue for each. The five-year review of the FMRPMP 2022/23 was approved by Council and improvement work is being commissioned.

	<p>Avian surveys completed at Motupohue Bluff Hill, Bushy Point, Lower Matura Covenants, Otatara Scenic Reserve, and Stewart Island Rakiura Community Environment Trust identified 40 bird species over 5 sites.</p> <p>Rodent monitoring at 7 sites (Bluff Hill/Motupohue, Omaui, the Lower Matura Covenants, Mores Reserve, Bushy Point, Otatara Scenic Reserve and Stewart Island Rakiura Community Environment Trust) continues.</p> <p>Pest plant monitoring continues with no high-risk pest plant sites or incursions identified, whilst marine monitoring has been completed for Rakiura and Fiordland.</p> <p>A Fiordland compliance patrol was carried out in February and a Milford Trip was completed in March. All vessels encountered were intercepted and inspections were completed of structures, barges, moorings, and high-risk sites.</p> <p>Biosecurity had 82 Requests for service and 17 Incidents. Of these 88 have been closed and 11 remained open at the end of the quarter. In the year-to-date a total of 237 requests/incidents have been actioned, 14 of which were outstanding on 31st March.</p> <p>Work on Environmental Enhancement Fund (EEF) grants continues, and staff are working with applicants for the next financial year.</p>
<p>Climate Change and Community Resilience</p>	<p>Emergency Management Southland was supported by Environment Southland staff in response to Blue Cliffs state of emergency and a High River Watch was activated on 7 February with coastal rivers high due to heavy rainfall.</p> <p>A roving radar has been installed for measurement of water level on the Oreti River at Centre Bush which will enable the radar to move to the current location of the river channel and measure river level during lower flows vs. the level of the gravel bar/s.</p> <p>The proposed Regional Climate Change strategy was endorsed for consultation by all Local Government partner agencies. Public consultation for the strategy opened 29 February 2024 and will close 8 May 2024. Staff are engaging with Great South to explore how organisational and regional mitigation opportunities can be progressed, alongside providing input into the Great South data repository project.</p> <p>The Environment Southland website has had ongoing updates in conjunction with the other improvements to streamline our hazard enquiry processes.</p>
<p>Coast and Marine</p>	<p>No appeals were received on Plan Change 5 - Surface water activities and Council approved the Hearing panel's recommendations. The decision has been referred to the Minister for Conservation for adoption.</p> <p>Work on the wider Regional Coastal Plan (RCP) review continues. A workshop was held on approaches to some of the significant outstanding matters, including local iwi approach to the management of the Coastal Marine Areas - i.e., Apiti Hono, Tatai Hono. The notification of the RCP is anticipated to be early-2025.</p> <p>Weekly monitoring and reporting of recreational sites occurred this quarter; public health warnings of any potentially toxic algae in lakes, rivers and streams were issued. Sites with warnings issued this quarter include the Ōreti River at Winton Bridge and Branxholme, the Waiau River at Tuatapere, and the Matura River at Gore.</p>

	<p>The recreational safe boating campaign is due to end on 30 April 2024. Staff were in attendance on Lakes Te Anau and Manapouri and in Bluff/Riverton over Easter Weekend to provide safe boating coverage.</p> <p>Marine Services have moved into a 1 in 3 on-call roster system which, with the development of a suite of incident response processes, has greatly improved the maritime operational and emergency response capability.</p>
Regional Leadership	<p>100% of consents processed in Q3 were processed within the statutory timeframes and the percentage of high-risk consent monitoring remains consistent with quarter two at 81%.</p> <p>Eight of the nine work programmes from the 2022-2024 Information Management Strategy are on track with the remaining programme tracking to be partially complete by the end of June 2024.</p> <p>Development of the Environment Data (EnvData) website is underway. This project's critical success factors are improving the accessibility and user-friendliness of environmental data for internal and external stakeholders and customers. It is estimated that the Go Live will be 1st August 2024</p>

Implications/risks

The achievement, or non-achievement, of performance measures at year end presents a range of implications and or risks dependent on the level of achievement. Quarterly reporting enables Council to be aware of the projected performance measure status at year end (30 June 2024). Several of the current targets have been identified through the 2021/22 and 2022/23 Annual Report audits as areas that the auditors felt were not aligned to what the community would find most useful. Revised measures are being considered as part of the development of the 2024-34 Long-term Plan.

Next steps

The Finance and Performance Committee will receive the final quarterly update on the Long-term Plan 2021-31 to 30 June 2024 in August 2024.

Fit with Strategic Framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources	X		
Diverse opportunities to make a living	X		
Communities empowered and resilient	X		
Communities expressing their diversity	X		

Compliance with Significance and Engagement Policy

This item is consistent with the Significance and Engagement Policy, and no engagement requirements have been triggered.

Considerations

Financial implications This item has no direct financial implications.

Legal implications Our LTP reporting process is in alignment with Environment Southland's legal obligations.

Attachments

Long-term Plan 2021-2031 Activity progress report ending 31 March 2024 [LTP Report Q1 to Q3 - 31 March 2023 \(A1073780\)](#)



Long-term Plan 2021-2031

Activity progress report ending 31 March 2024

Our Vision – a thriving Southland – te taurikura o Murihiku

Our Mission - Working with our communities to enhance Murihiku Southland's environment

Our Activities in Depth

Portfolios and Performance Measures

The Environment Southland (Council) Long-term Plan is updated every three years. In between, an Annual Plan is prepared to describe the activities to be undertaken by the Council. The Long-term Plan and Annual Plan must include performance measures – Levels of Service – to enable the community to assess how the Council is performing.

The Levels of Service are Council's commitment to the community, describing specific, measurable outputs or outcomes. For each Level of Service, there are measures and targets to be achieved each year. For full details of each Level of Service and the measures and targets, please refer to the Long-term Plan 2021-2031 available on the Environment Southland website - www.es.govt.nz.

The activities of Council are grouped into portfolios (groups of activities), under which sit programme areas.

Each programme area contains a statement which shows which of our activities delivers in the programme, the cost thereof, and the combined funding sources involved. The funding arrangements are in accordance with the Revenue and Financing Policy as set out in the 2021-2031 Long-term Plan.

Reporting

Within this document we report on our proposed output targets under each portfolio, which we believe summarise the key issues we need to address and/or the key activities we undertake.
















The portfolios are:
















- Air Quality
- Water and Land
- Biosecurity and Biodiversity
- Coast and Marine
- Regional Leadership
- Climate Change and Community Resilience
















The report that follows gives a 'snapshot' of the degree of confidence Council has in its ability to achieve the individual 2023/24 measures and targets by the end of the programme year (30 June 2024).















Confidence Level Totals – all activities

High confidence	37
Medium confidence	16
Low confidence	1

Portfolio	Level of Service	Target	Confidence
Air Quality	1. Fully operative Regional Air Plan covering all emissions sources and compliant with NESAQ.	1.1.1.	
	2. Our air quality work programme is based on data and research.	2.1.1.	
	3. Highly visible and engaging education programme about the region's air quality and how it can be improved.	3.1.1.	
	4. A home heating scheme that is effective in supporting Murihiku Southland households to adopt clean heating.	4.1.1.	
Water and Land	5. Methods and limits in place across water takes and discharges to achieve the communities' environmental outcomes.	5.1.1.	
	6. A clear picture of the state of our environment and where further action is needed.	6.1.1.	
		6.2.1.	
		6.3.1.	
	7. Highly visible and engaging programme that empowers the community to be innovative and contribute to achieving healthy water and ecosystems.	7.1.1.	
8. Council works in partnership with iwi, community groups, businesses, government agencies and councils to deliver projects that improve Murihiku Southland's water and land ecosystems.	8.1.1.		
Biosecurity and Biodiversity	9. Appropriate regulatory tools are in place for the species type and there is a consistent policy framework for managing harmful species.	9.1.1.	
		9.1.2.	
		9.1.3.	
	10. Biodiversity and biosecurity work programmes are based on data and research.	10.1.1.	
		10.1.2.	

Portfolio	Level of Service	Target	Confidence	
		10.2.1.		
		10.3.1.		
	11. Highly visible and engaging education programme about the region's biodiversity.	11.1.1.		
	12. Biosecurity advice and assistance is accessible to those who need it.	12.1.1.		
		12.2.1.	N/A	
	13. Council will work with landowners to protect or enhance biodiversity and initiatives that help landowners to manage harmful species on privately owned land.	13.1.1.		
		13.2.1.		
		14. Council will deliver management programmes designed to improve regional biodiversity, human health, and economic prosperity.	14.1.1.	
	14.2.1.			
	14.3.1.			
	Climate Change and Community Resilience	15. Our plans and projects are designed to minimise the negative effects of climate change on the region's communities.	15.1.1.	
		16. Provide timely and high-quality information about natural hazards to inform planning and emergency management activities.	16.1.1.	
			16.2.1.	
		17. Assist communities to understand and adapt to the effects of climate change and natural hazards.	17.1.1.	
17.2.1.				
17.2.2.				

Portfolio	Level of Service	Target	Confidence
		17.2.3.	
	18. Work with partners to strengthen the region’s resilience to climate change and ability to cope with any civil defence emergency.	18.1.1.	
		18.2.1.	
	19. Council owned infrastructure is maintained and enhanced to a level that works to reduce the negative impacts of natural hazards, flooding, and climate change.	19.2.1.	
		19.3.1.	
Coast and Marine	20. Regulatory processes, plans and resources are in place to identify and protect significant or at-risk elements of the coastal marine area, including enforcement when necessary.	20.1.1.	
	21. Regular monitoring to track progress and identify risks to coastal marine area.	21.1.1.	
		21.2.1.	
		21.3.1.	
	22. Highly visible and engaging education programme about how to safely enjoy the coastal marine area and Inland Lakes and to increase community understanding of the marine environment.	22.1.1.	
	23. Council works with iwi, councils, research entities, the community, businesses, and community organisations to sustainably manage the coastal marine area.	23.1.1.	
	24. Maintain safe and navigable waterways in the region to protect the people using them.	24.1.1.	
24.2.1.			
Regional Leadership	25. Provide and implement a Regional Policy Statement to achieve integrated management of natural and physical resources in Murihiku Southland.	25.1.1.	
		25.2.1.	

Portfolio	Level of Service	Target	Confidence
	26. Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning.	26.1.1.	
		26.2.1.	
	27. Deliver efficient and effective consenting and compliance monitoring and enforcement services.	27.1.1.	
		27.2.1.	
	28. Murihiku Southland residents are engaged and enabled to play an active part in shaping our region's future.	28.1.1.	
		28.2.1.	
	29. Council works in partnership with iwi, local authorities, and other organisations to deliver better outcomes.	29.1.1.	
		29.2.1.	
		29.3.1.	
	30. Enable good governance and democratic decision-making.	30.1.1.	
		30.2.1.	
	31. Collect, maintain, and share quality-assured data.	31.1.1.	
		31.2.1.	
		31.3.1.	

Air Quality

The Air Quality group of activities includes four environmental project areas that Council is legally responsible to the community for delivering on.

Regulation and Planning Activity

This activity focuses on Council's regional planning and its regulatory and compliance activities under the RMA. For example, ensuring the region has an Air Plan that is easy to understand, complies with National Environmental Standards for Air Quality (NES-AQ) and is practical to implement and enforce.

A key focus for this activity in the next few years is to review and update the Regional Air Plan once the new NES-AQ is released.

Science, Research, and Monitoring Activity

This activity focuses on the Council's monitoring of air quality in the Invercargill and Gore airsheds where it is currently required to monitor PM₁₀ emissions. This activity includes research undertaken by the Council to understand which interventions are most effective in helping the adoption of clean heating practices.

Community Engagement and Education Activity

The Council produces educational material to help inform the community about air quality issues in the region and what they can do to improve it. This includes producing the state of the environment reports, sharing research findings on the Council's website, and sharing information produced by other organisations.

Partnerships Activity

The council works collaboratively with iwi, territorial authorities, community groups, agencies, homeowners, and businesses to develop and implement solutions for improving air quality in the region. This includes the Clean Air Loan Scheme and ongoing work with the Southland Warm Homes Trust.

Confidence Level Totals – Air Quality activities

Air Quality	
High confidence	2
Medium confidence	2
Low confidence	0

Air Quality						
Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Fully operative Regional Air Plan covering all emissions sources and compliant with NES-AQ.						
1.1 Proportion of the Regional Air Plan that is compliant with the National Environmental Standards for Air Quality (NES-AQ).	100% compliant with current NES-AQ requirements.	<p>Policy & Planning</p> <p>Q1: The Plan is compliant with the current NES-AQ. The only changes to the Air Plan that have been promoted for amendment are those policies related to the National Environmental Standard (NES) for Greenhouse Gas Emissions from Industrial Process Heat. These policy changes will be taken to the Strategy and Policy Committee prior to being incorporated into the Air Plan.</p> <p>Q2: On hold. The Plan is compliant with the current NES-AQ. It will be reviewed in light of any further National Planning Framework recommendations that may evolve from central government. Amendments to the Air Plan will need to be made to the rules to give full effect to the NES for Greenhouse Gas Emissions from Industrial Process Heat within the timeframe of those standards.</p> <p>Q3: On hold as per Quarter 2 comment.</p>				
Level of Service: Our air quality work programme is based on data and research.						
2.1 Compliance with NES-AQ requirements for airshed monitoring and reporting.	100% compliance with NES-AQ requirements for airshed monitoring and reporting.	<p>Science, Strategy & Investigations</p> <p>Q1, Q2, and Q3: Data collected and reported in accordance with NES-AQ requirements.</p> <p>Q1: Additionally, findings were released from an air quality study undertaken with NIWA mapping how air pollution moves around Invercargill and how much pollution is getting into homes.</p> <p>Q2: On schedule. Invercargill had an exceedance of the 24-hour PM10 NES standard of 50 µg/m3 on the 14th of December at Pomona Street, reporting a 24-hour average of 58 µg/m3. Exceedances during summer have not knowingly been recorded for Invercargill previously. Gore also reported anomalously high concentrations for the 14th with 45.4 µg/m3. Further investigation identified the particulate was dominated by sea salt. A submission has been made to the Ministry for the Environment for an exemption of this exceedance.</p>				

Air Quality

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
		Q3: Additionally, a science report has been prepared reviewing the latest monitoring data, analysing trends, and assessing the suitability of monitoring sites. This report will be published in Q4. Preparation is underway for the 2024 winter air quality education campaigns.				
Level of Service: Highly visible and engaging education programme about the region's air quality and how it can be improved.						
3.1 Percentage of surveyed residents who have adopted practices that improve air quality in the region.	36% or more of surveyed households had adopted practices to improve air quality in the last five years.	<p>Science, Strategy & Investigations/Strategy & Partnership</p> <p>Q1: On hold, pending a decision on whether a survey will be completed this year.</p> <p>Q2: Alternative ways of capturing this information will be considered as part of the development of the winter air quality campaign.</p> <p>Q3: Alternative ways of capturing this information will be considered as part of the development of the winter air quality campaign.</p>				
Level of Service: A home heating scheme that is effective in supporting Murihiku Southland households to adopt clean heating.						
4.1 Effective home heating scheme is reviewed and implemented.	<p>2023/24 Performance Target:</p> <p>Recommendations from the review of the heating scheme are in place by 30 June 2023, including the establishment of targets for the number of households accessing the scheme.</p> <p>(NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>Annual target number of households accessing the home heating scheme is achieved.</p>	<p>Science, Strategy & Investigations/Strategy & Partnership/Policy & Planning/Finance</p> <p>Q1: The Clean Air Loan Scheme (CALs) review reports were presented to a Council workshop for discussion and feedback on 9 August 2023.</p> <p>The existing CALs schemes with ICC and GDC remain on hold pending decisions being made following the CALs review. The next step is for the CALs review reports to be discussed with ICC, GDC and other key stakeholders but only preliminary conversations have occurred due to resourcing constraints.</p> <p>Q2: As above. An item to the Strategy and Policy Committee regarding the scheme is anticipated in Quarter 4.</p> <p>Q3: Due to staff resources required to progress the 2024-34 Long-term Plan resources have not been available to advance the CALs report and review alternatives. Staff intend to submit an item to the Strategy and Policy Committee in Quarter 4.</p>				

Water and Land

The Water and Land group of activities includes four environmental project areas that the Council is delivering on for the community with a variety of partners.

Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the Resource Management Act (RMA), National Policy Statement on Freshwater Management (NPS-FM), National Environmental Standards for Freshwater (NES-FW), and Local Government Act (LGA).

A key focus for this activity in the next few years is to work with the community to implement the NPS-FM requirements and achieve the objectives of the proposed Southland Water and Land Plan.

Science, Research, and Monitoring Activity

This activity provides access to water and land information. It includes advice on the environmental state and trends from long-term environmental monitoring programmes. In addition, science and research is undertaken on the water and land resources of the region to determine how best to manage these.

Key projects include:

- establishing methods to monitor progress towards environmental outcomes including mātauranga Māori and health of indigenous flora and fauna.
- developing, operating, and maintaining a freshwater accounting system for water quality and quantity to provide baseline information for setting target attribute states, flows and limits, assessing over-allocation, and tracking cumulative effects of activities.

Community Engagement and Education Activity

This activity involves working with individuals, community groups, schools, and other agencies to raise awareness and understanding of environmental issues and to empower

action. The Council intends to move to an integrated catchment management approach for this activity during the period covered by this Long-term Plan.

Key projects include:

- People, Water and Land Te Mana o te Tangata, te Wai, te Whenua – a partnership programme with Te Ao Marama Inc (the Ngāi Tahu ki Murihiku natural resource agency) to improve Murihiku Southland's water and land.
- EnviroSchools - a programme that takes a whole of school approach to environmental education.

Partnerships Activity

This activity works with others to support on the ground action and new ways of working to improve water and land. To achieve the environmental outcomes for freshwater and estuaries sought by the community and iwi over a generation (a state of hauora over a 25 to 30-year period), an integrated catchment management approach with 5-yearly steps is proposed to be co-developed in partnership with other organisations such as Te Ao Marama Inc and Thriving Southland¹.

Environment Southland and Te Ao Marama Inc's overarching programme to improve water and land in the region is the People Water and Land programme Te Mana o te Tangata, te Wai, te Whenua. Other partnership projects include:

- Whakamana te Waituna – a project to restore the mana of the Waituna catchment and wetlands.
- Aparima Community Environment (ACE) – farmer leaders supported by agencies with a vision to build and support the resilience of the Aparima area.

Confidence Level Totals – Water and Land activities

Water and Land	
High confidence	3
Medium confidence	3
Low confidence	0

¹ A community-led group that is working with the community to drive positive change in the primary sector in Murihiku Southland, by working with farmers and supporting catchment groups.

Water and Land

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Methods and limits in place across water takes and discharges to achieve the communities' environmental outcomes.						
<p>5.1</p> <p>Implementation of the National Policy Statement for Freshwater Management 2020 via the notification of a plan change to the proposed Southland Water and Land Plan.</p>	<p>Plan change notified.</p>	<p>Strategic Programmes/Policy & Planning</p> <p>Q1: A Programme Manager has been appointed along with a Programme Director. The Programme Plan has been drafted. The Policy, Communications and Science team have been progressing with their work alongside staff from TAMI. Engagement with stakeholders has commenced. Council and Board workshops have been held to address principles of allocations and to introduce progress with the National Objectives Framework. The new date for notification of the Plan Change is December 2024.</p> <p>Q2: On schedule. Work is progressing. Workshops have been held to introduce progress with the National Objectives Framework, and the background to science work that is developing the baseline state and target attribute state information. Conversations on governance support for options relating to wetlands and rivers were also held in the workshop format. Workshops and engagement have been organised for the next quarter to build on the work completed.</p> <p>The scope of the Plan Change program needs to be reviewed following government announcements. Workshops in the third quarter will look at the scope and timing of the PCT workstream.</p> <p>Q3: Due to Central Government announcements and the amendment to the RMA extending the timeframes for the NPS-FM implementation out to 2027, a series of workshops were held with governance to determine their appetite towards progressing this work. A clear message was given that some form of plan change progressing the objectives of the Southland Water and Land Plan be continued with the aim of notification within this local government trimester. The scope of that work was to shift from pure NPS-FM implementation to a Southland solution that was not pausing action. The redrafting of the scope is underway.</p>				

Water and Land

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: A clear picture of the state of our environment and where further action is needed.						
6.1 Establishing a comprehensive freshwater accounting system.	<p>2022/23 Performance Target: Freshwater accounting system is live from 30 June 2023. (NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target: Freshwater accounting system maintained in accordance with the National Policy Statement for Freshwater.</p>	<p>Science Strategy & Investigations/Science Informatics & Operations</p> <p>Q1: Project plan updated. Work progressed on improving processes for tracking and reporting on water allocation.</p> <p>Q2: On schedule. Project plan updated and work progressing. Reporting on freshwater accounts (quality and quantity) is occurring through Plan Change Tuatahi.</p> <p>Water quality component of freshwater accounting on hold. Plan Change Tuatahi has been prioritised over this project. Freshwater accounting dependent on Plan Change Tuatahi (is a part of our implementation of the National Policy Statement for Freshwater Management).</p> <p>Q3: As above.</p>				
6.2 State of the Environment data updated and published on Environment Southland and Land Air Water Aotearoa websites at least once a year.	SoE data updated and published on ES and LAWA websites annually.	<p>Science Strategy & Investigations/Science Informatics & Operations</p> <p>Q1: Updates occur in Quarter 2.</p> <p>Q2: On schedule. Data has been prepared for the LAWA update. Monitoring data is available on the Environment Southland website. Work is underway to improve data quality assurance processes so that more continuous water quality monitoring will be available on the Environment Southland website this year.</p> <p>Q3: No LAWA updates programmed for this quarter.</p>				
6.3 Develop and monitor Mātauranga Māori monitoring programme.	<p>2021/22 Performance Target: Monitoring framework and targets developed in partnership with Te Ao Mārama Inc and papatipu rūnanga.</p>	<p>Science Strategy & Investigations</p> <p>Q1: Envirolink funding secured for Hokonui Rūnanga AI study on kanakana.</p>				

Water and Land

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
	<p>(NB: 2021/22 target was not achieved therefore it has been carried forward into the 2022/23 and then to the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>Annual monitoring programme target achieved.</p>	<p>Q2: This project is behind schedule due to a review of the Charter of Understanding.</p> <p>Q3: This project is on hold subject to the review of the Charter of Understanding.</p>				

Level of Service: Highly visible and engaging programme that empowers the community to be innovative and contribute to achieving healthy water and ecosystems.

<p>7.1</p> <p>Effective engagement with community groups and individuals.</p>	<p>2022/23 Performance Target:</p> <p>Baseline for effective engagement with community groups and individuals is established.</p> <p>(NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>No less than prior year</p>	<p>Strategy & Partnership</p> <p>Q1: A baseline option for the implementation of the insights programme was developed during the first half of the 2022 23 financial year, however it has been determined that this should be reviewed as part of the customer/stakeholder strategy currently in development.</p> <p>Q2: The approach for collecting information about the effectiveness of community engagement is being reassessed as part of the revised approach to water and land management under consideration in response to the Government's deadline extension for limit setting and other changes.</p> <p>Q3: The approach for collecting information about the effectiveness of community engagement is being reassessed as part of the revised approach to water and land management under consideration in response to the Government's deadline extension for limit setting and other changes.</p>				
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Level of Service: Council works in partnership with iwi, community groups, businesses, government agencies and councils to deliver projects that improve Murihiku Southland's water and land ecosystems.

<p>8.1</p> <p>Co-design and implement a hauora approach to integrated catchment management that provides a stepped approach to achieving an iwi and community vision when giving effect to Te Mana o te Wai in the region.</p>	<p>2021/22 Performance Target:</p> <p>Completion of project plan.</p> <p>(NB: 2021/22 target was not achieved therefore it has been carried forward into the 2022/23 and then to the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>Project milestones achieved.</p>	<p>Policy & Planning</p> <p>Q1: On schedule. Project team formed and initial scoping has been completed.</p> <p>Q2: On schedule. Project team continues to work toward the project plan milestones to progress this target.</p> <p>Q3: Project team continues to work toward the project plan milestones to progress this target.</p>				
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Biosecurity and Biodiversity

The Biosecurity and Biodiversity group of activities include four major project areas that the Council is legally responsible to the community for delivering on.

Regulation and Planning Activity

Biodiversity - This activity focuses on Environment Southland's function of maintaining indigenous biological diversity (Section 30 of the RMA). This will be achieved through the development of appropriate objectives, policies and methods. In addition, central government has been working towards a new National Biodiversity Strategy and National Policy Statement on Indigenous Biodiversity. The implications of these requirements are yet to be fully understood. As the new requirements become clear, we will work to understand and adopt them. The Regional Sector has a strong focus on active management being a key to maintaining biodiversity.

Biosecurity - This activity focuses on the implementation of the RPMP and the FMRPMP under the Biosecurity Act. This designates a range of species as pests, which are managed under work programmes including assisting landowners to deal with them and, where necessary, to apply and enforce rules.

Science, Research and Monitoring Activity

This activity focuses on collecting data to establish a baseline and providing ongoing monitoring of the region's biodiversity. It also focuses on monitoring the number of pests in the region and early identification of areas where there is heightened risk of incursions.

Community Engagement and Education Activity

This activity focuses on Council's advisory and complaints service, which includes the provision of information and support for landowners, agencies, and industries on effective pest control. It also includes the events and activities run by the Council to raise awareness about biodiversity and biosecurity in the region.

Partnerships Activity

Partnership projects give the ability to achieve more and at a larger scale than can be done alone. This activity is about the projects that will be delivered with others and the investment made in developing strong relationships across the region.

The Council will focus on a partnership approach to biodiversity and biosecurity management to help ensure an efficient allocation of resources. Working with and empowering the community, other agencies, and our neighbours will ultimately provide

the best outcomes for Murihiku Southland. Coordinating programmes will help prevent fragmented responses by connecting available resources. Environment Southland will continue to establish the mechanisms to allow for information exchange, co-ordination, and co-operation between all levels of government, the community, and the private sector to facilitate a coordinated biosecurity response.

Key partnerships include:

- Biodiversity Southland
- Fiordland Marine Guardians
- Mid Dome Wilding Conifer Control Trust
- National Wilding Conifer Control Programme
- Predator Free Rakiura and Predator Free Southland.

Council Operations Activity

The Council's operational activities will be targeted towards achieving outcomes in the biodiversity and biosecurity strategies.

Work will include active management of priority species and work at priority sites. This will include activities such as:

- Environmental Enhancement Grants*
- Fish Passage Remediation*
- High Value Area Programme*
- Possum Control Areas
- Pest Control Programmes as outlined in the RPMP Operations Plan*
- Undaria Control Programme*

*These programmes have received additional funding from Jobs for Nature.

Confidence Level Totals – Biosecurity and Biodiversity activities

Biosecurity and Biodiversity	
High confidence	8
Medium confidence	3
Low confidence	0

Biosecurity and Biodiversity

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Appropriate regulatory tools are in place for the species type and there is a consistent policy framework for managing harmful species.						
<p>9.1</p> <p>Council maintains a current RPMP and FMRPMP, develops management plans for new pest incursions and prepares annual reports in accordance with the Biosecurity Act.</p>	<p>9.1.1 - The RPMP and FMRPMP remain operational.</p> <p>9.1.2 - Incursion management plans are completed for all exclusion species.</p> <p>9.1.3 - The Annual Report is submitted to Council.</p>	<p>Biosecurity</p> <p>Q1: The operational plans have been completed for the RPMP and the FMRPMP.</p> <p>Animal, Plants and Fiordland Incursion Response plans were finished in 2022/23. Only the Southland wide marine response plan is outstanding in 23/24. No work has been completed this quarter.</p> <p>The 22/23 annual report was submitted to Regional Services on the 3rd of August 2023. The next plan is not due until the end of the financial year.</p> <p>Q2: On schedule.</p> <p>Annual work on both plans is underway, both remain operational. The 5-year review of the FMRPMP has been drafted.</p> <p>Work to draft the Southland wide marine response plan is underway. The work is on track for completion before the end of June 2024.</p> <p>The next plan is not due until the end of the financial year.</p> <p>Q3: On schedule.</p> <p>Annual work on both plans continues; the 5-year review of the FMRPMP was completed and approved by Council; work on improvements is being commissioned.</p> <p>The drafting of the Southland wide marine response plan is nearing completion.</p> <p>Incursion investigations are increasing due to an increase in reporting by the public. No confirmed incursions have occurred.</p>				

Level of Service: Biodiversity and biosecurity work programmes are based on data and research.

<p>10.1</p> <p>Proportion of the annual biodiversity monitoring programme completed.</p> <p>This programme may change depending on the requirements of the new National Policy Statement on Indigenous Biodiversity.</p>	<p>10.1.1 – 5 or more avian monitored sites monitored by 30 June 2023.</p> <p>10.1.2 – 7 or more rodent monitoring sites monitored by 30 June 2023.</p>	<p>Biodiversity</p> <p>Q1: Avian monitoring is a Q2 Activity, the work has been contracted and is ready to go.</p> <p>Rodent monitoring at 7 sites, Bluff Hill/Motupohue, Omaui, the Lower Matura Covenants, Mores Reserve, Bushy Point, Otatara Scenic Reserve and Stewart Island Rakiura Community Environment Trust was completed during August.</p> <p>Q2: All on schedule</p> <p>All Avian Survey work was completed by a contractor in December and the results have been submitted. Staff are now analysing the results and will be providing them to relevant community groups in January.</p> <p>Rodent monitoring at 7 sites, Bluff Hill/Motupohue, Omaui, the Lower Matura Covenants, Mores Reserve, Bushy Point, Otatara Scenic Reserve and Stewart Island Rakiura Community Environment Trust was completed during November.</p> <p>Q3: Avian Survey work has been completed at Bluff Hill/Motupohue, Bushy Point, Lower Matura Covenants, Mores Reserve and Omaui. Bird counts identified 40 species over five different sites.</p> <p>Rodent monitoring at 7 sites, Bluff Hill/Motupohue, Omaui, the Lower Matura Covenants, Mores Reserve, Bushy Point, Otatara Scenic Reserve and Stewart Island Rakiura Community Environment Trust was completed during February 2024.</p>				
<p>10.2</p> <p>Proportion of the annual monitoring outlined in the RPMP and FMRPMP Operational Plans completed.</p>	<p>All annual monitoring completed by 30 June 2023.</p>	<p>Biosecurity</p> <p>Q1: The annual monitoring plan for the RPMP and FMRPMP has been reviewed and drafted. Contracts have been started.</p> <p>Q2: On schedule. Rabbit monitoring is scheduled for Q3 and 4. Pest plant monitoring has been delayed due to staff changes. Marine monitoring is underway and on track. Possum monitoring is underway and on track.</p>				

		<p>Q3: Possums - 3 of 6 Residual Trap Catch (RTC) monitors have been completed, and 11 of 9 planned Wax tag monitors have been completed. Contracts for the remaining RTCs are in place. Possum monitoring at the community group level may not be completed due to staff changes. Rabbits - monitoring is scheduled for Q4. Marine monitoring has been completed for Rakiura and Fiordland. Pest plant monitoring is being completed but is limited due to staff changes.</p>				
<p>10.3 Surveillance is carried out at high-risk incursion points (as identified by species specific incursion response plans).</p>	<p>Surveillance at all identified high risk incursion points is carried out.</p>	<p>Biosecurity</p> <p>Q1: Planning for plan rook inspections in Kaiwera/Pukerau area was completed. Staff liaised with ORC regarding a Wallaby report on Otago/Nevis Valley, ORC completed an aerial thermal survey and found nothing. 2 other wallaby reports were followed up, no wallabies were found. One marine investigation from June (vessel with Undaria in Riverton) was closed.</p> <p>Q2: On schedule. A Fiordland compliance patrol was carried out in October 2023. All vessels encountered were intercepted and inspections were completed of structures, barges, moorings and high-risk sites. The Rakiura surveillance and Easy Harbour Undaria control, in Southern Rakiura, was completed. Environment Southland took on the Bluff and Oban high-risk vessel surveillance work previously completed by Biosecurity NZ.</p> <p>Possible incursions were/are being followed up.</p> <p>Q3: No high-risk pest plant sites have been identified; however, surveillance is occurring at possible sites and the pest plant team have received training on pest plant identification. A Fiordland compliance patrol was carried out in Feb 2024 and a Milford Trip was completed in March 24. All vessels encountered were intercepted and inspections were completed of structures, barges, moorings, and high-risk sites.</p> <p>The marine exclusion investigations carried forward from Quarter 2 (potential Didemnum species collected from Easy Harbour, Rakiura / Stewart Island and a potential Australian</p>				

		<p>Droplet Tunicate report from Toetoes Bay, Southland) were both closed after lab analysis, no further action was required.</p> <p>The animal team received two wallaby reports. Both reports were investigated but unconfirmed. Information was provided to local landowners. Following the inconclusive mouse images from Rakiura, a mouse detection plan has been finalised. Trapping will be focused around the original camera locations and contractors will be on the island at the end of April and during May. There have been no pest plant incursions reported this quarter.</p>				
Level of Service: Highly visible and engaging programme about the region's biodiversity.						
11.1	<p>2022/23 Performance Target:</p> <p>Baseline for measuring the effectiveness of our engagement with the community groups and individuals is established.</p> <p>(NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>No less than prior year</p>	<p>Biodiversity/Strategy & Partnership</p> <p>Q1: A baseline option for the implementation of the insights programme was developed during the first half of the 2022 23 financial year, however it has been determined that this should be reviewed as part of the customer/stakeholder strategy currently in development.</p> <p>Q2: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p> <p>Q3: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p>				
Level of Service: Biosecurity advice and assistance is accessible to those who need it.						
12.1	<p>100% of biosecurity service requests resolved.</p> <p>Proportion of biosecurity service requests that were resolved.</p>	<p>Biosecurity</p> <p>Q1: Biosecurity had 11 Incident requests of which 6 were closed during the quarter. And 44 Requests for services, of which 39 were closed during the quarter.</p> <p>Q2: On schedule. Biosecurity had 86 Requests for service and 10 Incidents. Of these 89 have been closed and 7 remained open at the end of the quarter. In total over Q1 and Q2, 144 requests/incidents have been actioned with 8 outstanding on 31st December.</p> <p>Q3: Biosecurity had 82 Requests for service and 17 Incidents. Of these 88 have been closed and 11 remained open at the end of</p>				

		<p>the quarter. In total over Q1, Q2 and Q3, 237 requests/incidents have been actioned with 14 outstanding on 31st March.</p> <p>Service request areas have included 153 Animals, 4 Biocontrol, 1 Fish, 8 Marine Advice, 5 Marine Pest, 5 Marine Vessel Inspections, 73 Plants, and 2 Traps.</p>				
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12.2 Number of landowners receiving a high value area report.	39 or more landowners to receive a high value area report ² .	<p>Biodiversity</p> <p>A change in focus to public lands has occurred because of Government amendments to the National Policy Statement- Indigenous Biodiversity and Significant Natural Areas (SNAs) requirements. This has resulted in the surveys on private land being put on hold and the target for 2023/24 no longer being applicable.</p>	N/A
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Level of Service: Council will work with landowners to protect or enhance biodiversity and initiatives that help landowners to manage harmful species on privately owned land.

13.1 The number of biodiversity project grants approved and completed.	10 or more biodiversity project grants to be approved and completed.	<p>Biodiversity</p> <p>Q1: 46 EEF grants were approved in July. Work on two of them were completed during Q1. The remainder are all due to be completed by 30th June 24.</p> <p>Q2: On schedule. Work on EEF grants continues and staff are working with applicants for the next financial year.</p> <p>Q3: Of the 46 Grants approved at the start of the year: 11 EEFS have been completed; 1 landowner will complete the work but is unlikely to draw down EEF funds as they feel they didn't achieve the desired outcome; 3 are likely to finish work only partially and will look to roll over to next year; 2 were declined by the landowner after approval granted; and 29 are yet to complete works.</p>				
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² Due to Government directives around the NPS-IB this performance measure is not applicable for the 2023/24 year. These are now referred to as ecological surveys but are described as high value area reports in the 2021-2031 Long-term Plan.

		These projects include a range of activities with an estimated 28,600 plants to be planted over 108 ha. It's estimated 22.8 km of fencing will be completed along with 2,507 ha of animal pest control and 230 ha of pest plant control.				
13.2 The number of partnership activities is maintained.	6 or more key partnership activities are maintained.	<p>Biodiversity and Biosecurity</p> <p>Q1 – Q3: Partnerships with Biodiversity Southland, Fiordland Marine Guardians, Mid Dome Wilding Conifer Control Trust, National Wilding Conifer Control Programme, Predator Free Rakiura and Predator Free Southland continued to be maintained through regular meetings and various forms of support.</p> <p>Q2: On schedule.</p> <p>Q3: ES has increased support to Predator Free Rakiura this year through the provision of a 3-month secondment of the Biosecurity & Biodiversity Operations Manager to cover as interim director.</p>				
Level of Service: Council will deliver management programmes designed to improve regional biodiversity, human health and economic prosperity.						
14.1 Numbers of biodiversity sites and ecosystem types in active management.	Number of biodiversity sites and ecosystem types in active management is increased from 2022/23 year.	<p>Biodiversity</p> <p>Q1: Project complete. Since the start of the Biodiversity Action on the Ground Project 156 Biodiversity Management Plans have been developed of which 69 are being implemented and considered to be in active management. Sites in active management include 11 different ecosystems (Braided River, Forest Remnant, Riparian Forest, Grassland, Herb Field, Estuarine Margin, Sand Dune / Beach, Grey Scrub, Tussock, Wetland, Oxbow Wetland).</p> <p>Q2: Project completed in Q1.</p> <p>Q3: Project completed in Q1.</p>				
14.2 Proportion of the biosecurity programmes achieved as per the Operational Plans.	50% of biosecurity programmes as per the Operational Plans were achieved, and 50% were partially achieved.	<p>Biosecurity</p> <p>Q1: There are 132 annual targets, of which: 3 Targets have been completed, 120 are on track and 8 are behind.</p>				

		<p>Q2: On schedule. There are 132 annual targets, of which: 6 have been completed, 117 are on track, and 9 are behind.</p> <p>Q3: 18 targets have been completed, 101 are on track, and 13 are behind.</p>				
<p>14.3</p> <p>The Possum Control Area (PCA) programme continues to expand, and the maintenance schedule is coordinated and completed.</p>	<p>An increase from 387,524 ha covered in 2022/23 year and 100% of the maintenance schedule is completed.</p>	<p>Biosecurity</p> <p>Q1: Completed Balfour Initial control down to 0.3% RTC. A new PCA at Sandstone was investigated. 9 PCAs received maintenance.</p> <p>Q2: On schedule. The new Stonestone PCA has been set up bringing the PCA total to 405,903 ha. 37% of the maintenance schedule has been completed.</p> <p>Q3. PCA maintenance is behind schedule due to the loss of a contractor, completion now depends on weather and contractor availability. Focus on 6 or 7 PCAs that may receive the required maintenance.</p>				

Climate Change and Community Resilience

This is about working with Murihiku Southland communities to be prepared for (and recover faster from) events and emergencies such as floods, droughts, and wildfires.

Regulation and Planning Activity

The Council is responsible for controlling the use of land to avoid or mitigate the effects of natural hazards, identify natural hazards, and reduce risk. This includes ensuring the community is prepared for the impacts of climate change such as sea level rise and increased storm surges. It is vital going forward that all Council decision-making processes include consideration of climate change implications. The review of the Southland Regional Policy Statement will be a key vehicle for putting in place the framework to do this.

Science, Research and Monitoring Activity

This activity focuses on monitoring and researching the region's natural hazards, flood risk modelling, and the effect of climate change on community wellbeing. The information gathered in this activity is used to inform Council policies, plans, and operations.

A key focus is to investigate the impacts of a changing climate on the region's social, economic, environmental, and cultural well-being so that our plans and policies can be updated accordingly.

Community Engagement and Education Activity

This activity focuses on improving community resilience by increasing the knowledge and understanding of hazards to enable people to make better and more informed choices for now and in the future. This includes making hazard and climate information more readily available, improving the quality and type of information that is provided and ensuring communities are prepared for natural events.

A key focus for this activity will be to help the community to understand and respond to climate change over the next 10 years.

Partnerships Activity

Council works collaboratively with iwi, communities, other councils, and organisations to develop and implement solutions for improving the region's response to climate change and ensure its resilience to natural hazards, events, and emergencies. A core part of this activity is emergency management as a shared service with Southland District Council, Gore District Council, and Invercargill City Council. The emergency management service

focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

Taking a partnership approach to tackling climate change and its effect on lifestyles, property, infrastructure, and businesses will be critical to ensuring wellbeing of Murihiku Southland communities.

Council Operations Activity (including flood protection and control works)

The majority of the Murihiku Southland community resides and works within an environment at risk from flooding. That risk is managed in many instances (and by varying degrees) by the Council's key infrastructure responsibility of stopbank flood protection schemes. There are 458km of stopbanks in the region designed to protect property, lives, and livelihoods in urban and rural areas.

Annual programmes are undertaken so that communities can be assured of the standard of protection received from flood protection schemes and informed decisions on floodplain development are made. These programmes also support timely action to minimise the effects of flooding and reduce the threat to life, property, and the environment.

Forecast changes in the region's climate are expected to lead to greater seasonal variability and intensity of rainfall which could lead to more frequent flooding.

Significant funding has been received from the government to advance climate resilience projects in the region as part of the COVID-19 recovery. Projects include/d the upgrading and raising of the stopbanks around Gore, Mataura, and Wyndham, and a joint project with Invercargill City Council to upgrade the stopbank infrastructure in Invercargill. This will see the height of the Stead Street, Waihopai and Otepunī stopbanks raised, and the Stead Street pump station replaced, which helps to drain water from the Invercargill Airport and surrounding areas, including farmland.

Confidence Level Totals – Climate Change and Community Resilience activities

Climate Change and Resilience	
High confidence	8
Medium confidence	1
Low confidence	0

Climate Change and Community Resilience						
Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Our plans and projects are designed to minimise the negative effects of climate change on the region's communities.						
15.1 Review the Southland Regional Policy Statement to ensure consideration of climate change implications.	<p>2021/22 Performance Target: Regional Policy Statement review to take account of hazard and climate change legislation. (NB: 2021/22 target was not achieved therefore it has been carried forward into the 2022/23 year and then to the 2023/24 year).</p> <p>2023/24 Performance Target: Territorial authorities are supported in reviewing their district plans to take account of hazard and climate change legislation.</p>	<p>Policy & Planning</p> <p>Q1 - Q3: We continue to work, collaboratively with the territorial authorities on the development of our Southland Murihiku Climate Change Strategy. One of the levers we have in the development and delivery of this strategy as well as the resulting action plan will be the changes that are needed to the Regional Policy Statements and the region's District Planning. We also are working with the territorial authorities on regional submissions to emerging, related legislation and regulations as well as proactive risk and hazard information sharing to inform their District Plans.</p> <p>Q1: We are currently compiling our response to the Gore District Plan, a significant portion of which relates to this topic.</p> <p>Q2: We submitted on the Gore District Plan, a significant portion of which relates to this topic.</p>				

Climate Change and Community Resilience

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Provide timely and high-quality information about natural hazards to inform planning and emergency management activities.						
<p>16.1</p> <p>Real-time river level and rainfall information is made available to the community.</p>	<p>Flood warning network operational 100% of the time during flood events.</p> <p>Excluding scheduled maintenance, external system outages and as a result of damage caused by flooding or earthquake.</p>	<p>Science Informatics & Operations</p> <p>Q1: One flood warning 2 Jul and a large event 21 Sep. The Aparima catchment was worst affected due to rainfall combined with snow melt. All of our sites were functional throughout.</p> <p>We have developed a new report which classifies the river situation during an event as a "High River Watch" or a "Flood Warning". New warning levels added into Hilltop Manager to display on our graphs. Flood duty Officers received their annual refresher training.</p> <p>Q2: On schedule. No flood events. Data from the September flood event was processed. Staff attended FIRST training. A POEM flood gauging instrument was made operational, this will provide better measurement of high flows.</p> <p>Q3: We've installed a roving radar for measurement of water level on the Oreti River at Centre Bush. This will enable us to move the radar to the current location of the river channel (which moves) so we can measure the river levels during lower flows rather than the level of gravel bars.</p> <p>There was a High River Watch on 7 February. Coastal Rivers were high due to heavy rainfall.</p> <p>The Eyre Creek rainfall station at Shepherd Creek hut was dismantled. A replacement site was installed nearly two years ago at Furnace hut. We had both sites running to establish a relationship before the retirement of Shepherd Creek Hut.</p> <p>There have been no high river watch or flood warning events in the last month. Business as usual. We have updated our flood procedures manual and created tables of flow ratings and rainfall duration curves for reference during events.</p>				

Climate Change and Community Resilience

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
16.2 Provide information to support the development and implementation of the Murihiku Southland Regional Climate Change Strategy.	Implementation milestones achieved.	<p>Strategy & Partnership/Science Strategy & Investigations</p> <p>Q1: Some progress was achieved this quarter. While we have a conceptual regional adaptation pathway agreed with our partner agencies, it is taking some time to take this to the next stage - costing, project planning etc.</p> <p>Q2: On schedule. Work has progressed significantly this quarter with a conceptual regional adaptation pathway developed, including initiating project planning and costing that is aligned with catchment operations modelling and other related projects (e.g., Slow the Flow Murihiku).</p> <p>We have updated our flood procedures manual and created tables of flow ratings and rainfall duration curves for reference during events.</p> <p>Q3: Limited progress has been made this quarter to refine the regional adaptation science and information pathway. Staff are engaging with Great South to explore how organisational and regional mitigation opportunities can be progressed, alongside providing input into the Great South data repository project.</p> <p>A Dynamic Adaptive Policy Pathways (DAPP) workshop has been scheduled in mid-April to introduce staff and other interested parties in the region to the concept. Consideration can then be given to how it may apply to the regional adaptation science and information pathway, and associated engagement, and how it may support the implementation of the proposed Regional Climate Change Strategy.</p>				

Climate Change and Community Resilience

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Assist communities to understand and adapt to the effects of climate change and natural hazards.						
17.1 Increased awareness of climate change and impacts by community and business.	<p>2022/23 Performance Target:</p> <p>Baseline for measuring community and business awareness of climate change and its impacts is established.</p> <p>(NB: 2022/23 target was partially achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>No less than prior year</p>	<p>Strategy & Partnership</p> <p>Q1: Murihiku Southland Climate Change Perceptions Community Survey 2023 is live, and we have commenced data collection. Baseline recommended is - Percentage of surveyed residents who rated their level of understanding above average of residents surveyed the impact of climate change on Murihiku Southland. Baseline value to be established once data collection is complete.</p> <p>Q2: On schedule. Average level of understanding of the community is 6.8/10.</p> <p>Q3: The target carried over from last year has been met. Given that the survey was completed in Q2 of this year, the survey will not be carried out again until next year at the earliest.</p>				
17.2 Progressively make hazard information more readily available.	<p>17.2.1 - Publish two town natural hazard summaries.</p> <p>17.2.2 - Maintain operative hazard alerting system.</p> <p>17.2.3 - Maintain and enhance natural hazards pages on ES website.</p>	<p>Policy & Planning/Communications & Engagement</p> <p>Q1: No additional town summaries have been published this quarter. The interactive hazard information is available on ES website, referred to as the Southland Natural Hazard Portal.</p> <p>The Southland Natural Hazards Portal went live on 6 October. There are four community summaries. The website has had ongoing updates in conjunction with the other improvements underway for streamlining our hazard enquiry processes.</p> <p>Antenno function was maintained during the quarter.</p> <p>Q2: On schedule. An additional town summary has been drafted and should be complete in the next quarter. The website has had ongoing updates in conjunction with other improvements underway for streamlining our hazard enquiry processes.</p>				

		<p>Q3: No additional town summaries have been published this quarter; the team is working on the development of additional town summaries. The interactive hazard information is available on ES website, referred to as the Southland Natural Hazard Portal.</p> <p>The ES website has had ongoing updates in conjunction with the other improvements underway for streamlining our hazard enquiry processes.</p>				
Level of Service: Work with partners to strengthen the region's resilience to climate change and ability to cope with any civil defense emergency.						
18.1 Support Emergency Management Southland (EMS) in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of suitably trained staff.	No issues raised about the level of support provided by Environment Southland.	<p>Q1: 29 Environment Southland staff assisted in the September Flooding response. This included staff that worked long hours to deliver services to the public to minimise the impact of the response.</p> <p>26 Environment Southland staff have attended 42 training sessions/courses (i.e., 1 staff member may have completed 2 – 3 courses).</p> <p>Q2: 10 staff members from Environment Southland attended induction, with 9 attending Foundation and 2 attending CIMS training.</p> <p>Q3: EMS was supported by Environment Southland staff in response to Blue Cliffs state of emergency.</p>				
18.2 Jointly develop and implement a Murihiku Southland Regional Climate Change Strategy with regional partners.	<p>2022/23 Performance Target: A mechanism for youth engagement is established by 30 June 2023. (NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target: An agreed strategy is in place by 30 June 2024.</p>	<p>Strategy & Partnership</p> <p>Q1: Draft principles and aspirations developed by the Regional Climate Change Working Group (RCCWG) were workshopped with Council on 9 August 2023. These draft principles and aspirations were agreed at an inter-agency level at the RCCWG workshop 31 August 2023.</p> <p>The draft principles and aspirations will now be used as two key foundational components of a draft regional climate change strategy. This strategy is currently being drafted, to be workshopped with the RCCWG 26 October 2023.</p> <p>The draft strategy needs to be completed prior to year-end to enable it to be incorporated into the LTP process for engagement.</p>				

		<p>Q2: On Schedule. A proposed Regional Climate Change Strategy was drafted.</p> <p>The draft principles and aspirations were developed by the RCCWG (workshopped with Council 9 August 2023).</p> <p>The proposed strategy was agreed at an inter-agency level at the RCCWG workshop 7 December 2023.</p> <p>The proposed strategy will go forward to individual LG agency endorsement late Jan/early Feb 2024 ahead of being consulted on via the ES LTP process.</p> <p>Q3: The proposed Regional Climate Change strategy was endorsed for consultation by all LG partner agencies. Public consultation for the strategy opened 29 February 2024 and will close 8 May 2024.</p>				
Level of Service: Council owned infrastructure is maintained and enhanced to a level that works to reduce the negative impacts of natural hazards, flooding and climate change.						
19.1	No target this year	While there is no target for this performance measure in 2023/24 work continues to increase the level of flood protection, for example the Stead Street pump station. This work is likely to be completed by the end of the year.	N/A			
19.2	At least 90% of the maintenance, repair and renewal schedule is completed.	<p>Catchment Operations</p> <p>Q1: 21% of the Maintenance, Repair and Renewal Schedule has been completed in the first quarter. Of these 16 defects, the majority of these focused on vegetation removal from stopbanks.</p> <p>Q2: On schedule. 37% of the Maintenance, Repair and Renewal Schedule has been completed in the second quarter. All stop bank repairs required as a result of the September flood event have been completed. Additional operational funding for the Aparima catchment was required to be approved due the extra costs from the September flood event.</p> <p>Q3: Defect closure is as anticipated for this stage of year.</p>				

<p>19.3</p> <p>The number of schemes reviewed.</p>	<p>One scheme per year.</p>	<p>Catchment Operations</p> <p>Q1: A rating scheme review is being prepared for inclusion in the LTP consultation.</p> <p>Q2: On schedule.</p> <p>Q3: The rating scheme review has been approved and is currently out for consultation as part of the LTP consultation process.</p>				
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Coast and Marine

The Coast and Marine group of activities includes five environmental project areas that the Council is delivering on for the community with a variety of partners.

Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory, and compliance activities under the RMA. A key project under this activity is the review of the Regional Coastal Plan.

The Regional Coastal Plan review involves multiple stakeholders and agencies with roles and responsibilities in the coastal marine area. These include iwi, territorial authorities, the Department of Conservation, Fiordland Marine Guardians, and the community.

The implementation of the New Zealand Coastal Policy Statement through the review of the Regional Coastal Plan will provide an opportunity to reassess the way we manage a number of activities including cruise ships and commercial surface water activities in our unique and outstanding areas of the coastal marine area, including Milford Sound.

Science, Research and Monitoring Activity

This activity focuses on understanding the state of the coastal marine area monitoring ends and undertaking research to understand and respond to emerging issues. This information is used to inform Council policies, plans and engagement with the community.

There is limited information on the current state of the environment and the potential impacts of climate change and sea level rise. Open ocean aquaculture is new to Murihiku Southland and has been identified as an area that would benefit from further

investigation and research. New and adaptive management approaches to ensure risks to the environment are minimised have also been identified as a priority research area for this LTP.

Community Engagement and Education Activity

Council provides boating education and works with community to ensure the safe use of the coastal marine area. It also provides information to increase community understanding of the marine environment.

Partnerships Activity

Council works collaboratively with iwi, councils, research entities, groups, agencies, homeowners, and businesses to increase knowledge and improve the integrated management of the coastal marine area. Examples include partnering with Land Information New Zealand to increase the coverage of benthic mapping in Murihiku Southland and active engagement in the operationalisation of the Milford Opportunities Project's Master Plan.

Council Operations Activity

The Council has delegated responsibility from Maritime New Zealand for navigation safety and harbour management responsibilities for the region. It is also responsible for providing effective response capability for oil spills that occur in the region's coastal waters.

Confidence Level Totals – Coast and Marine activities

Coast and Marine	
High confidence	6
Medium confidence	2
Low confidence	0

Coast and Marine

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Regulatory processes, plans and resources are in place to identify and protect significant or at-risk elements of the coastal marine area, including enforcement when necessary.						
<p>20.1</p> <p>The Southland Regional Coastal Plan is operative and complies with the NZ Coastal Policy Statement.</p>	<p>2022/23 Performance Target:</p> <p>Revised Regional Coastal Plan notified in the first half of 2023.</p> <p>(NB: 2022/23 target was partially achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>Hearings held.</p>	<p>Policy & Planning</p> <p>Q1: The Surface Water Activities Plan Change recommendation report was completed following the hearing in July. The work programme and scope confirmation of remaining policy direction for the wider Regional Coastal Plan review is being discussed with Council at a workshop in November.</p> <p>Q2: Behind schedule. Council accepted the Panel's recommendations on the Surface Water Activities Plan Change. Appeal period commenced in December 2023.</p> <p>A workshop on the wider Regional Coastal Plan review was held to outline the scope of the work ahead. A workshop was also held with Fiordland Marine Guardians to focus largely on surface water activities and moorings.</p> <p>It is likely that the notification of the RCP be in early 2025. Should no appeals be received on Plan Change 5, the updated provisions will be referred to the Minister of Conservation early in Quarter 3.</p> <p>Q3: No appeals were received on Plan Change 5 - Surface water activities. Council approved the Hearing panel's recommendations. The decision has been referred to the Minister for Conservation for adoption.</p> <p>Work on the wider Coastal Plan review continues. A workshop was held on approaches to some of the significant outstanding matters, including local iwi approach to the management of the CMA – i.e., Apiti Hono, Tatai Hono.</p> <p>The notification of the RCP is anticipated to be early-2025.</p>				

Coast and Marine

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Regular monitoring to track progress and identify risks to coastal marine area.						
21.1 Undertake regular monitoring of recreational bathing sites at beaches in the coastal marine area.	13 sites monitored regularly between 1 December and 31 March.	Science Strategy & Investigations Q1: N/A - this programme runs over summer. Q2: On schedule. Weekly monitoring and reporting of recreational sites began 1 December. Q3: Weekly monitoring and reporting of recreational sites have occurred this quarter. Public health warnings of any potentially toxic algae in lakes, rivers, and streams have been made.				
21.2 Strategic assessment of coastal information needs.	2021/22 Performance Target: Completion of project plan setting out the work programme. (NB: 2022/23 target was not achieved therefore it has been carried forward into the 2022/21 year and then the 2023/24 year). 2023/24 Performance Target: Project milestones are achieved.	Science Strategy & Investigations Q1: Contracted Victoria University to undertake deep water ecological surveys in Fiordland fjords. Q2: On schedule. Marine ecological assessments undertaken around Stewart Island / Rakiura occurred during December. Reporting from this project due in Quarter 4. Q3: Victoria University have been contracted to analyse biosecurity dive footage to classify shallow marine ecosystems in Fiordland. Potential for some delays due to staff being seconded in Plan Change Tuatahi and increased monitoring associated with the Waituna Lagoon cyanobacteria bloom. Working through health and safety plans for new work in marine waters.				
21.3 Increased knowledge of significant or at-risk marine ecological areas.	Ground-truthing of baseline information on significant or at-risk marine ecological areas is achieved.	Science, Strategy & Investigations/Policy & Planning Q1: N/A Planning for work to be undertaken Q2.				

Coast and Marine

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
		<p>Q2: Behind schedule. Field assessments occurred around Stewart Island / Rakiura in December. Data collection underway. Connected to the Marine Science Project.</p> <p>This is a long-term project due to the size of the coastal marine area that requires ground truthing.</p> <p>Health and safety plans are being developed for new work in marine waters.</p> <p>This work was intended to inform the Coastal Plan updates. Other priorities may result in further delays to this program.</p> <p>Q3: Ground truthing is on hold due to changes in the Coastal Plan project. Data that can be used for ground truthing is being collected through the Marine Science Project.</p>				
<p>Level of Service: Highly visible and engaging education programme about how to safely enjoy the coastal marine area and Inland Lakes and to increase community understanding of the marine environment.</p>						
<p>22.1</p> <p>Effective engagement with community groups and individuals.</p>	<p>98% or more of vessels surveyed at boat ramps and on water that meet the minimum requirements for safety gear on board</p>	<p>Q1: Application to Maritime NZ for annual funding grants applied for and accepted. This funding will provide two summer students to assist with boat ramp surveys as well as ongoing boating safety media campaign.</p> <p>Staff in attendance on Lakes Te Anau and Manapouri over Labour Weekend to provide safe boating coverage for two events being run over the weekend.</p> <p>The recreational safe boating campaign commences the week prior to Labour Weekend as part of the National Safer Boating week and runs through to the end of April 2024.</p> <p>Q2: On schedule.</p> <p>Q3: Completed.</p>				

Coast and Marine

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
		<p>Staff were in attendance on Lakes Te Anau and Manapouri and in Bluff/Riverton over Easter Weekend to provide safe boating coverage.</p> <p>The recreational safe boating campaign commences on the week prior to Labour Weekend as part of the National Safer Boating week and runs through to the end of April 2024. The 2023/24 campaign is now complete.</p>				

Level of Service: Council works with iwi, councils, research entities, the community, businesses and community organisations to sustainably manage the coastal marine area.

23.1 Develop a structured partnership plan for the coastal marine area.	<p>2021/22 Performance Target: Develop a structured partnership plan for the coastal marine area. (NB: 2021/22 target was not achieved therefore it has been carried forward into the 2022/23 year and then the 2023/24 year).</p> <p>2023/24 Performance Target: Target to be developed as part of the partnership plan.</p>	<p>Q1: Review required to determine if resource is able to be allocated to this work.</p> <p>Q2: On hold. Likely to be linked to the Regional Coastal Plan review.</p> <p>Q3: As above.</p>				
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Level of Service: Maintain safe and navigable waterways in the region to protect the people using them.

24.1 The risk assessment regime and Safety Management System is consistent with the NZ Port and Harbour Marine Safety Code and compliant with International Standards	Undertake a review to confirm consistency with the Code and compliance with ISO 9001:2015.	<p>Q1: Continuing to monitor SMS and maintain consistency with the Code. Next joint review schedule for the 3rd quarter.</p> <p>The SMS Peer Review Panel Report from the March review was received in August, this report has confirmed that both Environment Southland and South Port are deemed consistent with</p>				
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<p>Organisation (ISO) 9001:2015 certification for customer focus, quality management and continual improvement.</p>		<p>the Code. There were identified areas for improvement that have either been implemented or in the process of being implemented.</p> <p>Q2: On schedule.</p> <p>Q3: Continuing to monitor SMS and maintain consistency with the Code. Next joint review scheduled for Q4.</p> <p>The SMS Peer Review Panel Report confirmed that both Environment Southland and South Port are deemed consistent with the Code. There were identified areas for improvement that have either been implemented or are in the process of being implemented.</p>				
<p>24.2 Ensure availability of an operational and emergency response function, and a qualified, experienced and independent regional harbourmaster to provide guidance on the safe navigation of vessels within the region.</p>	<p>Ensure advice and information from appropriate staff is available during working hours on weekdays and that a 24-hour 7-day environmental incidents response service is provided.</p>	<p>Maritime</p> <p>Q1: The strategic review of maritime services is nearing completion. This piece of work will provide an insight into current levels of resourcing and a direction for future support to both internal and external stakeholders.</p> <p>Q2: Project completed. The strategic review of maritime services has been completed.</p> <p>Q3: The Marine Services team have moved into a 1 in 3 on-call roster system which with the development of a suite of incident response processes has greatly improved the maritime operational and emergency response capability.</p>				

Regional Leadership

The Regional Leadership group of activities reflect the ways in which Environment Southland acts on its obligations to provide responsible leadership for regionally significant activities. This group of activities focuses on the opportunities in leading and partnering with all stakeholders to protect, enhance and achieve value from the region's natural resources.

Regulation and Planning Activity

These activities are wide ranging but include regional transport, long-term planning and joined-up approaches on regional planning matters such as RMA reform and planning standards, as well as corporate strategic planning.

Regional Transport: Regional transport management is a responsibility of Council set by legislation. Council is responsible for setting the strategic direction and long-term goals for the region's transport infrastructure and provides guidance to Road Controlling Authorities (territorial authorities and Waka Kotahi NZ Transport Agency) on the preparation of their roading programmes to obtain funding from the National Land Transport Fund.

Otago and Southland Regional Councils work collaboratively via the Regional Transport Committees to develop the Otago Southland Regional Land Transport Plans (RLTP). The RLTP sets the strategic direction for land transport in Murihiku Southland and lists the recommended activities for funding from the National Land Transport Fund administered by Waka Kotahi NZ Transport Agency.

Regional Planning: Regional Policy Statements prepared by regional councils are intended to play a key role in achieving an integrated approach to the management of the natural and physical resources of the region. The Southland Regional Policy Statement will be reviewed during the period covered by this LTP.

Similarly, the work of the Regional Planning Working Group (made up of senior planning staff from the four local authorities and Te Ao Marama Inc) is designed to enable a joined-up approach to regional matters, predominately in the RMA space.

These items include a co-ordinated collaborative approach to RMA reform and National Planning Standard implementation, as well as a number of joint projects such as Light Detection and Ranging (LiDAR) acquisition.

The Government has indicated it plans to repeal the RMA and replace it with three new pieces of legislation by the end of 2022, which will have significant implications for regional planning.

Long-term Planning: Under the Local Government Act 2002, Council must meet planning and reporting requirements aimed at ensuring that communities are involved in setting the direction and focus for Council activities. The Long-term Plan, Annual Plans, and Annual Reports are the main mechanisms for achieving this.

Ensuring value for money for the community relies on Council making sound financial decisions and the community having input into what activities should be undertaken and how they should be funded. This programme of work enables this to happen.

Community Engagement and Education: Communication and engagement are strategic functions for Council that work across the organisation. It plays a part in the statutory business of Council, but also has a much wider role in building relationships with stakeholders and Murihiku Southland communities.

The outcomes sought by the organisation require a community effort. Interaction through the sharing of relevant information and ideas via appropriate channels is essential for helping to build the momentum and participation needed to develop and implement solutions to meet those outcomes. One such project for this activity is EnviroSchools, which is a programme that takes a whole school approach to environmental education.

Partnerships Activity

Council works with iwi, local authorities and other organisations to deliver for Murihiku Southland communities. This enables Council to deliver better outcomes and do it more efficiently and effectively than it could achieve by itself.

Relationship with Māori: Environment Southland's relationship with tangata whenua in Murihiku Southland is unique. Environment Southland together with six other local authorities from around Southland and Otago are signatories in a Charter of Understanding with the four papatipu rūnanga in Murihiku Southland. This is a shared relationship between the parties that assists tangata whenua and local government to undertake day-to-day business and also satisfy the legal requirements for local government to assist Māori in building capacity and participating in decision-making. The councils jointly assist tangata whenua with a range of resourcing and assistance to enable Māori to be engaged.

Regional Initiatives and Collaboration: Various situations and projects arise where local government, iwi and other organisations jointly need to be involved. Mechanisms to allow this to occur include the Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group. An example of a collaboration is the Southland Regional Development Strategy (SoRDS) work where the councils, together with the community and businesses, have set out an action plan to work on a variety of projects that will assist Murihiku Southland to gain more from its natural advantages in people, innovation and education. That work will be ongoing.

Governance Activity

This activity consists of elected members and the support provided to them to meet their decision-making responsibilities in an open and transparent manner.

The Governance Activity is responsible for the representation structure, the administration of the triennial elections, elected members' remuneration and expenses, ensuring Council, committee and co-governance meetings comply with legislative requirements and elected members receive appropriate information in a timely way to support the decision-making process.

Operations Activity

Data is one of the Council's most significant assets. This activity comprises the work being done to build its value to the community and improve access to support decision-making in the region by both individuals and organisations.

Confidence Level Totals – Regional Leadership activities

Regional Leadership	
High confidence	10
Medium confidence	5
Low confidence	1

Regional Leadership

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
Level of Service: Provide and implement a Regional Policy Statement to achieve integrated management of natural and physical resources in Murihiku Southland.						
25.1 Progress a review of the Southland Regional Policy Statement.	<p>2021/22 Performance Target: Undertake a review of the Regional Policy Statement (including seeking input from iwi and the community).</p> <p>2022/23 Performance Target: Notify the reviewed Regional Policy Statement. (NB: Both 2021/22 and 2022/23 targets were not achieved therefore they have been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target: Hear submissions and release decisions on submissions.</p>	<p>Policy & Planning</p> <p>Q1: The review of the Regional Policy Statement provisions is incorporated within the Plan Change Tuatahi and Regional Coastal Plan review programmes and provisions may be amended through those formal processes.</p> <p>Q2: On hold. A report on the scope of the RPS review was tabled with the Water and Land Portfolio Steering Group.</p> <p>Q3: The review of the Regional Policy Statement provisions is incorporated within Plan Change Tuatahi and Regional Coastal Plan review programmes. Both of these programmes are currently working towards notification in 2025.</p>				
25.2 Work collaboratively with the region's territorial authorities to implement and give effect to the Regional Policy Statement and RMA reforms.	Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance.	<p>Policy & Planning</p> <p>Q1: This is an ongoing element of our work. In this quarter we are currently preparing Council's submission on the Gore District Plan review.</p> <p>Q2: On schedule.</p> <p>Q3: On schedule.</p>				
Level of Service: Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning.						
26.1 Council's LTP, Annual Plan and Annual Reports meet audit requirements.	Unqualified audit opinion achieved for Annual Report. No audit on Annual Plan.	<p>Strategy & Partnership/Finance</p> <p>Q1: Auditor report and Audit Management Letter ready for presentation at Risk and Assurance Committee on 4 October 2023.</p>				

Regional Leadership

Performance Measures	Performance Targets 2023/24	LTP Comment	Q1	Q2	Q3	Q4
		<p>Q2: Project completed. Auditor report and Audit Management Letter agreed and signed at Council meeting on 18 October 2023.</p> <p>Q3: Project complete.</p>				
<p>26.2</p> <p>Analyse and respond to direction from central government and proposed new legislation and statutory tools that affect the Council's statutory responsibilities and work programmes.</p>	<p>Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities.</p>	<p>Policy & Planning</p> <p>Q1: This is an ongoing part of our work. This quarter focused on the NPS-IB and consultation on biodiversity credits.</p> <p>Q2: On schedule.</p> <p>Q3: On schedule.</p>				
<p>Level of Service: Deliver efficient and effective consenting and compliance monitoring and enforcement services.</p>						
<p>27.1</p> <p>Ensure consenting processes are effective.</p>	<p>99% or more consents processed within statutory timeframes</p>	<p>Consents</p> <p>Q1: 100% of consents processed in the Q1 quarter were processed within statutory timeframes.</p> <p>Q2: On schedule. 100% of consents processed in Q2 were processed within statutory timeframes.</p> <p>Q3: 100% of consents processed in Q3 were processed within the statutory timeframes.</p>				

<p>27.2</p> <p>Monitor priority consents, as identified in the Environment Southland Compliance Plan, to ensure compliance with consent conditions.</p>	<p>Monitor at least 80% of high-risk consents.</p>	<p>Compliance</p> <p>Q1: This quarter we have monitored 53% of all high-risk consents which have been exercised.</p> <p>Q2: On schedule. Reporting shows that we have completed 81% of high-risk consents monitoring for the year.</p> <p>Q3: Reporting completed 08/04/2024 shows that we have maintained 81% of high-risk consents monitored for the year.</p>				
<p>Levels of Service: Murihiku Southland residents are engaged and enabled to play an active part in shaping our region's future.</p>						
<p>28.1</p> <p>Monitor and review effectiveness of engagement with the community.</p>	<p>2022/23 Performance Target:</p> <p>Baseline for measuring the effectiveness of our engagement with the community is established.</p> <p>(NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>No less than prior year.</p>	<p>Strategy & Partnership</p> <p>Q1: A baseline option for the implementation of the insights programme was developed during the first half of the 2022 23 financial year, however it has been determined that this should be reviewed as part of the customer/stakeholder strategy currently in development.</p> <p>Q2: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p> <p>Q3: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p>				
<p>28.2</p> <p>Raise community awareness of Council's role and actively promote and enable opportunities for participation.</p>	<p>Baseline for Antenno use is established (e.g., push notifications, incidents reported and views).</p>	<p>Communications & Engagement</p> <p>Q1: Aug 2022 to Sept 2022</p> <p>50 posts</p> <p>53% average impression rate</p> <p>20% average view rate (this is where the person opens the Antenno app to see the full details – going beyond just seeing the notification)</p> <p>3546 total installations over this period (note this is a benefit for all agencies using Antenno in Southland). Peak installs during Sept flood (538).</p> <p>In same period, we've received 42 reports. Categories for reports have been water pollution/smell; navigation hazard;</p>				

		<p>other boating issues; animal, insect or plant pest; air pollution/smell; spray drift; idea or suggestion; and feedback.</p> <p>Q2: Antenno statistics will be reported on an annual basis going forwards.</p> <p>Q3: Antenno app - 4,167 total installs, 20 posts with 51% avg. impression rate, 14% avg. view rate and 0.4% avg. thank rate.</p>				
Levels of Service: Council works in partnership with iwi, local authorities and other organisations to deliver better outcomes.						
29.1	<p>2022/23 Performance Target:</p> <p>Monitor and review effectiveness of partnerships with other organisations.</p> <p>Baseline for measuring the effectiveness of our partnerships with other organisations is established.</p> <p>(NB: 2022/23 target was not achieved therefore it has been carried forward into the 2023/24 year).</p> <p>2023/24 Performance Target:</p> <p>No less than prior year</p>	<p>Strategy & Partnership</p> <p>Q1: A baseline option for the implementation of the insights programme was developed during the first half of the 2022 23 financial year, however it has been determined that this should be reviewed as part of the customer/stakeholder strategy currently in development.</p> <p>Q2: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p> <p>Q3: The approach for collecting information about the effectiveness of community engagement is being reassessed.</p>				
29.2	<p>Participate in all Mayoral Forum, Te Rōpu Taiao and Regional Planning Working Group hui during the year.</p> <p>Participate in governance and management forums (Mayoral Forum, Te Rōpu Taiao and Regional Planning Working Group).</p>	<p>Strategy & Partnership</p> <p>Q1: Achieved.</p> <p>Q2: On schedule.</p> <p>Q3: On schedule.</p>				
29.3	<p>Demonstrate commitment to investigating new co-governance/co-management arrangements.</p> <p>Progress discussions with Te Ao Mārama Inc and papatipu rūnanga regarding the co-governance and co-management arrangements proposed in the 2020 report Ngāi Tahu ki Murihiku Freshwater Objectives.</p>	<p>Strategy & Partnership</p> <p>Q1: These discussions form part of the hauora planning being advanced as part of the overall water policy development workstream. The timelines in the 2020 report no longer align to the policy development process.</p> <p>Q2: As above. See item 5.1 as well.</p> <p>Q3: As above. See item 5.1 as well.</p>				

Levels of Service: Enable good governance and democratic decision-making.			
<p>30.1</p> <p>Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least two working days before the meetings.</p>	<p>100%</p>	<p>Democracy Services</p> <p>Q1: Achieved.</p> <p>Q2: Achieved, but very tight timeframes.</p> <p>Q3: Not achieved this quarter. Agenda for extraordinary meeting of Council on 27 March 2024 did not meet statutory deadlines. However, all other agendas met and exceeded statutory deadlines.</p>	
<p>30.2</p> <p>Percentage of draft Council and Committee meeting minutes available on the Council website within six weeks of the meeting.</p>	<p>100%</p>	<p>Democracy Services</p> <p>Q1: 100% compliance.</p> <p>Q2: 100% compliance.</p> <p>Q3: 100% compliance.</p>	

Levels of Service: Collect, maintain and share quality-assured data.

<p>31.1</p> <p>Implement data governance procedures to curate and share our data.</p>	<p>Implement the Information Strategy</p>	<p>Information Systems, Information and Support, Data Ecosystems</p> <p>Q1: 2022 -2024 IM Strategy. We are working on the work programmes from the second year of the Strategy.</p> <p>The Information Management Governance Group met in July with the next meeting set down for December.</p> <p>The Information Management Stewards Group have met twice in this period. Focusing on the creation of a Standard Naming Conventions Manual for Records Management and work continues on the Repository, Ownership Data. This work will support the "audit of paper and electronic records and updated inventory of all records and data document". Understanding what we hold will assist with what data we share.</p> <p>Q2: On schedule. 7 of the 9 work programmes from the 2022-2024 IM Strategy are on track with the remaining 2 programmes tracking to be partially complete by the end of June 2024.</p> <p>Project plan drafted for the migration of data from the THINGS data base into Objective allow for the search and trackability of physical material in our EDRMS.</p> <p>Q3: 8 of the 9 work programmes from the 2022-2024 IM Strategy are on track with the remaining programme tracking to be partially complete by the end of June 2024. This programme involves cross divisional input and completion will be dependent on team resources.</p>				
<p>31.2</p> <p>Explore and develop innovative data services.</p>	<p>Implement the Bringing Data to Life project</p>	<p>Information Systems, Information and Support, Data Ecosystems</p> <p>Q1: The river camera project is performing well where the cameras proved useful during the flooding event 21-22 September.</p>				

		<p>The Waikaka Stream site was installed during August and two cameras (Waihopai Walkway and Lumsden) are now also visible on windy.com. There is current work swapping these onto a different data plan to suit increased usage during flood events.</p> <p>Groundwater data requests for Q1 this year were down 49% compared with Q1 last year (18 vs 35) as a direct result of the groundwater data portal. Six of these requests were from internal customers and could be serviced by the groundwater portal, so further internal comms was sent out. The remaining 12 requests were a mixture of more complicated requests that could not be serviced by the portal and from customers that were redirected to the portal.</p> <p>The portal has had 368 data downloads over Q1. We expect that this number will be higher than the average going forward due to people testing out the new system.</p> <p>Q2: On schedule. Work continues, our targets for 23-24 include:</p> <ul style="list-style-type: none"> • Increasing the river camera online network to 5 • Online Natural Hazards portal is live • Review of our Environmental Data website and opportunity to improve how this information is displayed. • Upgrading our external Beacon platform <p>Q3: Development of the Environment Data (EnvData) website is underway. This project's critical success factors are improving the accessibility and user-friendliness of environmental data for internal and external stakeholders and customers. It is estimated that the Go Live will be 1st August 2024. A phased release will run parallel with the current site to ensure a smooth transition.</p>				
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<p>31.3</p> <p>Maintain and enhance access to Environment Southland data and facilitate sharing and use of data.</p>	<p>More than 306,188 views on the website for the financial year</p>	<p>Information Systems, Information and Support, Data Ecosystems</p> <p>Q1: As of 30 September, the Environment Southland website had 101,215 views since 1 July, which is a decrease of 4.98% compared to the same period in 2022.</p> <p>The number of unique users increased by 10.33% from 22,557 in 2022 to 24,887 in 2023.</p> <p>Q2: As of 31 December, the Environment Southland website had 209,842 views since 1 July. This quarter saw an 8.87% increase in views compared to the same period in 2022. The number of unique users decreased by 14.24% from 25,101 in 2022 to 21,527 in 2023.</p> <p>Q3: As of 31 March, the Environment Southland website has had 298,051 views since 1 July 2023. This quarter saw 1.44% decrease in views compared to the same period in 2023. The number of unique users decreased by 9.35% compared to the same time period in 2023.</p>				
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9.4 Annual Vehicle Report for FY2025

Objective ID: A1068203

Report by: Paul le Roux, Health, Safety & Risk Manager

Approved by: Dom Rikiti, General Manger Business Services



Purpose

This report sets out the outcome of Council's FY2024 vehicle replacement programme and seeks Council approval for the Chief Executive to undertake a vehicle replacement programme, in accordance with Council's Motor Vehicle Policy, to replace up to eight vehicles in FY2025.

Summary

Council approved the replacement of up to 11 fleet vehicles in the 2023/24 financial year (FY2024). The Fleet Management Team developed a replacement plan that was approved by Executive that resulted in the purchase of 11 vehicles and the disposal of 12 vehicles, resulting in the reduction of the fleet by one vehicle.

This report seeks Council approval for the replacement of up to eight vehicles in the 2024/25 financial year (FY2025). The recommendation gives effect to Council's key objectives to right size the fleet and to reduce the environmental impact of the fleet, in particular to reduce greenhouse gas emissions.

Recommendation

It is recommended that Council receive the Annual Vehicle Report and resolve to:

1. note the outcome of the FY2024 replacement programme;
2. approve the Chief Executive to undertake a vehicle replacement programme of up to eight vehicles in FY2025.

Background

Council's FY2024 Replacement Programme

In the May 2023 the Finance and Performance Committee meeting, Council approved the purchase of up to 11 new fleet vehicles in FY2024. Councillors acknowledged the work of staff at right sizing the fleet, which had seen a reduction in numbers over the past years.

Council's Motor Vehicle Policy sets out the following as key objectives for the fleet:

1. ensure the safety of drivers, occupants and other road users;
2. reduce the environmental impact of the fleet;
3. provide a right sized fleet of vehicles that is effectively and efficiently utilised;
4. provide whole-of-life value for money for Council's vehicles.

The Fleet Management Team continues to work to right size the fleet by developing a fleet strategy that is informed by the data provided by our fleet management system, ERoads, delivers efficient and effective use of resources and supports our journey to becoming a carbon net zero organisation by 2050. This requires Council to balance the cost advantages of having a smaller fleet against the operational efficiencies of having a larger fleet. It also requires Council to consider the vehicle types, and to balance the mix of SUV's, which are generally more fuel efficient, have less environmental impact and are less costly to operate, against the utility type vehicles which are more suitable for carrying equipment and off-road work.

The FY2023 fleet was made up of 50 vehicles. The composition was:

1. 32 Utilities;
2. 17 SUVs;
3. one passenger car.

The Fleet Management Team obtained the following utilisation information from the ERoad fleet management system:

Fleet Utilisation – Km

Annual kms	FY2023	% of fleet	FY2022	% of fleet
0 – 5,000 km	0	0.0%	4	7.8%
5,000 – 10,000 km	9	18.0%	13	25.5%

This fleet utilisation indicator had increased considerably over the year with the number of fleet vehicles travelling less than 10,000km per annum reducing from 33% (FY2022) to 18% (FY2023).

In addition, the average kms of each vehicle in the fleet was 16,271km (FY2023), an increase of 2,491km from 13,780km (FY2022).

Fleet Utilisation – Off Road

Annual off-road activity	FY2023	% of diesels	FY2022	% of diesels
0 – 5 days	0	0.0%	2	5.3%
6 – 10 days	9	25.0%	11	28.9%
11 – 15 days	18	50.0%	16	42.1%
16+ days	9	25.0%	9	23.7%

NB. Off-road data is from the Road User Charges (RUC) information which captures all travel on non-registered and non-maintained roads. It does not specifically relate to 4-wheel driving.

This fleet utilisation indicator is used to assess the appropriateness of the fleet mix, and particularly the need for utility vehicles over alternatives.

The off-road utilisation of diesel vehicles has also increased with the number of vehicles travelling off-road less than 10 days per year reducing from 34.2% (FY2022) to 25.0% (FY2023).

Fleet Utilisation – per FTE

	FY2023	FY2022
Number of FTEs	192	176
Number of vehicles	50	51
Ratio of FTE's per vehicle	3.8:1	3.5:1

An underlying factor that has increased utilisation has been holding the fleet number steady despite an increase in staff numbers. The staff to vehicle ratio has increased from 3.5 staff per vehicle to 3.8 staff per vehicle.

Note, some of the data about utilisation is likely to also have been impacted by lower rates of vehicle use in the 2022 year due to Covid 19 disruptions and staff shortages in some areas.

In the past, Council has considered joining the All of Government (AOG) motor vehicle programme. The programme requires participating organisations to commit to purchase all vehicles from programme suppliers. In past years there was minimal Council benefit (as local supplier discounts were comparable) and as Council's preferred suppliers, Mazda and Subaru, were not part of the programme, Council did not join.

The Fleet Management Team evaluated the Council benefit of joining the AOG programme and identified that the 2023/24 proposed purchases would be \$16,200 less under AOG pricing than local supplier pricing. Therefore, the Team recommend that Council join the AOG motor vehicle programme.

The Executive approved Council joining the AOG motor vehicle programme, meaning Council pricing was at central Government negotiated rates.

The Executive approved the 2023/24 replacement plan to replace 11 vehicles and to sell (and not replace) one vehicle as part of Council's policy of right sizing the fleet.

That plan resulted in the following fleet changes:

Fleet composition	FY2024	FY2023
Utilities	32	32
SUV's	16	17
Passenger cars	1	1
Total	49	50

Fuel systems	FY2024	FY2023
Diesel	32	34
Petrol	7	8
Hybrid	10	8
Total	49	50

The 2023/24 proposed plan aligned with Council's key objectives to right size the fleet, increase vehicle utilisation and to transition the fleet towards lower emission vehicles.

The following table summarises the fleet transition over the past six years:

Year	Hybrid	Petrol	Diesel	Total
2019	3	15	39	57
2020	3	15	38	56
2021	4	10	38	52
2022	4	9	38	51
2023	8	8	34	50
2024	10	7	32	49

Current

Council's Proposed FY2025 Replacement Programme

The Motor Vehicle Policy sets out the annual vehicle replacement process, which is:

- a) February – The Fleet Manager will review the current fleet and identify vehicles eligible for replacement (as per the Policy);
- b) March – Council will consider the current fleet, the vehicles eligible for replacement and Council's future needs, and approve the replacement of a maximum number of vehicles;

- c) April – The Capex budget amount relative to the expected replacement cost, less the expected disposal income will be included in the Annual Plan and Long-term Plan;
- d) May – The Fleet Manager will prepare a recommended vehicle replacement list for Executive approval. The Fleet Manager will also consider swapping or transferring allocated vehicles at this time to improve the fleet utilisation;
- e) May – The Executive approve the replacements;
- f) May – The Fleet Manager places the orders (for July or later delivery)
- g) Post July – The orders are fulfilled.

This report relates to point (b). Due to meeting schedules and timings, the process listed above is out of sync however it is expected that we will meet our July target to place orders for new vehicles.

The Motor Vehicle Policy also sets out the criteria for vehicle replacement eligibility as being any, or all, of the following:

- a) older than four years of age;
- b) travelled more than 120,000 km for cars, station wagons and SUVs and travelled more than 150,000 km for utilities;
- c) adherence to the fleet objective set out in this policy;
- d) high cost of ownership and running;
- e) meeting any lease agreement requirements.

Within the current fleet there are 24 vehicles that meet the Motor Vehicle Policy - eligible for replacement criteria. (See the highlighted vehicles in the attached FY2025 Fleet Summary Report).

Approval is sought to replace up to eight, of the eligible 24, vehicles in FY2025. Eligibility is based on the criteria stipulated in our Motor Vehicle Policy. The reason for selecting only 8 out of 24 potentially eligible vehicles is the low kilometres travelled and the good maintenance and performance history of our fleet. All eligible vehicles still meet our safety requirements. If approved by Council, the Fleet Management Team will work through the detailed replacement process, similar to the FY2024 process set out above, to develop and present a recommended plan to the Executive for approval. The plan will balance the key policy objectives, being:

1. ensure the safety of drivers, occupants and other road users;
2. reduce the environmental impact of the fleet;
3. provide a right sized fleet of vehicles that is effectively and efficiently utilised;
4. provide whole-of-life value for money for Council's vehicles.

Disposing of Vehicles

As per the Motor Vehicle Policy, vehicles are to be disposed of by the means which is anticipated to generate the best return to Council. The Fleet Management Team will evaluate its options and select the best approach.

Next steps

1. May – The Fleet Manager will prepare a recommended vehicle replacement list for Executive approval. The Fleet Manager will also consider swapping or transferring allocated vehicles at this time to improve the fleet utilisation;
2. May – The Executive approve the replacements;
3. June – The Fleet Manager places the orders (for July or later delivery)
4. Post July – The orders are fulfilled.

Views of affected parties

There are no matters in this report which require consideration under this heading.

Compliance with Significance and Engagement Policy

There are no issues within this report which trigger matters in this policy.

Considerations

Financial Implications - Replacements

The financial implications resulting from the replacement of Council vehicles will be included in Council's Long-term Plan 2025-34.

Legal implications

This report and the associated recommendations comply with the appropriate statutory requirements placed upon the Council.

Attachments

FY2025 Fleet Summary Report

Rego	Division	Type	Type	Fuel	Year	Age	Odo
JBK804	Science Strat	Mazda/BT50	Ute	Diesel	2015	9	85,719
JSW553	Catchment	Subaru/Forester	SUV	Petrol	2016	8	53,262
JSW554	Compliance	Subaru/Forester	SUV	Petrol	2016	8	92,482
JTK785	Biosecurity	Mazda/BT50	Ute	Diesel	2016	8	128,441
JYF147	Catchment Integration	Mazda/BT50	Ute	Diesel	2016	8	97,214
JYF148	Property	Mazda/BT50	Ute	Diesel	2016	8	107,038
KBN147	Compliance	Subaru/Forester	SUV	Petrol	2016	8	63,075
KBN149	Compliance	Subaru/Forester	SUV	Petrol	2016	8	72,352
KBN150	Catchment Integration - Pool	Subaru/Forester	SUV	Petrol	2016	8	84,790
KBN152	Executive	Subaru/Legacy	Car	Petrol	2016	8	75,463
KHJ952	Biosecurity	Mazda/BT50	Ute	Diesel	2017	7	75,031
KHJ954	Science Info	Mazda/BT50	Ute	Diesel	2017	7	114,099
KHJ955	Catchment Integration	Mazda/BT50	Ute	Diesel	2017	7	88,052
KHJ956	Catchment	Mazda/BT50	Ute	Diesel	2017	7	139,677
KZW899	Emergency Management	Mazda/CX5	SUV	Petrol	2017	7	87,481
MGD310	Catchment	Mitsubishi/Triton	Ute	Diesel	2019	5	126,432
MGD311	Science Strat	Mitsubishi/Triton	Ute	Diesel	2019	5	51,581
MGD312	Catchment Integration	Mitsubishi/Triton	Ute	Diesel	2019	5	46,012
MGD313	Emergency Management	Mitsubishi/Triton	Ute	Diesel	2019	5	80,855
MGD314	Catchment Integration - Pool	Mitsubishi/Triton	Ute	Diesel	2019	5	57,894
MGN918	Catchment	Toyota/RAV4	SUV	Hybrid	2019	5	46,755
MMJ453	Catchment	Toyota/RAV4	SUV	Hybrid	2019	5	55,464
MMJ456	Biosecurity	Toyota/RAV4	SUV	Hybrid	2019	5	65,793
MQG103	Harbour Master	VW Amarok	Ute	Diesel	2020	4	68,130
NPT564	Monitoring	Isuzu/Dmax	Ute	Diesel	2021	3	49,238
NPT565	Compliance	Isuzu/Dmax	Ute	Diesel	2021	3	73,499

NRD328	Monitoring	Mazda/BT50	Ute	Diesel	2021	3	68,774
NRD329	Compliance	Mazda/BT50	Ute	Diesel	2021	3	38,002
NSQ183	Catchment Integration	Mazda/BT50	Ute	Diesel	2021	3	24,997
NTG143	Science Strat	Mazda/BT50	Ute	Diesel	2021	3	23,451
NTG144	Catchment Integration	Mazda/BT50	Ute	Diesel	2021	3	30,539
NUF110	Catchment	Mazda/BT50	Ute	Diesel	2021	3	82,068
NYE825	Private Use	Toyota/Rav4	SUV	Hybrid	2021	3	75,776
PUH97	Catchment	Mazda/BT50	Ute	Diesel	2023	1	12,727
PUH98	Science Info	Mazda/BT50	Ute	Diesel	2023	1	23,276
PWA150	Emergency Management	Subaru/Forester	SUV	Hybrid	2023	1	15,946
PWA151	Emergency Management	Subaru/Forester	SUV	Hybrid	2023	1	9,340
PYD577	Science Info	Subaru/Forester	SUV	Hybrid	2023	1	22,758
QAK426	Biosecurity	Subaru/Forester	SUV	Hybrid	2023	1	6,606
QKB508	Biosecurity	Toyota/RAV 4	SUV	Hybrid	2024	0	1,280
QKW899	Catchment	Ford Ranger	Ute	Diesel	2024	0	1,881
QLF221	Science Info	Ford Ranger	Ute	Diesel	2024	0	1,105
QLF222	Catchment integration	Ford Ranger	Ute	Diesel	2024	0	1,020
QLF240	Catchment Ops	Ford Ranger	Ute	Diesel	2024	0	
QLM861	Science Info	Ford Ranger	Ute	Diesel	2024	0	
QLM862	Biosecurity	Ford Ranger	Ute	Diesel	2024	0	
QLM867	Catchment integration	Ford Ranger	Ute	Diesel	2024	0	
QLM868	Biosecurity	Ford Ranger	Ute	Diesel	2024	0	
NEW	Compliance	Toyota/RAV 4	SUV	Hybrid	2024	0	

9.5 Regional Software Holdings Limited – Draft Statement of Intent 2025/27 & Half year report to 31 December 2023

Objective ID: A1073160

Report by: Tracey Adendorff, Team Leader Finance Operations
Tanea Hawkins, Chief Financial Officer

Approved by: Dominic Rikiti, General Manager Business Services



Purpose

To provide the Finance and Performance Committee with the draft Statement of Intent 2025/27 and Half year report to 31 December 2023.

Summary

To update the Finance and Performance Committee with an overview of the draft Statement of Intent 2025/27 and Half year report to 31 December 2023. The final SOI will be adopted by RSHL prior to 30 June 2024. Council has a proposed total share of \$664k towards RSHL funding for 2024/25. This is made up of \$205k for Sector work programmes, \$103k for the IRIS programme and \$356k for the IRIS NextGen programme. Overall this is a total decrease of \$250k in comparison to the prior year SOI 2023/24.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 To receive the report "Regional Software Holdings Limited – Draft Statement of Intent 2025/27 & Half year report to 31 December 2023".

Background

Regional Software Holdings Limited (RSHL) is a council-controlled organisation that enables regional sector councils and Te Uru Kahika to act collaboratively and deliver solutions that, in the normal course of events, would be unaffordable or unachievable.

After several years of transformation, this Statement of Intent reflects a stable base of operations. The transition to the new company structure is complete, the IRIS Next Generation (IRIS NextGen) Programme is fully established, and Te Uru Kahika work programmes are embedded within RSHL. The primary focus for the next year is completing the design and build of IRIS NextGen and commencing the first implementations.

Draft Statement of Intent (SOI) 2025-27 overview

Environment Southland (ES) holds one Class A (Control) share (10%) along with nine other councils and 1,550 Class B (IRIS) shares (15.5%) along with six other councils. RSHL does not seek to make a profit, rather to provide products and services at lower costs, and/or higher levels of service than councils can achieve on their own.

The foreword included below highlights RSHL's primary focus and objectives:

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

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

- *A sector that is better prepared to respond to future challenges.*
- *Better return on investment with a focus on quality outcomes and realisation of the sector value proposition.*
- *Increased credibility of the sector as a trusted deliverer with a unified and consistent sector profile.*

- Improved staff attraction and retention.
- Consistent good business practice across the sector and within councils.

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

The table below summarises ES’s share of funding towards various RSHL activities. Each of these activities receive funding from a different group of organisations, with different funding models and governance.

Funding contribution summary

Activity	Funded by	2024/25 RSHL ROI	2024/25 ES % share	2024/25 ES \$ share
Sector financial management system	16 participating councils and government entities	\$3,303k	6.20%	\$205k
IRIS programme	7 participating councils	\$757k	13.55%	\$103k
IRIS NextGen	9 participating councils	\$4,364k	8.15%	\$356k
TOTAL				\$664k

IRIS NextGen funding of \$4,364k includes a contingency of \$407k.

Prospective financial performance overview

The prospective consolidated statement of financial performance shows an overall deficit of \$823k for the 2024/25 year. This is an increased deficit of \$68k (9%) from the 2023/24 budgeted deficit of \$755k. This is in line with expectations as RSHL operates on a cost recovery basis and is unlikely to operate at a profit.

- Total budgeted income is \$9.8m (\$2.4m less than 2023/24 budget)
- Total budgeted expenses, including amortisation, are \$10.7m (\$2.3m less than 2023/34 budget)

Project funding comparison

Funding	2024/25 SOI \$000	2023/24 Budget \$000	Increase (decrease) \$000	Increase (decrease) %
IRIS programme	757	937	(180)	(19)
IRIS NextGen	4,364	5,407	(1,043)	(19)
Sector work programmes	3,303	5,577	(2,274)	(41)
Central government funding	1,259	139	1,120	807
Net income	9,683	12,060	(2,377)	(20)

Income funding from central government has increased by 807% from a budgeted \$139k in 2023/24 to \$1.3m in 2024/25. Sector work programmes funding has decreased by 41%, while IRIS programme and IRIS NextGen have both decreased by 19%.

The IRIS programme prospective statement of financial performance shows a deficit of \$650k for the 2024/25 year. This is an increased deficit of \$181k (39%) from the 2023/24 budgeted deficit of \$469k.

The IRIS NextGen programme prospective statement of financial performance shows a deficit of \$180k for the 2024/25 year. This is a decreased deficit of \$106k (37%) from the 2023/24 budgeted deficit of \$286k.

Prospective financial position overview

There is a projected decrease in current assets of \$144k (23%).

- Funds - IRIS programme current asset decreases by \$250k (28%) from \$900k to \$650k
- Funds - IRIS NextGen programme current liability decreases by \$106 (37%) from \$286k to \$180k

The covering letter from RSHL explains the book loss for the IRIS and IRIS NextGen programmes as follows:

The IRIS Programme shows a book loss of \$650,000. This is driven by depreciation of \$400,000 and use of \$250,000 of carry over funds from the 2023/2024 financial year. The budgeted 2023/2024 surplus is a result of tight control of the spend on the IRIS Programme. IRIS Programme costs are steadily reducing each year.

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

Half year report to 31 December 2023

Financial performance overview

Total revenue is on track with a favourable variance to budget of \$103k (2%).

Total expenses are over budget by \$268k (4%). This is mainly due to regional sector shared services being over budget by \$1.2m (58%) for the six months to 31 December 2023. This is offset by underspend in other expense lines, particularly external contractors which is \$554k (23%) under budget. The Directors report highlights the following:

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

Financial position overview

RSHL have \$6m cash and cash equivalents held on 31 December 2023 which is an extra \$3.3m in comparison to 31 December 2022. The Directors report states that this is due to sector financial management funds which are held on behalf of the regional sector.

Compliance with Significance and Engagement Policy

There are no issues within this report, which trigger matters in this policy.

Considerations

Financial implications

There are no additional financial implications associated with this report.

Legal implications

This report and the associated recommendations comply with the appropriate statutory requirements placed upon Council.

Attachments

RSHL - Covering Letter for Draft 2025-27 SOI

<https://objective.es.inet/documents/A1073156/details>

RSHL - Draft Statement of Intent 2025-27

<https://objective.es.inet/documents/A1073154/details>

RSHL Six month report to 31 December 2023

<https://objective.es.inet/documents/A1073543/details>



Council
Collaboration
Into Action

—

29 February 2024

Tēnā koutou,

RE: Draft 2025-27 Statement of Intent

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

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

Over the last few years, RSHL has successfully grown the range of collaborative services that it provides together with the range of regional and unitary councils benefiting from those services. After several years of transformation, this Statement of Intent reflects a stable base of operations.

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

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

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

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

RSHL continues to work with Te Uru Kahika to enable it to deliver upon these objectives.

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

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

Activity	Description
Sector Financial Management System	The Sector Financial Management System is the arrangement under which RSHL supports the delivery of Te Uru Kahika work programmes. The activity is underpinned by a Memorandum of Understanding between RSHL and the Regional Chief Executive Officers (RCEOs) Group. The work programmes are funded by the sixteen participating councils, as well as government entities. The draft budget reflected in the Statement of Intent was developed by the Te Uru Kahika Virtual Office and endorsed by the RCEOs Group.
Overheads	Costs and income that cannot be directly attributed to a work programme are represented in the overheads activity. Costs in this activity are those generally associated with the governance, management, and operation of the company. A share of overhead costs is allocated to each of the other activities based on proportion of revenue.

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

The IRIS Programme shows a book loss of \$650,000. This is driven by depreciation of \$400,000 and use of \$250,000 of carry over funds from the 2023/2024 financial year. The budgeted 2023/2024 surplus is a result of tight control of the spend on the IRIS Programme. IRIS Programme costs are steadily reducing each year.

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

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

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

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

Nāku noa nā



Mike Nield

Chairperson



Tauākī Whakamaunga Atu |
Statement of Intent
2025 (DRAFT)





1. Kupu Takamua | Foreword

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

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

Over the last few years, RSHL has successfully grown the range of collaborative services that it provides together with the range of regional and unitary councils benefiting from those services. After several years of transformation, this Statement of Intent reflects a stable base of operations.

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

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

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

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

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

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

Nāku noa nā



Mike Nield
Chairperson

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3. Kupu Whakataki | Introduction

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

Subsidiaries

RSHL has no subsidiaries or joint ventures.

Vision

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

Principles¹

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

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

Objectives

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

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

The secondary objectives of RSHL are to:

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

Environmental and Sustainability Ethics

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

¹ Principles are from section 2 of the RSHL constitution.

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

Values

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

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

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

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

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

RSHL activities are grouped as follows:

Activity	Description
IRIS	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 10 years and is currently in use at 7 councils.</p> <p>The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p>The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme.</p> <p>RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 3 years.</p> <p>The IRIS Programme is now in the sunset phase. Expenditure is kept to a minimum to allow councils and staff to focus on IRIS NextGen.</p> <p><i>Performance</i> When assessing the performance of the IRIS Programme we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>We place an emphasis on value, predictability, and delivery.</p> <p>Performance against budget and delivery of releases are used to assess performance.</p>



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

Activity	Description
Environmental Monitoring and Reporting (EMAR)	<p>The objective of EMAR is to improve the collection, accessibility, and presentation of environmental data in New Zealand.</p> <p>The EMAR Programme has three projects.</p> <ul style="list-style-type: none"> • National Environmental Monitoring Standards (NEMS) – Aims to ensure consistency in the way environmental monitoring data is collected and handled throughout New Zealand. • Environmental Data Management System (EDMS) – Aims to provide a single access point to environmental data from multiple sources in a consistent format. • Land, Air Water Aotearoa (LAWA) – Shares data and information to tell the story of our environment. <p>EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others).</p> <p>The EMAR programme is managed by RSHL and governed by the EMAR Steering Group. Each project has its own Steering Group who oversee operational activities.</p> <p>The EMAR/LAWA Programme Manager is employed by RSHL. The LAWA project administration (financial and contractual) is managed by RSHL.</p> <p><i>Performance</i></p> <p>When assessing the performance of the EMAR we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils.</p> <p>An emphasis is placed on predictability, delivery and consistency.</p> <p>Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.</p>



<p>Te Uru Kahika Support Services</p>	<p>Te Uru Kahika is the collective name for the 16 Regional Councils and Unitary Authorities in New Zealand.</p> <p>Through Te Uru Kahika, the regional sector:</p> <ul style="list-style-type: none"> • Shares knowledge and resources between councils, • Coordinates input into national direction setting, • Works together to more effectively implement central government policy and respond to nationally significant events. <p>The Virtual Office of Te Uru Kahika is made up of a small team who coordinate the activity of cross-functional groups from different councils.</p> <p>RSHL provides services that underpin and accelerate Te Uru Kahika, including the Sector Financial Management System.</p> <p><i>The Virtual Office</i> The Virtual Office supports the activities of Te Uru Kahika.</p> <p>The Virtual Office is made up of several roles:</p> <ul style="list-style-type: none"> • Te Uru Kahika – Executive Director • Executive Policy Adviser • Chief Science Advisor • Te Uru Kahika Administrator • Resource Management Reform Director. • Kaimahi • Contract Communications Advisor <p>All of these roles are employed or engaged by RSHL.</p> <p><i>Sector Financial Management System (SFMS)</i> Te Uru Kahika organises its activities in to Work Programmes:</p> <ul style="list-style-type: none"> • Te Uru Kahika Virtual Office • River Management • Bio Management • Ngā Kairapu • Resource Management • Climate Change Working Group • Communications • EDMS • INFDP • EMAR • Science Programme • National BioControl Programme <p>Under the SFMS, RSHL collects funding from councils for each of these programmes in a coordinated way, contracts service providers to assist with the delivery of the programmes, pays provider and reports on the use of the funding.</p> <p>The services that RSHL provides to Te Uru Kahika are defined in a Memorandum of Agreement.</p> <p>When assessing RSHLs performance for this activity, the focus is different for each service. The performance measures are defined in the MoA.</p> <p>These services are:</p> <table border="1" data-bbox="416 1937 1385 2031"> <tr> <td data-bbox="416 1937 901 2031">Financial/Operations Management</td> <td data-bbox="901 1937 1385 2031">These are foundational services, the focus is on compliance with policy, alignment with good practice.</td> </tr> </table>	Financial/Operations Management	These are foundational services, the focus is on compliance with policy, alignment with good practice.
Financial/Operations Management	These are foundational services, the focus is on compliance with policy, alignment with good practice.		



Activity	Description	
	Operation of shared services/solutions.	The focus is on achieving the intended outcome of the shared service, while effectively managing staff and finances.
	Employment of Staff	The focus is on providing a working environment where staff are supported, motivated and safe.
	Programme Management	The focus is on delivering high quality, skilled and trusted programme management, so that Te Uru Kahika maximises the benefits of investment into shared programmes.
	Management Services (As requested)	The focus is on being an enabler and problem solver, allowing Te Uru Kahika to maintain momentum towards its goals.

5. Ngā Kaimahi Matua | Key Personnel

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

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

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

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

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

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

Members of the RSHL Board of Directors are appointed by the shareholders according to the company constitution.

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

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

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

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

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

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

8. Ngā Poutohutohu | Directors

The following directors are in office on 1 July 2024

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

Interest Register

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

Director	Organisation	Interest
Bruce Howse	Northland Regional Council	Group Manager, Corporate Services of RSHL Shareholding Council
Fiona McTavish	Bay of Plenty Regional Council BOPLASS Limited McTavish-Huriwai Investments Limited Quayside Holdings Limited Quayside Securities Limited Quayside Properties Limited	Chief Executive of RSHL Shareholding Council Director Director & Shareholder Director Director Director
Janine Becker	Waikato Regional Council	Director, Finance & Business Services of RSHL Shareholding Council
Mike Nield	Taranaki Regional Council Taranaki Stadium Trust	Director, Corporate Services of RSHL Shareholding Council Trustee
Ged Shirley	Horizons Regional Council	General Manager, Regional Services & Information of RSHL Shareholding Council
Wilma Falconer	Southland Regional Council Project Partners Limited	Chief Executive of RSHL Shareholding Council Director of Project Partners Limited (jointly owned company with husband)
Asbjorn Aakjaer	Negotiate Limited Aakjaer Trustee Company Ice Bear Holdings Limited One Sheep at a Time Limited <i>Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council.</i>	Director & Shareholder Director & Shareholder Director & Shareholder Director & Shareholder
Bruce Robertson	R Bruce Robertson Limited Auckland Council Hamilton City Council Thames-Coromandel District Council Waipa District Council Waitomo District Council	Director and Shareholder. Through this business Mr. Robertson has a range of local authority and central government clients. Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair

Director	Organisation	Interest
	Taupo District Council Bay of Plenty Regional Council Tauranga City Council Gisborne District Council Napier City Council South Wairarapa District Council Wellington City Council Timaru District Council Invercargill City Council Southland District Council Ministry of Primary Industries (MPI)	Audit & Risk Committee Chair Audit & Risk Committee Deputy Chair Member of Strategy, Finance & Risk Committee Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair

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

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

Theme: Programme Delivery

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

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

Theme : Support Te Uru Kahika

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

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

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

Theme : Operational Excellence

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

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

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

10. Ngā Mōhiohio Kaiwhaipānga | Shareholders Information

Shareholding

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

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

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

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

The current shareholding of the Company is as follows.

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

Estimate of Commercial Value of The Shareholder's Investment

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

Distribution of Profits to Shareholders

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

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

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

Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited² statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company's medium to long-term plans.
- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council's shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

Reference documents

RSHL maintains all records in a Microsoft 365 environment.

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

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

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

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

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

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

Procedures for Major Transactions and Other Acquisitions and Disposals

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

Procedures for Issue of Shares

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

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

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

Activity	Description																								
Sector Financial Management System.	<p>Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the Programmes in the Sector Financial Management System.</p> <p>For some programmes, addition contributions may be sought from other local government organisations and government ministries.</p> <p>Contributions will be according to the agreed models. This activity includes:</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • ReCoCo Technology Projects • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>The funding contributions for the Sector Office, EMAR and the most of the SFMS programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.</p> <table border="1" data-bbox="440 1122 1238 1458"> <thead> <tr> <th>Tier 1 – 9.4% each</th> <th>Tier 2 – 6.2% each</th> <th>Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <tr> <td>Auckland Council*</td> <td>Horizons RC</td> <td>Tasman DC</td> </tr> <tr> <td>Environment Canterbury</td> <td>Otago RC</td> <td>Nelson City Council</td> </tr> <tr> <td>Greater Wellington RC</td> <td>Hawke’s Bay RC</td> <td>Gisborne DC</td> </tr> <tr> <td>Waikato RC</td> <td>Northland RC</td> <td>Marlborough DC</td> </tr> <tr> <td>Bay of Plenty RC</td> <td>Taranaki RC</td> <td>West Coast RC</td> </tr> <tr> <td></td> <td>Southland RC</td> <td></td> </tr> <tr> <td>Total 47%</td> <td>Total 37%</td> <td>Total 16%</td> </tr> </tbody> </table> <p>*Auckland Council does not fund all sector programmes. In cases where they do not fund a programme, their contribution will be collected from the remaining councils according to the model above.</p> <p>BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.</p> <p>The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.</p> <p>In FY25 RSHL expects to collect \$3.87M in funding from councils in support of Te Uru Kahika.</p>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council*	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council	Greater Wellington RC	Hawke’s Bay RC	Gisborne DC	Waikato RC	Northland RC	Marlborough DC	Bay of Plenty RC	Taranaki RC	West Coast RC		Southland RC		Total 47%	Total 37%	Total 16%
Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each																							
Auckland Council*	Horizons RC	Tasman DC																							
Environment Canterbury	Otago RC	Nelson City Council																							
Greater Wellington RC	Hawke’s Bay RC	Gisborne DC																							
Waikato RC	Northland RC	Marlborough DC																							
Bay of Plenty RC	Taranaki RC	West Coast RC																							
	Southland RC																								
Total 47%	Total 37%	Total 16%																							

Activity	Description																
IRIS	<p>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.</p> <p>Proportion of Contributions to the IRIS Programme Contributions for IRIS will be collected in the following proportions.</p> <table border="1" data-bbox="384 421 1015 689"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Waikato Regional Council</td> <td>36.78%</td> </tr> <tr> <td>Northland Regional Council</td> <td>13.55%</td> </tr> <tr> <td>Horizons Regional Council</td> <td>18.17%</td> </tr> <tr> <td>Taranaki Regional Council</td> <td>13.55%</td> </tr> <tr> <td>Southland Regional Council</td> <td>13.55%</td> </tr> <tr> <td>West Coast Regional Council</td> <td>4.4%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table> <p>In FY25 RSHL expects to collect \$0.78M of funding from participating councils.</p>	Shareholder	Percentage	Waikato Regional Council	36.78%	Northland Regional Council	13.55%	Horizons Regional Council	18.17%	Taranaki Regional Council	13.55%	Southland Regional Council	13.55%	West Coast Regional Council	4.4%	Total	100%
Shareholder	Percentage																
Waikato Regional Council	36.78%																
Northland Regional Council	13.55%																
Horizons Regional Council	18.17%																
Taranaki Regional Council	13.55%																
Southland Regional Council	13.55%																
West Coast Regional Council	4.4%																
Total	100%																
IRIS Next Generation	<p>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1" data-bbox="384 954 1297 1384"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td>17.93% per council (Total 35.87%)</td> <td>10.87% per council (Total 43.48%)</td> <td>4.35% per council (Total 4.35%)</td> </tr> <tr> <td>Waikato Regional Council Bay of Plenty Regional Council</td> <td>Horizons Regional Council Otago Regional Council Northland Regional Council Hawke’s Bay Regional Council 8.15% per council (Total 16.30%) Taranaki Regional Council Environment Southland</td> <td>Nelson City Council</td> </tr> </tbody> </table> <p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$25.7 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually. Programme costs include:</p> <ul style="list-style-type: none"> • Datacom software solution delivery • Datacom programme management • Datacom support and maintenance • Datacom council implementation costs • Datacom Good Practice Process Operating Model development • RSHL programme management • Travel and meeting expenses. • RSHL Overheads <p>In FY25 RSHL expects to collect \$4.6M from participating councils for IRIS NextGen. In addition, there will be a budget provision to collect a contingency if required and approved by the IRIS NextGen Steering Group.</p>	Large Councils	Medium Councils	Small Councils	17.93% per council (Total 35.87%)	10.87% per council (Total 43.48%)	4.35% per council (Total 4.35%)	Waikato Regional Council Bay of Plenty Regional Council	Horizons Regional Council Otago Regional Council Northland Regional Council Hawke’s Bay Regional Council 8.15% per council (Total 16.30%) Taranaki Regional Council Environment Southland	Nelson City Council							
Large Councils	Medium Councils	Small Councils															
17.93% per council (Total 35.87%)	10.87% per council (Total 43.48%)	4.35% per council (Total 4.35%)															
Waikato Regional Council Bay of Plenty Regional Council	Horizons Regional Council Otago Regional Council Northland Regional Council Hawke’s Bay Regional Council 8.15% per council (Total 16.30%) Taranaki Regional Council Environment Southland	Nelson City Council															

Activity	Description																				
	In addition to the shared programme costs stated above, each Participating Council will directly incur costs. These costs are the responsibility of each Participating Council and will not be shared according to the council contribution model.																				
RSHL Overhead Costs	<p>Overhead costs are costs that cannot be allocated to a specific work programme.</p> <p>All work programmes will contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.</p> <p>In the 2024 Financial year the budgeted proportion of overheads to each programme is as follows:</p> <table border="1" data-bbox="384 584 1385 757"> <thead> <tr> <th data-bbox="384 584 571 651"></th> <th data-bbox="571 584 775 651">2023/24 (SOI)</th> <th data-bbox="775 584 979 651">2024/25</th> <th data-bbox="979 584 1184 651">2025/26</th> <th data-bbox="1184 584 1385 651">2026/27</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 651 571 685">IRIS</td> <td data-bbox="571 651 775 685">8%</td> <td data-bbox="775 651 979 685">7.7%</td> <td data-bbox="979 651 1184 685">8%</td> <td data-bbox="1184 651 1385 685">5%</td> </tr> <tr> <td data-bbox="384 685 571 719">IRIS NextGen</td> <td data-bbox="571 685 775 719">44%</td> <td data-bbox="775 685 979 719">46.1%</td> <td data-bbox="979 685 1184 719">50%</td> <td data-bbox="1184 685 1385 719">58%</td> </tr> <tr> <td data-bbox="384 719 571 757">SFMS</td> <td data-bbox="571 719 775 757">48%</td> <td data-bbox="775 719 979 757">46.3%</td> <td data-bbox="979 719 1184 757">42%</td> <td data-bbox="1184 719 1385 757">37%</td> </tr> </tbody> </table> <p>In FY25 RSHL expects to have overheads of \$0.39M. This is 3.7% of total expenditure.</p>		2023/24 (SOI)	2024/25	2025/26	2026/27	IRIS	8%	7.7%	8%	5%	IRIS NextGen	44%	46.1%	50%	58%	SFMS	48%	46.3%	42%	37%
	2023/24 (SOI)	2024/25	2025/26	2026/27																	
IRIS	8%	7.7%	8%	5%																	
IRIS NextGen	44%	46.1%	50%	58%																	
SFMS	48%	46.3%	42%	37%																	

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

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

12. Ngā Tahua FY2025-27 | FY25-27 Budgets.

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

Budgeting process.

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

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

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

Consolidated Statement of Financial Performance

For the 12 Months to 30 June 2025

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

Consolidated Statement of Financial Position as at 30 June 2024

2023/24 Budget	Notes	2024/25 SOI	2025/26 Indicative	2026/27 Indicative
	ASSETS			
	Current assets			
899,799	Funds - IRIS Programme	649,799	649,799	649,799
(286,100)	Funds - IRIS NextGen Programme	(180,153)	(382,036)	(624,058)
-	Funds - Sector Work Programmes			
613,699	Total Bank Accounts and Cash	469,646	267,763	25,741
	Debtors and Prepayments			
-	Accrued Revenues	-	-	-
-	GST receivable	-	-	-
-	Tax receivable (payable)	-	-	-
	Non Current Assets			
1,642,725	Property, Plant & Equipment - IRIS Only	1,242,296	841,867	487,407
2,256,424	Total Assets	1,711,942	1,109,630	513,148
	LIABILITIES			
	Current liabilities			
-	Creditors and Accrued Expenses	-	-	-
-	Income Received in Advance	-	-	-
	GST payable			
	Non Current Liabilities			
	Borrowings	-	-	-
-	Total Liabilities	-	-	-
2,256,424	NET ASSETS	1,711,942	1,109,630	513,148

REPRESENTED BY:

2023/24 Budget		2024/25 SOI	2025/26 Indicative	2026/27 Indicative
	Equity			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
- 754,805	Current Year Earnings	- 823,082	- 594,587	- 588,524
- 2,137,922	Retained Earnings	- 2,892,727	- 3,715,810	- 4,310,397
2,256,423	Total Equity	1,433,341	838,754	250,229

Statement of Movement in Equity

3,011,228	Opening Equity	2,256,423	1,433,341	838,754
(754,805)	Comprehensive income for the year	(823,082)	(594,587)	(588,524)
2,256,423	Total Equity	1,433,341	838,754	250,229
102%	equity to assets (>60%)	84%	76%	49%

Consolidated Statement of Cash Flows

For the 12 Months to 30 June 2024

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

IRIS Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

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

IRIS NextGen Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

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

Sector Financial Management System Activity- Statement of Financial Performance

For the 12 Months to 30 June 2024

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

RSHL Overheads Activity - Statement of Financial Performance

For the 12 Months to 30 June 2024

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

13. Ngā Kaupapahere Kaute | Accounting Policies

Statement of Compliance

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

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

These financial statements comply with PBE Standards.

Reporting Entity

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

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

RSHL was incorporated on 17 October 2012.

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

Public Benefit Entity Simple Format Reporting

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

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

Basis of Preparation of the Financial Statements

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

Presentation Currency and Rounding

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

The functional currency of RSHL is New Zealand dollars.

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

Summary of Significant Accounting Policies

Revenue

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

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

Interest revenue is recorded as it is earned.

Expenditure

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

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

Bank Accounts and Cash

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

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

Debtors

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

Inventories

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

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

Depreciation

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

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

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

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

Critical Accounting Estimates and Assumptions

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

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

Additional Disclosure

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

14. Note For Information: Requirements for Statement of Intent

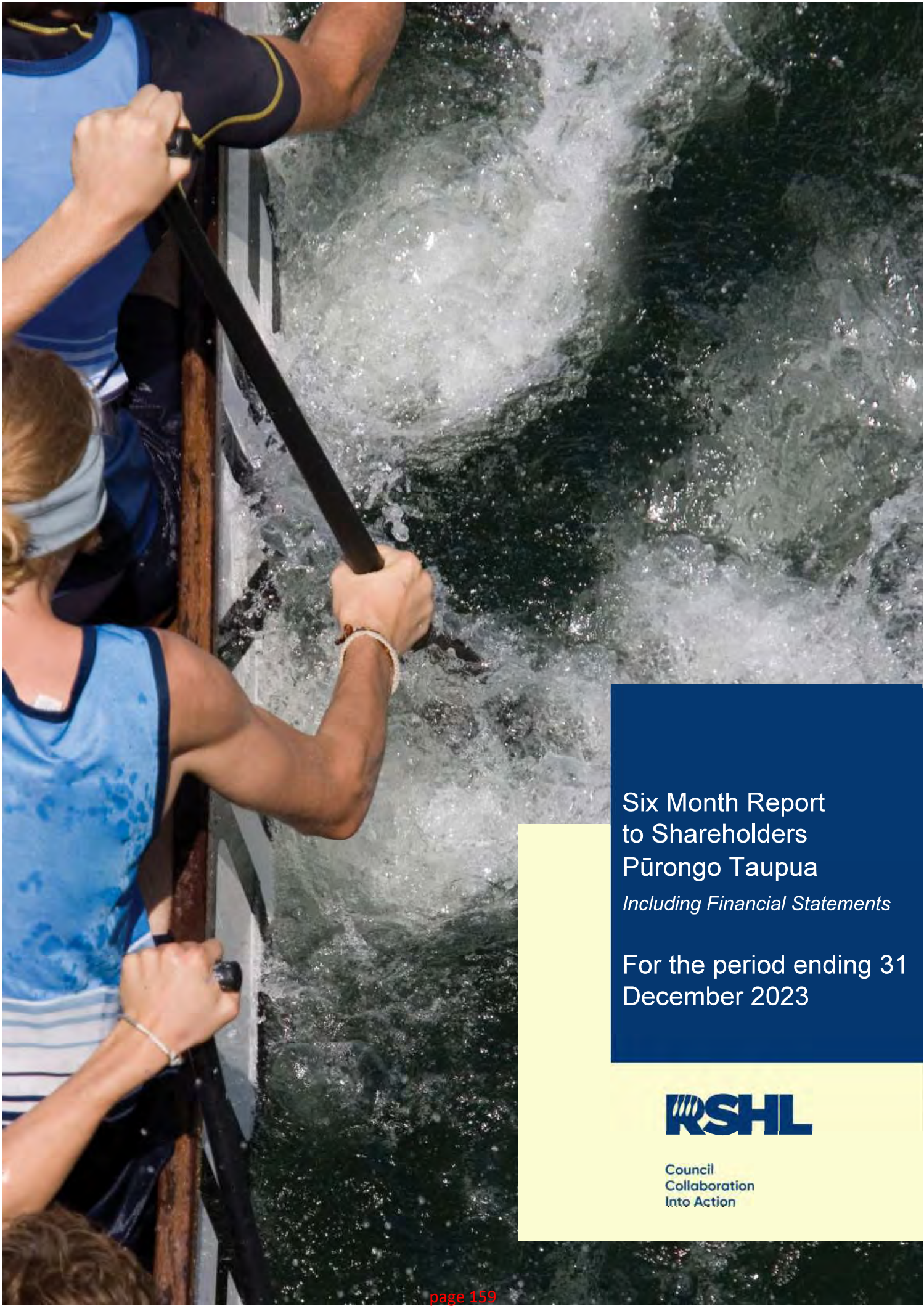
Source: Office of the Auditor General

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

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	3,9,11,12
Objectives of the group	3
A statement of the board's approach to governance	7
Nature and scope of the activities to be undertaken	4
Accounting policies	13
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	9
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	10
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	10
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	10
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	11
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	10
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	N/A
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	10



Council
Collaboration
Into Action



Six Month Report
to Shareholders
Pūrongo Taupua
Including Financial Statements

For the period ending 31
December 2023



Council
Collaboration
Into Action

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- 15 Financial Statements | Ngā Tauākī Pūtea
- 17 Statement of Comprehensive Revenue and Expense | Te Tauākī Matawhānui mō te Moniwhiwhi me ngā Whakapaunga
- 18 Statement of Financial Position | Te Tauākī mō te Āhua o te Pūtea
- 19 Statement of Changes in Equity/Net Assets | Te Tauākī mō ngā Panonitanga o te Whai Tūtanga/ngā Huarawa More
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Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

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

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

Looking Forward

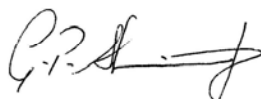
We are excited about continuing to provide excellence in shared services to the regional sector. The focus in the next six months is assisting in the delivery of Te Uru Kahika's 2023/2024 business plan and continuing the development of IRIS NextGen ahead of the first round of implementations in 2025.

Signed on behalf of the Board of Directors:



M Nield - Chairperson

Date: 22 February 2024



G Shirley - Director

Date: 22 February 2024

Statement of Responsibility | Tauākī o te Kawenga

Regional Software Holdings Limited

For the 6 months ended 31 December 2023

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

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

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

Signed on behalf of the Board of Directors:



M Nield - Chairperson

Date: 22 February 2024



G Shirley - Director

Date: 22 February 2024

Statement of Service Performance | Hei Ine i te Mahi

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

Who are we and why do we exist?

Vision

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

Mission

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

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

Values

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

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

Guiding Principles

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

What did we do?

Activities

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

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

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

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

	<ul style="list-style-type: none"> • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> • Collects this funding from councils and central government, • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes. • Reports to Te Uru Kahika on income and expenditure.
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Ngā Mahi e Rapua Nei Te Utu Paremata | Activities for Which Compensation Is Sought

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

These levies are set annually in the Statement of Intent.

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

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

Activity	Description									
Sector Financial Management System	<p>Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the Programmes in the Sector Financial Management System.</p> <p>For some programmes, additional contributions may be sought from other local government organisations and government ministries.</p> <p>Contributions will be according to the agreed models. This activity includes:</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • ReCoCo Technology Projects • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>The funding contributions for the Sector Office, EMAR and the most of the SFMS programmes is based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Tier 1 – 9.4% each</th> <th style="width: 33%;">Tier 2 – 6.2% each</th> <th style="width: 33%;">Tier 3 – 3.2% each</th> </tr> </thead> <tbody> <tr> <td>Auckland Council</td> <td>Horizons RC</td> <td>Tasman DC</td> </tr> <tr> <td>Environment Canterbury</td> <td>Otago RC</td> <td>Nelson City Council</td> </tr> </tbody> </table>	Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each	Auckland Council	Horizons RC	Tasman DC	Environment Canterbury	Otago RC	Nelson City Council
Tier 1 – 9.4% each	Tier 2 – 6.2% each	Tier 3 – 3.2% each								
Auckland Council	Horizons RC	Tasman DC								
Environment Canterbury	Otago RC	Nelson City Council								

	Greater Wellington RC	Hawke's Bay RC	Gisborne DC																		
	Waikato RC	Northland RC	Marlborough DC																		
	Bay of Plenty RC	Taranaki RC	West Coast RC																		
		Environment Southland																			
	Total 47%	Total 37%	Total 16%																		
	<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>																				
IRIS	<p>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.</p> <p>Proportion of Contributions to the IRIS Programme</p> <p>Contributions for IRIS will be collected in the following proportions.</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Waikato Regional Council</td> <td>32.39%</td> </tr> <tr> <td>Northland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Horizons Regional Council</td> <td>16.00%</td> </tr> <tr> <td>Taranaki Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Southland Regional Council</td> <td>11.93%</td> </tr> <tr> <td>West Coast Regional Council</td> <td>3.87%</td> </tr> <tr> <td>Hawke's Bay Regional Council</td> <td>11.93%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>			Shareholder	Percentage	Waikato Regional Council	32.39%	Northland Regional Council	11.93%	Horizons Regional Council	16.00%	Taranaki Regional Council	11.93%	Southland Regional Council	11.93%	West Coast Regional Council	3.87%	Hawke's Bay Regional Council	11.93%	Total	100%
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Total	100%																				
IRIS Next Generation	<p>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:</p> <table border="1"> <thead> <tr> <th>Large Councils</th> <th>Medium Councils</th> <th>Small Councils</th> </tr> </thead> <tbody> <tr> <td>17.93% per council (Total 35.87%)</td> <td>10.87% per council (Total 43.48%)</td> <td>4.35% per council (Total 4.35%)</td> </tr> <tr> <td>Waikato Regional Council Bay of Plenty Regional Council</td> <td>Horizons Regional Council Otago Regional Council Northland Regional Council Hawke's Bay Regional Council</td> <td>Nelson City Council</td> </tr> <tr> <td></td> <td>8.15% per council (Total 16.30%)</td> <td></td> </tr> </tbody> </table>			Large Councils	Medium Councils	Small Councils	17.93% per council (Total 35.87%)	10.87% per council (Total 43.48%)	4.35% per council (Total 4.35%)	Waikato Regional Council Bay of Plenty Regional Council	Horizons Regional Council Otago Regional Council Northland Regional Council Hawke's Bay Regional Council	Nelson City Council		8.15% per council (Total 16.30%)							
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		Taranaki Regional Council Environment Southland																
RSHL Overhead Costs	<p>Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~\$26 million.</p> <p>Programme costs are budgeted and approved by the IRIS NextGen Steering Group annually.</p> <p>Overhead costs are costs that cannot be allocated to a specific work programme.</p> <p>All work programmes contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year.</p> <p>In the 6 months to 31 December 2023, the cost and proportion of overheads to each programme is as follows:</p> <table border="1" data-bbox="424 752 1434 999"> <thead> <tr> <th></th> <th>FY24 YTD \$</th> <th>FY24 YTD %</th> </tr> </thead> <tbody> <tr> <td>IRIS</td> <td>16,674</td> <td>9%</td> </tr> <tr> <td>IRIS NextGen</td> <td>80,737</td> <td>43%</td> </tr> <tr> <td>SFMS</td> <td>89,870</td> <td>48%</td> </tr> <tr> <td>Total</td> <td>187,281</td> <td>100%</td> </tr> </tbody> </table>				FY24 YTD \$	FY24 YTD %	IRIS	16,674	9%	IRIS NextGen	80,737	43%	SFMS	89,870	48%	Total	187,281	100%
	FY24 YTD \$	FY24 YTD %																
IRIS	16,674	9%																
IRIS NextGen	80,737	43%																
SFMS	89,870	48%																
Total	187,281	100%																

How did we perform?

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

	<p>1.) Maintaining and updating LAWA content:</p> <p>The annual refresh of the Water Quality, Water Quantity and Estuary Health was completed on time and within budget.</p> <p>The annual update of data and information for the River Quality, Lake Quality, Groundwater Quality, Can I swim here?, Water Quantity and Estuary Health topics was completed on World River’s Day (24 Sept 2023).</p> <p>To support the awareness of the latest data and information, we profiled the national picture for lakes and river water quality topics on release day, and followed up with a national picture summary spotlight on groundwater quality in November.</p> <p>Acknowledgements to the project teams and council staff across Te Uru Kahika (managers, scientists, data managers, GIS specialists and comms) who provide their time and expertise in keeping their regional data and information on LAWA updated.</p> <p>2.) Increasing the LAWA reach:</p> <p>Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaboration. This uptick in users means we’re furthering the reach and value of the data and information from the regional sector/Te Uru Kahika (and others) and securing LAWA as a go to place for authoritative, up-to-date environmental data and information.</p> <p>Data and information from LAWA are being used by many (central and local government, research and education sector, industry, iwi and public) in a wide range of applications to inform decision making. Over the 6-month period (1 July 2023 – 31 Dec 2023) we have had around 141K users and 511K views (compared to 120K users and 484K views over the same period in the previous year).</p> <p>3. New Projects.</p> <p>The LAWA Operating System Upgrade has been brought forward and is tracking for completion around February within time and budget.</p> <p>The LAWA Actions for Healthy Waterways topic development now scheduled to start once the Operating System Upgrade is complete (completion scheduled for Q4 2023/24).</p>
<p>Regional Sector Office</p>	<p>The Sector Office is made up of several roles:</p> <ul style="list-style-type: none"> • Executive Policy Advisers to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Resource Management Reform Director <p>In the reporting period the sector office welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group.</p> <p>The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government.</p> <p>The sector office provided a Briefing to Incoming Ministers about Te Uru Kahika, including current priorities, capabilities, and ways in which Te Uru Kahika could help the new government deliver on it’s policies.</p> <p>The sector office also provided a liaison point between central government and the regional sector on Resource Management Reform, Freshwater Policies, Transport and Science amongst others.</p>

<p>Sector Financial Management System</p>	<p>Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Sector Business Plan • River Managers Business Plan • River Managers Climate Resilience • EMaR • Bio Managers • Bio Control • Science Programme • Sector Office Special Projects • Regional Sector Office <p>RSHL administers the programme:</p> <ul style="list-style-type: none"> • Collects this funding from councils and central government, • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes. • Reports to Te Uru Kahika on income and expenditure. <p>In the first part of FY24 RSHL efficiently collected \$2.8M in funding from councils to support Te Uru Kahika programmes. \$3.8M has been expended in support of various sector programmes.</p> <p>At the time of writing RSHL has more than 40 service contracts of varying sizes under management on behalf of Te Uru Kahika.</p> <p>Of particular note are the contracts for LIDAR Imagery to in support Cyclone Gabrielle recovery work in sections of Northland, Waikato, Auckland, Bay of Plenty and Horizons Regions. This work was supported by funding from Ministry for the Environment — Manatū Mō Te Taiao, with specialist procurement and technical advice provided by Land Information New Zealand - Toitū Te Whenua.</p> <p>With the support of RSHL, via the SFMS Te Uru Kahika continues to expand the scope and benefits to member councils.</p>
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Key Judgements

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

Performance Measures

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

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

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

Financial Statements | Ngā Tauākī Pūtea

Regional Software Holdings Limited

For the 6 months ended 31 December 2023

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

Registered Office

C/- O'Fee Next Level Accounting

12 Victoria Avenue, Palmerston North

Directors

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

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

Interest Register

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

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

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

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

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

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

The other directors are paid through their respective Councils.

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

Regional Software Holdings Limited

For the 6 months ended 31 December 2023

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

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

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

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

Regional Software Holdings Limited
As at 31 December 2023

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

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

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

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

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

Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

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

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

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

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

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

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

Reporting Entity

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

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

RSHL has no subsidiaries or joint ventures.

Entity Structure

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

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

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

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

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

Basis of Preparation

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

Statement of Compliance

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

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

Presentation Currency and Rounding

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

Changes in Accounting Policies

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

Summary of Significant Accounting Policies

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

Foreign Currency Transactions

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

Goods and Services Tax

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

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

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

Critical Accounting Estimates and Assumptions

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

Additional Disclosure

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

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

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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Fees to Auditors

Fees to Audit NZ for audit of the financial statements and performance information	12,821	-	15,000	44,267
Fees to Audit NZ for other services	1,838	-	-	-
Total Fees to Auditors	14,658	-	15,000	44,267

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

2. Revenue

Accounting Policy

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

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

Exchange Revenue

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

Other Revenue

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

Investment Revenue

Interest revenue is recorded as it is earned.

Non-Exchange Revenue

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

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

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

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

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

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

Members Contributions and Regional Sector Shared Services

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

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

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

Members Contributions as per SOI

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

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
Other Income				
Consulting Services	134,943	64,210	-	188,293
Recovery of Other Direct Software Expenses	47,744	61,243	128,173	110,038
Total Other Income	182,687	125,453	128,173	298,331

3. Expenses

Accounting Policy

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
Administration Expenses				
Accounting & Technical Support	65,923	66,341	39,100	90,542
Administration Costs	6,939	6,142	31,700	11,455
Bank Fees	207	158	-	383
Insurance	3,270	2,868	4,000	2,868
Total Administration Expenses	76,339	75,509	74,800	105,248

4. Cash and Cash Equivalents

Accounting Policy

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

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
Cash and cash equivalents				
Business Online Saver	286,600	281,617	-	283,807
Credit Card - Mark Donnelly	(1,547)	(756)	-	(1,191)
Current Account	5,678,009	2,371,077	-	5,569,171
Total Cash and cash equivalents	5,963,061	2,651,938	-	5,851,788

5. Receivables

Accounting Policy

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

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

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

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

6. Property, Plant and Equipment

Accounting Policy

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

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

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

Depreciation

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

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

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

7. Intangible Assets

Accounting Policy

Software acquisition and development

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

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation

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

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

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

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

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

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

8. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2022 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS SOI	30 JUNE 2023 12 MONTHS (AUDITED)
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Payables and Deferred Revenue

Accounts Payable	866,449	651,682	-	1,712,558
Accrued Expenses	-	46,690	-	40,410
Income Received in Advance	33,482	31,380	-	85,050
Total Payables and Deferred Revenue	899,932	729,751	-	1,838,018

9. Employee Entitlements

Accounting Policy

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

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

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

10. Income Tax

Accounting Policy

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

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

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

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

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

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

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

11. Equity

Accounting Policy

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

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

12. Contingent Liabilities and Guarantees

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

13. Related party transactions

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

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

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

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

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

Member contributions were received as follows:

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

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

14. Events After Balance Date

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

15. Financial Instruments

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

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

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

Financial liabilities measured at amortised cost

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

Financial Instrument Risks

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

Market risk

Currency risk

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

Fair value interest rate risk

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

Credit risk

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

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

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

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

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

Liquidity risk

Management of liquidity risk

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



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PO Box 1007, Palmerston North

9.6 Information Management Update

Objective ID: A1075597

Report by: Paula Toomey, Information and Support Manager

Approved by: Dominic Rikiti, General Manager Business Services



Purpose

For the Finance and Performance Committee to receive an update on activity to progress information management projects within the organisation.

Summary

Information management (IM) is a cross-organisational work programme to improve IM and data capability. Improve skills and knowledge to enable the organisation to effectively create and manage information assets to meet the organisational needs and legislative requirements.

This report refers to the activity of the information and support team, projects, and information management strategy.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 Receive the report "Information Management Update"

Background

Information management strategy implementation

To uplift information management capability in the organisation, the 2022-2024 Information Management Strategy details work programmes until June 2025. The following are the work programmes for the 2023-2024 financial year and the status of completion in the past quarter.

There has been steady progress against several programmes and this quarter's deliverables, with 8/9 reporting as a green status. This quarter, the project of migrating the data from the THINGS database into our EDRMS Objective has been a focus for the IM. We are in the final stages of this project. IM is working with the Consents team to test the search process and access process of the migration. Following positive outcomes from the testing, we will implement this change in the organisation. Finalising this migration will enable the Information Systems team to decommission the legacy server. This will benefit the organisation by ensuring the searchability, traceability and security of our physical files, which strengthens our compliance with the Public Records Act 2005.

The deliverable with an amber status has progressed slightly, with the IM team procuring equipment to read content retained on CDs. This will enable us to transfer the data from the CDs into the records system for retention and future access. Migrating this data from its current format into our records system assists in meeting the digital preservation of our data under the Public Records Act. This programme will likely be partially completed by the end of June 2024 due to the size of the project and the need for cross-divisional input and prioritisation.

The Information Management Strategy is due for review in the next financial year, from 1 July 2024 to 30 June 2025. The Information Management team will commence the review in April 2025.

IM STRATEGY WORK PROGRAMME	STATUS	UPDATE
Business continuity plan and disaster recovery plans are reviewed and include specific information management components	G	<p>The organisational business continuity plan was completed in October 2023, which includes information management. A disaster recovery plan is in place for the physical material held at our archives site. This was developed jointly with Southland District Council.</p> <p>A plan for onsite physical records will be completed by 30 June 2024. Electronic disaster recovery is a joint service with Information Technology – system backups.</p>
High risk/high value records and data are identified, and processes are in place to manage these over time	G	<p>The IMSG is progressing with the Information inventory as detailed below and will be completed by 30 June 2024.</p> <p>The digitisation pilot project is focused on digitising high-value records. Further digitisation is budget-dependent and will be considered through the LTP process.</p>
The Information Management Team are trained in disaster recovery	G	<p>Training completed jointly with Southland District Council. An annual refresher plan is in place.</p>
Disposal Schedule implemented for records and data (network drives)	G	<p>Physical records disposal schedules are complete.</p> <p>ECM Objective disposal schedules are being put in place over time as content is added to the system.</p> <p>Network drives will require an organisational project to be scoped, appraised, and migrated. This project will be in conjunction with the Technology Plan – Legacy Servers and Systems.</p>
Audit of paper and electronic records undertaken, and updated inventory of all records and data are completed	G	<p>Paper records are complete with an audit undertaken and completed in April 2023.</p> <p>An electronic information audit will be completed in conjunction with our Information Inventory work being completed by the Information management Stewards Group. This will be completed by 30 June 2024.</p>
Process is established for assessing physical storage spaces	G	<p>Completed in April 2023, formed part of the audit of paper records.</p>
Digital Preservation Strategy developed.	A	<p>No project has been scoped at this stage. This will need to be jointly scoped with the IT Division.</p> <p>This is a large project which will require cross-divisional consultation.</p>
Migration Plan developed for Legacy Systems	G	<p>A plan is drafted for the migration of data from the legacy database “THINGS.” This will enable the search and traceability of physical files from our Objective ECM, supporting compliance with the Public Records Act.</p> <p>Work on migration has commenced.</p>
Complete Archives New Zealand IM Maturity Assessment	G	<p>This is scheduled for reassessment and completion in June 2024.</p>

Digitisation Project

The pilot project for the digitisation of 300 physical records has progressed, and we now have a full upload of the scanned images into our test records system. The IM team are now testing our internal processes to move the documents to their appropriate repository and validate the data and image quality. The images will be in our production system early in the next quarter and available to end users, finalising the pilot project. End users regularly access the files digitised. Having these digitised will improve the speed of access to the information for our end users as well as protect the physical file from future damage through over access. Our next step will be to review the project, analyse the benefits of the digitisation pilot and recommend the next steps.

Agenda Minute Software Implementation

Agenda minute software, Doc Assembler. Our project to implement this software commenced in the last quarter. The project has been delayed. An adjustment in timeframes means the project recommenced in April with the training of four system administrators, report writers, and approvers. The system is planned for GO LIVE for our June Committees. The integration between this software and our records system, Objective, is being released by the software vendor in June release. This will ensure compliance with the Public Record Act by retaining our Agenda and Minutes in a secure Records system, as Council agendas and minutes are protected records under the Act. This software will automate our process for the report approval and compilation of agendas and minutes for Council and committee meetings. The centralised system for report writing and agenda and minutes compilation provides efficiencies for our organisational support team compared to our current manual compilation. The system provides version control for reports, transparency of the approval process, and cut-off dates for approvers and report writers. This will bring efficiency to the agenda-creation process and reduce minute publication timeframes.

Implications/risks

Good information management is critical to delivering the business of Council openly and transparently, delivering its outcomes and legislative requirements, and maintaining and enhancing its reputation in the wider community.

Next steps

We are continuing to deliver the 2023-2024 work programmes of the IM Strategy. This quarter's focus will be the implementation of the agenda minutes software, the pilot digitisation project and completing the migration and implementation of the physical files into our EDRMS Objective.

Complete the digitisation project debrief with the project team and analyse the benefits of digitisation for the organisation to make recommendations for a future digitisation project.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources	x		
Diverse opportunities to make a living	x		
Communities empowered and resilient	x		
Communities expressing their diversity	x		

Compliance with Significance and Engagement Policy

All projects will align with Council's Significance and Engagement Policy.

Considerations

Financial implications

Current information management initiatives include several projects budgeted for in the 2021-2031 Long-term Plan.

The 2022–2024 Information Management will inform the next Long-term Plan/Annual Plan process.

Legal implications

Ongoing information management activities will assist the organisation in meeting its legislative requirements pursuant to the Local Government Act 2002, Public Records Act 2005, Privacy Act 2020 and Local Government Official Information and Meetings Act 1987.

Attachments

None

9.7 Information Systems, Technology update

Objective ID: A1072337

Report by: Jane Carroll, Information Systems Manager

Approved by: Dominic Rikiti, General Manager Business Services

Purpose

For the Finance and Performance Committee to receive an update on activity to progress information management and information systems projects within the organisation.

Summary

Information Systems (IS) is the key to delivering systems and technology across the Council, offering the right integrations and tools for our internal and external customers, ensuring that we are secure and resilient, safeguarding our digital assets and complying with legislative requirements.

This report refers to the activity of the information and support and information systems teams, projects, system upgrades and information management & technology strategies.

Recommendation

It is recommended that the Finance and Performance Committee resolve to:

- 1 Receive the report "Information Systems, Technology Update."

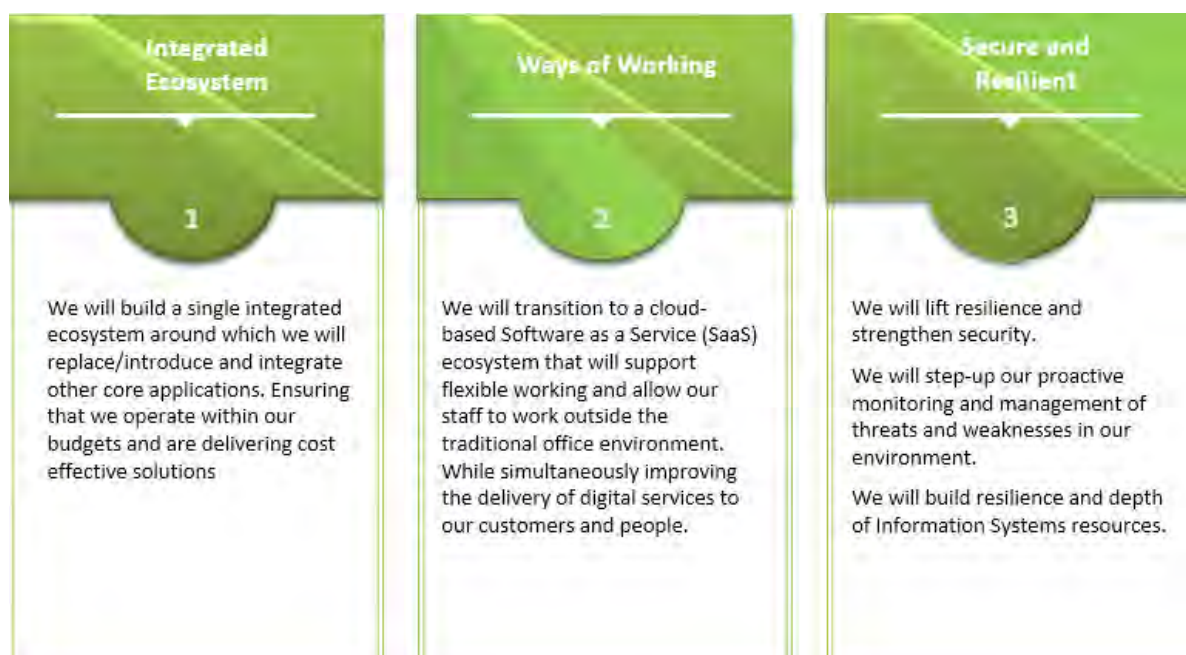
Background

Information systems update

Technology Strategy:

The Technology Strategy is operational, and the team is in the 3rd quarter of delivering year one of the roadmap. This report has been updated to reflect the progress against the strategy's three key focus areas:

1. Integrated Ecosystems; 2. Ways of Working; and 3. Secure and Resilient



There has been good progress against many of this quarter's deliverables, with 8/12 reporting as green compared to last quarter's 6/12. Two are now red: the cancellation of the national INFDP programme and the rollout of the new devices are taking longer than planned. One significant improvement is the patching status, which moved from red in the first quarter and is now reporting green, with all eligible devices being patched during the quarter.

Focus Area	Initiative	Q1	Q2	Q3	Update
Integrated Ecosystems	Legacy servers & systems	A	A	A	<p>Q3: Decommissioned a further 6 legacy servers (15 servers still to be upgraded or decommissioned)</p> <p>Q2: Decommissioned a further 3 legacy servers (21 servers still to be upgraded), and over 10TB of data was moved to the latest operating systems.</p> <p>Q1: Decommissioned 4 legacy servers (28 servers still to be upgraded), waiting on space and the arrival of the replacement VxRail. Upgrade completed in October.</p> <p>This will remain amber until June 2024.</p>
	Finance upgrades/improvements	G	G	G	<p>Q3: Support finance through the LTP process, complete the latest Auth patch upgrades, and provide the rates calculator as approved.</p> <p>Q2: There are no changes to financial systems this quarter due to rates "season". Business Systems Analyst Support has been provided for processing Valuation Data ready for Rates modelling.</p> <p>Q1: Authority upgrade, including direct emailing of invoice. Improving rates and annual charges processes.</p>
	NCAP/INFDP	A	A	R	<p>Q3: the national INFDP programme has been officially cancelled. Any further reporting will be from Catchment Integration and will not be part of this report.</p> <p>Q2: This is delayed due to government re-prioritisation. It will be corrected next quarter.</p> <p>Q1: Outstanding Memorandum of Understanding. This will be corrected by next quarter.</p>
	IRIS NextGen	G	G	G	<p>Q3: We continue to attend and support the programme. The IS Manager attended Hui and implementation schedule meetings. After delays in the build, our Go Live date has been revised to 29 Oct 2027. This is expected for this type of project; this helps with LTP budgeting.</p> <p>Q2: Staff and General Manager continue to be involved in the IRIS NextGen program of work.</p> <p>Q1: Supporting this work program through the Advisory Group, Steering Group and staff</p>

				<p>participation. At this point, the go-live date is still scheduled for 30th of June 2027.</p>	
	GIS	G	G	G	<p>Q3: Landpro Ltd has completed the outstanding 20% area of the Athol area. The project will be considered complete once we have received the imagery captured. This project has been very successful and ran on schedule and within budget. The region has been digitally captured, and the updated imagery is available internally and externally. LIDAR - Block 6 has been received and is being quality-assured by the team. This data will be made available as soon as we have received it.</p> <p>Q2: LiDAR block 5 accepted. All LiDAR aerial capture has now been completed. This marks the end of the three-year flying project. Block 6 is the last to be delivered, and quality assured. All operational and other relevant staff have been trained on the new GIS software.</p> <p>Q1: LiDAR – first 4 blocks accepted. New tools and base map imagery acquired. EMS flood support.</p>
Ways of Working	Meeting room experience	A	A	G	<p>Q3: The Council Chamber upgrade has been completed with improved video, projector and sound. The smaller meeting rooms (Tui & Weka, councillors lounge) have also been upgraded to provide a more functional workspace.</p> <p>This initiative is now considered finished.</p> <p>Q2: The Takahe meeting room upgrade and the Council Chambers upgrade are scheduled for 9 to 13 February 2024.</p> <p>Q1: Teams room rollout continuing – CEO office and Kakapo Meeting Room (Yealink). Vendor selected for Council chamber audio upgrade. Will remain Amber until the installation date is confirmed.</p>
	Digital workplace	A	A	R	<p>Q3: This quarter, an additional 10 laptops running Windows 11 have been deployed, bringing the total number of Windows 11 devices to 87, including those upgraded in place. Of the 75 devices planned for rollout, 27 remain.</p> <p>Q2: Progress has been made with 38 Windows 11 laptops rolled out (75 to be completed this quarter), and training material is still to be developed.</p> <p>Q1: Rollout of MS365 in progress. Training packages to be developed. Likely to remain Amber next quarter.</p>
	BI reporting	G	G	G	<p>Q3: We are working with Health and Safety to enhance the dashboard reporting that H & S Manager has developed.</p>

					<p>Q2: No additional dashboards were created. ES calendar appointments for the year's meetings have all gone out via the new corporate calendar, working with the IM team on joint delivery of the meeting agenda software.</p> <p>Q1: New developments for Te Mahi and Consents and Compliance dashboards. Supporting ES calendar development.</p>
	Customer services	G	G	G	<p>Q3: Development of the Environment Data (EnvData) website is underway. This project's critical success factors are improving the accessibility and user-friendliness of environmental data for internal and external stakeholders and customers. It is estimated that the Go Live will be 1st August 2024. A phased release will run parallel with the current site to ensure a smooth transition.</p> <p>Q2: Increasing the river camera online network to 5. The Online Natural Hazards portal is live. We are currently reviewing our Environmental Data website, and this is an opportunity to improve how this information is displayed. Work has started on the rewrite of the external Beacon platform.</p> <p>Q1: Bringing data to life webcams and groundwater portal. New online forms. Mobile data capture in the field.</p>
Secure & Resilient	Business continuity	G	G	G	<p>Q3: We have successfully conducted an on-site server recovery testing.</p> <p>The IS Manager and Senior engineer attended the two Business Continuity Training as members of the Business Response Team.</p> <p>Q2: We continued to test and monitor our backup and recovery processes and procedures with 100% of production servers protected.</p> <p>Q1: A successful 'live' test was conducted with the archive server in Datto. Efficiencies identified. 100% of production backups completed.</p>
	Cybersecurity	A	A	A	<p>Q3: During this quarter, there have been 7 low severity alerts for potential malware. These are often software bundles that contain unknown and unexpected files. They aren't typically from an adversary but could present a security risk because they can install files without consent or an opt-out option. All 7 have been investigated, and appropriate action has been taken. Two high-severity alerts were raised that were false positives. CrowdStrike immediately blocked these.</p> <p>Q2: Zero cybersecurity breaches. We had one alert where non-approved software was trying to be</p>

				<p>installed by a user. This was detected and actioned immediately, and an approved application was installed. New identity protection tools are now in place, and a work program is being implemented to ensure that all of us are protected.</p> <p>Q1: Zero cybersecurity breaches. Phishing test completed (1 user clicking on link). >300,000 emails scanned. Policies to be developed/refreshed. Will remain amber until all policies are reviewed by 30 June 2024.</p>
Patching/certificates	R	A	G	<p>Q3: All eligible production and test servers and laptops/desktops have been patched during the quarter. This is a significant improvement from our position a year ago.</p> <p>Councillor laptops are automatically set to patch on a Sunday after 7pm.</p> <p>Q2: A patching program of work is in place for all servers and devices. Servers and devices will be patched by 31 January 2024; this is a monthly work program. Councillor devices are to be automatically patched.</p> <p>Q1: 18 servers outstanding. Detailed patching and certificate renewal plans to be developed.</p>

Information technology:

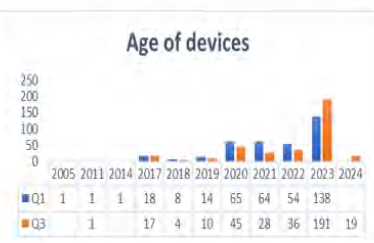
Reporting not related directly to the Technology Strategy has also been developed, providing visibility on some of the more operational aspects of IS/IT. These visualisations will evolve further as the team becomes more familiar with the different reporting systems and they will also form the basis of the Information systems management reporting.

IS Quarterly Update - Metrics (31 March 2024) 



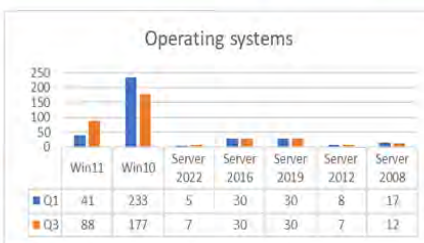
Service Desk Jobs

- Volume of new jobs is trending higher than the current closure rate during the last 6 months.



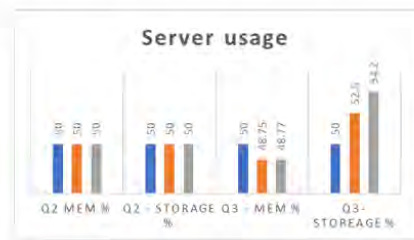
Device Age

- 105 (30%) devices are older than 3 years old.



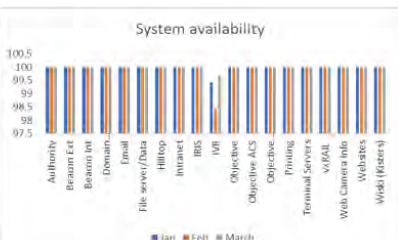
Operating System

- 117 Windows 10 devices will need to be upgraded to Windows 11 in the next 2 years. Compared to 233 at Q1



VxRail On-demand Usage

- Within budgeted expected percentage



Core Application and Server Availability

- IVR dial a river had 3 outages during the quarter



Volume of email

- Our tools continue to provide protection stopping on average 28% of all incoming emails

- Service desk jobs are trending higher than can be closed during the last nine months. Impacting this is the steady increase in FTE during the previous 12 months. The team aren't currently keeping up with the demand.
- All devices are leased. We are working through a program of work to replace all devices older than three years; 27 are planned for Q4 2024. The remaining 78 will be replaced during the 25/26 financial year.
- All servers and Windows devices must be on the latest operating system. It is estimated that it will take another year to ensure all users are on the same platform.
- The new server infrastructure (VxRail flex on demand) is in production. The costing model we have chosen is based on usage, where we pay for what we use, and the first six months are at the budgeted and expected rates, with a steady increase in disk usage due to increased drone footage.
- All production servers and core applications have been available 100% of the time, outside scheduled patching and upgrade maintenance, except for the IVR system (Dial a River), which has three outages during the quarter. We have a replacement/upgrade to this system underway; it is anticipated that it will be completed by June 2024.
- During the quarter, we have averaged 45k of legitimate inbound emails, and our tools have protected from 17k of rejected emails or an average 37%.

Implications/risks

Secure and resilient information systems are critical to delivering Council's business. We must maintain and deliver our current and future work programmes.

Next steps

We are continuing to deliver the technology roadmap, with this quarter's focus on making sure that our technology solutions are fit for purpose, secure and resilient.

We are continuing to work towards completing this year's work programmes from the strategy.

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources	x		
Diverse opportunities to make a living	x		
Communities empowered and resilient	x		
Communities expressing their diversity	x		

Compliance with Significance and Engagement Policy

All projects will align with Council's Significance and Engagement Policy.

Considerations

Financial implications

Current information management initiatives include several projects budgeted for in the 2021-2031 Long-term Plan.

The 2022–2024 Information Systems - Technology Strategies will inform the next Long-term Plan/Annual Plan process.

Legal implications

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Attachments

None