10.5. Draft ORC Indigenous Biodiversity Strategy

Prepared for:	Council
Report No.	STG2503
Activity:	Environmental: Land
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PURPOSE

[1] To seek Council endorsement of the draft Otago Regional Council Indigenous Biodiversity Strategy so that public consultation can commence in the second half of 2025.

EXECUTIVE SUMMARY

[2] ORC made a commitment in the 2024-2034 Long-Term Plan to revise the Otago Biodiversity Strategy 2018. The Strategy Team has developed the attached draft ORC Indigenous Biodiversity Strategy with direction from councillors, in partnership with mana whenua, and in collaboration with central government and local councils. The process has also been informed by insights from key stakeholders and contributions from teams across ORC.

[3] The draft Strategy reflects a clear strategic choice: ORC will take a leadership role and empower action to maintain and enhance indigenous biodiversity. This approach reflects ORC's statutory responsibilities, responds directly to what our communities have asked for, and aims to grow collective commitment and momentum across Otago.

[4] This paper recommends that Council endorse the draft ORC Indigenous Biodiversity Strategy so that four weeks of public consultation can be undertaken in the second half of 2025. Following endorsement of the draft, design work will be undertaken to ensure the document is well-presented for public consultation.

RECOMMENDATION

That the Council

1) ***Endorses*** *the draft Otago Regional Council Indigenous Biodiversity Strategy for public consultation*

2) ***Notes*** *the designed version of the Strategy will be circulated to councillors, prior to public consultation commencing.*

3) ***Notes*** *public consultation is planned to commence in the second half of 2025, for four weeks.*

4) ***Notes*** *that the Strategy Team will work with the Biodiversity Strategy Reference Group to consider any amendments following consultation.*

5) ***Notes*** *that the Strategy Team will present a final version of the Strategy to Council for adoption before the 30 June 2026 LTP target.*

BACKGROUND

[5] The 2018 Biodiversity Strategy clarified ORC's role in maintaining indigenous biodiversity and led to a stronger knowledge base, improved relationships, and a growing ability to empower communities. The 2019 Biosecurity Strategy saw ORC adopt an enabling, coordinating leadership role and establish best practice pest management approaches aligned with the Biosecurity Act 1993.

[6] Beyond these strategies, the recent Te Tiriti o Waitangi Audit highlighted a robust and constructive relationship between ORC and mana whenua and shared partnership aspirations. ORC has also increased its environmental funding and built strengths in co-design with communities and mana whenua. We have grown our capability to inspire and enable landowners and groups to take action. We have also grown our capability to coordinate community-led responses to pests.

[7] The Jobs for Nature programme demonstrated that investment in indigenous biodiversity can unlock action at scale, build capability, and strengthen relationships. While this funding has ended, it created momentum that Otago can continue to build on.

[8] Since 2018, a new national biodiversity strategy—*Te Mana o te Taiao: Aotearoa New Zealand Biodiversity Strategy*—has been published, and the *National Policy Statement for Indigenous Biodiversity 2023* released. Both were developed through extensive work with mana whenua, industry, communities, and local government. The national strategy offers a comprehensive analysis of the current situation and a strategic approach that can inform and guide regional efforts.

[9] ORC made a commitment in the 2024-2034 Long-Term Plan to revise the Otago Biodiversity Strategy 2018. This includes making a draft available for public consultation by 30 June 2025 and adopting the final strategy by 30 June 2026.

[10] At the August 2024 Mana to Mana hui, ORC staff sought views from Councillors and Mana Whenua on how best to work in partnership in developing the draft Strategy. As a result, Council established a Biodiversity Strategy Reference Group at its October 2024 meeting, comprising Councillors and Mana Whenua representatives. The Group has met twice to provide guidance for the development of the draft. Its membership includes Councillors Forbes, Mepham, Noone, and Weir, Hoani Langsbury (Kāi Tahu Ki Otago), and Evelyn Cook (Ngāi Tahu ki Murihiku).

[11] The Strategy Team held three workshops with the Environment Science and Policy Committee, comprising both Councillor and mana whenua voting members, to seek direction for the development of the strategy. The draft strategy was provided for discussion at the May 2025 Mana to Mana hui. Feedback received at this hui has been incorporated into the draft strategy.

[12] Since November 2023, regular communication and multiple strategy development sessions between ORC staff, Aukaha and Te Ao Marama have further reflected the partnership.

[13] Teams across the ORC have contributed to the draft strategy including oversight from the Executive Leadership Team and Internal Biodiversity Working Group, several workshops with teams, and many 1-1 sessions with staff.

[14] ORC worked closely on the development of the strategy with Otago's city and district councils and The Department of Conservation through the Otago Biodiversity Forum, this included regular updates, workshops, and focussed sessions.

[15] The Strategy Team undertook stakeholder analysis and sought insights from numerous key stakeholders through more than 44 meetings including group sessions and 1-1 meetings. These key stakeholders included:

Beef & Lamb NZ
Blakely Pacific
Catchment Groups
City Forests LTD
Contact Energy
CRA7
DairyNZ
Deer Industry NZ
Destination Queenstown
Dunedin Airport
EarnslawOne
Federated Farmers
Fish and Game
Forest and Bird - Te Reo O Te Taiao
Guardians of Lake Hawea
Guardians of Lake Wanaka
Hikaroroa / Mt Watkin Conservation Group
Land Information New Zealand - Toitu Te Whenua
Landcorp - Pāmu
Landscape Connections Trust
Mana Tahuna
Manawa Energy
Ministry for Primary Industries - Manatū Ahu Matua
Ministry for the Environment - Manatū Mō Te Taiao
New Zealand Sea Lion Trust
Ngā Whenua Rāhui
NZ Landcare Trust - Ngā Matapopore Whenua
Oceana Gold LTD
Orokonui Ecosanctuary - Te Korowai o Mihiwaka
OSPRI
Otago Catchment Community Inc
Otago Conservation Board
Otago Peninsula Biodiversity Group
Port Otago LTD
Predator Free Dunedin
Predator Free Wanaka
Professor David Norton
QEII National Trust - Ngā Kairauhi Papa
Ravensdown
Rayonier/Matariki LTD
Real NZ
Rural Support Trust
Save the Otago Peninsula
Silverfern Farms
Southern Lakes Sanctuary
Te Uru Rakau - NZ Forest Service
Toroa Foundation
University Of Otago - Ōtākou Whakaihu Waka
Wai Wanaka
Wakatipu Conservation Alliance

[16] Several other groups were also contacted, but meetings were not able to be scheduled.

[17] This was a valuable process that sought insights into how ORC is performing its role in maintaining indigenous biodiversity—what is working well, and what we could do more of or less of. Clear and consistent themes emerged and were echoed across these conversations, confirming and building on those identified through partnership with mana whenua and collaboration with central and local government. This highlights a shared understanding of both the challenges and the pathways to greater impact. The themes also closely reflect the objectives and goals of *Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy*. These themes are not listed here for brevity but are described in the "How will we get there?" section of the draft Strategy.

DISCUSSION

ORC needs an Indigenous Biodiversity Strategy to deliver on its role and strategic ambition.

[18] Otago's unique indigenous biodiversity holds deep importance over and above its intrinsic value. For mana whenua, this is a whakapapa connection bringing with it rights and responsibilities. For our communities, it underpins wellbeing, livelihoods, and a sense of place.

[19] Maintenance of indigenous biodiversity is one of the ORC's core responsibilities under the Resource Management Act 1991 (RMA) along with monitoring its status. Complementing this, the Biosecurity Act 1993 empowers ORC to lead regional pest management.

[20] Community expectations clearly reinforce this mandate and call for leadership, ambition, and meaningful action. This intersection of role and ambition is highlighted by objectives in the proposed Otago Regional Policy Statement 2021. In addition, through the Strategic Directions 2024-2034, Councillors have set goals and aspirations for ORC to partner with mana whenua, empower and support our communities to achieve better environmental outcomes, to predict and address emerging environmental issues before they arise, achieve resilient and healthy ecosystems, and arrest biodiversity loss across the region.

[21] ORC does not act alone. Mana whenua exercise rakatirataka and kaitiakitaka. Central government agencies and local councils also have responsibilities for indigenous biodiversity that should complement ORC's, though overlapping roles can sometimes lead to gaps. Landowners, community groups, and businesses are key players—many of whom are already taking meaningful and effective action to maintain and enhance indigenous biodiversity.

[22] The draft Indigenous Biodiversity Strategy describes ORC's approach to fulfilling its role and ambitions. It articulates ORC's unique contribution and addresses the areas of shared responsibilities and interest—enabling all players to work to their strengths and maximise collective impact.

[23] The draft Strategy builds on ORC's existing strengths, aligns with *Te Mana o te Taiao* the Aotearoa New Zealand Biodiversity Strategy, the National Policy Statement Indigenous Biodiversity 2023, and responds to the current situation.

[24] The approach complements existing policy and, with an eye to ongoing legislative reform in resource management and biosecurity, provides a 'no regrets' path forward. It focuses on building the best practice, relationships, knowledge, and trust required to address indigenous biodiversity decline, whatever the future brings. It represents a step forward from the 2018 strategy, informed by national strategy, key stakeholder insights, and emerging research.

Implementing the strategy comes next

[25] Once adopted, the 2025–2027 goals are designed to be delivered within the scope of ORC's current Long-Term Plan. This will help validate the approach and maintain momentum while the Strategy Team works with teams across ORC to develop a detailed Implementation Plan. This plan will be part of the broader implementation of ORC's Strategic Directions and inform resourcing recommendations for the 2027 Long-Term Plan. Implementation will be reviewed and refined regularly to reflect changing conditions, feedback, and ORC's ongoing learning.

OPTIONS

[26] Option 1 (recommended): Council endorses the draft ORC Indigenous Biodiversity Strategy so that public consultation can be launched in the second half of 2025.

[27] Option 2: Council directs staff to undertake further work on the draft ORC Indigenous Biodiversity Strategy before it can be endorsed.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[28] As noted earlier, the Indigenous Biodiversity Strategy sets out ORC's approach for achieving the 2024-34 Strategic Directions as well as relevant parts of the proposed Otago Regional Policy Statement.

Financial Considerations

[29] Public consultation will incur printing and advertising costs that will be met within existing budgets. Implementing the final strategy will have an impact on ORC's allocation of resources and significant resource allocation decisions will need to made as part of the Long Term Plan and Annual Plan processes.

Significance and Engagement

[30] The approach to partnership, collaboration, and engagement has been designed to give effect to HE MAHI RAU RIKA: Otago Regional Council Significance, Engagement, and Māori Participation Policy.

Legislative and Risk Considerations

[31] The Strategy is non-regulatory but is designed to enable ORC to give effect to its legislated functions. Risk considerations are outlined in the draft strategy.

Climate Change Considerations

[32] Climate change and biodiversity loss are connected global challenges and need to be addressed together. The draft Strategy has been prepared with this in mind, to ensure good outcomes for biodiversity and our communities.

Communications Considerations

[33] The proposed public consultation on the draft Strategy will be guided by a communications plan.

NEXT STEPS

[34] Design work on the draft Strategy will be completed in July 2025, ahead of a four-week public consultation period. Feedback from the consultation will be analysed, with guidance from the Biodiversity Strategy Reference Group to inform revisions. A final Strategy will then be prepared and presented to Council for adoption before 30 June 2026.

ATTACHMENTS

1. Draft ORC Indigenous Biodiversity Strategy [**10.5.1** - 23 pages]

Otago Regional Council

Otago Regional Council Indigenous Biodiversity Strategy

DRAFT

Foreword

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DRAFT: Otago Regional Council Indigenous Biodiversity Strategy on a Page

Long term vision

Ki uta ki tai, our awa connect our mountains and great lakes to our beautiful coastline and ocean depths, reflecting the mauri of te taiao. Mana whenua as kaitiaki and our communities as stewards work together to achieve healthy, thriving and resilient indigenous biodiversity across our region's catchments, coast and ocean, providing for the health of the people.

Why is this important

People are part of the natural world, and indigenous biodiversity underpins life, culture, and livelihoods in Otago. Our wellbeing is tied to the health of native species and ecosystems. For Kāi Tahu, this connection is grounded in whakapapa and the exercise of kaitiakitaka. Indigenous biodiversity holds its own intrinsic value and is deeply connected to our identity and sense of place. A future where indigenous biodiversity thrives will support the wellbeing of people and communities across Otago

The problem

We are not on track to maintain Otago's indigenous biodiversity due to pressures including invasive species, habitat loss, pollution, and climate change. These pressures are made worse by division of roles and responsibilities, limited resources and knowledge, and a growing disconnection from nature. But action is already underway to remedy this. By building on local efforts, we can maintain and enhance indigenous biodiversity so that both nature and people can thrive.

Outcomes - what we are aiming to achieve by 2040 or earlier

1. Indigenous biodiversity is maintained and resilient
2. Indigenous biodiversity is enhanced strategically
3. Mana whenua are supported to exercise kaitiakitaka
4. Communities are empowered as stewards
5. ORC is leading proactive responses to emerging issues
6. The decline of indigenous species and ecosystems is reversed

How will we get there?

Principles - how we'll work

Mauri

- Prioritise the mauri, intrinsic value and wellbeing of indigenous biodiversity.

Ki uta ki tai

- Managing the environment as an interconnected system.
- Adopting catchment scale approaches, and align efforts across land, freshwater, coast and marine environments.
- Creating connections with and among our communities.

He awa whiria

- Applying mātauraka Māori, western science, and community knowledge as distinct and complementary sources of knowledge.

Kotahitanga

- Valuing relationships and being purposeful about how we work together.

Strategic Pou - what we'll do, across our biodiversity and biosecurity work

Focus Action to Maintain and Enhance -*Tiaki me te Whakahaumanu*

🎯 **Identify** indigenous biodiversity focus areas.

🧿 **Partner** with mana whenua to ensure the sustainability of **taoka** species and their habitats, and **mahika kai**.

🏕️ Work with communities to create **landscape-scale visions** for maintenance and enhancement of indigenous biodiversity.

🚀 **Promote** and **fund actions** to achieve the above, **monitor** the outcomes, and **continuously improve**.

🔍 **Monitor** for **emerging** pests and other **threats** to indigenous biodiversity and **respond effectively**.

Empower Action - *Whakahau*

🤝 **Partner** with mana whenua on action.

✨ Connect people to local indigenous biodiversity to **inspire** action.

🧰 Share knowledge and build capability to **enable** action.

🤼 **Collaborate** with those leading action in the community.

💡 Build on mana whenua, landowner, and community **best practice**.

📍 Share information about where **action** is and isn't happening.

🧩 **Co-design** solutions with our communities and **co-ordinate** action.

Get the System Right - *Tūāpapa*

🧭 Strengthen **leadership** and **collaboration** on shared interests with central government and councils in **partnership** with mana whenua.

🌱 Explore **incentives** and co-investment models and encourage **investment** and **innovation** to support maintenance and enhancement.

📊 **Monitor** the status and trends of indigenous biodiversity.

📜 Make sure that **plans** and **decisions** contribute to the maintenance and enhancement of indigenous biodiversity.

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Indigenous biodiversity in Otago

Otago's indigenous biodiversity is remarkably varied. It ranges from the cheeky kea in the Southern Alps/Kā Tiritiri o te Moana, to mokomoko (skinks) sun-basking on schist tors in Central Otago, from giant wētā literally freezing on the Rock and Pillar Range/Pātearoa, to hoiho (yellow-eyed penguins) on our coast. Galaxiid fishes cling to refuge streams, while threatened cushion plants and native grasses eke out a living on wind-scoured ridge-tops. Lowland podocarps, kānuka shrublands, and rare dune systems hold remnants of once-dominant ecosystems. Cockles/Tuaki nestle in coastal estuaries and offshore, pakeke (New Zealand sea-lions), forests of Giant Kelp/Rimurapa and sponge gardens play their part.

Each of these species is a thread in a wider ecological fabric. When that fabric frays — through habitat loss, the impact of pests, or climate stresses — every other thread is put at risk. Maintaining indigenous biodiversity is both a duty and a practical necessity for the health and resilience of Otago's environment and our communities.

For Kāi Tahu, the relationship with indigenous biodiversity is through the Te Ao Māori world view, anchored in whakapapa (genealogy), which begins with the union of Rakinui and Papatūānuku. Raki coupled with a number of wives, including Papatūānuku. From Raki's many unions came offspring, who together were responsible for creating the elements that constitute the taiao (natural world) today, including the mountains, rivers, forests and seas, and all fish, bird and other animal life (including humans). Kāi Tahu claim the same descent from Raki and his wives and are therefore connected to all things by whakapapa (genealogical ties). This is reflected in the exercise of rakatirataka, the inherited authority to give effect to Kāi Tahu culture and traditions in the management of the natural world. kaitiakitaka is the practical expression of rakatirataka, and in this context, it can be briefly summarised up as having the right and responsibility to care and look after the environment.

Otago communities have expressed a deep connection to indigenous biodiversity and a strong desire to maintain and enhance it. Indigenous biodiversity is valued in its own right, as well as for the sense of place and identity it provides. Our tourism industry relies on it for its branding, and it is an important part of functioning natural systems. These systems contribute essential services like clean water, fertile soil, climate regulation, and protection from floods and erosion. In Otago, these support farming, tourism, and community wellbeing.

Maintenance of indigenous biodiversity is one of the Otago Regional Council's (ORC) core responsibilities under the Resource Management Act 1991 (RMA). Section 30(1)(ga) of the RMA tasks every regional council with *"the establishment, implementation, and review of objectives, policies, and methods for maintaining indigenous biological diversity."* Maintaining the native plants, animals, fungi, and the places they live is a core part of how ORC gives effect to the RMA in Otago. Community expectations clearly reinforce this mandate and call for leadership, ambition, and meaningful action, indicating the need for a strategy.

Legislation provides clear, complementary definitions for indigenous biodiversity:

- **RMA definition (as "biological diversity")** – *"the variability among living organisms, and the ecological complexes of which they are a part, including diversity within species, between species, and of ecosystems."*
- **National Policy Statement for Indigenous Biodiversity (definition of indigenous biodiversity)** – *"the living organisms that occur naturally in New Zealand, and the ecological complexes of which they are part, including all forms of indigenous flora, fauna, and fungi, and their habitats."*

Together, these definitions tell us that indigenous biodiversity is not just the species themselves; it is the full tapestry of genes, species, habitats, and ecological relationships that occur here naturally.

Where are we now?

Otago's extraordinary mix of alpine, freshwater, lowland and marine ecosystems is in crisis as a result of threats like invasive pests, habitat loss and climate change. For example, rabbits and wilding conifers are reshaping landscapes and eroding soil health, and freshwater and marine pests such as didymo, lake-snow, lagarosiphon and exotic seaweeds displace native species and undermine recreation and tourism. These biological threats sit alongside longstanding pressures of habitat loss, drainage of remaining wetlands, and modification of rivers, streams and coastlines for urban expansion, flood control, irrigation and hydro-generation. These pressures, combined with pollution from land use and urban activities, have led to declining water quality and the degradation of many freshwater and coastal marine habitats.

In Otago 20% of native birds, 97% of lizards and 40% of plants are now threatened or at risk with regional extinction, while several ecosystem types survive at only a fraction of their pre-human extent. Climate change will intensify these threats and increase the occurrence of new pests. Efforts to arrest the decline are fragmented across agencies and initiatives, with no single mechanism coordinating action, measuring cumulative effects or aligning investment at landscape scale.

This carries clear economic, cultural and social costs: higher pest-control expenditure, lost productivity, diminished natural capital and tourism brand, and reduced recreational and cultural wellbeing for Otago communities who value indigenous biodiversity.

For Kāi Tahu, who are connected with Otago's indigenous biodiversity through whakapapa, the loss of indigenous biodiversity and the growing distance between the people and what indigenous biodiversity remains affects the ability to exercise rakatirataka by undermining this relationship, responsibilities and practices. The loss of mahika kai and taoka species and habitats has had a drastic effect on cultural identity, the ability to fulfil kaitiaki responsibilities and pass on mātauraka to future generations.

But across the region, people are already taking action. Kāi Tahu lead place-based projects grounded in whakapapa and mātauraka. Landowners and communities act as stewards of indigenous biodiversity on their whenua. Community groups, farmers, and businesses are taking action and establishing best practice, and many are highly effective. Central and local government initiatives complement this work.

There is growing ambition across Otago to achieve a net increase in indigenous biodiversity. At the same time, there is recognition that our first responsibility is to protect what remains; the ecosystems and species we still have are irreplaceable foundations to build from.

Jobs for Nature has shown that investment in indigenous biodiversity can unlock action at scale, build capability, and strengthen relationships. While this funding has ended, it has built momentum that Otago can continue to build from.

There is growing interest in investing in indigenous biodiversity enhancement — for a range of reasons including climate goals, water quantity and quality, flood mitigation, environmental outcomes, and social or cultural values. These efforts can help achieve maintenance and enhancement of indigenous biodiversity if they are locally grounded and directed to where they make the greatest contribution.

Biodiversity loss is not inevitable. But reversing current trends will require clear priorities, sustained commitment, and coordination across the many groups and sectors who have a part to play.

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What are we aiming to achieve

Long term vision

Ki uta ki tai, our awa connect our mountains and great lakes to our beautiful coastline and ocean depths, reflecting the mauri of te taiao. Mana whenua as kaitiaki and our communities as stewards work together to achieve healthy, thriving and resilient indigenous biodiversity across our region's catchments, coast and ocean, providing for the health of the people.

Toitū te marae a Tane-Mahuta
Toitū te marae a Takaroa
Toitū te takata
'If the land is well, if the sea is well, the people will thrive'.

Outcomes - what we are aiming to achieve by 2040 or earlier

Indigenous biodiversity is maintained and resilient

The condition, quantity and diversity of indigenous biodiversity is maintained, and indigenous biodiversity is resilient to pressures such as pests, pressures on habitats and climate change.

Indigenous biodiversity is enhanced strategically

Enhancement efforts are targeted to achieve shared visions that are developed with our communities, to reflect their aspirations.

Mana whenua are supported to exercise kaitiakitaka

Kāi Tahu exercise rakatirataka, leading and participating in indigenous biodiversity management. Kāi Tahu are supported to exercise kaitiakitaka, with mātauraka and mahika kai practices valued and upheld.

Communities are empowered as stewards

People across Otago are enabled to take action, with support tailored to their role, place and stage of their journey as stewards of indigenous biodiversity.

ORC is leading proactive responses to emerging issues

ORC leads a region wide approach, threats to indigenous biodiversity are being detected early and timely, appropriate responses are happening even when the issue was not predicted.

The decline of indigenous species and ecosystems is reversed

Overall loss of species and ecosystems is stopped, and action is taken to target key drivers of their decline.

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How will we get there

Principles / How we'll work

Mauri

We will prioritise the mauri, intrinsic value and wellbeing of indigenous biodiversity and recognise people's connections and relationships with it. The health and wellbeing of people and communities are dependent on the health and wellbeing of indigenous biodiversity and in return people have a responsibility to care for and nurture it.

Biodiversity in Otago includes valued introduced species, many of which are important for our everyday lives, the primary sector, and recreation and commercial opportunities. To reflect our specific role, however, we will work to maintain and enhance indigenous biodiversity.

Ki uta ki tai – from the mountains to the sea

We will embrace ki uta ki tai, recognising that the environment is an interconnected system which depends on its connections to flourish and must be managed as an interdependent across land, freshwater, coast and marine environments. From the mountains to the sea, from urban to rural.

This acknowledges the web of interconnectedness between indigenous species, ecosystems, the wider environment, and the community, at both a physical and metaphysical level.

We will adopt catchment-scale approaches, and align efforts across land, freshwater, coast and marine environments.

We will reflect ki uta ki tai in the way we connect communities, organisations, and those taking action.

He awa whiria – valuing our diverse knowledge systems

We will apply Mātauraka Kāi Tahu, western science and community knowledge as valuable, complimentary and distinct knowledge systems in the management of indigenous biodiversity.

We have distinct responsibilities to each. We will identify where these knowledge systems mingle and mix, like the ever-changing streams of a braided river, to generate new approaches and ways of understanding for better results.

Kotahitanga – investing in working together

We will value and invest in relationships and ways of working together as a foundation for knowledge sharing, working to our strengths, combining efforts, and enabling clear and decisive action.

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Strategic Pou - what we'll do, across our biodiversity and biosecurity work

STRATEGIC POU: Focus Action to Maintain and Enhance-Tiaki me te Whakahaumanu

🎯 **Identify** indigenous biodiversity focus areas.

We will continue to develop a comprehensive and up-to-date knowledge base of what indigenous biodiversity exists in Otago, where it is located, how it is doing, why it is in its current state, and what methods and actions can support its maintenance.

This knowledge base draws on ORC's monitoring and analysis, contributions from partners, and relevant data provided by others. Respecting confidentiality, this information will be made accessible and understandable for a wide audience, from landowners and community groups to policymakers and planners.

We will use this knowledge to identify indigenous biodiversity focus areas based on their importance in contributing to the maintenance of indigenous biodiversity in Otago, and the availability and effectiveness of practical methods to maintain or enhance them.

While these areas are only part of what is required for the maintenance of indigenous biodiversity, they will allow action to be targeted where it will have the most impact. Additional indigenous biodiversity focus areas will be identified where indigenous biodiversity supports critical ecosystem services[1] for communities and the economy.

🌀 **Partner** with mana whenua to ensure the sustainability of **taoka** species and their habitats, and **mahika kai**.

We will work in partnership with mana whenua to identify taoka species, their habitats, and mahika kai values. This includes co-designing and delivering a process to identify relevant indigenous biodiversity focus areas that support their sustainability.

🏞️ Work with communities to create **landscape-scale visions** for maintenance and enhancement of indigenous biodiversity.

We will co-design landscape-scale visions for the maintenance and enhancement of indigenous biodiversity, including through Catchment Action Plans. We will seek commitment from mana whenua, our communities, central government agencies and councils on these visions. If we all commit to them and actively work to achieve them, they will become the heart of Otago's strategic approach, and shape how we apply resource management legislation and national direction in Otago.

🚀 Promote and fund actions to achieve the above, monitor the outcomes, and continuously improve.

We will promote, fund and enable mana whenua, community action groups, landowners, and businesses to take effective action across indigenous biodiversity focus areas and to achieve landscape scale visions. This contributes to the maintenance and enhancement of indigenous biodiversity and sustains taoka species, their habitats, and mahika kai.

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[1] Ecosystem services are the benefits people receive from nature - such as clean water, fertile soil, flood protection, pollination, climate regulation, and cultural or recreational values.

We will set outcome indicators to track progress and guide continuous improvement where action is underway.

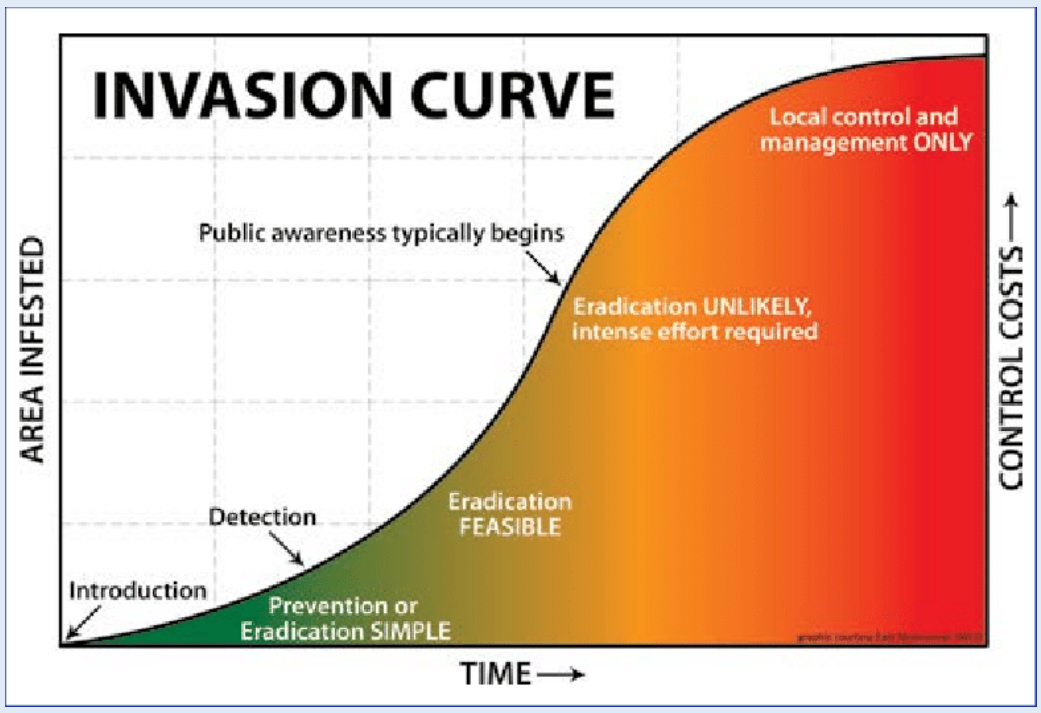
We will prioritise action and funding where indigenous biodiversity has received legal protection, e.g. voluntary Open Space Covenant or Ngā Whenua Rāhui, to ensure its maintenance (e.g. pest control and fencing).

🔍 **Monitor** for **emerging** pests and other **threats** to indigenous biodiversity and **respond effectively**.

We will establish best-practice pathways management, risk-based surveillance and monitoring, and systems that enable a timely and appropriate response to pests and other threats to indigenous biodiversity.

In indigenous biodiversity focus areas, we will undertake targeted surveillance to provide early warning of emerging pests/pressures, enabling timely and effective action where it matters most.

Proactive Intervention: So that monitoring and surveillance for emerging pests and threats to indigenous biodiversity leads to effective action, we will use the invasion-curve concept from pest management to guide decision-making and prioritise effort. The invasion curve illustrates that the earlier a pest or threat is detected and addressed, the more cost-effective and impactful the response is likely to be. Early action - such as exclusion or eradication - offers the greatest ecological return, while delayed responses often require more sustained and costly control with diminishing benefits.



STRATEGIC POU: Empower Action - *Whakahau*

Partner with mana whenua on action.

We will work with mana whenua to identify opportunities for partnership on action that maintains and enhances indigenous biodiversity and ensures the sustainability of taoka species and their habitats, and mahika kai. These partnerships enable the exercise of kaitiakitaka and the application of mātauraka Māori, creating intergenerational outcomes for indigenous biodiversity and communities across Otago.

Connect people to local indigenous biodiversity to **inspire** action.

We will take a targeted engagement approach that highlights Otago's unique indigenous biodiversity - whether in neighbourhoods, on farms, or in local streams - while testing what most effectively converts inspiration into action. By meeting people where they are, we will work with mana whenua, schools, landowners, and community groups. We'll encourage those we inspire to join existing efforts as a priority and - where they are equipped and motivated - launch new projects in local focus areas and advance work on landscape-scale visions where gaps once existed.

Share knowledge and build capability to **enable** action.

We will identify the knowledge and capabilities needed to enable effective action, and connect those taking action with existing support, tools, or expertise - whether provided by ORC or others. Where gaps exist, we will help fill them. This will ensure mana whenua, landowners, communities, and businesses are equipped to take confident, sustained, and impactful action across focus areas and landscape-scale visions, making the outcomes of kaitiakitaka and stewardship increasingly visible across Otago.

Collaborate with those leading action in the community.

We will collaborate with mana whenua, community groups, landowners, and businesses who are already leading action for indigenous biodiversity. By working to our respective strengths, we will enable and support these leaders to extend their impact and, where appropriate, help others take action.

Build on mana whenua, landowner, and community **best practice**.

We will identify best practices developed by mana whenua, landowners, and communities that lead to strong outcomes for indigenous biodiversity. We will facilitate opportunities for these to be shared across Otago, peer-to-peer, and by helping to bring people together.

Share information about where **action** is and isn't happening.

We will map where action is - and isn't - happening across Otago and, where appropriate, share this alongside relevant indigenous biodiversity knowledge and landscape-scale visions. This will help identify gaps, contribute to success stories, and connect people taking similar action.

Co-design solutions with our communities and **co-ordinate** action.

We will use co-design and coordinated planning to guide indigenous biodiversity and biosecurity work across the region. This place-based approach will bring together mana whenua, landowners, communities, and others to manage pests, and deliver action for indigenous biodiversity focus areas and landscape-scale visions. It will support stronger local ownership, lasting action, and more resilient indigenous biodiversity.

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STRATEGIC POU: Get the System Right - *Tūāpapa*

🧭 Strengthen **leadership** and **collaboration** on shared interests with central government and councils in **partnership** with mana whenua.

We will establish and support a coordinated leadership group - bringing together central government, councils, and mana whenua - to form an alliance for the maintenance and enhancement of indigenous biodiversity. This alliance will provide clarity, leadership, and decision-making in areas of shared interest, and will invest in strong relationships and effective ways of working. The Otago Biodiversity Forum will continue to promote collaboration and action at staff level between central government, councils and mana whenua, and provide advice to the leadership group.

We will work closely with neighbouring councils to ensure consistent planning, best practice sharing, and coordinated responses to cross-regional pests and other threats to biodiversity.

We will identify region wide pests and other threats to biodiversity and work with the agencies, groups or individuals with the right capabilities to address these.

🌱 Explore **incentives** and co-investment models and encourage **investment** and **innovation** to support maintenance and enhancement.

We will explore ways to support landowners to take action that maintains and enhances indigenous biodiversity, including incentives, such as rates relief.

We will explore co-investment approaches and encourage market- and regulation-driven investment - such as offsetting - toward actions needed to maintain and enhance indigenous biodiversity in focus areas and landscape-scale visions. Investment will be directed to where it has the greatest impact, guided by mana whenua and community values, and informed by our knowledge base.

We will use our knowledge base to identify the innovative tools and methods needed to maintain and enhance indigenous biodiversity and encourage others to provide these.

📊 **Monitor** the status and trends of indigenous biodiversity.

We will provide regional indicators that track the status and trend of indigenous biodiversity in Otago and, where possible, the cultural health of taoka species, their habitats, and mahika kai. These indicators will help to inform regional and local decision-making, and support communication of both progress and gaps. A relevant subset will be made available for use by District Councils. Outcome measures will continue to be applied in areas where action is underway, helping to guide continuous improvement and demonstrate impact.

📜 Make sure that **plans** and **decisions** contribute to the maintenance and enhancement of indigenous biodiversity.

Working with mana whenua and our communities, we will prepare and implement a fit-for-purpose Regional Pest Management Plan that addresses pests impacting the maintenance of indigenous biodiversity.

Regional policies and regulation will continue to be developed and implemented to set clear expectations for the management of activities that have the potential to adversely impact indigenous biodiversity. Compliance monitoring and enforcement will continue to be prioritised to support these outcomes. Across all decisions - including infrastructure investment - ORC will have processes in place to ensure indigenous biodiversity is considered.

Together, non-regulatory action, pest management, planning, and decision-making will all work to uphold kaitiakitaka, empower stewardship, and deliver improved indigenous biodiversity outcomes across Otago.

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Appendix 1: About the strategy

Strategy is about choosing a particular approach or course of action to achieve desired outcomes. It is essential for navigating our complex environmental challenges such as managing the region's indigenous biodiversity. Strategy helps us to prioritise actions and investments, coordinate with other councils, central government, mana whenua and stakeholders, and manage our limited resources responsibly. It also helps us to respond proactively to emerging issues while ensuring transparency and accountability to ratepayers.

The purpose of this indigenous biodiversity strategy is to provide clarity on what we're aiming to achieve and how we plan to get there. It sets out the approach that we will take and provides a framework for decision-making. It helps us plan our actions, allocate resources effectively, coordinate across different areas of responsibility, and build capability and capacity where it is needed. It provides the rationale to help communicate both what we are going to focus on and what will not be a priority for us just now.

By taking a strategic approach, we can ensure that our work is focused, future-proofed, and aligned with the long-term wellbeing of the people and places we serve.

The strategy:

- Describes the approach that we, ORC, will take to achieve the desired outcomes for the region's indigenous biodiversity.
- Outlines the activities that we, ORC, will prioritise when developing work programmes and budgets, and when making strategic decisions about resource allocation.
- Informs our business planning processes for each Long-Term Plan and Annual Plan.
- Guides the development of policies and regulations.
- Is referred to in Council papers to support our elected members when making strategic decisions.
- Helps us understand how all our activities interact.

The strategy is a non-statutory document that shows how we intend to give effect to the relevant components of ORC's Strategic Directions and our legislative and statutory responsibilities.

The strategy is owned by the Otago Regional Council, but it also describes how we will work with others in pursuit of our common ambitions. Key relationships for the delivery of this strategy include:

- Mana whenua due to our ambition of further strengthening effective and meaningful partnerships and to go above and beyond our statutory responsibilities (as prescribed in local government and treaty settlement legislation) to support the intention of the Crown to uphold the principles of Te Tiriti o Waitangi / The Treaty of Waitangi.
- The region's district and city councils due to our aligned legislative and moral responsibilities to the region's communities, which are best delivered when we work together.
- Other agencies with clear mandated responsibilities in this space, such as the Department of Conservation and research and educational institutions.
- Groups with strong interest and influence in this space, such as environmental conservation community groups.
- All those people and groups who will be directly affected by our activities.

Successful implementation of the strategy will be evident through decision-making that results in the desired shifts and outcomes for the region's indigenous biodiversity. We will monitor the implementation and effectiveness of this strategy, and ensure it is reviewed if it is not having the desired impact and / or changes to the operating environment mean that it is no longer fit-for-purpose.

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Appendix 2: Building on Our Biodiversity and Biosecurity Foundations

The 2018 Biodiversity Strategy and the 2019 Biosecurity Strategy have guided ORC's Biodiversity and Biosecurity work, laying the foundation for where we are today. They helped build the core strengths we now use to take an integrated, outcome-focused approach.

Building the foundation

The 2018 Biodiversity Strategy laid important groundwork for ORC. It clarified ORC's role in maintaining indigenous biodiversity and led to a better indigenous biodiversity knowledge base, improved relationships, and collaboration with mana whenua and other agencies, along with an increasing ability to empower communities, collaborate with those leading action, and better internal coordination.

The 2019 Biosecurity Strategy led ORC to build strengths in best practice pest management and step into an enabling, coordinating leadership role aligned with the Biosecurity Act 1993. It also led to a focus on prevention, early response, and sustained control.

Continuing to build strengths

ORC has continued to build the required capabilities to deliver its biodiversity and biosecurity roles beyond the current strategies. Through the Integrated Catchment Management (ICM) Programme, we are building strengths in co-design with our communities and mana whenua. Our Catchments Team is building capabilities to inspire and enable landowners and groups to take action, and our Biosecurity Team has built strengths in coordinating community-led responses to pests.

This strategy builds on those strengths, bringing them together to respond to current challenges and define the next step toward our long-term vision.

The scope of this strategy

This strategy includes indigenous biodiversity across land, freshwater, and coastal marine environments, recognising that the environment is an interconnected system Ki Uta Ki Tai.

This strategy brings together and replaces our previous biodiversity and biosecurity strategies, setting the maintenance and enhancement of indigenous biodiversity as the goal, and recognising biosecurity as a key tool to achieve it. Pests are one of the biggest pressures on indigenous biodiversity, so effective biosecurity is essential to maintain what we have.

By combining the two strategies, we can focus on outcomes and make use of all our strengths, knowledge, and relationships.

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Appendix 3: What we're doing now and what comes next

Focus Action to Maintain and Enhance -*Tiaki me te Whakahaumanu*	What we are doing now	2025-2027 Goals	2027-2032 Goals	2032-2040 Goals
🎯 **Identify** indigenous biodiversity focus areas.	Across terrestrial, freshwater and coastal marine environments, ORC has begun to build a knowledge base of what indigenous biodiversity is in Otago and how it is doing. ORC has also started work on understanding where it is located, why it's in its current state, and what methods and actions can help to maintain it. Alongside this, ORC has advocated for national tools to support this work and developed western science criteria to help spatially prioritise indigenous biodiversity action.	Our indigenous biodiversity knowledge base continues to build and has allowed indigenous biodiversity focus areas to be identified. These are where action should be focused, based on its importance as a contributor to the maintenance of indigenous biodiversity in Otago, and the availability and effectiveness of suitable methods. Our knowledgebase also contains well-structured relevant data provided by other parties.	Indigenous biodiversity focus areas are regularly reviewed using an up-to-date knowledge base that comprehensively spans terrestrial, freshwater, and coastal marine environments. This information is easily accessed and understood by a wide audience, from individuals making decisions on specific projects, to those making policy and other regulatory decisions. Indigenous biodiversity focus areas have been identified for action to maintain and enhance the ecosystem services that indigenous biodiversity provides to our communities and economy.	Action is focused and supports the maintenance of indigenous biodiversity, and the ecosystem services it provides.
🌀 **Partner** with mana whenua to ensure the sustainability of **taoka** species and their habitats, and **mahika kai.**	ORC has demonstrated a commitment to partnering with mana whenua through policy development, collaboration through the Otago Biodiversity Forum, and through action on multiple site-specific projects.	An approach to identifying taoka species, their habitats, and mahika kai values is being designed and carried out in partnership with mana whenua.	Indigenous biodiversity focus areas to ensure the sustainability of taoka species, their habitats, and mahika kai values have been identified, along with actions required to ensure these outcomes.	Action is focused and supports the sustainability of taoka species and their habitats, and restoration of mahika kai locations.
🌲 Work with communities to create **landscape-scale visions** for the maintenance and enhancement of indigenous biodiversity.	Through the Draft Land and Water Regional Plan, ORC worked with mana whenua and communities to identify collective visions for Otago's freshwater ecosystems. ORC's Integrated Catchment Management Programme (ICM) is working with mana whenua and communities to develop Catchment Action Plans (CAPs) that set landscape-scale environmental visions - including for maintaining and enhancing indigenous biodiversity.	Working with mana whenua and our communities, CAPs have been completed for the whole region and are being delivered on. Using a risk-based approach, each CAP identifies and rates the direct threats (pressures) most likely to undermine those goals, then lays out the strategies and actions needed to mitigate them. CAPs are monitored and reviewed regularly to allow new information and lessons learned to be included.	Landscape-scale visions for maintaining and enhancing indigenous biodiversity have been reviewed with up-to-date information and lessons learned. They sit at the heart of Otago's strategic approach, guiding how we implement resource-management legislation and national direction. Central government, councils, mana whenua and our communities are committed to these and are actively working together to deliver on them.	Action is focused and supports the achievement of landscape-scale visions.
🚀 Promote and fund actions to achieve the above, monitor the outcomes, and continuously improve.	ORC currently funds projects that support indigenous biodiversity, taoka species, and mahika kai through the ECO Fund, with larger grants directed to work on threatened or rare species and ecosystems. ORC delivers the Regional Pest Management Plan (RPMP), through surveillance, compliance, public education, and collaboration with landowners and other agencies. Through CAPs outcome indicators are established for action and continuously inform improvements.	Effective and impactful action is enabled and funded across biodiversity focus areas and to implement CAPs. Where action is not yet occurring, it is actively promoted. Outcome indicators are established for action and continuously inform improvements. Decision-making criteria have been developed to ensure that the most effective methods are being applied in focus areas, and across pest management.	Effective and impactful action is occurring at most biodiversity focus areas and towards landscape scale maintenance and enhancement visions. Action is continuously improving, contributing to outcomes for the maintenance and enhancement of indigenous biodiversity and the sustainability of taoka species and mahika kai. Decisions are being made that mean the most effective methods are being applied in focus areas, and across pest management.	Action is focused and impactful. The outcomes of kaitiakitaka and stewardship are increasingly visible, and effective, across Otago
🔍 **Monitor** for **emerging** pests and other **threats** to indigenous biodiversity and **respond effectively**.	Some pest surveillance is undertaken as part of ORC's delivery of the Regional Pest Management Plan (RPMP), including monitoring in freshwater environments. Surveillance is supported through compliance activities, landowner reporting, and coordination with other agencies.	Best-practice pathways and risk-based surveillance and monitoring plans have been developed for pests and other threats to biodiversity. Decision-making criteria have been developed to support timely and appropriate impact-to-effort responses to pest incursions or emerging threats to indigenous biodiversity even when these are not anticipated.	Pest incursions or emerging threats to indigenous biodiversity are prevented or identified early. Action to respond is timely and effective even when these are not anticipated. At indigenous biodiversity focus areas, targeted surveillance provides early warning of emerging pests/pressures, enabling timely and effective action where it matters most.	Pests and other pressures are identified early and addressed efficiently, supporting the maintenance of indigenous biodiversity values and managing pests.

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Empower Action – *Whakahau*	**What we are doing now**	**2025-2027 Goals**	**2027-2035 Goals**	**2032-2040 Goals**
🤝 **Partner** with mana whenua on action.	ORC has demonstrated a commitment to partnering with mana whenua by partnering on multiple projects e.g. the Maintaining the Gains project.	Opportunities to partner on action are being identified and implemented with mana whenua.	Mana whenua projects are enabling kaitiakitaka and mātauraka Māori to be practiced.	Mana whenua are creating intergenerational outcomes for indigenous biodiversity and our communities.
✨ Connect people to local indigenous biodiversity to **inspire** action.	The Catchments Team engage with schools and community groups to inspire action for stream health, and the Biosecurity Team raise awareness of pest species across the region, including 1-1 with landowners or communities and by attending A&P shows and other community events. ORC's communications channels are used to share resources that showcase Otago's unique species and ecosystems and tell indigenous biodiversity success stories	A targeted engagement approach highlights Otago's unique indigenous biodiversity - in the neighbourhood, on the farm, or living in the local stream - while testing what most effectively converts inspiration to action. By meeting people where they are, working with schools, mana whenua, landowners and community groups and focusing on where there is existing interest the approach delivers rapid insight to inform region wide success.	Proven approaches have been scaled up across Otago, strengthening local connection to nature and measurably inspiring action. Communities, businesses, and groups are joining existing efforts, and - where they are equipped and motivated - are launching new projects in local focus areas and advancing work on landscape-scale visions where gaps once existed.	Care for indigenous biodiversity has deepened, on-the-ground action has grown, and kaitiakitaka and stewardship are more visible throughout Otago's environments.
🧰 Share knowledge and build capability to **enable** action.	The Catchments Team delivers farm biodiversity and stream health check workshops, develop management plans aligned with industry assurance programmes, and support community nurseries and propagation.	The knowledge and capabilities needed to enable effective action are starting to be identified. Where these are already provided by others, ORC is connecting them with action-takers and identifying gaps that ORC can help fill.	Mana whenua, landowners, communities and businesses have the knowledge, capability and support systems needed to take sustained and impactful action on focus areas and landscape-scale visions.	Mana whenua, landowners, and communities act with confidence and impact. The outcomes of kaitiakitaka and stewardship are increasingly visible, and effective, across Otago
🤼 **Collaborate** with those leading action in the community.	Mana whenua, community groups, landowners, and businesses are leading action across Otago.	ORC is identifying ways to collaborate with those leading action that reflect the strengths of both parties. Some of those leading action are collaborating with ORC to support others to take action.	ORC and those leading action are working to their strengths, enabling action across the region.	Those leading action are a key enabler of region wide action for indigenous biodiversity
💡 Build on mana whenua, landowner and community best practice.	Best practice is already happening across the region. In our work with those taking action, ORC staff – such as the Catchments Team - take note of best practice and share this where it is helpful.	Mana whenua, landowner, and community best practices have been appropriately identified and ORC has facilitated peer to peer sharing of these across Otago.	Best practice is well known and shared peer to peer, and ORC is helping to bring people together to share best practices.	Best practice is widely adopted and leads to good outcomes.
📍Share information about where action is and isn't happening.	The Integrated Catchment Management Programme's (ICM) GIS tool is a platform for mapping environmental information, mapping where action is happening, and supporting collaboration to identify local priorities, threats, and methods.	Information about where action is - and isn't - happening is being mapped and, where appropriate, shared alongside relevant indigenous biodiversity knowledge and landscape scale visions. This helps identify gaps and connect people taking similar action.	Up-to-date mapping of action informs where efforts to inspire and enable further work are directed. Regional stories of success and gaps are shared to motivate action, while connections between those taking similar approaches help build communities of practice.	Success stories are well known in Otago, effective action is occurring at most focus areas, and on landscape scale visions.
🧩 **Co-design** solutions with our communities and **coordinate** action.	ORC is applying co-design and coordination through existing programmes like ICM and community rabbit programmes. These processes foster collective ownership and delivery through the consideration of multiple values in decision-making.	ICM Catchment Action Planning continues across the region, using this co-design approach and building capability. The same methods are now being piloted in indigenous biodiversity focus areas - for example, to enable coordinated pest control.	Co-design and coordination are now the standard approach for planning and delivering indigenous biodiversity and biosecurity work across the region - moving beyond pilots - and applied across focus areas and to achieve landscape scale visions where necessary. This approach builds on lessons from earlier efforts and uses place-based planning that brings together mana whenua, communities and others.	Co-design and coordination approaches result in stronger local ownership, more resilient indigenous biodiversity, and lasting action across the region.

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Get the System Right - *Tūāpapa*	**What we are doing now**	**2025-2027 Goals**	**2027-2032 Goals**	**2032-2040 Goals**
🧭 Strengthen **leadership** and **collaboration** on shared interests with central government and councils in **partnership** with mana whenua.	ORC has a robust and constructive relationship with mana whenua, and good working relationships with central government and other councils. ORC leads the Otago Biodiversity Forum including Central Government, Council and Mana Whenua staff, to collaborate and take action to enhance indigenous biodiversity. ORC collaborates with neighboring regional councils on biosecurity action.	Building on existing forums, a coordinated leadership group is established between central government, councils, and mana whenua, with a charter to; establish an alliance for the maintenance and enhancement of indigenous biodiversity, and provide leadership, decision-making, and clarity in areas of shared interest. The Otago Biodiversity Forum continues to promote effective collaboration at the kaimahi level and provides relevant advice to the leadership group. Collaboration and coordination with neighboring regional councils allows best practice sharing, consistency, pathways planning, and surveillance to manage pests and to address threats to indigenous biodiversity.	An alliance is established between central government, councils, and mana whenua to address areas of shared interest and the challenge of maintaining and enhancing indigenous biodiversity. The alliance invests in relationships and ways of working together as a foundation for knowledge sharing, working to strengths, combined effort, and clear and decisive action. Effective collaboration and co-ordination with neighbouring regional councils is occurring and providing a coherent response to pests and other threats to indigenous biodiversity across boundaries. Regional wide pests and other threats to indigenous biodiversity have been identified and work is beginning to address these by those with the right capabilities.	Central government, councils and mana whenua are working together seamlessly, across Otago and neighboring regions, to empower stewardship and kaitiakitaka, and maintain and enhance biodiversity.
🌱 Explore **incentives** and co-investment models and encourage **investment** and **innovation** to support maintenance and enhancement.	ORC provides rates relief for land protected by Open Space Covenants.	Incentives like rates relief are being explored to support landowners to take action that contributes to the maintenance and enhancement of indigenous biodiversity, especially in focus areas, or to achieve landscape scale visions.	Appropriate incentives are in place, and landowners are taking action to maintain and enhance indigenous biodiversity. Indigenous biodiversity focus areas and landscape-scale visions are investment-ready, and informed by evidence, mana whenua and community values. Co-investment is coordinated, and the knowledge and relationships required to support investment are in place. The innovative methods needed to effectively maintain and enhance indigenous biodiversity in Otago are being provided by innovators.	Landowners are taking action to maintain and enhance indigenous biodiversity. Investment is consistently directed to the most impactful places (innovation, focus areas and enhancement visions), informed by a strong knowledgebase, mana whenua and community values.
📊 **Monitor** the status and trends of indigenous biodiversity.	ORC has been building the knowledge required for and supported national work on status and trend indicators for indigenous biodiversity. This includes Regional Threat Classification, ecosystem mapping, and health indicators for some ecosystem types.	Regional indicators are provided for Otago, covering some elements of the state of indigenous biodiversity and, to the extent possible, cultural health of taoka species, their habitats and mahika kai. ORC has investigated how district councils might use a subset of these indicators in the future. Outcome measures are in place in areas where action is underway, e.g. those in ICM Catchment Action Plans.	Regional indicators begin to include both status and trend data for Otago, cover most elements of indigenous biodiversity maintenance, and to the extent possible cultural health of taoka species, their habitats and mahika kai. These can be used to inform decision-making as well as storytelling about successes and gaps. A relevant subset of these is available at district council scale. Outcome measures are informing action, e.g. those in ICM Catchment Action Plans.	Indicators show progress on the maintenance and enhancement of indigenous biodiversity and are informing regional and local decision-making and storytelling about successes and gaps. Outcome measures are demonstrating continual improvement.
📜 Make sure that **plans** and **decisions** contribute to the maintenance and enhancement of indigenous biodiversity.	To carry out its function to maintain indigenous biodiversity and manage pests, ORC, prepares and implements the RPMP, Otago Regional Policy Statement, and Regional Plans; makes decisions on resource consents; and monitors and enforces compliance with these consents and relevant National Environment Standards. Compliance monitoring follows a Compliance Plan, which currently includes relevant priorities to support the maintenance of indigenous biodiversity.	The current RPMP continues to be implemented. Work with mana whenua and our communities is progressing to update the RPMP, addressing pests that impact the maintenance of indigenous biodiversity. Regional Policy Statements, and Regional Plans containing objectives, policies, and methods to achieve the maintenance of indigenous biodiversity continue to be implemented. Compliance monitoring and enforcement that supports the maintenance of indigenous biodiversity continues to be prioritised. ORC has processes to ensure indigenous biodiversity is considered in all decisions, e.g. assessing nature-based solutions as options in infrastructure investment.	A fit-for-purpose Regional Pest Management Plan in alignment with the Biosecurity Act 1993 is in place and being implemented, addressing pests that impact the maintenance of biodiversity. Regional policies and regulations are developed and implemented to achieve the maintenance of indigenous biodiversity. Compliance monitoring and enforcement that supports the maintenance of indigenous biodiversity continues to be prioritised. ORC has processes to ensure indigenous biodiversity is considered in all decisions.	Non-regulatory action, pest management, policies, regulations and decisions work together, empower stewardship and kaitiakitaka, and ensure maintenance of indigenous biodiversity and contribute to its enhancement Decision-making has resulted in increased maintenance and enhancement of indigenous biodiversity across the region, delivering better value for money and contributing to multiple outcomes.

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Appendix 4: Measuring progress & review

Measuring progress on this strategy will be part of a wider framework of outcome reporting undertaken for our Strategic Directions 2024–2034.

Measuring progress on actions that result from the Strategy

An implementation plan, including actions to implement the strategy, will be prepared by June 2026, this will inform the Long Term Plan, and progress on actions will be reported to council annually.

Measuring progress to maintain indigenous biodiversity across Otago

To understand the effectiveness of the strategy, we will track measures that help us understand whether indigenous biodiversity is being maintained. These measures will cover what we measure and the trend we aim to see. They will be developed by June 2026, drawing on available data, and reported annually. Data sources include national datasets, data from other agencies, and ORC's own monitoring programmes across land, freshwater, wetland, estuarine, and coastal marine environments.

Example measures

Environment	Source	Measure	Trend we aim to see
Land	Regional Threat Assessments	% terrestrial species threatened with extinction	Decrease
	New Zealand Land Cover Database	Area of indigenous biodiversity extent on land lost (ha) Area of indigenous biodiversity extent on land gained (ha)	Decrease Increase
	Open Space Covenant, Ngā whenua rāhui, Conservation Act.	Area of legally protected land (ha)	Increase

Measuring the pressures on indigenous biodiversity across Otago

We will also develop indicators that track pressures on indigenous biodiversity. These will be in place by June 2026 and reported annually to Council.

Example measures

Environment	Source	Measure	Trend we aim to see
Land	Pest surveillance	% of first inspections compliant with the Regional Pest Management Plan	Increase
	Wilding conifer control programme	Area infested with wilding conifers (ha)	Decrease
Freshwater	State of the Environment monitoring	Water quality	Increase

About our monitoring programmes

In response to requirements in national policy statements and the Resource Management Act ORC has been building its ability to monitor indigenous biodiversity in Otago.

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These programmes are beginning to be established and have been developed in line with national best practice. Monitoring is repeated on a regular cycle. Some programmes are already beginning to show patterns, while those more recently established will do this over time as monitoring is repeated.

During the course of strategy implementation these programmes will begin to provide a more complete picture across Otago's land, freshwater, wetland, estuarine, and coastal marine environments and both the status and trends of indigenous biodiversity in Otago. Where possible, we will also begin to infer indigenous biodiversity trajectories using historic datasets, allowing us to identify emerging patterns and anticipate future risks and opportunities.

Measuring the outcome of actions on the ground to inform adaptive management

In areas where action is being taken, we will carry out targeted monitoring to assess whether those actions are effective. This supports adaptive management to ensure we adjust our approach as needed to improve outcomes. This is already part of the Catchment Action Plans produced by the Integrated Catchment Management Program.

Review

This strategy will be reviewed every three years, using the measures described above, to ensure it remains effective and relevant.

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Appendix 5: The role of ORC in indigenous biodiversity and biosecurity

Otago Regional Council has two distinct but complementary responsibilities when it comes to supporting indigenous biodiversity in the region: maintaining biodiversity under the Resource Management Act 1991 (RMA) and managing pests under the Biosecurity Act 1993.

ORC is responsible for establishing, implementing, and reviewing objectives, policies, and methods to maintain indigenous biological diversity.

This is a function of all regional councils under section 30(1)(ga) of the RMA. The National Policy Statement for Indigenous Biodiversity (NPSIB) provides national direction to inform this role. Clause 1.7 of the NPSIB defines *maintenance* as:

"the maintenance and at least no overall reduction of all the following: (i) the size of populations of indigenous species; (ii) indigenous species occupancy across their natural range; (iii) the properties and function of ecosystems and habitats used or occupied by indigenous biodiversity; (iv) the full range and extent of ecosystems and habitats used or occupied by indigenous biodiversity; (v) connectivity between, and buffering around, ecosystems used or occupied by indigenous biodiversity; (vi) the resilience and adaptability of ecosystems; and (b) where necessary, the restoration and enhancement of ecosystems and habitats."

To achieve this, ORC sets policy across land, freshwater, and the coastal marine area, and regulations for the freshwater and the coastal marine area (including the seabed). Regulation to achieve this on land is the responsibility of territorial authorities (TAs), meaning that a high level of coordination is required to ensure alignment and avoid gaps.

Maintaining indigenous biodiversity requires more than just setting policies and regulations. It also depends on the actions of many others beyond ORC's direct control. This reinforces the need for ORC to combine strong policy and regulation with effective pest management, coordinated leadership and collaboration, and to enable kaitiakitaka, empower stewardship, and support action on the ground.

ORC is responsible for monitoring the status and trend of indigenous biodiversity in Otago.

This monitoring is required under section 35 of the RMA and helps the council and the community understand whether policies and actions are working. It also provides a basis for science-informed decision-making, adaptive management, and early intervention when issues emerge.

ORC is the lead agency for regional pest management under the Biosecurity Act 1993.

ORC is empowered to prepare and implement a Regional Pest Management Plan (RPMP), which sets out how pests that threaten biodiversity, productive land, or community values will be excluded, controlled, or eradicated. ORC uses this plan to identify priority pests, coordinate action across the region, and set rules that apply to landowners, agencies, and occupiers. It also leads public awareness and regional surveillance and pathway management to prevent the spread of harmful organisms.

These roles cannot be carried out in isolation.

These responsibilities cannot be carried out in isolation. Indigenous biodiversity spans ecological boundaries—across land, freshwater, and coastal systems—and crosses institutional boundaries between local, regional, and national authorities. Successfully maintaining and enhancing biodiversity requires collaboration across these domains, grounded in shared purpose and mutual respect.

Mana whenua hold a central role, with responsibilities grounded in whakapapa, rakatirataka, mātauraka Māori, and kaitiakitaka. The Department of Conservation (DOC) contributes deep expertise in threatened species recovery, manages extensive conservation lands, and plays a key role in marine protection. Local councils play a vital role in land use decisions, manage reserves, fund biodiversity initiatives, and undertake local pest control. Many community groups, landowners, and businesses are already leading action on the ground, bringing place-based knowledge, resources, and commitment.

The scale and complexity of biodiversity challenges call for deliberate coordination across these roles. ORC's success depends on working collaboratively to identify shared priorities, align actions, support complementary strengths, and fill gaps where needed.

The map below illustrates the spatial scope of ORC's role in maintaining indigenous biodiversity and managing biosecurity—across Otago's land, freshwater, and coastal marine environments.

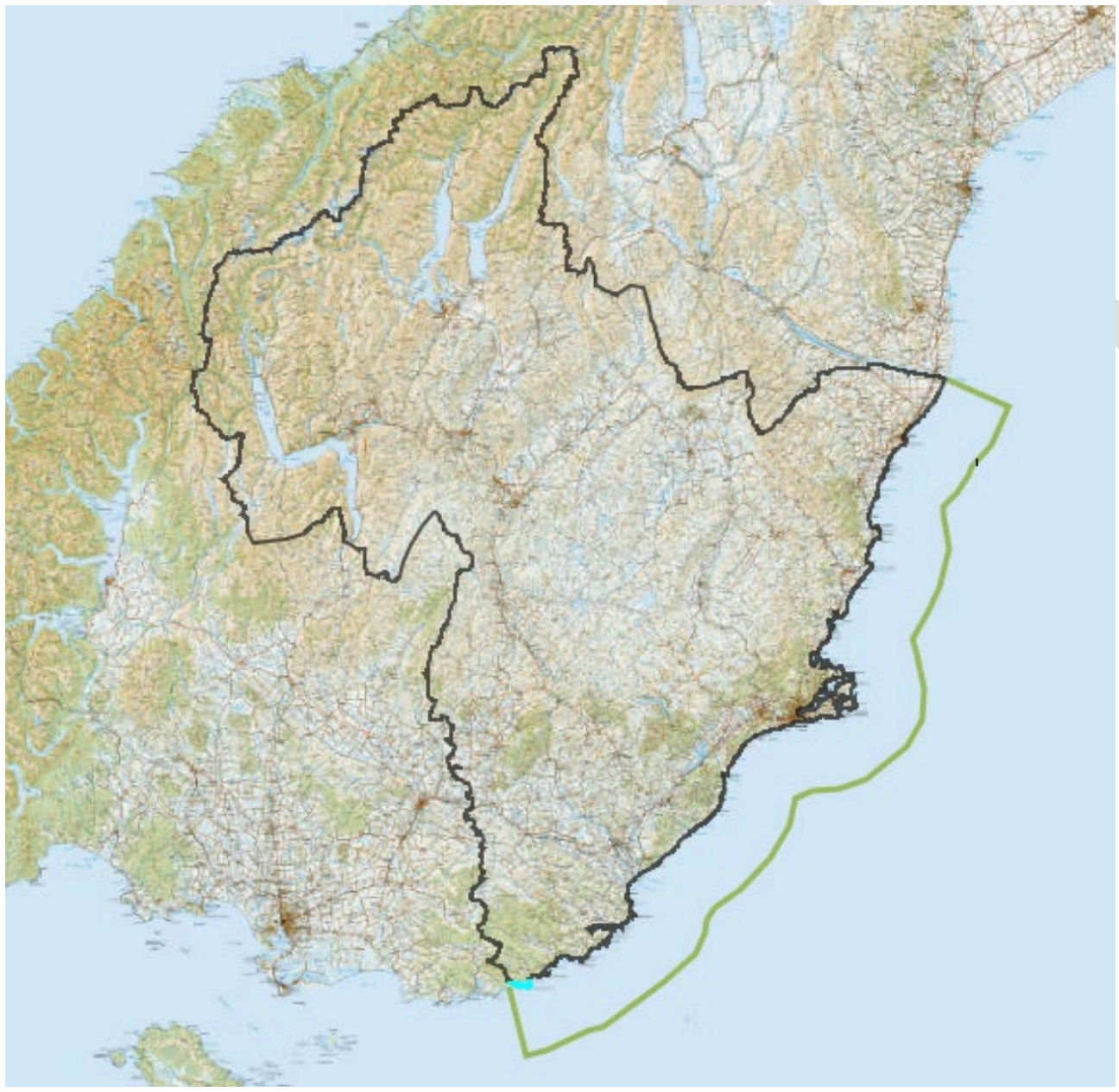

Figure 1. ORC's area of responsibility. Land, Freshwater, and Coastal Marine Area (CMA)

Appendix 6: The roles of the various other agencies with statutory responsibilities for indigenous biodiversity and biosecurity

Territorial Authorities (TAs)

TAs have specific functions under the Resource Management Act 1991 (RMA) to ensure the maintenance of indigenous biodiversity within their districts. They are responsible for controlling the effects of land use and subdivision for this purpose, and for identifying and protecting areas of significant indigenous vegetation and significant habitats of indigenous fauna. They must also have regard to the intrinsic values of ecosystems in their decision-making. These responsibilities are delivered through district plans and consent conditions.

Otago is made up of five TAs: Dunedin City Council, Clutha District Council, Central Otago District Council, Queenstown Lakes District Council, and Waitaki District Council (noting that Waitaki spans both the Otago and Canterbury regions). Each council manages reserves and other council-administered land, and is responsible for undertaking pest management on that land where required by the Regional Pest Management Plan (RPMP). This land may contain or contribute to indigenous biodiversity values, including habitat for native species or ecological connectivity.

TAs are also required to give effect to the National Policy Statement for Indigenous Biodiversity (NPSIB) and to work alongside regional councils, mana whenua, and communities to ensure land use decisions and management actions support the ongoing maintenance of indigenous biodiversity. Several of Otago's TAs are actively leading, facilitating, and funding on-the-ground action to maintain and enhance indigenous biodiversity in their districts.

Ministry for Primary Industries (MPI)

MPI is the central government agency responsible for leading New Zealand's biosecurity system. Its role includes preventing the introduction and spread of pests and diseases, undertaking national and regional surveillance, and leading responses to biosecurity incursions. MPI administers the Biosecurity Act and provides national direction through key frameworks such as the National Policy Direction for Pest Management 2015, the Biosecurity 2025 Direction Statement, and the Pest Management National Plan of Action 2010.

MPI leads national and sub-national biosecurity responses, working in partnership with other agencies, iwi/Māori, industry, and communities.

All MPI functions are carried out under ministerial direction and within available government funding.

Department of Conservation (DOC)

DOC is the central government agency responsible for protecting New Zealand's natural and historic resources. Its indigenous biodiversity role focuses on managing 8.75 million hectares of public conservation lands and waters, preserving native species and ecosystems (s6 Conservation Act), and delivering on-the-ground programmes such as weed and pest control. DOC prepares conservation management strategies, develops recovery plans for threatened species, and delivers species- and ecosystem-focused programmes based on conservation priorities and resourcing.

DOC provides legal protection to certain species and habitats - including indigenous freshwater fish and their habitats - under the Wildlife Act 1953, Fisheries Act 1996, and other legislation. DOC also plays a

significant role in marine protection, including the establishment and management of marine reserves under the Marine Reserves Act 1971.

Under the Wild Animal Control Act 1977, DOC manages wild animals such as deer, goats, pigs, and tahr on public conservation land to limit ecological harm, using targeted control, permits, and regulated hunting. DOC is also responsible for undertaking pest management where required by Regional Pest Management Plans.

DOC acts as a conservation advocate under the Resource Management Act 1991, participating in planning and policy processes and making submissions. It is also responsible for preparing and monitoring the New Zealand Coastal Policy Statement (NZCPS), which sets national direction for the management of the Coastal Marine Area (CMA). All DOC functions are carried out under ministerial direction and within available government funding.

Land Information New Zealand (LINZ)

LINZ is the central government agency responsible for managing Crown land not administered by other agencies. It oversees around 1.7 million hectares across Aotearoa - about 8% of the country's land area - including high country pastoral leases, Crown forest licensed land, surplus railway land, and the beds of many lakes and rivers.

This land contains or contributes to indigenous biodiversity values, including habitat for native species and ecological connectivity. LINZ is responsible for biosecurity on the land it manages, undertaking pest control programmes in collaboration with regional councils and other partners. These efforts contribute to the maintenance and enhancement of biodiversity and help meet obligations under Regional Pest Management Plans.

All LINZ functions are carried out under ministerial direction and within available government funding.

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Appendix 7: Risk management

Risk	What we will do about it
People may expect ORC to do everything. Some may think ORC is responsible for all biodiversity work, including on-the-ground action.	We're clear that ORC's job is to lead, coordinate, collaborate and empower. The strategy explains how outcomes will only be achieved by working together.
The targets are ambitious. People may expect big results quickly.	Throughout this strategy, we have emphasised the importance of working together, using methods such as the ICM programme and regional forums to co-develop plans and share responsibility.
Insufficient capacity to support collaborative work. If ORC under-resources its capacity to collaborate with others, it may limit the ability to achieve the outcomes.	Right-size the investment in our ability to collaborate.
Fragmented action across land, freshwater, and marine – Outcomes are undermined if work is siloed by environment type or agency boundary.	We will apply a ki uta ki tai lens across planning and delivery using methods such as the ICM programme to strengthen coordination between ORC teams and with external partners.
Community burnout or unclear support boundaries – if ORC oversteps or under-supports community-led efforts, trust and momentum may be lost.	We will communicate that ORC's role is to enable and not to require people to act, and not to replace community stewardship.
Inability to anticipate or respond to emerging threats.	We are investing in monitoring and science, and using flexible planning so we can respond quickly as new challenges and opportunities arise.
RMA reform could change ORC's legal responsibilities	We are prioritizing no regrets actions: a strong knowledge base, strong relationships, and trust. These will help us stay effective no matter how the legal framework evolves.

DRAFT

10.6. Regional Deals

Prepared for:	Council
Report No.	GOV2576
Activity:	Community: Governance & Community
Author:	Anita Dawe, General Manager Planning and Transport Andrea Howard, Chief Advisor to the CE and Chair
Endorsed by:	Richard Saunders, Chief Executive
Date:	25 June 2025

PURPOSE

[1] Otago Regional Council (ORC), Central Otago District Council (CODC) and Queenstown Lakes District Council (QLDC) have formed a strategic partnership to develop a proposed Regional Deal for the Otago Central Lakes (OCL) region, aimed at unlocking long-term investment and coordinated regional development.

[2] A Cabinet decision on which proposals will proceed to the next phase is expected in June 2025. Regions that are successful will be expected to enter negotiations immediately. Confirming a clear negotiation approach in advance will ensure OCL is well positioned to participate effectively in the Regional Deal process if the opportunity arises.

[3] The purpose of this paper is to set out the options and recommendations for an approach to negotiation should we be offered a chance to proceed, alongside draft priorities and negotiating principles.

EXECUTIVE SUMMARY

[4] In December 2024, ORC along with CODC and QLDC, submitted an Expression of Interest to Government, in relation to Regional Deals. The Expression of Interest was developed into a 'light touch' proposal and submitted to the Department of Internal Affairs (DIA) in late February 2025, following approval by Council at its 26 February 2025 meeting, alongside similar approval processes from CODC and QLDC.

[5] The purpose behind Regional Deals is to support the Central government aim to facilitate enduring partnerships with local government, built around a shared 30-year vision and a ten-year strategic investment plan that delivers agreed regional outcomes.

[6] Government has outlined what Regional Deals will/will not do, and how it will participate. ORC has partnered with QLDC and CODC in preparing a Regional Deal proposal for OCL based on the Government's Strategic Framework.

[7] This paper sets out the recommended approach for the three partner councils to collaboratively make decisions and participate in any future Regional Deal negotiations.

RECOMMENDATION

That the Council

1) ***Approve*** *the proposal to establish a Joint Committee with Queenstown Lakes District Council and Central Otago District Council to ensure the region is well positioned should the light touch proposal for a Regional Deal progress.*

2) ***Appoint*** *the Chair to represent the Otago Regional Council on the Joint Committee.*

3) ***Nominate*** *an additional member of Council to represent the Otago Regional Council on the Joint Committee (alongside the Chair).*

4) ***Note*** *that the Joint Committee will appoint a Joint Subcommittee to oversee any negotiations undertaken by the central government.*

5) ***Approve*** *the Memorandum of Agreement and in doing so appoint the Joint Committee based on the powers and delegations outlined in the Memorandum of Agreement.*

BACKGROUND

[8] The City and Regional Deals initiative was introduced to enable long-term, place-based partnerships between central and local government, designed to align priorities and coordinate investment to unlock regional potential. Regional Deals would set out a 30-year vision with a ten-year action plan, focusing on intended outcomes such as more resilient infrastructure, improved housing supply, and stronger regional economies. The model aims to provide greater certainty for communities and investors through integrated planning and better coordination of existing funding.

[9] Councils were invited to collaborate across regions to submit joint proposals, identifying up to five priority projects that reflected shared aspirations and supported long-term transformation. Proposals were expected to align with national priorities, demonstrate partnership with iwi/Māori and the private sector, and show potential to contribute to inclusive and sustainable growth.

[10] Cabinet decisions on the first Deals are anticipated in mid-2025, with the expectation that one would be finalised by the end of the year and two more by late 2026.

[11] The City and Regional Deals initiative is intended to signal a shift away from short-term, project-based funding toward enduring, place-based partnerships. Each Deal is intended to empower councils to shape their region's future in a more deliberate and collaborative manner, strengthening local voice in national decision-making and targeting investment where it matters most.

[12] The Regional Deals will aim to unlock economic and regional growth, remove regulatory bottlenecks and support investment in infrastructure funding and provisions, in exchange for commitments from local government to investment and support for key government initiatives. Government's aspiration is that this will provide better value for ratepayers and taxpayers.

[13] Central government has identified clear objectives and outcomes that Regional Deals must be centred around to ensure a focus on building economic growth and productivity.

[14] The Regional Deal Strategic Framework sets out priority objectives that will be the focus for central government across Regional Deals. Central and local government will need to agree on what projects will be best placed to support these objectives, which could involve trade-offs and priority setting as Regional Deals are negotiated.

Priority Objectives	**Outcomes**
Build economic growth	• Increased jobs and skills. • Improved standard of living. • Increased productivity.
Deliver connected and resilient infrastructure	• Better connected communities and businesses through infrastructure. • Infrastructure (and identified investment in support of it) is more resilient against the impacts of natural hazards and climate change. • Infrastructure enables development, including housing objectives.
Improve the supply of affordable, quality housing	• Increased supply of build ready land (both greenfield and brownfield), including ensuring the necessary infrastructure is in place for development. • Improved housing affordability for rental and home ownership.

[15] Government has outlined what Regional Deals will/will not do, and how it will participate. Regional Deals will:

- Bring together councils and central government to develop a long-term approach to meeting key regional needs.
- Coordinate existing investment better and identify new ways to fund essential infrastructure development and delivery.
- Encourage participation from the private sector and iwi / māori.
- Provide an opportunity to remove regulatory barriers that get in the way of the work of councils, communities and businesses.
- Contribute to certainty over future investment in infrastructure pipelines.

[16] Regional Deals will not:

- Provide guaranteed Government funding for projects.
- Enable devolution of powers to local government.
- Replace existing partnerships, commitments and processes.
- Support “non-core” initiatives.

DISCUSSION

[17] ORC has partnered with QLDC and CODC to prepare a Regional Deal proposal for Otago Central Lakes based on the Government's Strategic Framework. ORC approved the proposal in February 2025 and the proposal was submitted to the DIA in February 2025.

[18] The Otago Central Lakes proposal recommended five key packages for the Regional Deal to focus on. The proposal is underpinned by a core narrative that recognises the region's unique potential, and the systemic changes needed to fully realise it:

a. Economic growth in OCL needs to leverage its unique position as the tourism gateway to NZ while increasing the productivity of tourism and enabling more productive industries to thrive.
b. Lifting productivity requires the right enablers, including having infrastructure and services in place with the funding models, partnerships, and regulatory settings to allow things to happen.
c. To address OCLs unique housing and growth challenges we need to capture the value from growth and visitors and reinvest this back into critical infrastructure and affordable housing.

[19] The five packages of work in the proposal to support economic growth are:

a. Transform transport
b. Capturing value
c. Electrify Otago Central Lakes
d. Private investment, public health
e. Visitors and investors

OPTIONS

[20] This paper sets out the recommended approach for the three partner councils to collaboratively make decisions and participate in any Regional Deal negotiation should an invitation be extended.

Authority – who will be authorised to agree to what?

[21] Figure 1 sets out the authorising authority/governance structure currently proposed by staff, that would apply for any Regional Deal negotiations.

Figure 1: OCL Regional Deals Authorising Authority Structure

[22] Due process requires that a Joint Committee is established. The Joint Committee is proposed to comprise: two elected members of each partner organisation, one of which must be the Mayor or Chair of the partner.

[23] The Joint Committee will then establish a Joint Sub-Committee. The Joint Subcommittee will comprise: the Mayors/Chair, one other Elected Member from each partner Council, and the CEs.

[24] The Joint Subcommittee would be in place for the duration of the negotiations only. The CE's have been included in the sub-committee to provide continuity during the election period, and at the suggestion of the Department of Internal Affairs.

[25] The Committee will also be supported through the provision of advice by a Subject Matter Expert Working Group (SMEWG) made up of staff from across the Partners. The SMEWG would be appointed by the CEs.

[26] If the event that the OCL proposal is preferred by Government, negotiations with central government would be led by the Joint Subcommittee.

Option:	**Analysis and Recommendation:**
OPTION 1: Joint Subcommittee – Some Delegation A joint subcommittee is established by the three partner Councils and is made up of the Mayors/Chair, one other Elected Member from each Council, and the CEs. The joint subcommittee would be in place for the duration of the negotiations only. The ongoing governance structure to provide oversight of the deal itself would be agreed during the negotiations. Councils empower the joint subcommittee to: • appoint the negotiating authority, • agree to deal components in line with the negotiating principles, • use its discretion to determine whether deal components are in line with, or outside of, the negotiating principles, • agree joint priorities, and • apply the negotiating principles to determine whether direction needs to be sought from partner Councils, via workshop, to inform negotiations. The joint subcommittee would provide regular updates to partner Councils on	**RECOMMENDED** Provides an appropriate balance between ability to flexibly and efficiently negotiate with Government and democratic oversight of outcomes sought. *Advantages:* • Provides ability to efficiently make decisions to progress the negotiation. • Provides for democratic oversight of outcomes for the region through Councils retaining responsibility to set negotiating principles and as the ultimate approver on the final form of the deal. *Disadvantages:* • Doesn't provide the highest level of democratic oversight from partner councils of outcomes for the region of all options. • Doesn't provide the highest ability of all options to efficiently make decisions to progress the negotiation.

progress and agreements made with Government. Councils retain responsibility to: • agree to deal components outside the negotiating principles and ratify the final form of the deal.	
OPTION 2: Joint Subcommittee – Full Delegation A joint subcommittee is established by the three partner Councils and is made up of the Mayors/Chair, one other Elected Member and the CEs. The joint subcommittee would be in place for the duration of the negotiations only. The ongoing governance structure to provide oversight of the deal itself would be agreed during the negotiations. The joint subcommittee is delegated full authority to negotiate and approve the deal; Councils empower the sub-committee to: • appoint the negotiating authority, • agree the negotiating principles, • agree joint priorities, • agree deal components within or outside the negotiating principles, and • agree the final form of the Regional Deal. The joint subcommittee will provide regular updates to partner Councils on progress and agreements made with Government.	**NOT RECOMMENDED** Would not provide sufficient democratic oversight from partner Councils. *Advantages:* • Provides the highest ability of all options to efficiently make decisions to progress the negotiation. *Disadvantages:* • Does not provide sufficient involvement from Councils to ensure that that democratic oversight is appropriate.
OPTION 3: No Joint Subcommittee The three partner Councils retain responsibility for all components of negotiating and finalising a Regional Deal.	**NOT RECOMMENDED** Would not enable efficient decisions to progress the negotiation. *Advantages:* • Provides the highest level of democratic oversight of outcomes for the region of all options. *Disadvantages:* • Does not provide the ability to efficiently make decisions to progress the negotiation and therefore would not meet Government expectations.

[27] Option 1, a Joint Committee with some delegations, is the recommended option.

[28] Government has expressed a desire to be able to work with a small group of officials, empowered to negotiate in a timely and efficient manner without disruption from local government elections. Any option that is unlikely to enable timely negotiation with Government was not recommended.

Establishing a Joint Committee – Memorandum of Agreement

[29] If Council approves the establishment of a joint committee, who would be the authorising authority, an agreement must be reached between the partner councils. A Memorandum of Agreement (MoA) is commonly used for the purposes of obtaining this agreement and a draft has been prepared and is attached to this report (see Appendix 1).

[30] If the MoA is approved by all partner councils, the Joint Committee is appointed and powers delegated to it.

[31] Section 2 of the MoA sets out that the Joint Committee is to be comprised of two elected members from each Council and this must include the Mayor / Chair. The MoA does not specify how each Council will determine the second member.

Negotiating Authority – Who will meet, and directly negotiate, with Government

[32] It is recommended that the Joint Committee consider appointing an independent negotiator if further discussions are to take place with the government. The Joint Committee would decide if this was suitable, and who might undertake such a position e.g. a Chief Executive/s and/or an independent negotiator.

Negotiating Principles – What are the principles that will guide negotiations with Government?

[33] Negotiating principles will guide negotiations, enabling the authorising and negotiating authorities to make agreements with government without having to come back to partner Councils for direction or authorisation. While the authorising and negotiating authorities will be able to make agreements (within the negotiating principles) during negotiations, this will not be binding until the final form of the deal has been ratified by the partner Councils.

[34] The negotiating principles below have been developed based on discussions with partner Councils about what will be important to them during a negotiation.

[35] It is recommended that Council endorse the following negotiating principles, which provide a clear mandate for the negotiation team while safeguarding partner priorities and values:

a. Streamlined planning / consenting / permitting / land acquisition pathways must relate only to projects specified under the Regional Deal proposal.
b. Streamlined planning / consenting / permitting / land acquisition pathways must be consistent with the partner Council's climate and biodiversity, spatial and destination management plans.
c. Delivery staging for the health and transport packages will be consistent with dependencies identified by partner Councils
d. An agreed deal will uphold Te Tiriti o Waitangi and its principles and will be delivered in partnership with Ngāi Tāhu.

e. Deal components must be within the scope of the activity areas outlined in the proposal.

Priorities – What are the priorities that will guide negotiation if Government is not able to agree to everything requested?

[36] A draft set of priorities has been developed by QLDC (covering transport, capturing value, electrifying OCL, private and visitor investment) and in discussion with ORC and CODC. However, the Joint Committee will have delegated authority to finalise joint priorities for the collective OCL to guide negotiations with government if needed.

[37] The draft priorities include:

a. Transform Transport
b. Refresh transport strategy and network design around offline MRT and subregional commuter, visitor and freight connections
c. Establish bespoke settings to enable offline MRT
d. Establish alternative funding / financing / ownership / delivery mechanisms for critical public transport, roading and bridge infrastructure.

[38] Capturing Value

a. Bespoke settings to ensure growth pays for growth
b. Local visitor levy
c. Bespoke settings to enable affordable housing
d. Mining royalties

[39] Electrify OCL

a. Provide streamlined planning and land acquisition pathway for a transmission corridor.
b. Establish bespoke settings to allow Queenstown to be treated as part of the Grid
c. Require Transpower to undertake additional options analysis for the new Queenstown line
d. Launch the Ratepayer Assisted Scheme for rooftop solar and batteries.
e. Establish bespoke settings to enable innovation in alternative energy generation
f. Establish bespoke settings to enable increased uptake of solar

[40] Private Investment, Public Health

a. Use OCL resident and visitor numbers in funding model
b. Accelerate the delivery of a comprehensive health needs assessment for the region
c. Develop integrated private / public healthcare models
d. Deliver partnered health services based on high priority needs and private opportunities

[41] Visitors and Investors

a. Grow highly productive sectors
b. Increase total value of the visitor economy
c. Position OCL as NZ's investment and business shopfront
d. Power sustainable tourism through data driven insights

CONSIDERATIONS

Strategic Framework and Policy Considerations

[42] Aspects of the Regional Deals proposal, namely transport, aligns with the Councils Strategic Directions. An off-road transport system capable of moving large numbers of people will contribute to less road congestion, better accessibility around the region and contribute toward emissions reductions. The Regional Deals proposal has been compiled to align with direction from the DIA.

Financial Considerations

[43] The costs involved so far are predominantly in staff time. Should a proposal be submitted, and supported by Government, it is highly likely that specific resources would need to be allocated. There is currently no funding in the LTP for supporting Regional Deals.

Significance and Engagement

[44] The proposal would trigger the requirements of He Mahi Rau Rika and consideration would need to be given to how consultation with the wider community would be undertaken, should the package be supported at Government level.

Legislative and Risk Considerations

[45] There are a number of risks associated with the proposal, predominantly related to uncertainty and the intended outcomes of the Regional Deals initiatives not directly aligning with many of ORC's core roles and responsibilities.

Climate Change Considerations

[46] The Regional Deals package can support ORC's climate change goals, through both the transport and the electrification pillars.

Communications Considerations

[47] Communication and engagement efforts will be necessary across all three councils, particularly if the proposal is selected to proceed. This includes meeting the obligations under He Mahi Rau Rika and broader public information needs.

NEXT STEPS

[48] If Council endorse the recommendation to approve a Joint Committee and the Memorandum of Agreement, Council representatives would work with partner agencies to determine the finer details, should the regional proposal progress to regional deal.

ATTACHMENTS

1. 17062025 RD Negotiation Joint Committee Memorandum of Agreement DRAFT [**10.6.1** - 9 pages]

Memorandum of Agreement

Otago Central Lakes Regional Deal Negotiation Joint Committee

This Memorandum of Agreement is consistent with the requirements for joint committees as outlined in the Local Government Act (Clause 30A of Schedule 7).

OCL Regional Deal Negotiation Joint Committee – Memorandum of Agreement 2025

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Execution:

This Memorandum of Agreement was:

- endorsed by the Central Otago District Council on 25 June 2025,
- endorsed by the Otago Regional Council on 25 June 2025, and
- endorsed by the Queenstown Lakes District Council on 26 June 2025.

Executed by:

Mayor Tamah Alley Signed on behalf of Central Otago District Council	Date
Chair Gretchen Robertson Signed on behalf of Otago Regional Council	Date
Mayor Glyn Lewers Signed on behalf of Queenstown Lakes District Council	Date

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OCL Regional Deal Negotiation Joint Committee – Memorandum of Agreement 2025

1. PURPOSE OF THE AGREEMENT

1.1 This agreement is made pursuant to Clause 30A of Schedule 7 of the Local Government Act 2002 (LGA 2002).

1.2 The purpose of this agreement is to establish a joint committee between Central Otago District Council, Otago Regional Council and Queenstown Lakes District Council ("Partners") to oversee and provide guidance that will inform negotiations for the terms of a Regional Deal for the combined districts of Central Otago and Queenstown Lakes (referred to as "Otago Central Lakes'). The joint committee will be known as the Otago Central Lakes Regional Deal Negotiation Committee (the Committee).

1.3 The Committee is a formal joint committee pursuant to the LGA 2002 (clauses 30 and 30A, Schedule 7). The committee will not be discharged at the point of the next election (in line with Clause 30(7) of Schedule 7, LGA 2002). The committee will be automatically discharged on approval by the Partners of a negotiated regional deal agreement between the Partners and central government or after 18 months, whichever comes first.

2. COMMITTEE MEMBERSHIP

2.1 Each Partner may appoint two of its elected members as members of the Committee, one of which must be the Mayor or Chair of the Partner.

2.2 Each Partner may discharge a member of the Committee appointed by it and appoint another member their stead. This does not apply to the Mayor or Chair of each Partner, who are to remain members of the Committee.

2.3 There is no provision for alternates.

2.4 All members are voting members of the Committee.

2.5 The Committee will not be discharged following a triennial election (refer Clause 30(7) of Schedule 7 of the LGA 2002). If following an election there has been a change of Mayor or Chair, the new Mayor or Chair will become a member of the Committee in place of the former Mayor or Chair. Any other vacancies resulting from the elections will be immediately filled by new members appointed by the relevant Partner.

2.6 Members of this committee will remain members of this committee after the triennial election under the following circumstances:

- If a Partner appointed a specified elected member and that elected member is re-elected to the Partner's Council, they will remain a member of this Committee.
- If a Partner appointed an elected member based on position and that elected member is re-elected to the Partner's Council and remains in the named position they will remain a member of this Committee.

3. CHAIRPERSON AND DEPUTY CHAIRPERSON

3.1 A Chairperson and Deputy Chairperson will be appointed by the Committee at the commencement of the Committee and will continue in the role unless resolved by the Committee or upon a resignation being received.

3.2 The Chairperson and Deputy Chairperson will be appointed by unanimous vote.

3.3 There will be no remuneration for the Chairperson or Deputy Chairperson.

4. QUORUM AND CONDUCT OF MEETINGS

4.1 The quorum for each meeting shall be three members (half the committee) and must include one member from each Partner Council.

4.2 The Mayors and Chair are members of the Committee by design and not simply because Mayors are automatically members of all committees. As such, those members count for the purposes of determining whether a quorum exists (refer clause 30A(6A) Schedule 7 LGA 2002).

4.3 The standing orders of the administering council, Queenstown Lakes District Council, shall apply, unless there is something in this Memorandum of Agreement that is inconsistent with those standing orders, in which case this Agreement applies.

4.4 Decisions of the Committee are made by consensus vote of the members voting and present. The person presiding at the meeting has a deliberative vote but not a casting vote. In the case of a lack of consensus the motion is defeated, and the status quo is preserved.

5. MEETING FREQUENCY

5.1 The Committee shall meet fortnightly, or at such other times (in addition to the fortnightly meetings) as necessary and determined by the Chair in liaison with the Committee. Meetings shall be held in public unless matters meet the requirement to enter public excluded.

5.2 Notification of meetings and the publication of agendas and reports shall be conducted in accordance with the requirements of Part 7 of the Local Government Official Information and Meetings Act 1987.

6. TERMS OF REFERENCE

6.1 The role of the Committee is to provide direction that informs the negotiation of a Regional Deal between the Partners and Central Government. The direction provided by the Committee is to reflect the joint priorities agreed by the Committee, as per the process in clause 6.2b below, with reference to the agreed activity areas specified in clause 6.3 below. The overall aim is to ensure that a mutually beneficial deal, generally aligned with the OCL Regional Deal Proposal dated 28 February 2025, is struck.

6.2 The functions of the Committee are to:

a. Support a collaborative and timely approach to negotiations between the Partners and central government.

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b. Consider the priorities of each Partner and develop and agree the joint prioritisation within the activity areas set out in clause 6.3 that will inform the negotiations to be fronted by the Partner's negotiating authority.

c. Direct the negotiating authority that will be interfacing directly with central government through negotiations, to ensure that negotiations are informed by the joint prioritisation, and will remain in line with the agreed activity areas (clause 6.3) and negotiating principles (clause 6.4).

d. Direct the negotiating authority as to whether any aspect raised through negotiations is consistent with the joint prioritisation, agreed activity areas and negotiating principles.

e. Report back to Partner Councils at each Council Meeting on progress made during negotiations, and to seek any recommendations / direction required to allows negotiations to progress. There will be a standing agenda item relating to the Regional Deal negotiations at each meeting of the governing body of each Partner during the negotiation phase to ensure that timely decisions can be made as required.

f. If considered necessary, seek direction or advice, from Partners to inform the Committee's ability to provide direction to the negotiating authority.

g. Identify and manage risks associated with the negotiation process.

6.3 The agreed activity areas that the Committee is responsible for overseeing and providing direction on are those contained in the Otago Central Lakes Regional Proposal dated 28 February 2025. For the avoidance of doubt, the activity areas are:

a. Transform Transport
   - Refresh transport strategy around offline MRT and sub-regional visitor, commuter and freight links
   - Establish bespoke settings to enable offline MRT
   - Establish alternative funding / financing / ownership / delivery mechanisms for critical public transport, roading and bridge infrastructure.

b. Capturing Value
   - Bespoke settings to ensure growth pays for growth
   - Local visitor levy
   - Bespoke settings to enable a pipeline of affordable housing
   - Mining royalties

c. Electrify Otago Central Lakes
   - Provide streamlined planning and land acquisition pathway for a transmission corridor.
   - Establish bespoke settings to allow Queenstown to be treated as part of the Grid
   - Require Transpower to undertake additional options analysis for the new Queenstown line
   - Launch the Ratepayer Assisted Scheme for rooftop solar and batteries.
   - Establish bespoke settings to enable innovation in alternative energy generation
   - Establish bespoke settings to enable increased uptake of solar

d. Private Investment, Public Health
   - Use OCL resident and visitor numbers in funding model

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- Accelerate the delivery of a comprehensive health needs assessment for the region
- Develop integrated private / public healthcare models
- Deliver partnered health services based on high priority needs and private opportunities

e. Visitors and Investors
- Grow highly productive sectors
- Increase total value of the visitor economy
- Position OCL as NZ's investment and business shopfront
- Power sustainable tourism through data driven insights

6.4 In carrying out its functions, including when overseeing and directing the negotiating authority, the Committee will apply the following negotiating principles:

a. Streamlined planning / consenting / permitting / land acquisition pathways must relate only to projects specified under the Regional Deal.

b. Streamlined planning / consenting / permitting / land acquisition pathways must be consistent with the partner Council's climate and biodiversity, spatial and destination management plans.

c. Delivery staging for the health and transport activity areas will be consistent with the dependencies that have been identified by the Partners. The dependencies are shown by the order in which the activity area components are listed in section 6.3 above.

d. An agreed deal will uphold Te Tiriti o Waitangi and its principles and will be delivered in partnership with Ngāi Tāhu.

7. DELEGATIONS OF COMMITTEE

7.1 Making decisions on any matter coming within its Terms of Reference.

7.2 Commissioning through the Partners and the Working Group (refer clause 10.3) additional advice or evidence (including from external sources), or further definition of requirements, to support negotiations with central government.

7.3 Agreeing joint prioritisation of agreed activity areas for OCL, to guide negotiations with government.

7.4 Agreeing, in principle, to components of a deal that are consistent with the agreed negotiating principles and within the agreed activity areas.

7.5 Appointing a negotiating authority as the direct interface with central government for negotiations.

7.6 Appointing a Chairperson and Deputy Chairperson in accordance with any process agreed by the Committee and the requirements of the LGA 2002.

7.7 The Committee may delegate any or all its responsibilities, duties or powers to a subcommittee that is made up of all the members of the Committee and the Partner's Chief Executives.

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8. LIMITATION OF POWERS

8.1 The Committee does not have the authority to commit any Partner to any course of action or expenditure and its recommendations do not compromise the Partners' freedom to deliberate and make decisions.

8.2 For the avoidance of doubt, while the Partners will endeavour to support the work of the Committee, they are under no obligation to accept the recommendations of the Committee.

8.3 In accordance with legislative requirements, Partners will retain decision-making and other statutory responsibilities in relation to their functions and responsibilities under the LGA 2002 and RMA 1991, and other legislation as relevant.

8.4 The Committee's powers exclude:

a. ability to determine how new revenue sources made available through the regional deal will be allocated across the partner Councils (e.g. local visitor levy, mining royalties and value capture for affordable housing).

b. ability to agree in principle components of a deal that are not consistent with the agreed negotiating principles or are outside the agreed activity areas.

c. ability to approve the final form of the regional deal agreement (which remains with the partner Councils),

d. powers that Councils are unable to delegate to committees under the Local Government Act 2002 (e.g. setting of rates).

9. OPERATING PRINCIPLES

9.1 The Committee will operate and make its decisions in a way that achieves consensus so that alignment and integration across all Partners can be achieved.

9.2 The Chairperson and Deputy Chairperson do not have any additional voting powers.

9.3 The Committee will work in a collaborative and cooperative manner and consider the interests of all sectors of the community.

9.4 The Committee will operate in accordance with the requirements of the Local Government Official Information and Meetings Act 1987.

10. COMMITTEE SUPPORT

10.1 Queenstown Lakes District Council will act as the administering authority to the Committee.

10.2 A secretariat will be provided to support effective functioning of the Committee.

10.3 The Committee will also be supported through the provision of advice by a Subject Matter Expert Working Group made up of staff from across the Partners.

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10.4 The Chief Executives of the Partners will each appoint officials to the Working Group.

11. VARIATIONS

11.1 The Committee may, at any time, make a recommendation to the Partners to vary this Agreement.

11.2 In order to be effective a recommendation to vary this Agreement must be ratified at the governance meetings of all Partners.

11.3 Any variation to this Agreement will be attached to a copy of this document.

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10.7. Revised Statement of Investment Policies and Objectives

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2523
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	25 June 2025

PURPOSE

[1] To approve the revised Statement of Investment Policies and Objectives (SIPO) incorporating changes resolved at the 6 March 2025 and 4 June 2025 Audit and Risk Subcommittee meetings.

EXECUTIVE SUMMARY

[2] In March 2025 the Audit and Risk Subcommittee considered recommendations from the Investment Performance Review presented to the December 2024 Audit and Risk Subcommittee meeting.

[3] The changes endorsed at the March 2025 the Audit and Risk Subcommittee meeting were:

a. *Retain a 50:50 split between growth and defensive asset classes.*

b. *Allocate fixed interest on a 50:50 split between NZ and global fixed interest (22.5% to each asset class).*

c. *Do not allocate a specific target to emerging markets.*

d. *The Audit and Risk Subcommittee considers introducing a private equity allocation and request JBWere conduct a workshop to provide further detail on this asset class.*

e. *JBWere to add CPI +3% as a benchmark to future Quarterly Portfolio Performance reports.*

f. *SIPO reviews to remain three yearly.*

g. *No other changes to reporting are required noting JB Were already provides a Quarterly Portfolio Performance Report.*

h. *Retain the existing ESG controversies "red flag" exclusion.*

[4] JB Were provided information on private equity for the March 2025 meeting and presented to the Finance Committee on 22 May 2025 as requested by the Audit and Risk Subcommittee.

[5] At the June 2025 Audit and Risk Subcommittee meeting it was decided to:

a. Remove the 5% property asset allocation and reallocate this evenly across the other three equity asset allocations.

[6] The revised SIPO (attached) incorporates the changes approved at the March and June Audit and Risk Subcommittee meetings.

RECOMMENDATION

That the Council:

1) ***Notes*** *this report.*

2) ***Approves*** *the revised Statement of Investment Policies and Objectives (attached) which incorporates the changes recommended by the Audit and Risk Subcommittee.*

BACKGROUND

[7] An independent review of the performance of the managed fund was undertaken in November 2024 by Eriksens Global. That report was presented to the Audit and Risk Subcommittee in December 2024.

[8] The report noted a number of recommendations for Council to consider. Staff sought feedback from JB Were on those recommendations and a response to each recommendation was provided to the Audit and Risk Subcommittee meeting in March 2025.

[9] The Audit and Risk Subcommittee endorsed a number of the recommendations and also requested JB Were conduct a workshop to provide further detail on private equity and options around this asset class.

[10] JB Were presented to the Finance Committee on 22 May 2025 which provided the opportunity for Audit and Risk members and the wider Council to discuss private equity further.

[11] The Audit and Risk Subcommittee considered the inclusion of a private equity asset allocation at the June Audit and Risk Subcommittee meeting.

DISCUSSION

[12] Following review by the Audit and Risk Subcommittee the following asset allocations are included in the revised SIPO:

Asset Class	**Target Allocation**	**Acceptable Range**	
		Minimum	Maximum
Cash	5%	0%	25%
NZ Fixed Interest	22.5%	17.5%	27.5%
International Fixed Interest	22.5%	17.5%	27.5%
Defensive Total	**50%**	**40%**	**60%**
~~NZ Property~~	~~5%~~	~~2%~~	~~8%~~
NZ Equities	16.7%	11%	22%
Australian Equities	16.7%	11%	22%
International Equities	16.7%	11%	22%
Growth Total	**50%**	**40%**	**60%**

CONSIDERATIONS

Strategic Framework and Policy Considerations

[13] Council's Financial Strategy outlines that Council will maintain a managed fund, the expected returns from those investments and how the returns will be utilised. The Treasury Management Policy (TMP) and Statement of Investment Policies and Objectives (SIPO), sets the rules for how the funds will be invested and the framework to ensure acceptable returns are achieved and risk is managed.

Financial Considerations

[14] There are no financial considerations other than those already outlined in this paper and the papers to the Audit and Risk Subcommittee.

Significance and Engagement

[15] Not applicable.

Legislative and Risk Considerations

[16] There are no legislative considerations.

[17] There is inherent risk associated in holding investments of this nature. Markets and return can and will fluctuate over the short term. Council manages that risk through the Treasury Management Policy and SIPO.

Climate Change Considerations

[18] This is a consideration under ethical or environmental, social and governance (ESG) investing which is incorporated in Council's Treasury Management Policy and SIPO. Note no changes have been made to the ESG parameters in the SIPO as part of this review.

Communications Considerations

[19] Not applicable.

NEXT STEPS

[20] The revised SIPO will be forwarded to Council's Fund Manager, JB Were, for implementation.

ATTACHMENTS

1. Statement of Investment Policy and Objectives - June 2025 DRAFT for Council marked up [**10.7.1** - 21 pages]

Otago Regional Council

Statement of Investment Policy and Objectives

~~October 2023~~June 2025

Otago Regional Council	**Document Name:** Statement of Investment Policy and Objectives
	Document Owner: General Manager ~~Corporate Services and CFO~~Finance
	Authorised By: Chief Executive
	Implementation Date: ~~October 2023~~June 2025
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CONTENTS

Otago Regional Council 1
1. PURPOSE 4
2. OBJECTIVES 4
2.1 Introduction 4
2.2 Objectives 4
2.3 Time Horizon 4
2.4 Risk Tolerance 4
2.5 Performance Expectations 4
2.6 Risk Summary and Selection of Asset Allocation 5
2.7 Policy Setting and Management 5
3. DUTIES AND RESPONSIBILITIES 6
3.1 The Council 6
3.2 The Audit and Risk Subcommittee 6
3.3 Custodian 7
3.4 Investment Advisor 7
3.5 Investment Manager 8
3.6 Fund Managers 8
4. INVESTMENT POLICY AND IMPLEMENTATION 9
4.1 Asset Class Guidelines 9
4.2 Responsible Investment Policy 10
4.3 Asset Allocation 12
4.4 Rebalancing Guidelines 12
4.5 NZ Fixed Interest Investment Guidelines 13
4.5.1 Portfolio Objectives for Direct NZ Fixed Interest 13
4.5.2 Portfolio Construction Guidelines 13
4.6 International Fixed Interest 15
4.6.1 Portfolio Objectives for International Fixed Interest 15
4.6.2 Portfolio Construction Guidelines 15
4.7 New Zealand Equity Investment Guidelines 16
4.7.1 Portfolio Objectives for New Zealand Equity Investment 16
4.7.2 Portfolio Construction Guidelines 16
4.8 Australian Equity Investment Guidelines 16
4.8.1 Portfolio Objectives for Australian Equity Investment 16
4.8.2 Portfolio Construction Guidelines 16
4.9 International Equity Guidelines 17
4.9.1 Portfolio Objectives for International Equity Investment 17
4.9.2 Portfolio Construction Guidelines 17
4.10 Foreign Currency Management 17
4.11 Tax Policy 17
5. MONITORING AND EVALUATION 18
5.1 Performance Objectives 18

5.2 Benchmarks 18
5.3 Compliance 19
5.4 Watch List Procedures 19
5.5 Measuring Costs 20
6. REVIEW OF THE STATEMENT OF INVESTMENT POLICY AND OBJECTIVES 21

1. PURPOSE

The purpose of this Statement of Investment Policy and Objectives (SIPO) is to provide the policy framework for Otago Regional Council (the Council) to effectively supervise, monitor and evaluate the management of the investment activities undertaken through Council's Long Term Investment Portfolio.

The SIPO defines the key responsibilities and the operating parameters within which the Long Term Investment Portfolio and it's ongoing management are to operate. The SIPO should at all times encourage the use of methodologies and processes that reflect industry best practice, encompass the principles of good corporate governance, and reflect the corporate vision of Otago Regional Council.

2. OBJECTIVES

2.1 Introduction

Section 102 (2) of the Local Government Act 2002 requires local authorities to adopt an Investment Policy to ensure that the financial resources of the Council are managed in an efficient and effective way. That Investment Policy is incorporated in Council's Treasury Management Policy. The SIPO is an associated document to the TMP and provides guidance specifically related to Council's Long Term Investment Portfolio.

2.2 Objectives

Council's primary investment objectives are:

- To protect and maintain the purchasing power of the current investment assets and all future additions to the investment assets.
- To maximise investment returns within reasonable and prudent levels of risk.
- To maintain an appropriate asset allocation in order to make distributions as required while preserving the real value of the Council's capital from the effects of inflation.

2.3 Time Horizon

The investment guidelines are based upon an investment horizon of greater than seven years. Therefore, interim fluctuations should be viewed with appropriate perspective.

2.4 Risk Tolerance

The Otago Regional Council is a risk-averse entity, but some risk must be assumed in order to achieve the long-term investment objectives of the portfolio, given there are uncertainties and complexities associated with investment markets. It is the express desire of the Council to minimise portfolio volatility through the adoption of prudent portfolio management practices. Overall, a conservative investment approach is to be adhered to.

2.5 Performance Expectations

Council aims to earn a net real return on the portfolio of 2.3-3.1% per annum after investment management costs and inflation (assumed to average 2.0% per annum), on average over five years.

The Council recognises that the target rate of return is a long term one and will not be achieved in every measurement period.

2.6 Risk Summary and Selection of Asset Allocation

The table below summarises the Council's level of risk tolerance as measured by the three risk factors:

Risk Measure	Level of Risk
Capacity to accept risk	Medium to High
Willingness to accept risk	Low to Medium
Required rate of return	Inflation plus 2.3% - 3.1% (net)

Over the long term, the average rate of investment return is related to the level of risk within the portfolio, as illustrated in the table below:

Estimated Rate of Return (net of fees) Inflation plus:	Estimated Gross Return	Level of Investment Risk	Growth Asset Strategy
1.5% - 2.3%	6.0% - 6.5%	Low	20% to 40%
2.3% - 3.1%	6.5% - 7.2%	Low to medium	40% to 60%
3.1% - 3.8%	7.2% - 7.8%	Medium to high	60% to 80%
3.8% - 4.3%	7.8% - 8.1%	High	80% to 90%

Returns above are per annum. The table comprises estimates based on standard portfolio and custodial fees and assumes a tax rate of 0%. Estimated gross returns increase as the portfolio allocation to growth assets increases. Actual returns may be higher or lower than those detailed above.

Based on Council's required rate of return, capacity and willingness to accept risk, it is recommended that a portfolio incorporating 40% to 60% growth assets is adopted which is suitable for a low to medium level of risk. Aim is to achieve 50% income assets ,50% growth assets.

2.7 Policy Setting and Management

The Council may from time to time approve/amend the policy parameters set in relation to Council's investment activities. These changes will be minuted and incorporated into the SIPO and the dates of the changes noted.

3. DUTIES AND RESPONSIBILITIES

3.1 The Council

The primary responsibilities of the Council are planning, policy and governance.

The Council will take cognisance of the prudent person and duty of care rules as set out in the Trustee Amendment Act 1988.

As fiduciaries, the primary responsibilities of the Council are:

- To state in a written document the Council' attitudes to risk, expectations, objectives and guidelines for the investment of their assets.
- To review this SIPO on a regular basis.
- To ensure Council's investment assets are prudently diversified to meet the agreed risk/return profile.
- To establish formal criteria to select, monitor, evaluate and compare the investment performance results achieved by the investment adviser and the overall portfolio against agreed benchmarks, peer groups and Council's objectives on a regular basis.
- To avoid prohibited transactions and conflicts of interest.
- To encourage effective communications between the Council and parties involved with investment management decisions.
- To encourage the appointment of Audit and Risk Subcommittee members with the relevant experience and competencies to achieve the stated objectives.
- To ensure that the roles and responsibilities of all parties are documented and clearly defined.
- Appointment of Investment Managers.
- Reviewing investment performance and investment reports periodically throughout the year and at year end.
- Approve any transaction that falls outside the guidelines of the SIPO.

3.2 The Audit and Risk Subcommittee

The Council has established the Audit and Risk Subcommittee and has delegated such powers and duties to the Committee as the Council sees fit. The Audit and Risk Subcommittee operates as per the Council's constitution. Members serving on the Audit and Risk Subcommittee are appointed by the Council.

- To provide guidance and leadership on the appointment, management, monitoring and review of appropriate Investment Managers.
- Reviewing all matters concerning the SIPO, considering any changes or amendments to the SIPO and making appropriate recommendations.
- Regularly reviewing the Investment Managers reports, and reporting exceptions.
- Ensuring that all parties overseeing, advising and managing Council's investments disclose any potential conflicts of interest. In the event that conflicts of interest arise the policies and procedures for managing these are to be clearly defined, although, in principle, such conflicts should be avoided.
- Ensuring that an appropriate SIPO is developed and maintained.

- Ensuring that contracts for investment advisory/management, custodial and consultancy services are reviewed at least every three years.
- To recommend the appointment and removal of Investment Managers as appropriate.
- Approving the asset classes and sub-asset classes to be included in any investment portfolios.
- Ensuring that all service agreements and contracts are in writing and are consistent with fiduciary standards of care.
- To ensure that the practices and policies set out in the SIPO are adhered to.
- To follow formal criteria to monitor, evaluate and compare the investment performance results achieved against relevant benchmarks and objectives on a regular basis.
- To confirm on an annual basis that best practice with respect to execution, brokerage, money sweep facilities, foreign currency spreads, transaction costs and management fees is being applied.

3.3 Custodian

Custodians are responsible for the safekeeping of Council's investment assets. The specific duties and responsibilities of the custodian are to:

- Value all investment assets.
- Collect all income and dividends owed to the portfolio.
- Settle all transactions (buy/sell orders) initiated by the Investment Manager.
- Provide monthly reports that detail transactions, cash flows, securities held and their current value. The report should also detail the change in value of each security and the overall portfolio since the previous report.
- Maintaining separate accounts.

3.4 Investment Advisor

The Council may retain an objective, third-party investment adviser to assist the Council in managing the overall investment process. The adviser will be responsible for guiding the Council through a disciplined and rigorous investment process to enable the Council to prudently manage their fiduciary duties and responsibilities. The investment adviser will:

- Provide advice on appropriate strategic asset allocation, security and fund manager selection.
- Periodically monitor the SIPO and its appropriateness, (in conjunction with the Council).
- Specify and advise on asset and sub-asset class allocation strategies.

3.5 Investment Manager

The Council will appoint an Investment Manager to manage the assets under their supervision in accordance with the guidelines and objectives outlined in the SIPO and in their service agreements. The Investment Manager will:

- Periodically review the custodial arrangements and make recommendations.
- Provide instructions to each fund manager with respect to the lodging or withdrawing of funds placed.
- Oversee and monitor the performance of the fund managers.
- Appoint and remove fund managers.
- Deliver quarterly reports to the Council which detail the following:
  - Portfolio valuation,
  - Fixed Interest Portfolio duration,
  - Compliance reporting,
  - Portfolio Performance Summary for the portfolio and by asset class,
  - Performance against benchmarks,
  - Asset transactions summary, and
  - Cash transactions.
- Make available appropriate personnel to attend meetings as agreed between the Council and the adviser.
- Report to the Council annually as to the total expenses incurred and tax paid in managing Council's investment portfolio.
- Communicate to the Council all significant changes pertaining to the portfolio it manages or the adviser's firm itself. Changes in ownership, organisational structure, financial condition and professional staff are examples of changes to the firm in which the Council are interested.
- Use the same care, skill, prudence and due diligence under the prevailing circumstances that an experienced investment professional, acting in a like capacity and fully familiar with such matters, would use in like activities for like portfolios with like aims in accordance with all applicable laws, rules and regulations.
- Ensure that "expected" and "modelled" returns for asset classes are based on sound return and risk premium assumptions.
- Outline expected returns and risk, or volatility, within the selected strategies.
- Recommend a Custodian to hold and report on investment assets.
- Rebalance individual investments and asset class groups to within agreed benchmarks as described in the rebalancing policy contained in the SIPO.
- To effect all transactions for the portfolio at the best price.
- Regularly report on compliance exceptions with the SIPO.
- Disclose any potential conflicts of interest and steps taken to mitigate such conflicts.

3.6 Fund Managers

Fund Managers are utilised by the Investment Manager to manage a part of the Long-Term Investment Portfolio.

- To manage an allocated part of the portfolio on terms and conditions consistent with their mandate.

4. INVESTMENT POLICY AND IMPLEMENTATION

4.1 Asset Class Guidelines

Long-term investment performance is primarily a function of strategic asset allocation and asset class mix.

History shows that while interest-generating investments, such as fixed interest portfolios, have the advantage of relative stability of capital value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments have a significantly higher expected return but have the disadvantage of much greater year-on-year variability of return. From an investment decision-making point of view, this year-on-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long, (10 years or greater).

Authorised Investments

The following investments, within New Zealand and internationally, are authorised by the Council:

- Cash – term deposits, cash on call, cash funds.
- NZ fixed interest – NZ Government, local authority and NZ State-Owned Enterprise bonds, corporate bonds, fixed interest funds.
- International fixed interest – either direct, if appropriate or via managed funds.
- Listed property companies, property funds and direct property investments.
- Equities, either via managed funds or directly.

Commented [ND1]: Left in as authorised although no allocation will be made

Excluded Investments

The following investments are not permitted:

- Preference shares.
- Leveraged investments.
- Options.
- Futures (excluding those employed as risk management strategies by fund managers).
- Commodities contracts.
- Precious metals.
- Hedge funds.
- Unlisted equity securities.
- Private equity investments.
- Illiquid investments.
- Investments in Council Controlled Organisations (other than those described in Section 4.4 of the Treasury Management Policy).

4.2 Responsible Investment Policy

Commented [ND2]: No change to this section

Council is committed to incorporating Responsible Investment into its investment decision-making processes. Council's approach to Responsible Investment is to seek close alignment of the following Responsible Investment Framework with our values. The ability to implement this policy is a factor in the appointment of our investment adviser/manager.

Council has resolved to use reasonable endeavours to avoid investment in entities that meet the following criteria of prohibited activities at or above the threshold level where relevant.

Responsible Investing Exclusion Table:

Exclusion	Nature of involvement	Threshold
Cannabis - Recreational	Companies that produce and/or retails cannabis for recreational use.	0%
Civilian Firearms	**Producer** **Automatic:** Companies that manufacture firearms which automatically eject the cartridge case of a fired shot and load the next cartridge from the magazine allowing the gun user to fire more than one round of ammunition for every pull of the trigger. **Semi-Automatic:** Companies that manufacture firearms which automatically eject the cartridge case of a fired shot and load the next cartridge from the magazine allowing the gun user to fire one round of ammunition for every pull of the trigger. **Ammunition:** Companies that only manufacture small arms ammunition for the civilian market, including powder propelled, cartridge-based ammunition up to 20mm, which can be fired from weapons, such as revolvers and self-loading pistols, rifles and carbines, assault rifles, submachine guns, and light/general purpose machine guns	0%
Controversial Weapons	**Any tie** Companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments	0%
Nuclear Weapons	**Any tie** Companies that have an industry tie to nuclear weapons	0%
Tobacco	**Producer** Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves	0%
Nuclear Power	Companies that own or operate nuclear power plants.	0%
Thermal Coal	Companies involved in the mining of Thermal Coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties.	0%

Oil and Gas	Companies involved in oil & gas related activities, including distribution / retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation and refining.	0%
Power Generation	Companies involved in fossil fuel (thermal coal, liquid fuel and natural gas) based power generation.	0%
ESG Controversies	Companies directly involved in one or more Very Severe ongoing controversies as defined by MSCI.	Red Flag
Pornography	Companies that produce, direct or publish adult entertainment materials that fall into the following six categories: Producer of X-rated films, Producer of Pay-per-view programming or channels, Producer of sexually explicit video games, Producer of books or magazines with adult content, Live entertainment of an adult nature, Producer of adults-only material on the internet.	0%
Predatory Lending	Companies that provide products and services associated with controversial lending practices, defined as those in which lenders take advantage of borrowers' lack of understanding and/or lack of access to more-traditional financial services to impose loan terms that place a disproportionately and often untenably high burden on the borrower. This is often done through deception, fraud or manipulation via aggressive sales tactics.	0%
Gambling	Companies that own or operate gambling facilities or provide key products or services fundamental to gambling industry.	10%
Alcohol	Companies that manufacture alcoholic products, including brewers, distillers and vintners. It also includes companies that own or operate wine vineyards.	10%

The % threshold figures relate to the maximum percentage of total revenue derived from the activity that is tolerated.

Implementation for Direct Security Investments

The Investment Manager will use reasonable endeavours to screen out directly held security investments in the Discretionary Portfolio involved in the prohibited activities as described in the responsible investing exclusion table above. The Investment Manager may rely on data from third party agencies when screening these directly held security investments, which will apply to the asset classes of Cash (NZ Registered Banks), NZ Fixed Interest, NZ Equities, Australian Equities and Global Equities.

Implementation for Indirect Pooled investments

In relation to indirect pooled investments (i.e. via investment in collective investment vehicles), the Investment Manager will from time to time use reasonable endeavours to screen for and avoid indirect exposure to entities involved in the prohibited activities as described in the responsible investing exclusion table above. Where identified and measurable, exposure to entities involved with these prohibited activities will be limited to a materiality representation threshold of 10% of the total value of each of these pooled investment products.

4.3 Asset Allocation

Academic research offers considerable evidence that the strategic asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. On this basis the Council prefer to adopt a strategic asset allocation and passive strategy over an active and/or tactical asset allocation strategy.

The asset allocation benchmark is to be:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
Cash	5%	0%	25%
NZ Fixed Interest	~~35~~22.5%	~~25~~17.5%	~~45~~27.5%
International Fixed Interest	~~10~~22.5%	~~5~~17.5%	~~15~~27.5%
Defensive Total	**50%**	**40%**	**60%**
~~NZ Property~~	~~5%~~	~~2%~~	~~8%~~
NZ Equities	~~15~~16.7%	~~10~~11%	~~20~~22%
Australian Equities	~~15~~16.7%	~~10~~11%	~~20~~22%
International Equities	~~15~~16.7%	~~10~~11%	~~20~~22%
Growth Total	**50%**	**40%**	**60%**
Total	**100%**		

Note target allocation is 50% income assets and 50% growth assets.

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4.4 Rebalancing Guidelines

The percentage allocation to each asset class may vary depending upon market conditions.

The SAA has upper and lower limits for each asset class as set out in the table above. The limits are based on the following guidelines:

- Plus or minus 5% for an asset class comprising ~~20~~15% or more of the SAA,
- Plus or minus 25% of the allocation to a single asset class, where that asset class comprises less than ~~20~~15% of the SAA (e.g. an asset class comprising 4% of the SAA would have limits of plus or minus 1%).
- The result of the above formulas are then rounded to the nearest full percentage (minimum is round down and maximum is rounded up).

To remain consistent with asset allocation guidelines, the Investment Manager will periodically review the portfolio and each asset class. If the actual weighting has moved outside the tolerances described above, the Investment Manager shall rebalance the portfolio back towards the recommended weighting. This rebalancing is to be completed as required, at least annually, and reported to the Audit and Risk Subcommittee.

Rebalancing tends to involve buying underperforming assets at relatively lower prices, and selling relatively higher priced assets.

4.5 NZ Fixed Interest Investment Guidelines

4.5.1 Portfolio Objectives for Direct NZ Fixed Interest

To gain a diversified exposure to the New Zealand Fixed Interest market through investing in direct securities with the following objectives identified below:

- Provide access to the market in a cost-effective manner,
- Provide a stable income and capital preservation (in nominal terms) over a full market cycle,
- Reduce overall volatility of a strategically diversified portfolio, and
- Provide a high level of transparency.

4.5.2 Portfolio Construction Guidelines

a. Diversification

The portfolio should be constructed to achieve appropriate diversification (in the constraints of the NZ market) relative to:

- New Zealand fixed interest issuers,
- The industries/sectors the issuers are involved with,
- The individual issue and overall portfolio duration, and
- Overall credit risk exposure of a portfolio.

The level of the diversification will be governed by the size of the fixed interest portfolio.

Credit ratings will have an impact on the level of diversification. Securities with lower credit ratings require a higher level of diversification.

b. Number of Securities

To achieve sufficient levels of diversification, a minimum of 15 securities where the size of the NZ Fixed Interest portfolio is more than $1,000,000, and 10 securities where the size of the NZ Fixed Interest portfolio is less than $1,000,000, is required. Where appropriate diversification cannot be achieved due to the size of the portfolio or availability in the market, surplus funds may be directed to money market instruments until availability improves.

c. Duration

The portfolio should be diversified across all durations to minimise the adverse effects of reinvestment risk on maturity. Council should be aware if the duration of their portfolio deviates from the benchmark duration by more than 1 year.

d. Liquidity

Although Council invests into the direct New Zealand fixed interest market with a “buy and hold” philosophy, over time its needs may change and greater levels of liquidity may be required.

The more liquidity is required, the more government and liquid (i.e. senior debt issues of $150m or greater) corporate securities should be included in the portfolio.

e. Exposure Levels by Credit Rating

Guidelines for maximum security exposure levels for individual securities are set by credit rating. The following criteria should be considered when making decisions on exposure levels within a portfolio:

- Consideration should be given to excessive exposure to any single issuer,
- Consideration should be given to other asset class exposures Council may have to an issuer,
- The portfolio should be distributed across credit ratings, and
- The following table presents a set of guidelines that need be used when constructing a portfolio.

Approved Credit Rating Guidelines:

S&P Rating band (or Moody's or Fitch equivalent)	Overall maximum % of Income Assets
AAA to AA-	100%
A+ to A-	55%
BBB+ to BBB-	15%
Sub-Investment Grade / Unrated	0%
Government	100%

A maximum of 5% of floating rate/annual resettable securities is permitted in a portfolio. Where possible, the following maximum individual security guidelines should be followed to gain diversification whilst ensuring sound credit quality within portfolios.

Maximum Individual Security Guidelines:

S&P Rating band (or Moody's or Fitch equivalent)	Individual security maximum % of Income Assets
AAA	15%
AA	10%
A	10%
BBB	5%
Sub-Investment Grade / Unrated	0%

Note that the above table provides guidelines for assessing an individual security. Although there is no maximum issuer exposure specified, diversification guidelines described under the "Diversification" heading are to be followed.

f. Perpetual Securities

Given the equity structure (including potential imputation credits) of perpetual securities, this class of fixed interest is not to be used.

g. Structured credit

Due to the complexity of structured credit instruments and the lack of sophisticated monitoring systems required to provide ongoing assessment, Council should not include this type of investment in its NZ fixed interest portfolio. It is considered that the required fixed interest exposure can be adequately achieved by investing in securities with simple structures which possess typical fixed interest characteristics.

h. Ratings Downgrade

If a security is downgraded, the mandatory guidelines table should be revisited to ensure that the new rating falls within the ratings framework. A decision must be made by the Council in light of the downgrade as to the future holding of the security (which could potentially be outside the guidelines).

i. Reinvestment

Recommendations to reinvest the proceeds from a maturity should take into account all of the above portfolio construction guidelines.

Where it is uneconomical to gain a direct exposure to NZ or international fixed interest, investment may occur via a recommended managed fund in order to gain an appropriate level of diversification.

4.6 International Fixed Interest

4.6.1 Portfolio Objectives for International Fixed Interest
The inclusion of international fixed interest has the benefit of increasing diversification and reducing volatility by providing exposure to a greater range of issuers, credit ratings and yield curves than is achievable through domestic fixed interest.

4.6.2 Portfolio Construction Guidelines
Given the quantum of the allocation to international fixed interest this asset class must be invested in through one or more Collective Investment Vehicles (CIV's). CIV's must invest in diversified portfolios of fixed interest securities and have exposure limits, minimum credit ratings and policies and procedures acceptable to the Council.

International fixed interest investments must be 100% hedged to the New Zealand dollar.

~~4.7 Property Investment Guidelines~~

~~**4.7.1 Portfolio Objectives for Property Investment**~~
~~To provide an exposure to the New Zealand listed property sector.~~

~~**4.7.2 Portfolio Construction Guidelines**~~
~~For direct New Zealand property investments, the following rules shall apply:~~

- ~~Investment in property entities that are listed on the New Zealand Stock Exchange.~~
- ~~Investments in partly paid shares in respect of shares of the type referred to above are permitted following a formal submission from the Investment Manager and Audit and Risk Subcommittee approval.~~

- ~~Not more than 25% of this asset class to be invested in any one entity.~~

~~4.8~~4.7 New Zealand Equity Investment Guidelines

~~4.8.1~~4.7.1 Portfolio Objectives for New Zealand Equity Investment
To provide a combination of capital growth and income via a broad exposure to the New Zealand equity market.

~~4.8.2~~4.7.2 Portfolio Construction Guidelines
For direct New Zealand equity investments, the following rules shall apply:

- Investment in companies listed on the New Zealand Stock Exchange.
- Investments in partly paid shares in respect of companies of the type referred to above are permitted following a formal submission from the Investment Manager and Audit and Risk Subcommittee approval.
- Exposure limits for direct New Zealand equity investments (based on the dollar value of the NZ Equities sector of the Long-Term Investment Portfolio) are set out below:

Security Type	Minimum percentage of NZ equities	Maximum percentage of NZ equities
Companies not represented in the Benchmark	0%	20%
Individual company in the Benchmark	0%	Benchmark weight +/-8%
Individual company not in the Benchmark	0%	4%

~~4.9~~4.8 Australian Equity Investment Guidelines

~~4.9.1~~4.8.1 Portfolio Objectives for Australian Equity Investment
To provide a combination of capital growth and income via a broad exposure to the Australian equity market.

~~4.9.2~~4.8.2 Portfolio Construction Guidelines
For direct Australian equity investments, the following rules shall apply:

- Investment in companies listed on the Australian Stock Exchange.
- Investments in partly paid shares in respect of companies of the type referred to above are permitted following a formal submission from the Investment Manager and Audit and Risk Subcommittee approval.
- Exposure limits for direct Australian equity investments (based on the dollar value of the Australian Equities sector of the Long-Term Investment Portfolio) are set out below:

Security Type	Minimum percentage of Aust equities	Maximum percentage of Aust equities
Companies not represented in the Benchmark	0%	20%

Individual company in the Benchmark	0%	Benchmark weight +/- 8%
Individual company not in the Benchmark	0%	4%

4.9 International Equity Guidelines

4.9.1 Portfolio Objectives for International Equity Investment
To provide an exposure to investments in the international equities sector.

4.9.2 Portfolio Construction Guidelines
For direct international equity investments, the following rules apply:

- Investment in international equities will be through one or more CIV's.
- International equity investments must be hedged in accordance with the requirements contained in Foreign Currency Management.
- CIV's in international equities must hold a broadly diversified portfolio of equity securities, be consistent with underlying benchmarks, be managed according to appropriate policies and procedures and impose reasonable exposure limits.
- Ensure that any investment is sufficiently liquid to enable exit from the investment at any time.

4.10 Foreign Currency Management

Historically, fluctuation of the New Zealand dollar against other major currencies has been significant and has resulted in additional portfolio volatility.

To minimise the risks associated with currency fluctuations the following policies apply:

- Holdings of international fixed interest investments are to be fully hedged back to NZ dollars at all times.
- When investing in international equities either directly or via managed funds, a neutral currency position is the preferred strategy however, 0% to 100% of the international equities being hedged back to NZ dollars is permitted at any one point in time. Any change to the actual hedging level should be disclosed to the General Manager Corporate Services & CFO and Audit and Risk Subcommittee and may require the Council's approval/endorsement.

4.11 Tax Policy

Any investment strategy employed needs to take into account Council's tax status, although this should not be to the detriment of the long-term strategic asset allocation.

Any tax leakage is to be quantified by the investment adviser and reported to the Council annually.

5. MONITORING AND EVALUATION

5.1 Performance Objectives

The Council acknowledges fluctuating rates of return characterise the securities markets, particularly during short time periods. Recognising that short-term fluctuations cause variations in performance; the Council intends to evaluate investment performance from a long-term perspective.

The Council is aware the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis and it is at the Council's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than annually, the Council will meet to review whether the Investment Manager and the investment options selected continue to conform to the criteria outlined in the SIPO, specifically:

- Adherence to the asset allocation levels set with rebalancing occurring within the agreed parameters and in a timely fashion.
- Adherence to the agreed investment philosophy and constraints;
- The adherence of individual investments to investment guidelines;
- Material changes in the investment options, organisation, investment philosophy and/or personnel; and
- Any legal or other regulatory agency proceedings affecting the investment options.

5.2 Benchmarks

The Council has determined that performance objectives should be established for each investment option and for the overall investment portfolio. Investment Manager performance will be evaluated in terms of an appropriate market index and the relevant peer group. These are to be agreed to between the Council and the Investment Manager. Asset classes and relevant benchmarks:

Asset Class	Index
Cash (on call and securities less than 1 year to maturity)	S&P/NZX 90 Day Bank Bill Index
New Zealand Fixed Interest	S&P/NZX Corporate A Grade Bond Index
International Fixed Interest - $NZD Hedged	Barclays Capital Global Aggregate Bond Index (NZD Hedged)
~~New Zealand Property~~	~~S&P/NZX All Real Estate Industry Group Index (Gross)~~
New Zealand Equities (Excluding NZ Listed Property)	S&P/NZX 50 Index (Gross)
Australian Equities	S&P/ASX 200 Accumulation Index (Unhedged)
International Equities	MSCI All Country World Index (Unhedged)
NZ Government Bonds	S&P/NZX NZ Government Stock Index

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5.3 Compliance

The Council and Audit and Risk Subcommittee are aware that the ongoing review and analysis of investments is just as important as the due diligence process. Performance will be monitored on an ongoing basis and it is at the Audit and Risk Subcommittee's discretion to take corrective action by recommending the replacement of an Investment Manager at any time. The Council may direct the Audit and Risk Subcommittee to take such action if it deems this is required.

- Specifically, the following will be confirmed and reported to the Audit and Risk Subcommittee:
- Performance reporting as described in roles and responsibilities above.
- Adherence to the SAA and rebalancing within approved limits occurring in a timely fashion.
- Adherence to agreed investment philosophy and constraints.
- Adherence to investment guidelines.
- Material changes in the investment organisation, investment philosophy and/or personnel.
- Any legal or other regulatory proceedings affecting the Investment Manager's organisation and/or reputation.

5.4 Watch List Procedures

An investment option and/or Investment Manager may be placed on watch list and a thorough review and analysis may be conducted when:

- Performance is below median for their peer group over a one, three and/or five-year cumulative period;
- The three-year risk adjusted return falls below the peer group's median risk-adjusted return;
- There is a change in the professionals managing the investment;
- There is an indication the investment option and/or investment adviser is deviating from the stated style and/or strategy;
- There is an increase in fees and expenses;
- Any extraordinary event occurs that may interfere with the investment option and/or Investment Manager's ability to prudently manage investment assets.

This process may be delegated to the Investment Advisor and/or a nominated third party and they will report to the Council at least annually.

5.5 Measuring Costs

The total portfolio delivery costs should be fair and reasonable. The appointed Investment Manager should offer a fee-only service with all commissions returned to Council.

The Investment Manager is to report to the Council annually on the breakdown and the total costs of delivery including:

- Administration/custodial reporting fees;
- Management expense ratios for managed fund investments;
- Advisory fees;
- Other brokerage or fees.

6. REVIEW OF THE STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

The Council will review this SIPO at least every 3 years to determine whether the stated investment objectives are still relevant and it is feasible that they will be achieved. It is not expected that the SIPO will change frequently. In particular, short-term changes in the financial markets should not require adjustment to the SIPO.

10.8. Port Otago Statement of Corporate Intent

Prepared for:	Council
Report No.	CS2524
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	25 June 2025

PURPOSE

[1] To receive Port Otago's Draft Statement of Corporate Intent for the three years to 30 June 2028.

EXECUTIVE SUMMARY

[2] Each year the Board of Port Otago Limited is required to provide Council as shareholder, a Statement of Corporate Intent (SCI). The draft SCI for the three years to 30 June 2028 has been received and is attached.

[3] The SCI sets out the objectives of the Port Otago group, and the intended nature and scope of activities for the three-year period to 30 June 2028. The three-year scenario covered by the SCI is reviewed annually on a rolling three-year basis.

[4] The SCI process is the formal opportunity for Council, as 100% shareholder of Port Otago, to have input into the intended activities of the company and its subsidiaries.

[5] In 2020 the Port substantially revised the SCI format in line with a move to integrated reporting and a focus on sustainability and materiality. The SCI has continued to be refined since as Port Otago has further developed and refined its integrated reporting framework.

[6] The Port Board and management presented to Council in a workshop on 28 May 2025 and outlined the draft contents of the SCI. Feedback from that meeting has been incorporated in the attached draft SCI.

RECOMMENDATION

That the Council:

1) ***Receives*** *this report and the attached Draft Statement of Corporate Intent for Port Otago Limited to 30 June 2028.*
2) ***Endorses*** *the Statement of Corporate Intent for Port Otago to 30 June 2028.*

PERFORMANCE TARGETS

[7] Performance targets in relation to health, safety and wellbeing, financial, environmental, and compliance with the Port and Harbour Safety Code are set out on page 14 of the SCI.

[8] The target level of shareholders' funds as at June 2026 is $749 million rising to $805 million at June 2028.

[9] The dividend policy remains consistent with previous years. Dividends are:
"Based on the intention to pay dividends within the range of 50%-70% of the group's normalised operating surplus after tax".

[10] Target dividend amounts are $20m for the year ending 30 June 2026, $20m for 2027 and $20m for 2028. These amounts align with the amounts included in Council's Long-Term Plan 2024-34 and Annual Plan 2025-26.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[11] The dividend targets included in the SCI align to those included in Council's Long-Term Plan 2024-34 and Annual Plan 2025-26.

Financial Considerations

[12] The dividend targets included in the SCI align to those included in Council's Long-Term Plan 2024-34 and Annual Plan 2025-26.

Significance and Engagement Considerations

[13] There are no significance and engagement considerations.

Legislative and Risk Considerations

[14] The Port Companies Act 1988 requires the draft SCI to be delivered to Council within one month of the commencement of each financial year and for the completed document to be finalised within three months of the commencement of the financial year.

[15] The primary risk is financial and relates to the Port's actual performance meeting the targets set out in the SCI and the Port's ability to pay dividends to Council. This includes underlying market risk which is inherent in the Port's commercial activities. Dividends levels outlined in the SCI are not guaranteed and are dependent upon the Port's underlying financial performance and Directors being satisfied the company will satisfy the Companies Act 1993 solvency test requirements when those dividends are approved.

Climate Change Considerations

[16] Climate change is considered in the SCI (see page 10, number 11 in the material issues and page 12 goals for our harbour taoka and beyond).

Communications Considerations

[17] There are no communications considerations.

ATTACHMENTS

1. 2025 Port Otago Statement of Corporate Intent to June 2028 [**10.8.1** - 17 pages]

Statement of Corporate Intent

For FY2026, FY2027 and FY2028

Approved by the Port Otago Board

Contents

Contents 2
Contacts 2
Introduction 3
About Port Otago 3
Company structure 5
Our value chain 7
Our material issues 9
Our vision: New Zealand's *always open* port 11
Our strategy 11
Our kaimahi 12
Our wider team 12
Our harbour taoka and beyond 12
Our know-how and skills 12
Our assets 13
Our financial value 13
Performance targets 14
Governance and leadership 15
Reporting to our shareholders 16

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Rick Herd

Chief Executive

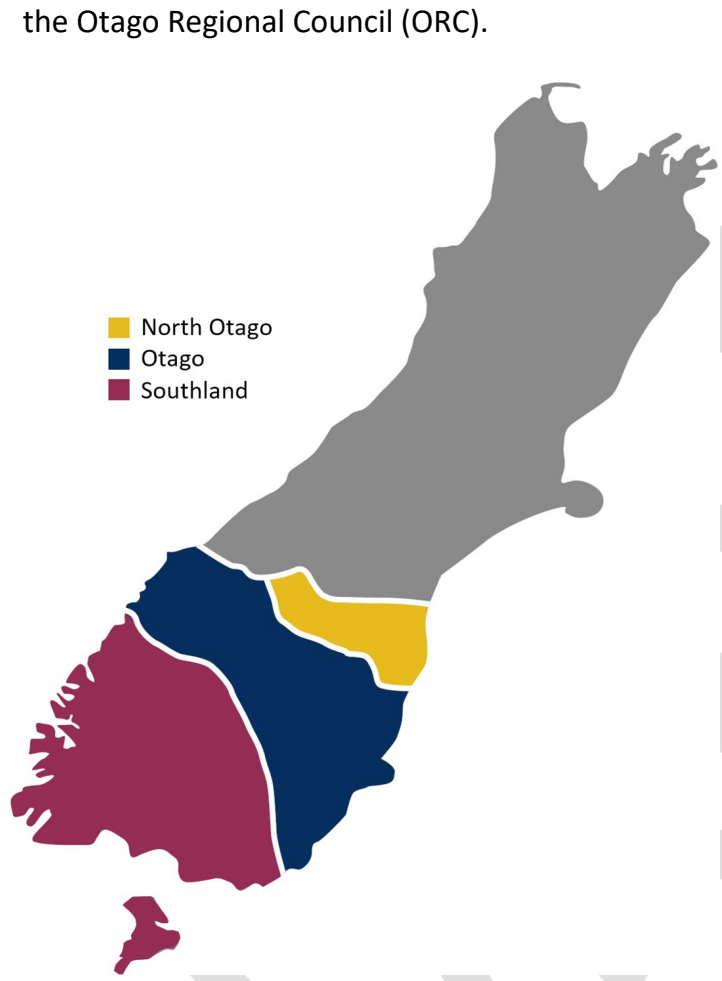
Kevin Winders

Introduction

This Statement of Corporate Intent (SCI) outlines our plans for the next three years, FY2026, FY2027 and FY2028. We encourage you to read this SCI in conjunction with our 2025 Integrated Report.

About Port Otago

It was from Port Chalmers that New Zealand's first cargo of frozen meat left for London aboard the refrigerated ship *Dunedin* in February 1882, signalling the start of our country's modern export trade. The Otago Harbour Board managed the port and harbour from 1874 until 1988, when the Port Companies Act 1988 saw the registration of Port Otago Limited and the company's shares vested in the Otago Regional Council (ORC).



Port Otago remains 100% owned by the ORC and its stated principal objective is to operate as a successful and sustainable business that delivers value to shareholders in the form of both financial and non-financial returns on investment.

Port Otago is located on the Otago Harbour of the South Island of New Zealand. Port Otago benefits from a deep natural harbour taoka, its strategic location for vessel rotation to and from deep-sea destinations and a large primary export cargo region.

Port Otago is a Lifeline Utility under the Civil Defence Emergency Management (Act) 2002, defined as entities that provide essential infrastructure services to the community. The company has a responsibility to ensure its ability to function at the fullest possible extent during and after a civil defence emergency.

Our region

Port Otago's role facilitating trade for the region's exporters and importers has a significant impact on the economic, as well as the social and environmental, well-being of the Otago-Southland region.

Our region has the infrastructure required for a successful port, including a fit-for-purpose road and rail network and a well-developed warehouse and cool storage sector.

Port Otago operates two wharf systems – Port Chalmers and Dunedin Bulk Port – within Otago Harbour. The lower harbour channel depth is 14.0m, while the upper harbour channel is 8.5m.

Port Chalmers is one of New Zealand's two deepest container ports and can service the largest container ships in the New Zealand. It can store more than 7000 containers and has one of the highest number of reefer points of any New Zealand port, with 1650.

The company has more than 38,000m^2 of covered warehousing at Port Chalmers, built to the high standards required by the dairy industry. It also has two wharf-side cold storage facilities in Dunedin,

able to hold up to 10,500 tonnes of chilled product. This is used primarily to service fishing customers.

Port Otago provides 7.6 hectares of log storage area at Port Chalmers and Dunedin Bulk Port.

Port Chalmers is the primary South Island port for cruise ships and generally the port of call immediately before or after visiting Fiordland.

Economic contribution

Port Otago operates across four sites: Port Chalmers, Dunedin Bulk Port, Dunedin Depot and Fiordland. It employs about 330 people and paid $41.8 million in wages and salaries during 2023/24. New Zealand Institute of Economic Research report

To better understand Port Otago's impact and role in the region and wider economy, the New Zealand Institute of Economic Research (NZIER*) was commissioned with quantifying what it would mean for the local community's economy if Port Otago could not operate for a year.

The resulting report, *Regional economic impact assessment: Assessing the contribution of Port Otago to the economy* (February 2024), shows significant negative economic impacts at a national and regional level.

With no economic contribution from Port Otago for 12 months, modelling indicates Gross Domestic Product (GDP) decreased by:

	GDP
Otago region~	- $154 million
New Zealand-wide	- $118 million
Southland region	- $38 million

The report estimates that Port Otago contributed $61 million to the Otago economy through its export and import trade activities during the year to June 2023. Furthermore, between June 2012 and June 2023, Port Otago's GDP contribution grew at an average annual rate of 7%^.

** NZIER is an independent, not-for-profit, incorporated society*
~ Otago region covers Dunedin city, Queenstown, Central Otago and Clutha
^ Disrupted by Covid 19, which led to a decline in trade activities from 2020 to 2022

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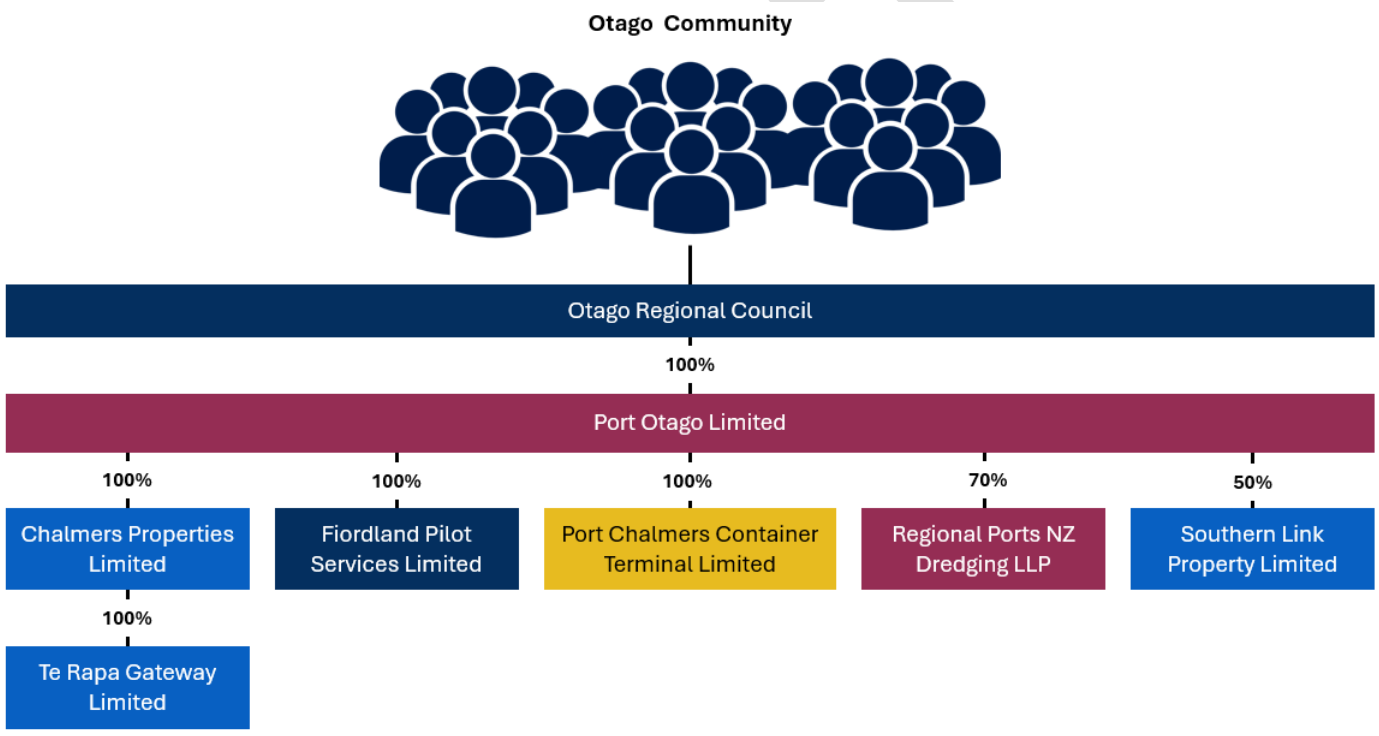
Company structure

This SCI sets out Port Otago's overall intentions and objectives. It also covers our wholly owned subsidiary companies, Chalmers Properties Limited, Fiordland Pilot Services Limited, Port Chalmers Container Terminal Limited and Te Rapa Gateway Limited. Additions during the year are Regional Ports NZ Dredging LLP a joint venture with Napier Port Limited and Southern Link Property Limited a joint venture with Dynes Transport Tapanui Limited.

Port Otago and its subsidiaries are "Port Companies", pursuant to the Port Companies (Act) 1988. This SCI has been prepared in accordance with this Act. Pursuant to section 5 of the Act, our principal objective is to operate as a successful business.

The company reviews and updates its SCI annually, in consultation with its shareholder. This SCI covers FY26, FY27 and FY28.



Integrated Sustainability Policy

Port Otago is committed to working with stakeholders to understand our material issues. We try to be open and honest about what we need to work on. Our commitments in this policy span the six capitals* and aim to create value, working hard to improve wherever we can.

* Integrated Reporting is based on creating value across the six capitals:

1. *Human capital:* Our kaimahi.
2. *Social and relationship capital:* Our wider team.
3. *Natural capital:* Our harbour taoka and beyond.
4. *Intellectual capital:* Our know how and skills.
5. *Manufactured capital:* Our assets.
6. *Financial capital:* Our financial value.

Our value chain

The port's business model to create value

Inputs

Our kaimahi

- Our team of 330 people
- Trained in safety and relevant skills
- In-depth safety risk assessments and inspections

Our wider team

- Customer relationships
- Partnerships with shipping lines, landside operators and suppliers
- Community and iwi engagement

Our harbour taoka and beyond

- Use of air, land and water
- Consumption of energy and other resources
- Listening to community and iwi about any changes to our harbour taoka
- Climate change adaptation scenario modelling
- Responsible dredging

Our know how and skills

- Experienced people
- Quality new recruits
- Investment in upskilling
- Investment in secure technology

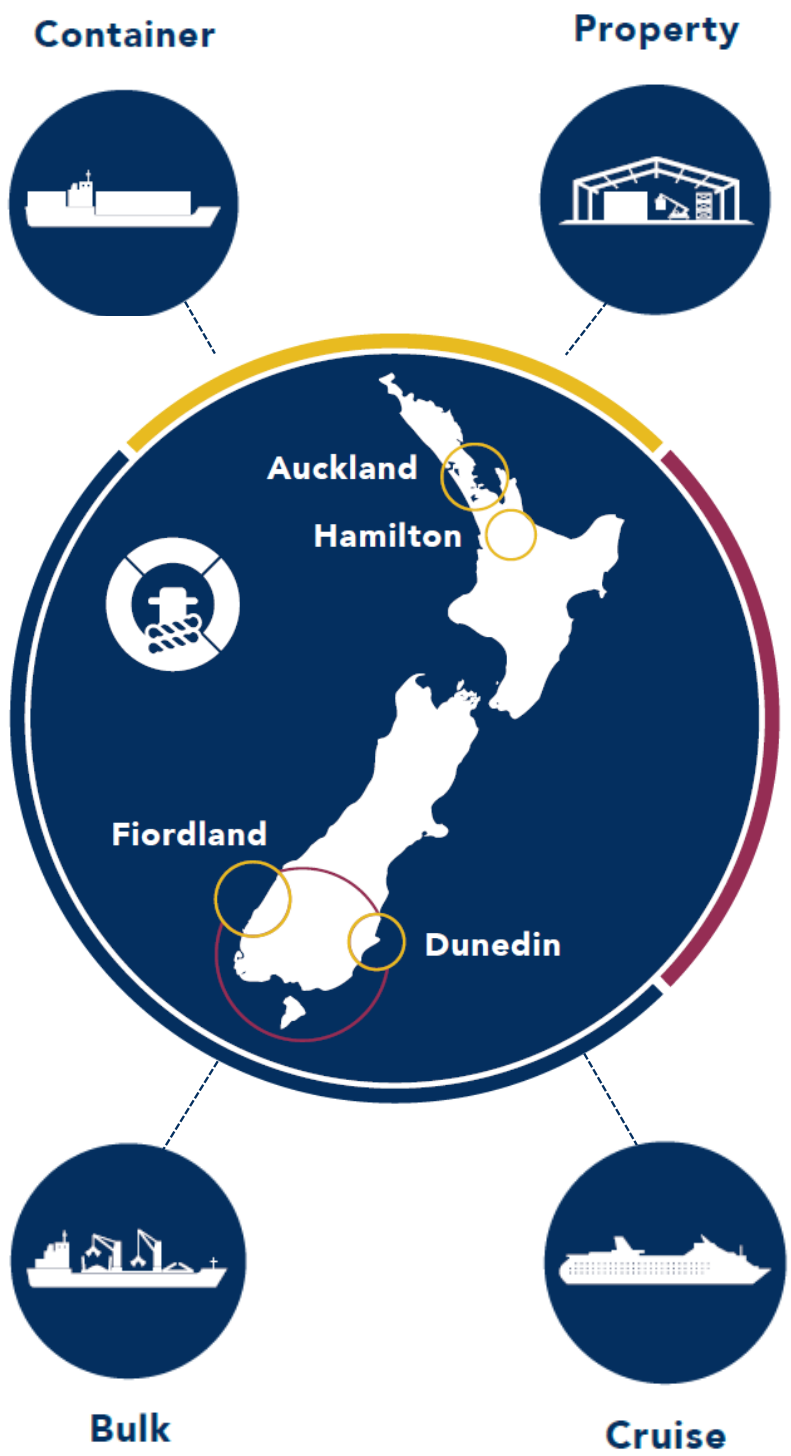
Our assets

- Assets owned and productivity optimised
- Land owned and space utilised efficiently
- Investment in long-term infrastructure
- Climate change mitigation and resilience planning

Our financial value

- Diverse and balanced portfolio
- Long-term agreements with customers, partners and suppliers

Our business activities & outputs



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Outcomes	Work ons	Progress
Our kaimahi		
• A safety culture where our people look out for each other so that everyone goes home safely • Employees who are proud to work for the port	– Fatigue management as we fine tune rosters – Failing safely to minimise the impact of any incidents – Onboarding new recruits making the most of the "fresh eyes" on the job – Workplace culture focus as we adapt to change	✓ ✓ ✓ −
Our wider team		
• A good neighbour who respects our social licence to operate • A strong central link in the value chain, connecting our customers, partners and suppliers from the lower South Island to the world, for mutual growth	– Log customer relationships as we plan for the future – Container customer relationships as we collaborate on storage solutions – Multi-stakeholder approach across the supply chain	− ✓ −
Our harbour taoka and beyond		
• Respect for our beautiful harbour • Understanding we need to improve by listening to our community and iwi • Reduced contribution to climate change and understanding and adapting to potential future climate change impacts	– Understanding nature's tipping points and partnering to address them – Adapting to impacts of climate change on the port – Reducing our own contribution to climate change – Influencing others in the supply chain to do the same	✓ ✓ − −
Our know how and skills		
• A considered approach to the future • A talented workforce with individuals who are willing to learn and have a wealth of knowledge • Improved productivity and resilience by embracing new, agile and efficient ways • Effective processes to protect the port from cyber attacks	– Process innovation for efficiency gains – Equipment innovation on port for the future – Channel Innovation for shipping and load flexibility	− − ✓
Our assets		
• Continued investment in infrastructure to the benefit of the local, regional and national economy • Proactive development of dynamic solutions to counter shipping volatility	- Collaborating on an Inland Port and making progress - Responding quickly to operational disruption in our port network - Being flexible to attract more services to Port Otago and the South Island	✓ ✓ ✓
Our financial value		
• Reliable sustainable dividends for our shareholders, to support regional economic development and benefit our community • A sustainable future built on solid investment in infrastructure and long-term customer, partner and supplier relationships	- Building operational returns year-on-year - Maintaining returns in a tight property market - Communication of our contribution to the people of Otago	✓ ✓ ✓

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Our material issues

Port Otago is six years into Integrated reporting and identifying its material issues*. The first three years involved a survey and interviews with key stakeholders. The full materiality process is now undertaken every two years, including 2024, with stakeholder engagement continuing in alternate years. We call this interim process, undertaken in 2025, a materiality pulse, as we effectively check the pulse of what is most important to our business and stakeholders. The material issues detailed below and integrated throughout this SCI are based on the results of our last full materiality process in 2024 and will be updated in 2026.

2025 materiality pulse update

For currency and completeness, here are the most up-to-date findings from our 2025 materiality pulse:

The Port's top 10 material issues remain the same from 2024 to 2025 except growth replaced nature in the top 10. Issues becoming notably more material from 2024 to 2025, i.e. moving up by 3 or more rankings include the following:

- Relationships: Up from 5th in 2024 to 2nd in 2025
- Innovation: Up from 10th in 2024 to 7th in 2025
- Growth: Up from 12th in 2024 to 9th in 2025

The following themes emerged during stakeholder interviews, both internal and external, as drivers of the increased materiality of the above issues:

- Shipping volatility: This is still having a significant impact
- Wharf capacity: The Port is still affected by container congestion.
- Customers want more: Storage space, empty containers and time to bring containers to the Port.
- Mosgiel: The Port is at a tipping point for growth to meet customer needs today and in the future. Mosgiel is widely supported as a solution to provide additional storage capacity and more.
- Communication: Stakeholder relationships are more centre stage than ever with ongoing capacity challenges on terminal and Mosgiel plans on the table.

Issues becoming notably less material from 2024 to 2025, i.e. moving down by 3 or more rankings include the following:

- Culture: Down from 7th in 2024 to 10th in 2025
- Nature: Down from 9th in 2024 to 14th in 2025

This drop in materiality is typically attributed to an improvement in performance through the Port's focus on these issues.

** Our materiality-related work is undertaken independently by Materiality Counts.*

Top 11 material issues in order of priority

#1 Safety (same priority as 2023)
Ensuring safety is the number one priority for everyone using the port, including our customers, partners and suppliers. A team that is always looking for ways to improve safety and looking out for each other, so everyone goes home safely.

#2 Leadership (up 2)
Leadership across the business and the wider community that is transparent and accountable, with strong governance. Aiming for diversity and the right mix of skills within our leadership to be agile and to adapt into the future.

#3 Wharf capacity & infrastructure (up 9)
Balancing wharf capacity between bulk, container and cruise ships. Using a simulator to explore what's possible in the channel, allowing increased volumes of logs to be loaded at Dunedin Bulk Port. Efficient container throughput to optimise space on a resilient wharf, alongside an inland storage depot for expansion.

#4 Shipping volatility (up 2)
Working closely with shipping lines to build their confidence in visiting the port, achieving as many services with as far a reach, and as much certainty, as possible for all stakeholders. Demonstrating agility to come up with solutions to shipping challenges across New Zealand as a dynamic port where the team pulls together to get the job done, with efficient container turnaround times and optimum moves per week.

#5 Strong relationships (down 3)
Building strong relationships and true partnerships with our stakeholders (community, iwi, customers, partners, suppliers, shareholder, peers, government, regulators, interest groups, industry bodies) by taking the time to listen to what matters to them, such as farmers doing it tough, and sharing the port's plans. Being a great neighbour by doing what we say we will do for the community and iwi, such as keeping noise levels down, supporting their needs and human rights. Communicating effectively on the day-to-day, such as progress towards performance commitments on container moves and storage space.

#6 The best team (down 1)
Attracting and retaining the best team for the job by promoting our values in the community and respecting the human rights of our people. Engaging our team by investing in training, including leadership training, providing recognition and succession planning.

#7 Culture and wellbeing hauora (up 1)
A positive workplace culture prioritising wellbeing (including the Good Yarn programme), where everyone feels they belong and their diversity is valued. Open, honest and consistent communication and leadership across our whole team and the unions on topics such as rosters for better work-life balance.

#8 Financial performance (down 1)
Generating healthy financial returns for our shareholder from a strong capital base via increased revenue and EBITDA. Contributing to the people of Otago via shareholder dividends facilitating reduced regional council rates.

#9 Nature (up 5)
Protecting nature in our harbour by listening to the community and iwi, monitoring things closely and taking action well ahead of any tipping points in harbour health. Protecting the wider environment by developing an overall Harbour Management Plan with our partners. Implementing biosecurity measures specifically to protect our native flora and fauna from these hazards.

#10 Innovation (down 1)
Improving resilience and efficiency in our supply chain with automatisation and digitisation. Working with our customers, shipping lines, infrastructure and logistics partners and peers to innovate and become more agile, using container packing optimisation for example, and supply chain services such as green corridors.

#11 Climate change (up 5)
Measuring, reporting and reducing our carbon emissions with science-based targets to protect our harbour taoka and beyond. Influencing others to do the same, including shipping lines, road and rail transport, customers, partners, suppliers and peers. Being prepared for increasing extreme weather events and related impacts on supply chain logistics and our customers' operations. Understanding the likely impacts of climate change.

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Our vision: New Zealand's *always open* port

We exist to provide a **safe**, **efficient** and ***always open*** gateway to and from the world for our customers. We provide such **excellent service** that no customer wants to leave, while at the same time providing a **secure return** to our owners and being a **respected neighbour** in our community. We balance the short, medium and long term needs of the business with those of our shareholder and stakeholders.

SAFE Our people go home safe everyday	EFFICIENT Clever use of data delivers benefits to be shared
"ALWAYS OPEN" We are always open to shipping, ideas, change, feedback	EXCELLENT SERVICE Customers collaborate with us on their future plans
SECURE RETURN Reliable dividends are paid to our owners	RESPECTED NEIGHBOUR We do the right thing. We respond.

Our strategy

New Zealand's always open port
Leverage existing infrastructure to be *always open*

- Our in-house dredging capability
- Renewable harbour defences
- We adapt quickly

- Open for growth
- First port open post an extreme event
- Consenting is smoother

Provide space to customers adapted to their needs
Provide buffer capability to be *always open*

- Mosgiel Hub increases storage
- Attract exports / imports
- Remove trucks from road

- Provide great service
- Sustainable growth
- Lower carbon

Build a better business
Decisions based on accurate real-time data

- Doing more with the same, safely
- Reduce property climate change risk
- Property enables the Port

- Create value to share
- Less volatility
- Reliable returns

Our strategy consists of the above *always open* goals developed in 2024 and our ongoing goals developed in 2021 to tackle our material issues and create value for stakeholders and the port. Board meetings continue to be structured using "strategy blocks" based on the six capitals, reminding us to regularly review progress towards our goals.

** Goals presented in blue are directly related to our* always open *strategy.*

Our kaimahi

Material issues

- Safety
- Leadership
- The best team
- Culture and wellbeing hauora

Goals

- Build a better business: Decisions are based on accurate real-time data.
  - Do more with the same, safely.
- Develop a culture where workforce safety is the number one priority and our team looks out for each other so that everyone goes home safely.
- Build a workplace where inclusion and wellness of our team is supported through teamwork, accessible leadership and open and honest communication.

Our wider team

Material issue

- Strong relationships

Goals

- New Zealand's always open port: Leverage existing infrastructure to be always open.
  - Adapting, building on our social licence, making our consenting smoother.
- Space for customers adapted to their needs: Provide buffer capability to be always open.
  - Increased storage at Mosgiel Inland Port for better delivery windows, making us the preferred option for our customers.
- Be a great neighbour by respecting what is important to our community and iwi and enhancing our social licence to operate.
- Build stronger relationships with our customers, partners, and suppliers to better understand them, measure progress and plan for the future.

Our harbour taoka and beyond

Material issue

- Nature
- Climate change

Goals

- Reduce property climate change risk resulting in reducing stranded asset risk and ensuring resilience.
- Agree our climate change targets.
- Adapt to potential future climate change impacts on our assets.
- Preserve our beautiful harbour and its biodiversity by listening to our community and iwi, taking care, and monitoring these precious taoka.
- Reduce our noise.

Our know-how and skills

Material issues

- Innovation

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Goals

- Build a better business: Decisions are based on accurate real-time data.
  - Do more with the same, safely.
- Investigate the value in future resilient supply chain services, e.g. green corridors, cold ironing and alternative fuels, including the costs, benefits and local demand.
- Improve our efficiency through automation and digitisation, such as systems for berth management, property management and supply chain connectivity.
- Work with our supply chain partners to embrace new and agile ways of working landside.
- Our LMS is at the core of our training and development delviery.
- Establish effective processes to protect the port from cyber-attacks and respond rapidly.

Our assets

Material issues

- Wharf capacity and infrastructure
- Shipping volatility

Goals

- New Zealand's always open port: Leverage existing infrastructure to be always open.
  - In-house dredging capability making us open for growth.
  - Renewable harbour defences making us the first port open post extreme weather, ready to support others.
- Space for customers adapted to their needs: Provide buffer capability to be always open.
  - Increased storage at Mosgiel Inland port for increased delivery windows, making us the preferred option for our customers.
- Grow the container business by investing in additional storage and depot capability.
- Grow the bulk business by increasing storage capacity and enhancing shipping flexibility with Victoria Channel improvements. Relocate storage (where it makes sense), develop wharf replacement options and work with customers on fit-for-purpose infrastructure to meet future needs.
- Improve the quality of cruise business by engaging with the cruise industry, investing in Pilot accommodation, maintaining capability and a new pilot boat.
- Continue to build a sustainable property portfolio as a fundamental part of the port's financial sustainability.

Our financial value

Material issues

- Financial returns

Goals

- Space for customers adapted to their needs: Provide buffer capability to be always open.
  - Attract exports/imports for sustainable growth.
- Build a better business:
  - Decisions based on accurate and complete data.
  - Property enables the port, a successful business in its own right, resulting in reliable returns.
- Provide consistent shareholder dividends with a portfolio that optimises returns, builds resilience and facilitates investment in the future.

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Performance targets

Capital reference	Objectives	Key performance measures	Targets		
			2026	2027	2028
Our kaimahi	Health, safety and well-being	Critical Risk: Visible Leadership Conversations	1000	1000	1000
Our kaimahi	Health, safety and well-being	Total recordable incident frequency rate (per 1 million hours)	<10	<10	<10
Our financial value	Financial	EBIT	$40m	$45m	$51m
Our financial value	Financial	Shareholders' funds (Equity) or Net Assets *	$749m	$779m	$805m
Our financial value	Financial	Return on equity *	5.0%	5.4%	5.8%
Our financial value	Financial	Equity Ratio*	Between 70%-85%		
Our financial value	Financial	Interest cover ratio	5	5	6
Our financial value	Financial	Dividend **	$20m	$20m	$20m
Our financial value	Financial	Otago Rescue Helicopter Trust	$0.4m	$0.4m	$0.4m
Capital reference	Objectives	Key performance measures	Targets		
			2026	**2027**	**2028**
Our harbour taoka and beyond	Environmental	Number of harbour spills caused by Port Otago	0	0	0
Our know-how and skills	Environmental	Percentage of resource consent compliance monitoring events achieving full compliance	100%	100%	100%
Our harbour taoka and beyond	Compliance with Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	Yes	Yes	Yes
Our know-how and skills	Compliance with Port & Harbour Safety Code (PHSC)	Risk assessments of new tasks or reviews post incident completed	Yes	Yes	Yes

*Excludes future unrealised fair value movements of investment properties and hedging interest rate swaps.

** Based on the intention to pay dividends within the range of 50-70% of the group's normalised operating surplus after tax.

Financial performance measure	Definition
EBIT	Earnings before interest, taxation, realised and unrealised investment property gains
Return on equity	Profit divided by average shareholder's equity
Equity ratio	The percentage that equity represents of total assets within the target range between 70% and 85%
Interest cover ratio	The number of times interest is covered by the profit before tax, interest, unrealised fair value movements and unrealised impairment charges.

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Governance and leadership

The board

Port Otago's shareholder appoints the directors to govern and direct the company's activities. The board is the overall and final body responsible for the proper direction and control of the company's activities and decision making. The board's responsibilities include the overall objectives, strategy, stewardship, performance and reporting of the company.

Statement of corporate intent (SCI)

The SCI is prepared based on the requirements within the Port Companies Act 1988. The board submits a draft SCI to the company's shareholder after due consultation with the shareholder and, after considering its comments, the board approves the final SCI and delivers it to the shareholder.

Board operation

The Port Otago board's operation is subject to the company's constitution and board charter, which sets out how the board and directors shall undertake their responsibilities.

The board chair leads the board and its relationship with the shareholder and other major stakeholders. The chair maintains a close professional relationship with the company's CE and, through the CE, the leadership team (LT).

New directors undertake an induction process to familiarise them with matters related to the company.

Conflicts of interest policy

These documents require all directors and employees to:

- Act with integrity, honesty, transparency, openness and in good faith
- Comply with the law, apply good judgment and proactively identify, disclose and manage conflicts of interest
- Promptly disclose or report any significant potential or perceived conflict or wrongdoing.

The company maintains an Interests Register that is reviewed at the start of every scheduled board meeting.

Policies

The board reviews the company's key policies at regular intervals.

Board performance and review

The board regularly reviews its performance and the performance of the CE. The reviews aim to identify opportunities and set plans for performance development and improvement.

Board meetings and committees

The board meets approximately 10 times per year. Additional meetings are convened as and when required. The board's annual work programme is set by the board before the start of each financial year. The board receives formal agenda papers and regular reports, generally a week in advance of meetings. Senior managers are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The board delegates some responsibilities and tasks to board committees, but the board retains the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict

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issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

The board's four standing committees are:

- Health and Safety Committee (full governance committee) – which assists the board in discharging its responsibilities with respect to health, safety and well-being.
- Audit and Risk subcommittee – which liaises with the company's independent external auditor, and reviews the quality and reliability of internal controls and financial and regulatory information used by and issued by the board.
- People and Remuneration subcommittee – which reviews the company's remuneration policies and practices, and reviews and sets the remuneration of the company's CE and LT.
- Sustainability subcommittee – to help ensure the company is meeting its responsibilities around sustainable business practices.

Liability insurance and indemnity

Port Otago arranges comprehensive liability insurance policies for the company, directors and officers within the limits and requirements set out in the Companies Act 1993 and the company's constitution. The company also indemnifies directors and employees within the limits and requirements set out in the Act.

Legislative compliance

The board receives regular updates and representations from management on legislative compliance. Areas of relevant law include industry-specific regulation, health and safety, corporate, taxation, financial reporting, commercial, environmental, human resources and privacy.

Auditor

Ernst & Young, on behalf of the Auditor-General, is auditor of the company.

Our compliance with relevant legislation

Port Otago will continue its legislative compliance programmes and aim to ensure we meet our obligations under relevant legislation and regulations.

Reporting to our shareholders

Port Otago submits its draft SCI to its shareholder for consultation annually, as required under the Port Companies Act 1988. Where appropriate, we will submit a revised SCI to our shareholder. (See Page 14 for performance targets.)

We will submit an annual report to our shareholder. This annual report will include:

- Audited financial statements
- Performance relative to the targets set in this SCI
- Key issues and progress with sustainability
- Other information to enable an informed assessment of the group's performance and financial position.

Port Otago values shareholder communication facilitated by the Port Liaison Committee which enables periodic interchange with our shareholder

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We will also submit an interim report to our shareholder. This report will contain unaudited information similar in content to our annual report and will comply with financial reporting standard NZ IAS 34 – Interim Financial Reporting.

Port Otago's accounting policies comply with applicable NZ IFRS standards and interpretations. We have applied the same accounting policies when preparing the SCI's financial forecasts, as for our audited financial statements for the year ended 30 June 2025. Our actual accounting policies during the three-year period of this SCI may change as a result of changes to NZ IFRS standards and interpretations.

No surprises policy

The company will endeavour to inform our shareholder prior to any significant decision being made public and will engage via the Port Liaison Group as required.

The commercial value of our shareholder's investment

Port Otago estimates the commercial value of its shareholder's investment in the group is at least that which is stated as shareholder's equity in our audited financial statements. This is reassessed annually, alongside our audited financial statements.

Activities subject to compensation

The company will provide the following services for the Otago Regional Council, for which Port Otago expects to be remunerated or reimbursed by the council:

- Assistance in matters of good navigation and safety on Otago Harbour.
- Provision of such services as may be requested by the Regional Council.
- Construction of a Whare Runaka.

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10.9. Regional Software Holdings Limited Statement of Intent 2025-2026

Prepared for:	Council
Report No.	CS2525
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	25 June 2025

PURPOSE

[1] To receive Regional Software Holdings Limited's Draft Statement of Intent for 2025-2026, Half Yearly Report for the period ended 31 December 2024 and Annual Report for year ended 30 June 2024.

EXECUTIVE SUMMARY

[2] Regional Software Holdings Limited (RSHL) has delivered its draft Statement of Intent 2025-26 (SOI) which sets out the company's objectives, the nature and scope of its activities, performance targets and financial forecasts for the next three financial years.

[3] The attached cover letter to the SOI notes the following key points:

- The primary focus over the next three years is the successful implementation of IRIS NextGen in participating councils.
- The company strategy is refocussing around three pillars:
  - Programme Delivery
  - Service Management
  - Customer Focus
- The RSHL Board is proposing replacing a vacant Council representative director with an additional (third) Independent Director.
- The RSHL Board is also proposing that an Independent Chair will be appointed.

[4] The budgets included in the SOI are grouped into five activities:

- IRIS Next Generation
- IRIS Classic
- Te Uru Kahika Support Services
- Public Transport Ticketing Programme
- Corporate

[5] All programmes operate on a cost-recovery basis and the SOI provides details of the fee allocations applied to Council's participating in the various programmes.

[6] The SOI budget for 2025-2026 shows a cash deficit of $410,000 which is being funded by cash surpluses held on behalf of different programmes.

[7] The SOI was received on 28 February 2025 and should have been presented to Council in time for Council to provide feedback by 1 May 2025. This deadline was missed as the review process for RSHL's work programme wasn't amended from a staff review to a

Council review after Council became a Council Controlled Organisation. The reporting processes for RSHL have been reviewed with this paper being submitted and other reporting and decision processes will be presented to Council as per the required deadlines going forward.

[8] A Shareholder Information Pack for the Board Appointment Process 2025 is also attached. A further report on that process and any Council decisions / delegations will be tabled at a future Council meeting.

[9] RSHL has also delivered it's Half Yearly Report for the period ended 31 December 2024 and Annual Report for the year ended 30 June 2024 which are also attached.

RECOMMENDATION

That the Council

1) ***Notes*** *this report and the attached draft Statement of Intent 2025-2026 and Half Yearly Report for the period ended 31 December 2024.*
2) ***Endorses*** *Regional Software Holdings Limited's intention to replace a vacant Council appointed director with an additional independent director.*
3) ***Endorses*** *Regional Software Holdings Limited's intention to appoint an Independent Chair noting appointment of the Chair is a Board decision.*

BACKGROUND

[10] Otago Regional Council became a shareholder of RSHL in August 2023.

[11] The purpose of RSHL is to provide high-quality services for The Regional Sector (and associated agencies) that delivers value to shareholders, customers and the sector.

[12] RSHL enables the regional sector and councils to act collaboratively and deliver solutions that would otherwise be unaffordable or unachievable.

[13] The objectives of RSHL are:
Primary Objectives

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

DISCUSSION

[14] RSHL delivered the SOI and Half Yearly Report on 28 February 2025. Council had the opportunity to provide feedback on the SOI prior to 1 May 2025.

[15] As noted in the executive summary, the date to provide feedback on the SOI has passed so the recommendation is to note the content of the draft SOI. If Council wishes to provide specific feedback that differs from the direction included in the SOI this can be passed onto RSHL however it won't be considered or reflected in the final SOI for 2025-2026 which is due for completion by 30 June 2025 and would be deferred for consideration in the following years SOI process.

[16] The proposals to include an additional Independent Director and an Independent Chair are included in the SOI but will involve separate appointment processes. The recommendation is to endorse the appointment of an additional Independent Director. The appointment process has been initiated as outlined in the attached Board Nomination Process 2025 with final appointment to be confirmed at the AGM in November 2025.

[17] Appointment of the Chair is a Board decision. The recommendation endorses the appointment of an Independent Chair while also noting it is a decision for the Board not Council.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[18] There are no strategic framework or policy considerations.

Financial Considerations

[19] Council's cost of participating in the work programmes reflected in the SOI have been included in the Long-Term Plan 2024-34 and Annual Plan 2025-26.

Significance and Engagement

[20] There are no significance and engagement considerations.

Legislative and Risk Considerations

[21] Otago Regional Council has a 10% shareholding in RSHL Control Shares. RSHL is a Council Controlled Organisation (CCO) owned by 10 Councils.

[22] Section 64 of the Local Government Act 2002 requires CCO's to prepare and adopt a statement of intent. Part 1 of Schedule 8 requires a draft to be sent to shareholders by 1 March, comments considered up to 1 May and the SOI finalised and delivered to shareholders by 30 June.

[23] Section 66 of the Local Government Act 2002 requires CCO's to send a half year report to shareholders within 2 months of the first half of each financial year.

[24] Section 67 of the Local Government Act 2002 requires CCO's to send an annual report to shareholders by 30 September each year.

[25] There are no material risks related to this report.

Climate Change Considerations

[26] There are no climate change considerations.

Communications Considerations

[27] Once received, the final version of the Statement of Intent 2025-2026 will be published on Council's website.

NEXT STEPS

[28] Any Council feedback will be provided to RSHL, and the final version of the Statement of Intent 2025-2026 will be published on Council's website.

ATTACHMENTS

1. Covering Letter for Draft RSHL SOI F Y 2025-26 [**10.9.1** - 4 pages]
2. RSHL DRAFT Statement of Intent 2025-26 [**10.9.2** - 38 pages]
3. RSHL Interim Report to Shareholders Pūrongo mō te Tau Haurua F Y 25 [**10.9.3** - 42 pages]
4. RSHL Annual Report 2024 Final with Audit Opinion [**10.9.4** - 48 pages]
5. RSHL Shareholders Information Pack - Board Appointment Process 2025 [**10.9.5** - 7 pages]

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28 February 2025

Tēnā koutou

RE: DRAFT 2025-2026 Statement of Intent

The Board of Regional Software Holdings Limited (RSHL) is pleased to present its draft 2025-2026 Statement of Intent.

We invite feedback on this draft before 1 May 2025.

The Board has been working on the strategic direction of RSHL as it grows and evolves. Our purpose and objectives have been refined. We welcome feedback from shareholders on whether these are fit for purpose.

Our primary focus over the next three years is the successful implementation of IRIS NextGen in participating councils. Alongside NextGen we will deliver high quality service to all programmes and services delivered by RSHL. We invite confirmation that this is line with Shareholders expectations.

Our Purpose:
To provide high-quality shared services for the regional sector (and associated agencies) that delivers value to shareholders, customers and the sector.

RSHL enables the regional sector and councils to act collaboratively and deliver solutions that would otherwise be unaffordable or unachievable.

Our objectives:

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Primary objectives

- Ensure the local government sector is better prepared to respond to current and future challenges.
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Achieve consistent good practise process across the sector and within councils.

Supporting objectives

- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile.
- Improve key staff attraction and retention.

RSHL has delivered significant operational benefits and financial savings to the regional sector over the last 3 years, and we believe that there is more that we can do to deliver on our purpose.

We have refocussed our company strategy around three pillars:

- Programme Delivery
- Service Management
- Customer Focus

Our goal is high quality delivery to councils and the regional sector, with a laser focus on delivering value.

To assist us in achieving these objectives we have proposed strengthening our governance arrangements, as well as increasing our capacity to manage services and programmes for customers.

Board Composition

The RSHL Board currently has a vacancy following the routine resignation of a director at the AGM in November 2024.

Document ID:RSHL-1877002180-9311

In response to the increase in scale of the organisation, and the complexity of the operating environment we recommend a change to the composition of the Board. This will provide additional independence and strengthen the governance of the organisation.

- The Board recommends that the vacant position be filled with an additional Independent Director.
- The Chairperson role is currently filled by a council director. The board recommends that an independent Chair be appointed.

The Board invites feedback on this recommendation.

Budget Structure

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

Activity	**Description**
IRIS Next Generation	The IRIS NextGeneration Programme is underpinned by the IRIS NextGen Partnership Agreement and funded by the ten participating Councils. 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.
Te Uru Kahika Support Services	Te Uru Kahika Support Services 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.

Document ID:RSHL-1877002180-9311

Activity	Description
Public Transport Ticketing Programme (PTTP)	The budget and work programme for PTTP is set by the Transport Ticketing Governance Group on behalf of the participating councils.
Corporate	Costs and income that cannot be directly attributed to a work programme are represented in the corporate 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, RSHL remains in a sound position. All programmes operate on a cost-recovery basis with small annual surplus or deficit.

The draft budget shows a cash loss of $410K. This is not a cause for concern. This is occurring as we expend cash surpluses held on behalf of different programmes.

Thank you for your continued support of RSHL and our work. We look forward to receiving your feedback before 1 May 2025.

We extend an offer to present this draft Statement of Intent to a council meeting when appropriate. Please contact me if that would be beneficial.

Nāku noa nā

Mike Nield

Chairperson

Document ID:RSHL-1877002180-9311

Tauākī Whakamaunga Atu | Statement of Intent 2025-2026

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Regional Software Holdings Ltd—2025-2026 Statement of Intent

Document ID : RSHL-1877002180-9009

1. Kupu Takamua | Foreword

Regional Software Holdings Limited (RSHL) is pleased to present its 2025-26 Statement of Intent.
RSHL enables the regional sector to act collaboratively and deliver solutions that, in the normal course of events, would be unaffordable or unachievable.

RSHL has delivered significant operational and financial benefits to the regional sector. This Statement of Intent signals our commitment to continuing to deliver these benefits and increase our delivery of customer value over time.

Over the last few years, RSHL has successfully grown the range of services that it provides, and with that, increased the customer base benefiting from those services.

This statement of intent shows the depth and breadth of services that RSHL is providing. This includes our flagship IRIS NextGen Programme focussed on regulatory systems and processes, and our support services agreement with Te Uru Kahika. Alongside those cornerstone programmes we deliver services in many other domains, including transport, spatial imagery, emissions modelling along with wells & bores.

From this strong base, our future focus is on ensuring councils are receiving maximum value from these services, and addressing the areas of greatest need for the sector. This focus aligns with our purpose and objectives;

Purpose
To provide high-quality shared services for The Regional Sector (and associated agencies) that delivers value to shareholders, customers and the sector.

Objectives
Primary objectives

- Ensure the local government sector is better prepared to respond to current and future challenges.
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Achieve consistent good practise process across the sector and within councils.

Supporting objectives

- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile.
- Improve key staff attraction and retention.

We are actively seeking your feedback on our strategic intent and operational plan for the next three years.

Our primary focus over the next three years is the successful implementation of IRIS NextGen in participating councils. Alongside NextGen we will deliver high quality service to all programmes and services delivered by RSHL. We invite confirmation that this is line with Shareholders expectations.

RSHL will be proactive in the improvement of the services we provide and more importantly, take an active role in leading the selection and design of future shared services for the sector.

The current and future challenges facing the regional sector demand we work together. RSHL looks forward to maximising the value delivered through collaboration and shared services.

Nāku noa nā

Mike Nield

Board Chair

2. Ngā Ihirangi | Table of Contents

1. Kupu Takamua | Foreword 2
2. Ngā Ihirangi | Table of Contents....3
3. Kupu Whakataki | Introduction....4
4. Te Āhua me te Hōkaitanga o ngā Mahi ka Whakahaeretia | Nature and Scope of Activities to be Undertaken 5
5. Ngā Tūpono Āheinga hei Whanaketanga | Possible Opportunities for Growth....11
6. Te Huarahi Whāinga a te Poari ki te Mana Whakahaere | Board's Approach to Governance 11
7. Ngā Poutohutohu | Directors....12
   Interest Register....12
8. Ngā Ūnga Mahi me Ētahi Atu Ine | Performance Targets and Other Measures 14
9. Ngā Mōhiohio Kaiwhaipānga | Shareholders Information....16
10. Ngā Mahi e Rapua Nei Te Utu Paremata | Activities for Which Compensation Is Sought 19
11. Ngā Tahua FY2026 | FY2026 Budgets. 24
    Consolidated Statement of Financial Performance 25
    Consolidated Statement of Financial Position as at 30 June 2026....26
    Consolidated Statement of Cash Flows....27
    IRIS Programme Activity - Statement of Financial Performance....28
    IRIS NextGen Programme Activity - Statement of Financial Performance 29
    Sector Financial Management System Activity- Statement of Financial Performance 30
    Public Transport Ticketing Programme - Statement of Financial Performance....31
    RSHL Corporate Activity - Statement of Financial Performance 32
12. Ngā Kaupapahere Kaute | Accounting Policies 33
13. Note For Information: Requirements for Statement of Intent 36

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.

Purpose

To provide high-quality shared services for The Regional Sector (and associated agencies) that delivers value to shareholders, customers and the sector.

Objectives

Primary objectives

- Ensure the local government sector is better prepared to respond to current and future challenges.
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Achieve consistent good practise process across the sector and within councils.

Supporting objectives

- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile.
- Improve key staff attraction and retention.

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 focussed on delivering value.
- We are professional and accountable.
- We are flexible and open.

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.

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 in local government, with a focus on the regional sector. We develop and support shared solutions that engender greater consistency, efficiency, and reduce cost. 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 Next Generation Programme	Ten councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme, under a formal partnership agreement. 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. IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) based on the Datacom Datascape platform. 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: • 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. 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 2025. *Performance* 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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery against milestones, and customer feedback are used to assess performance.

Activity	Description
Te Uru Kahika Support Services	Te Uru Kahika Is the collective name for the 16 Regional Councils and Unitary Authorities in New Zealand. Through Te Uru Kahika, the regional sector: • 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. 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. RSHL provides support services that enable Te Uru Kahika to achieve it's objectives. *Sector Financial Management System (SFMS)* Te Uru Kahika organises its activities into Work Programmes. 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. The services that RSHL provides to Te Uru Kahika are defined in a Memorandum of Agreement. When assessing RSHL's performance for this activity, the focus is different for each service. The performance measures are defined in the MoA. These services are: **Financial/Operations Management** — These are foundational services, the focus is on compliance with policy, alignment with good practice. **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.

Shared Services	RSHL operates shared services and solutions for councils. These services involve the engagement of a vendor to deliver a solution to a group of councils.
	RSHL leads councils through a process to define their shared objectives. RSHL then works with councils and vendors to implement a solution.
	RSHL is constantly evaluating new opportunities to deliver more value to the regional sector through shared services and solutions.
	
	Current Shared Services
	WellsNZ **Service Description:**
	Regional and Unitary Councils collect and manage large amounts of data on wells, geothermal bores and galleries. This data is essential for planning, consenting, compliance and science processes. It is also a valuable resource for well owners, drilling companies and consultants. Through the WellsNZ website, Te Uru Kahika presents data on location, construction, geology and more.
	Participating Organisations:
	Auckland Council, Waikato Regional Council, Environment Canterbury, Otago Regional Council
	Objectives:
	• To make data about Wells and Bores more easily available to all stakeholders.
	• To develop and apply consistent standards for the recording of data about wells and bores.
	Link:
	https://wellsnz.teurukahika.nz/
	
	Data Emissions Platform **Service Description:**
	The solution provided is a web-based data analytics platform to support historical, current and future community greenhouse gas emissions reporting based on the GPC methodology and identification of decarbonisation pathways.
	Participating Organisations:
	• Northland Regional Council
	  ○ Whangarei City Council
	  ○ Far North District Council
	• Auckland Council
	• Waikato Regional Council
	  ○ Hamilton City Council
	• Bay of Plenty Regional Council
	  ○ Tauranga City Council
	  ○ Western Bay of Plenty District Council
	  ○ Whakatane District Council
	  ○ Rotorua Lakes Council
	• Gisborne District Council
	• Hawkes Bay Regional Council
	• Nelson City Council
	• Tasman District Council
	• Environment Canterbury
	  ○ Waimakariri District Council
	  ○ Selwyn District Council
	  ○ Kapiti Coast District Council
	• Ministry for the Environment
	
	Objectives:
	To enable a consistent and cost-effective approach for local government to understand and report on local emissions profiles and

Activity	Description	
		projections, to support evidenced-based decisions on emissions reduction priorities and actions using a standardised platform.
	N-Cap	**Service Description:** The N-Cap solution allows farmers and their representatives to record their synthetic nitrogen use via an online portal, OR alternatively to submit the required records through their fertiliser company. **Participating Organisations:** All Regional Sector Councils. **Objectives:** • To provide farmers with a pathway to meet their obligation to record synthetic nitrogen use under regulations that came into force in 2022. • To provide regional councils with the tools they need to meet their regulatory responsibilities. • To ensure national consistency on the rollout of the N-Cap Regulations. **Link:** https://n-cap.teurukahika.govt.nz
	Retrolens	**Service Description:** Retrolens allows public access to historical aerial photography of New Zealand. **Participating Organisations:** Retrolens is overseen by The Local Government Geospatial Alliance (LGGA) which includes representatives from all Regional Sector Councils, and a number of local authorities. **Objectives:** To inform and educate the public on historical changes to the landscape in New Zealand. **Link:** https://retrolens.co.nz/

Activity	Description
Environmental Monitoring and Reporting (EMAR) Programme	The objective of EMAR is to improve the collection, accessibility, and presentation of environmental data in New Zealand. The EMAR Programme has three projects. • 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. EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, StatsNZ and DOC (and others). 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. The EMAR/LAWA Programme Manager is employed by RSHL. The LAWA project administration (financial and contractual) is managed by RSHL. *Performance* 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. An emphasis is placed on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.
Public Transport Ticketing Programme	In September 2024 RSHL welcomed the Regional Integrated Ticketing System (RITS) team. This team was previously hosted at Otago Regional Council. This team is responsible for operation of the Regional Integrated Ticketing System (Bee Card) in use at 10 councils. The focus of that activity is on ensuring system and vendor performance is maintained during the transition to NTS, and that councils can transition seamlessly. The team is also coordinating the rollout of the National Ticketing System (Motu Move) to these 10 councils by 2028. The focus of that activity is ensuring participating Councils are adequately represented and that the solution provided matches expectations. *Performance* When assessing the performance of both these workstreams, we consider whether RSHL has appropriately managed the programmes. This includes budgets, vendor management (for Bee Card), communications with councils and broader stakeholder engagement.

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Activity	Description
IRIS Programme	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. The 7 councils actively collaborate on the use of IRIS and the future development roadmap. The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme. RSHL and the member councils will replace the IRIS software platform via IRIS NextGen by the end of 2028. This means that the programme is now in the sunset phase. Expenditure is kept to a minimum to allow councils and staff to focus on IRIS NextGen. *Performance* 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. We place an emphasis on value, predictability, and delivery. Performance against budget and delivery of releases are used to assess performance.

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

RSHL constantly seeks to increase the value delivered to shareholders, councils and the regional sector.

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 primary market for RSHL to offer products and services is New Zealand regional councils and unitary Authorities. The secondary market is the wider local government sector.

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

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.

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

Board Composition
The board is made up of up to 6 council, and 2 independent directors. The council directors are senior staff from shareholding councils, but do not represent their councils in their duties as a board member.

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

The RSHL Board currently has a vacancy following the routine resignation of a director at the AGM in November 2024.

In response to the increase in scale of the organisation, and the complexity of the operating environment the board recommends a change to its composition, to provide additional independence and strengthen the governance of the organisation.

- The Board recommends that the vacant position be filled with an additional Independent Director.
- The Chairperson role is currently filled by a council director. The board recommends that an independent Chair be appointed.

The draft budget for FY2026 and onwards includes these proposed changes.

7. Ngā Poutohutohu | Directors

The following directors are in office on 1 July 2025

Director	Council
Asbjorn Aakjaer	Independent
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
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 EMD Advantage Limited (Infor) Regional Software Holdings Limited (RSHL) Waikato Regional Council (Infor – Public Sector), KPMG	Director & Shareholder Director & Shareholder Director & Shareholder Director & Shareholder EMDA Board Chair Involvement with various vendors from time to time re RSHL's shared service vehicle (incl buying & service delivery) role for the Regional sector. Current active relationship – Datacom. Providing implementation consulting services to the WRC Finance Team – Infor (solution provider/implementation delivery partner). Engagement post implementation support only.

	Deloitte, EY, KPMG, SAP, Oracle, Infor, Microsoft, Workday, Salesforce, Mulesoft, Datacom	Active & long-term relationships with these organisations including tendering for new consulting opportunities from time to time.
Bruce Robertson	R Bruce Robertson Limited Ministry of Primary Industries (MPI) <u>Local Authorities</u>: Hamilton City Council Thames-Coromandel District Council Waipa District Council Taupo District Council Bay of Plenty Regional Council Gisborne District Council Napier City Council South Wairarapa District Council Wellington City Council Timaru District Council Central Otago District Council Southland District Council Christchurch City Council	Director and Shareholder (Governance and advisory services). Audit & Risk Committee Chair Independent Director. Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Deputy 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

8. 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 maintain a high standard of delivery of our programmes to customers.

Target	Timing
All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity. All programmes will have an effective governance structure and planning processes appropriate to the size and complexity of the programme. Draft plans and budgets will be set before 1 March, final plans and budgets will be set by 30 June. An independent assurance review will be completed for major programmes each year.	To be completed by 30 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.	November each year.

Theme: Service Delivery

Performance Statement: We will maintain a high standard of delivery of our services to customers.

Target	Timing
All services are clearly defined, including service definition, service level expectations and funding models.	June 2026
All services will have an effective customer advisory structure appropriate to the size and complexity of the service.	June 2026
All services will meet or exceed agreed service level expectations each year.	June 2027*

*Services delivered by RSHL are defined currently under a range of Statements of Work, Memorandum of Understanding/Agreement, and scope documents. In FY2026 we will consolidate these services under standard service agreement documents.

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.
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.

9. 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 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 three months of the end of the financial year the following audited[1] 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.
- 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.

[1] Delivery of audited statements is subject to availability of suitably qualified auditors from AuditNZ.

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".

10. 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:

<table>
<tr><th>Activity</th><th>Description</th></tr>
<tr><td>IRIS Next Generation</td><td>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 10 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:
<table>
<tr><th>Large Councils</th><th>Medium Councils</th><th>Small Councils</th></tr>
<tr><td>17.20% per council (Total 34.40%)</td><td>10.40% per council (Total 41.60%)</td><td>4.20% per council (Total 8.40%)</td></tr>
<tr><td rowspan="3">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 rowspan="3">Nelson City Council
West Coast Regional Council</td></tr>
<tr><td>7.80% per council (Total 15.60%)</td></tr>
<tr><td>Taranaki Regional Council
Southland Regional Council</td></tr>
</table>
Over the 10-year term of the Partnership Agreement, the programme costs are expected to total $31.6M

Programme costs include:
• Datacom software solution delivery
• Datacom programme management
• Datacom support and maintenance
• Datacom council implementation costs
• Datacom Good Practice Process Operating Model development
• RSHL programme management
• Travel and meeting expenses.
• RSHL Corporate Costs

In FY25 RSHL expects to collect $3.7M 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. The contingency provision for FY2026 is $428K.

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.</td></tr>
</table>

Te Uru Kahika Support Services	Payment of annual contributions will be sought from all Te Uru Kahika councils for the operation of the programmes within the Te Uru Kahika construct. For some programmes, additional contributions may be sought from other local government organisations and government ministries. Contributions will be according to the agreed models. This activity includes: • Te Uru Kahika Office • Sector Business Plan • Climate Change • River Managers • EMaR • Bio Managers • Bio Control • Science Programme The funding contribution for 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. **Tier 1 – 9.4% each**: Auckland Council*; Environment Canterbury; Greater Wellington RC; Waikato RC; Bay of Plenty RC **Tier 2 – 6.2% each**: Horizons RC; Otago RC; Hawke's Bay RC; Northland RC; Taranaki RC; Southland RC **Tier 3 – 3.2% each**: Tasman DC; Nelson City Council; Gisborne DC; Marlborough DC; West Coast RC **Total 47%** / **Total 37%** / **Total 16%** *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. BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region. The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year. In FY26 RSHL expects to collect $5.7M in funding from councils for sector work programmes.

<table>
<tr><td rowspan="4">Shared Services</td><td>WellsNZ</td><td>Participating Organisations:
Auckland Council, Waikato Regional Council, Environment Canterbury, Otago Regional Council

Contributions will be collected from councils participating in the programme according to the agreed funding model.

Funding is collected for support and maintenance of the WellsNZ solution and also for repayment of the loan provided by Environment Canterbury which was used to fund the build of the solution.

It is anticipated that two new councils will sign up for this service in FY26. Total funding to be collected is $208K, collected according to the following model:

<table>
<tr><th>Council</th><th>% Contribution</th></tr>
<tr><td>Environment Canterbury</td><td>18.75</td></tr>
<tr><td>Waikato Regional Council</td><td>18.75</td></tr>
<tr><td>Auckland Regional Council</td><td>18.75</td></tr>
<tr><td>Bay of Plenty Regional Council</td><td>18.75</td></tr>
<tr><td>Northland Regional Council</td><td>12.50</td></tr>
<tr><td>Otago Regional Council</td><td>12.50</td></tr>
<tr><td>Total</td><td>100.00</td></tr>
</table></td><td></td></tr>
<tr><td>Data Emissions Platform</td><td>Service Description:
The solution provided is a web-based data analytics platform to support historical, current and future community greenhouse gas emissions reporting based on the GPC methodology and identification of decarbonisation pathways.

20 organisations contributed to the inception of the Data Emissions Platform in FY2025. Contributions were collected based on what funding each organisation had available to contribute.

From FY2026 onwards contributions will be based on a regional model with a funding allocation from each participating region, with the councils within each region determining how the contribution will be allocated. This model is still in development and will be provided in the Final version of the SOI in June.

The total funding amount to be collected in FY26 is $333K.</td><td></td></tr>
<tr><td>N-Cap</td><td>Service Description: The N-Cap solution allows farmers and their representatives to record their synthetic nitrogen use via an online portal, OR alternatively to submit the required records through their fertiliser company.

The N-Cap solution is funded from contributions collected Te Uru Kahika Essential Freshwater Programme. The total allocated for N-Cap is $28K.</td><td></td></tr>
<tr><td>Retrolens</td><td>Service Description:
Retrolens allows public access to historical aerial photography of New Zealand.</td><td></td></tr>
</table>

The total funding to be collected in FY2026 is budgeted as $50K. 50% of this is budgeted to be collected from Land Information New Zealand | Toitū Te Whenua, with the balance to be collected from the Te Uru Kahika councils using the standard ReCoCo model.

Category	% Share	Council
Large Councils	9.40%	Auckland
		Environment Canterbury
		Waikato Region Council
		Greater Wellington Regional Council
		Bay of Plenty Regional Council
Medium Councils	6.20%	Horizons Regional Council
		Otago Regional Council
		Hawkes Bay Regional Council
		Northland Regional Council
		Taranaki Regional Council
		Southland Regional Council
Small Councils	3.20%	Tasman District Council
		Nelson City Council
		Gisborne District Council
		Marlborough District Council
		West Coast Regional Council.

Public Transport Ticketing Programme

10 Councils contribute to the Public Transport Ticketing System Programme under a funding agreement signed by RSHL in 2024.
Contributions are collected according to the following model agreed by the councils and RSHL.

Council	Cost share %
Waikato Regional Council	24.3%
Bay of Plenty Regional Council	24.3%
Otago Regional Council	24.3%
Horizons Regional Council	6.3%
Hawkes Bay Regional Council	6.3%
Taranaki Regional Council	2.9%
Nelson City Council	2.9%
Invercargill City Council	2.9%
Northland Regional Council	2.9%
Gisborne District Council	2.9%

<table>
<tr><td>IRIS</td><td>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.

Proportion of Contributions to the IRIS Programme
Contributions for IRIS will be collected in the following proportions.
<table>
<tr><th>Council</th><th>Share</th></tr>
<tr><td>Waikato Regional Council</td><td>32.39%</td></tr>
<tr><td>Northland Regional Council</td><td>11.93%</td></tr>
<tr><td>Horizons Regional Council</td><td>16.00%</td></tr>
<tr><td>Taranaki Regional Council</td><td>11.93%</td></tr>
<tr><td>Southland Regional Council</td><td>11.93%</td></tr>
<tr><td>West Coast Regional Council</td><td>3.87%</td></tr>
<tr><td>Hawkes Bay Regional Council</td><td>11.93%</td></tr>
</table>
In FY25 RSHL expects to collect $282K in funding from participating councils with the remainder of the programme funded from surplus funds from previous years held by RSHL.</td></tr>
<tr><td>RSHL Corporate Costs</td><td>Corporate costs are for the operation and development of the company.

All work programmes will contribute to RSHL Corporate Costs, with the contribution based on the programmes proportion of revenue in the financial year.

In the 2026 Financial year (and the following 2 years) the budgeted proportion of Corporate Costs to each programme is as follows:
<table>
<tr><th></th><th>2024/25 (SOI)</th><th>2025/26</th><th>2026/27</th><th>27/28</th></tr>
<tr><td>IRIS</td><td>4.5%</td><td>3.0%</td><td>5%</td><td>5%</td></tr>
<tr><td>IRIS NextGen</td><td>43.0%</td><td>35.3%</td><td>52%</td><td>26%</td></tr>
<tr><td>SFMS</td><td>52.5%</td><td>48.6%</td><td>39%</td><td>62%</td></tr>
<tr><td>PTTP</td><td></td><td>13.1%</td><td>5%</td><td>7%</td></tr>
</table>
In FY25 RSHL expects to have corporate costs of $0.74M. This is 6.1% of total operating expenditure.</td></tr>
</table>

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

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

11. Ngā Tahua FY2026 | FY2026 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 four activities. Each of these activities receives funding from a different group of organisations, with different funding models and governance.

Activity	Budget Setting	Contractual Basis	Funded by
IRIS NextGen	IRIS NextGen Steering Group.	IRIS NextGen Partnership Agreement. The Programme has a 10 year budget which is set by agreement with the participating councils and RSHL.	10 Participant councils.
IRIS	IRIS Advisory Group	IRIS Advisory Group Terms of Reference.	7 Participating Councils.
Sector Work Programmes	Te Uru Kahika RCEOs Group and Shared Services Steering Groups.	Te Uru Kahika Services Agreement and various service agreements/Statements of Work.	16 participating councils, and government entities.
Public Transport Ticketing Programme	The budget and work programme for PTTP is set by the Transport Ticketing Governance Group on behalf of the participating councils.	Funding Agreement	11 Participating councils.

- 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. The draft budget will also be sent directly to each participating councils for feedback in March/April.
- 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. Other shared services budgeting is completed by their respective governance groups.

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Consolidated Statement of Financial Performance

For the 12 Months to 30 June 2026

2024/25 SOI Budget		2025/26 Revised	2026/27 Indicative (Revised)	2027/28 Indicative (Revised)
	Income			
438,639	IRIS Programme	286,749	610,882	438,634
4,626,011	IRIS NextGen Programme	4,161,704	7,685,624	2,521,857
3,926,204	Sector Work Programmes	5,588,805	5,631,187	5,908,146
-	RITS Programme	1,542,373	689,629	710,071
1,193,820	Central Government Funding	138,820	138,820	138,820
10,184,674		*11,718,451*	*14,756,142*	*9,717,528*
	Other Income			
25,000	Interest Received	*25,000*	25,000	25,000
68,363	Council Specific Software Funding	*70,414*	71,822	73,259
93,363		*95,414*	*96,822*	*98,259*
10,278,037	**Total Income**	**11,813,865**	**14,852,964**	**9,815,786**
	Expenditure			
8,900	Administration costs	*10,162*	12,573	12,687
79,640	Accounting & Technical Support	*70,540*	71,951	73,390
102,030	Audit Fees	*72,131*	73,574	75,045
	Legal and HR Advice	*57,510*	42,860	43,217
250,500	Datacom Support Services (IRIS)	*300,000*	330,000	250,000
4,558,780	Technology Services	*3,289,170*	6,451,365	1,504,875
85,650	IT Hosting Charges	*90,100*	91,302	92,528
	Loan Onpayment	*112,901*	108,273	103,644
-	Finance Costs	-	-	-
7,500	Training	-	-	-
1,834,450	Personnel Costs	*2,459,130*	2,511,111	2,554,433
	Contractors	*2,711,415*	2,082,243	1,972,882
83,250	Promotional Costs	*3,000*	3,000	3,000
78,400	Independent Director's Fees	*122,055*	151,526	154,557
184,990	Travel & Meeting Costs	*190,855*	177,572	180,224
	IT Support Services	*7,000*	7,140	7,283
68,363	Council Specific Software Purchases	*70,414*	71,822	73,259
12,500	Software Subscriptions	*35,642*	36,355	37,082
3,403,084	Consultants	*2,621,426*	2,558,474	2,604,423
10,758,037		**12,223,451**	**14,781,142**	**9,742,528**
	Other Expenditure			
400,429	Amortization	*400,429*	301,795	1,043
11,158,466	**Total Expenditure**	**12,623,880**	**15,082,937**	**9,743,571**
(880,429)	**Surplus/ (Deficit) before tax**	**(810,015)**	**(229,973)**	**72,216**
	Income Tax Expense			
(880,429)	**Surplus/(Deficit) after Tax**	**(810,015)**	**(229,973)**	**72,216**

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Consolidated Statement of Financial Position as at 30 June 2026

2024/25 Budget		2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	ASSETS			
	Current assets			
133,699	Cash and Cash Equivalents	3,493,376	3,565,198	3,638,457
	Debtors and Prepayments	1,866,364	2,347,501	1,550,036
	Non Current Assets			
1,242,296	Property, Plant & Equipment	3,152	1,556	771
	Intangible Assets	309,360	9,163	8,905
1,375,995	**Total Assets**	5,672,251	5,923,418	5,198,169
	LIABILITIES			
	Current liabilities			
-	Creditors and Accrued Expenses	2,204,507	2,674,192	1,895,727
-	Income Received in Advance	-	-	-
	GST payable	44,190	55,644	36,644
	Non Current Liabilites			
	Deferred Tax Liability	-	-	-
-	**Total Liabilities**	2,248,697	2,729,836	1,932,371
1,375,995	**NET ASSETS**	**3,423,555**	**3,193,582**	**3,265,798**

REPRESENTED BY:

2024/25 Budget		2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Equity			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
(880,429)	Current Year Earnings	(810,015)	(229,973)	72,216
(2,892,727)	Retained Earnings	(915,580)	(1,725,595)	(1,955,568)
1,375,995	**Total Equity**	**3,423,555**	**3,193,582**	**3,265,798**

Statement of Movement in Equity

2,256,423	Opening Equity	4,233,570	3,423,556	3,193,583
(880,429)	Comprehensive income for the year	(810,015)	(229,973)	72,216
1,375,995	**Total Equity**	**3,423,556**	**3,193,583**	**3,265,799**

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Consolidated Statement of Cash Flows

For the 12 Months to 30 June 2026

2024/25 Budget		2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Cashflows from Operating Activities			
	Cash received from:			
10,253,037	Receipts from customers	11,788,865	14,827,964	9,790,786
-	Shareholder contributions	-	-	-
25,000	Interest	25,000	25,000	25,000
-	Income Tax Paid (refunded)	-	-	-
10,278,037	*Total Operating Receipts*	**11,813,865**	**14,852,964**	**9,815,786**
	Cash applied to:			
10,758,037	Payments to suppliers	12,223,451	14,781,142	9,742,528
	Net GST movement			
-	Income Tax Paid (refunded)	-	-	-
-	Interest W/holding tax paid	-	-	-
10,758,037	*Total Operating Payments*	**12,223,451**	**14,781,142**	**9,742,528**
(480,000)	**Net cash from operating**	**(409,586)**	**71,822**	**73,259**
	Cashflow from Investing Activities			
	Cash received from:			
-	Sale of Fixed Assets	-	-	-
-	Investment Maturities	-	-	-
-	*Total Investment Receipts*	**-**	**-**	**-**
	Cash applied to:			
-	Purchase of Fixed/ Intangible assets	-	-	-
-	Investment deposits	-	-	-
-	*Total Investment Payments*	**-**	**-**	**-**
-	**Net cash from investing**	**-**	**-**	**-**
	Cashflow from Financing Activities			
	Cash received from:			
-	Capital contributions	-	-	-
	Proceeds from Loan Borrowings			
-	*Total Financing Receipts*	-	-	-
	Cash applied to:			
	Capital repaid			
-	Loan interest paid	-	-	-
	Loan repayment of debt			
-	*Total Financing Payments*	-	-	-
-	**Net cash from financing**	**-**	**-**	**-**
(480,000)	**Net increase (decrease) in cash-flow for the year**	**(409,586)**	71,822	73,259
613,699	Opening cash balance	3,902,962	3,493,376	3,565,198
133,699	**Closing cash balance**	**3,493,376**	**3,565,198**	**3,638,457**
	Made up of:			
25,000	Current account	500,000	500,000	500,000
108,699	Auto-call account	2,993,376	3,065,198	3,138,457
133,699		**3,493,376**	**3,565,198**	**3,638,457**

Regional Software Holdings Ltd—2025-2026 Statement of Intent

IRIS Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2026

2024/25 Budget		Notes	2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Income				
438,639	IRIS Programme		*286,749*	610,882	438,634
-	IRIS NextGen Programme		-	-	-
-	Sector Work Programmes		-	-	-
-	Central Government Funding			-	-
438,639			*286,749*	*610,882*	*438,634*
	Other Income				
-	Interest Received		-	-	-
68,363	Council Specific Software Funding		*70,414*	71,822	73,259
68,363			*70,414*	*71,822*	*73,259*
507,002	**Total Income**		**357,163**	**682,704**	**511,892**
	Expenditure				
-	Administration costs		-	-	-
-	Accounting & Technical Support		-	-	-
-	Audit Fees		-	-	-
	Legal and HR Advice		-	-	-
250,500	Datacom Support Services (IRIS)		*300,000*	*330,000*	*250,000*
585,168	Technology Services		*300,000*	*100,000*	-
29,000	IT Hosting Charges		*30,000*	*30,000*	*30,000*
	Loan Onpayment		-	-	-
-	Finance Costs		-	-	-
-	Training		-	-	-
33,490	Personnel Costs		*41,701*	*42,535*	*43,386*
	Contractors		-	-	-
-	Promotional Costs		-	-	-
-	Independent Director's Fees		-	-	-
-	Travel & Meeting Costs		-	-	-
	IT Support Services		-	-	-
68,363	Council Specific Software Purchases		*70,414*	*71,822*	*73,259*
2,200	Software Subscriptions		*2,200*	*2,244*	*2,289*
-	Consultants		-	-	-
18,281	Overhead Recovery - Expense		*22,434*	*34,281*	*39,701*
987,002			*766,749*	*610,882*	*438,634*
	Other Expenditure				
400,429	Amortization		*400,429*	301,795	1,043
1,387,431	**Total Expenditure**		**1,167,178**	**912,677**	**439,677**
(880,429)	**Surplus/ (Deficit) before tax**		**(810,015)**	**(229,973)**	**72,216**
	Income Tax Expense				
(880,429)	**Surplus/(Deficit) after Tax**		**(810,015)**	**(229,973)**	**72,216**

Regional Software Holdings Ltd—2025-2026 Statement of Intent

IRIS NextGen Programme Activity - Statement of Financial Performance

For the 12 Months to 30 June 2026

2024/25 Budget		Notes	2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Income				
-	IRIS Programme		-	-	-
4,196,011	IRIS NextGen Programme		3,733,897	6,949,042	2,249,210
430,000	IRIS NextGen Contingency		427,806	736,582	272,647
-	Sector Work Programmes		-	-	-
-	Central Government Funding		-	-	-
4,626,011			*4,161,704*	*7,685,624*	*2,521,857*
	Other Income				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
			-	-	-
4,626,011	**Total Income**		**4,161,704**	**7,685,624**	**2,521,857**
	Expenditure				
-	Administration costs		-	-	-
-	Accounting & Technical Support		-	-	-
-	Audit Fees		-	-	-
	Legal and HR Advice		-	-	-
-	Datacom Support Services (IRIS)		-	-	-
3,528,162	Technology Services		*2,533,864*	5,586,734	1,203,617
-	IT Hosting Charges		-	-	-
	Loan Onpayment		-	-	-
-	Finance Costs		-	-	-
-	Training		-	-	-
426,910	Personnel Costs		*423,376*	442,874	451,732
	Contractors		*408,149*	416,312	278,733
-	Promotional Costs		-	-	-
-	Independent Director's Fees		-	-	-
64,000	Travel & Meeting Costs		*61,200*	62,424	63,672
	IT Support Services		-	1,428	1,457
-	Council Specific Software Purchases		-	-	-
2,060	Software Subscriptions		-	6,528	6,659
-	Consultants		*45,900*	46,818	47,754
430,000	IRIS NextGen Contingency		*427,806*	736,582	272,647
174,879	Overhead Recovery - Expense		*261,409*	*385,924*	*195,587*
4,626,011			*4,161,704*	*7,685,624*	*2,521,857*
	Other Expenditure				
-	Amortization		-	-	-
4,626,011	**Total Expenditure**		*4,161,704*	*7,685,624*	*2,521,857*
-	**Surplus/ (Deficit) before tax**		-	-	-
	Income Tax Expense				
-	**Surplus/(Deficit) after Tax**		-	-	-

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Sector Financial Management System Activity- Statement of Financial Performance

For the 12 Months to 30 June 2026

2024/25 Budget		Notes	2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Income				
3,926,204	Sector Work Programmes		5,588,805	5,631,187	5,908,146
1,193,820	Central Government Funding		138,820	138,820	138,820
5,120,024			*5,727,625*	*5,770,007*	*6,046,966*
	Other Income				
-	Interest Received		-	-	-
-	Council Specific Software Funding		-	-	-
-			-	-	-
5,120,024	**Total Income**		**5,727,625**	**5,770,007**	**6,046,966**
	Expenditure				
-	Administration costs		-	-	-
-	Accounting & Technical Support		-	-	-
-	Audit Fees		-	-	-
	Legal and HR Advice		-	-	-
-	Datacom Support Services (IRIS)		-	-	-
15,450	Technology Services		*27,500*	28,050	28,611
56,650	IT Hosting Charges		*60,100*	61,302	62,528
	Loan Onpayment		*112,901*	108,273	103,644
-	Finance Costs		-	-	-
-	Training		-	-	-
1,243,300	Personnel Costs		*1,257,909*	1,283,067	1,308,729
	Contractors		*1,383,266*	1,410,931	1,439,149
77,250	Promotional Costs		-	-	-
-	Independent Director's Fees		-	-	-
103,690	Travel & Meeting Costs		*69,655*	69,148	70,251
	IT Support Services		-	4,998	5,098
-	Council Specific Software Purchases		-	-	-
7,210	Software Subscriptions		*6,000*	22,848	23,305
3,403,084	Consultants		*2,450,526*	2,491,656	2,536,669
213,390	Overhead Recovery - Expense		*359,769*	*289,733*	*468,982*
5,120,024			*5,727,625*	*5,770,007*	*6,046,966*
	Other Expenditure				
-	Amortization		-	-	-
5,120,024	**Total Expenditure**		*5,727,625*	*5,770,007*	*6,046,966*
-	**Surplus/ (Deficit) before tax**		-	-	-
	Income Tax Expense				
-	**Surplus/(Deficit) after Tax**		-	-	-

Regional Software Holdings Ltd—2025-2026 Statement of Intent

Public Transport Ticketing Programme - Statement of Financial Performance

For the 12 Months to 30 June 2026

	Notes	2025/26 SOI	2026/27 Indicative	2027/28 Indicative
Income				
PT Ticketing Programme		1,542,373	689,629	710,071
Central Government Funding		-	-	-
		1,542,373	689,629	710,071
Other Income				
Interest Received		-	-	-
Council Specific Software Funding		-	-	-
		-	-	-
Total Income		**1,542,373**	**689,629**	**710,071**
Expenditure				
Administration costs		-	-	-
Accounting & Technical Support		-	-	-
Audit Fees		-	-	-
Legal and HR Advice		*25,000*	10,000	10,000
Datacom Support Services (IRIS)		-	-	-
Technology Services		-	-	-
IT Hosting Charges		-	-	-
Loan Onpayment		-	-	-
Finance Costs		-	-	-
Training		-	-	-
Personnel Costs		*335,492*	345,000	345,000
Contractors		*920,000*	255,000	255,000
Promotional Costs		-	-	-
Independent Director's Fees		-	-	-
Travel & Meeting Costs		*40,000*	25,000	25,000
IT Support Services		-	-	-
Council Specific Software Purchases		-	-	-
Software Subscriptions		-	-	-
Consultants		*125,000*	20,000	20,000
Overhead Recovery - Expense		*96,881*	34,629	55,071
		1,542,373	***689,629***	***710,071***
Other Expenditure				
Amortization		-	-	-
Total Expenditure		*1,542,373*	*689,629*	*710,071*
Surplus/ (Deficit) before tax		-	-	-
Income Tax Expense				
Surplus/(Deficit) after Tax		-	-	-

Regional Software Holdings Ltd—2025-2026 Statement of Intent

RSHL Corporate Activity - Statement of Financial Performance

For the 12 Months to 30 June 2026

2024/25 Budget	Income	Notes	2025/26 SOI	2026/27 Indicative	2027/28 Indicative
	Other Income				
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**
	Expenditure				
10,700	Administration costs		*10,162*	*12,573*	*12,687*
39,100	Accounting & Technical Support		*70,540*	*71,951*	*73,390*
70,000	Audit Fees		*72,131*	*73,574*	*75,045*
-	Legal and HR Advice		*32,510*	*32,860*	*33,217*
-	Datacom Support Services (IRIS)		-	-	-
16,000	Technology Services		-	-	-
-	IT Hosting Charges		-	-	-
	Loan Onpayment				
-	Finance Costs		-	-	-
-	Training		-	-	-
125,000	Personnel Costs		*400,653*	*397,634*	*405,587*
	Contractors		-	-	-
16,000	Promotional Costs		*3,000*	*3,000*	*3,000*
72,000	Independent Director's Fees		*122,055*	*151,526*	*154,557*
17,000	Travel & Meeting Costs		*20,000*	*21,000*	*21,300*
-	IT Support Services		*7,000*	*714*	*728*
-	Council Specific Software Purchases		-	-	-
1,000	Software Subscriptions		*27,442*	*4,735*	*4,830*
-	Consultants		-	-	-
366,800			*765,492*	*769,567*	*784,340*
	Other Expenditure				
-	Amortization		-	-	-
366,800	**Total Expenditure**		**765,492**	**769,567**	**784,340**
(341,800)	**Surplus/ (Deficit) before tax**		**(740,492)**	**(744,567)**	**(759,340)**
	Income Tax Expense				
(341,800)	**Surplus/(Deficit) after Tax**		**(740,492)**	**(744,567)**	**(759,340)**

12. 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.

13. Note For Information: Requirements for Statement of Intent

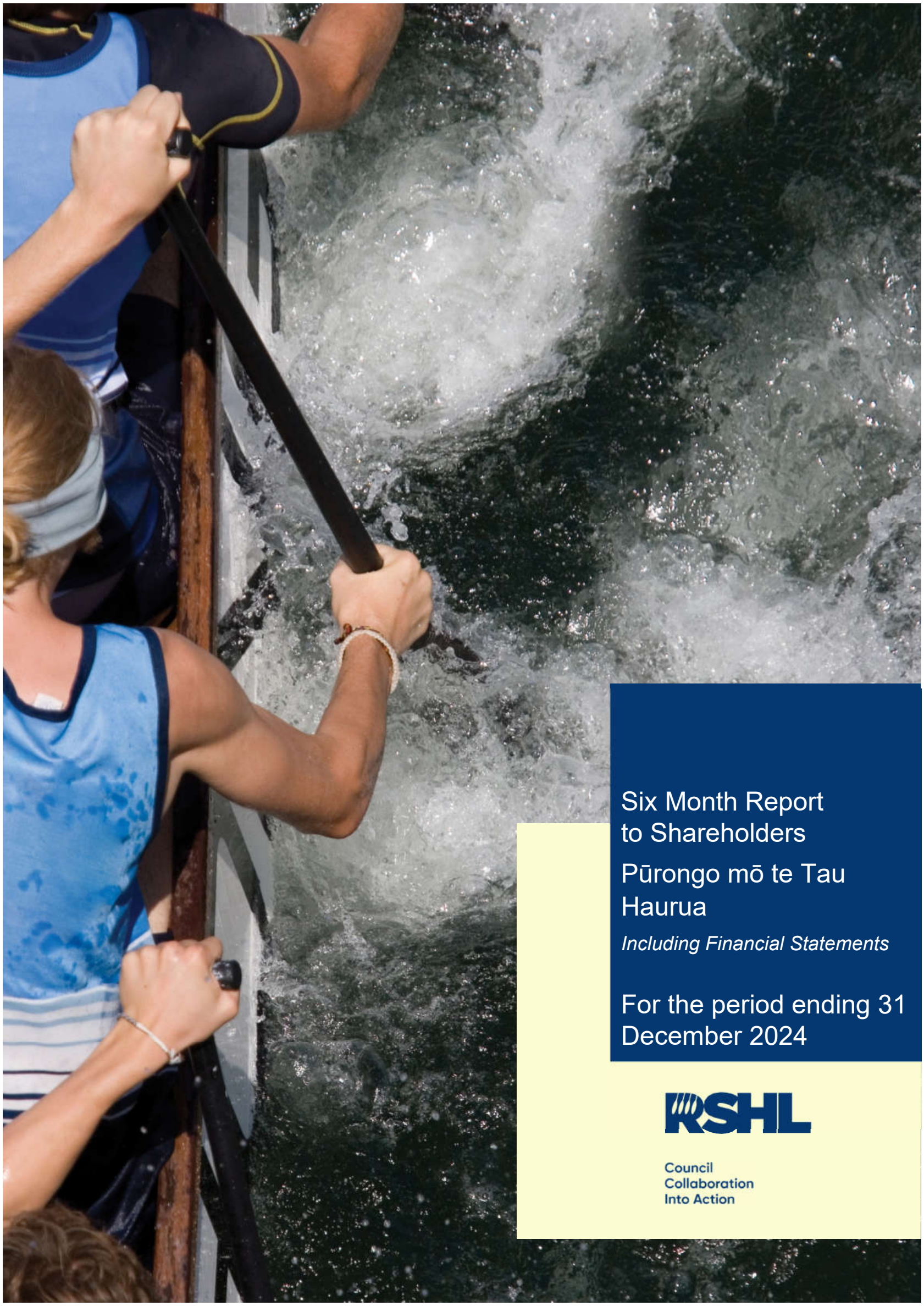
Source: Office of the Auditor General
http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm

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

RSHL

Council
Collaboration
Into Action

Council Meeting - 25 June 2025



Six Month Report to Shareholders

Pūrongo mō te Tau Haurua

Including Financial Statements

For the period ending 31 December 2024

RSHL

Council
Collaboration
Into Action

Contents

2 Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

4 Statement of Responsibility | Tauākī o te Kawenga

5 Statement of Service Performance | Hei Ine i te Mahi

20 Financial Statements | Ngā Tauākī Pūtea

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

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

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

26 Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

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

Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

On behalf of Regional Software Holdings Ltd (RSHL), and the ten regional sector shareholders, it is our pleasure to present our 2024/2025 Interim Report.

RSHL is the shared services organisation for the Regional Sector. 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 for 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 councils completing this simple step.

In the 6 months to 31 December 2024, 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 programmes such as IRIS NextGen, Public Transport Ticketing Programme, Local Data Emissions Platform and Wells will all provide long-term value, efficiencies and cost savings to councils.

Notably, the IRIS NextGen Programme has reached a major milestone. The build of the software platform is complete, and councils will now complete a comprehensive test programme before IRIS NextGen is implemented at Otago Regional Council later in the year.

In September this year the board approved a business case for the transition of the Regional Integrated Ticketing System (RITS) team from ORC to RSHL. This team is responsible for operation of the RITS system in use at 11 councils as well as supporting the eventual transition to the National Ticketing System. The transition enables a long-term sustainable home for the programme and consolidates RSHLs status as the base of choice for Regional Sector Shared Services and Programmes.

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, and we have collected additional unbudgeted funding for the Public Transport Ticketing Programme.

Expenditure before depreciation is more than budgeted. This is due to one-off payments to support Te Uru Kahika initiatives that support the ongoing recovery on the east coast following Cyclone Gabrielle as well as new activities such as the Data Emissions Platform. We expect that for the remainder of the year expenditure will largely be as budgeted, other than for the new Public Transport Ticketing Programme.

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 2024/2025 business plan and pushing ahead with the first IRIS NextGen Implementations in 2025.

Signed on behalf of the Board of Directors:

M Nield - Chairperson	G Shirley - Director
Date: 28 February 2025	Date: 28 February 2025

Statement of Responsibility | Tauākī o te Kawenga

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

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

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

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2024 and confirm that all the statutory requirements in relation to the Performance Report were complied with, as outlined in the Local Government Act 2002 and the Companies Act 1993.

Signed on behalf of the Board of Directors:

M Nield - Chairperson	G Shirley - Director
Date: 28 February 2025	Date: 28 February 2025

Statement of Service Performance | Hei Ine i te Mahi

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

Who are we and why do we exist?

Purpose
To provide high-quality shared services for The Regional Sector (and associated agencies) that delivers value to shareholders, customers, and the sector.

Objectives

Primary objectives

- Ensure the local government sector is better prepared to respond to current and future challenges
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector
- Achieve consistent good practise process across the sector and within councils.

Supporting objectives

- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile
- Improve key staff attraction and retention.

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 focussed on delivering value.
- We are professional and accountable.
- We are flexible and open.

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.

What did we do?

Activities

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

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

In the 2025 financial year RSHL activities are grouped as follows:

IRIS	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. The 7 councils actively collaborate on the use of IRIS and the future development roadmap. The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme. RSHL and the participating councils will replace the IRIS software platform via IRIS NextGen by the end of 2028. 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. *Performance* 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. We place an emphasis on value, predictability, and delivery. Performance against budget and delivery of releases are used to assess performance.
IRIS Next Generation	Nine councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme, under a formal partnership agreement. 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. The goal of the IRIS NextGen Programme is to deliver game-changing productivity improvements to the regional sector through sector alignment around good practice process, supported by fit for purpose software. IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) based on the Datacom Datascape platform. 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: • 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.

	Over the next year 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 2025. The goal is to roll out IRIS NextGen to the participating councils by the end of 2028. *Performance* 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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery against milestones, and customer feedback are used to assess performance.
Environmental Monitoring and Reporting (EMAR)	The objective of EMAR is to improve the collection, accessibility and presentation of environmental data in New Zealand. The EMAR Programme has three projects. • 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. EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, Stats NZ and DoC (and others). 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. The EMAR/LAWA Programme Manager is employed by RSHL. The LAWA project administration (financial and contractual) is managed by RSHL. *Performance* When assessing the performance of EMAR we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils. An emphasis is placed on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.
Te Uru Kahika Support Services	Te Uru Kahika Is the collective name for the 16 Regional Councils and Unitary Authorities in New Zealand. Through Te Uru Kahika, the regional sector: • 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.

	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. RSHL provides services that underpin and accelerate Te Uru Kahika, including the Sector Financial Management System. *The Virtual Office* The Virtual Office supports the activities of Te Uru Kahika. The Virtual Office is made up of the following roles: • Te Uru Kahika – Executive Director • Executive Policy Adviser • Chief Science Advisor • Te Uru Kahika Administrator • Resource Management Reform Director. • Flood Resilience Strategic Advisor • Kaimahi • Contract Communications Advisor All of these roles are employed or engaged by RSHL. *Sector Financial Management System (SFMS)* Te Uru Kahika organises its activities into Work Programmes: • 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 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. The services that RSHL provides to Te Uru Kahika are defined in a Memorandum of Agreement. When assessing RSHLs performance for this activity, the focus is different for each service. The performance measures are defined in the MoA.

These services are:

Financial/Operations Management	These are foundational services, the focus is on compliance with policy, alignment with good practice.
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.

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 / Te Uru Kahika Service Delivery	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. For some programmes, additional contributions may be sought from other local government organisations and government ministries. Contributions will be according to the agreed models. This activity includes: • Te Uru Kahika Office • Sector Business Plan • Climate Change • River Managers • EMaR • Bio Managers • Bio Control • Science Programme

The funding contribution for 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.

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%**

*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.

BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.

The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.

In FY25 RSHL expects to collect $3.9M in funding from councils in support of Te Uru Kahika

IRIS

Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.

Proportion of Contributions to the IRIS Programme

Contributions for IRIS will be collected in the following proportions.

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%**

In FY25 RSHL expects to collect $0.44M of funding from participating councils.

<table>
<tr><td>IRIS Next Generation</td><td>
The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:

<table>
<tr><th>Large Councils</th><th>Medium Councils</th><th>Small Councils</th></tr>
<tr><td>17.93% per council
(Total 35.87%)</td><td>10.87% per council
(Total 43.48%)</td><td>4.35% per council
(Total 4.35%)</td></tr>
<tr><td>Waikato Regional Council
Bay of Plenty Regional Council</td><td>Horizons Regional Council
Otago Regional Council
Northland Regional Council
Hawke’s Bay Regional Council</td><td>Nelson City Council</td></tr>
<tr><td></td><td>8.15% per council
(Total 16.30%)</td><td></td></tr>
<tr><td></td><td>Taranaki Regional Council
Southland Regional Council</td><td></td></tr>
</table>

Over the 10-year term of the Partnership Agreement, the programme costs are expected to total $31.6M.

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

Programme costs include:

- Datacom software solution delivery
- Datacom programme management
- Datacom support and maintenance
- Datacom council implementation costs
- Datacom Good Practice Process Operating Model development
- RSHL programme management
- Travel and meeting expenses.
- RSHL Overheads

In FY25 RSHL expects to collect $4.2M 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. The contingency provision for FY2025 is $420K. No contingency has been included for future years. We will review this provision as part of the process of preparing next year’s statement of intent.

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.
</td></tr>
<tr><td>RSHL Overhead Costs</td><td>
Overhead costs are costs that cannot be allocated to a specific work programme.

All work programmes contribute to overhead costs of RSHL, with the contribution based on the programme's proportion of revenue in the financial year.

In the 2025 Financial year the budgeted proportion of overheads to each programme is as follows:
</td></tr>
</table>

	2023/24 (SOI)	2024/25	2025/26	2026/27
IRIS	8%	4.5%	7%	5%
IRIS NextGen	44%	43.0%	42%	45%
SFMS	48%	52.5%	52%	50%

In FY25 RSHL expects to have overheads of $0.43M. This is 4% of total expenditure.

How did we perform?

IRIS	We have previously reported that the frequency of IRIS releases has been reduced, to allow focus on IRIS NextGen and minimize cost. The 4.07 release provided in January 2024 was the last major release of functionality. Two hotfixes were made available to councils in September 2024 and December 2024 to address some minor issues raised. During the reporting period, work was completed to provide sophisticated tools to enable councils to cleanse their IRIS data and prepare it for migration into Datascape Regional Sector Solution (RSS). Work can now commence to deliver the final piece of the IRIS data migration toolkit, focussing on the conversion and transformation of data that it maps to Datascape Datascape Regional Sector Solution (RSS). The work is planned for the period March – September 2025. Datacom have provided analysis on the technical aspects of the IRIS platform that may create risk to councils using the product up until the end of life (2028). They are investigating risk mitigation strategies, including investigating security vulnerabilities, upgrading some “building block” components. The goal is to ensure the product remains secure and functional until 2028 at the lowest possible cost.
IRIS Next Generation	The IRIS NextGen Programme is progressing steadily towards the start of the Pilot implementation in May 2025, despite a delay to the completion of the build of the Datascape Regional Sector Template. Delivery by Datacom of the IRIS NextGen solution was delayed until Q1 2025. The first release of functionality was delivered in late January. The cost impacts of this delay were reduced because the contract for the development of IRIS NextGen is fixed-price. Councils have placed a major emphasis on user testing the solution and processes once delivered by Datacom. The testing programme for IRIS NextGen will be comprehensive, ensuring that the solution is of high quality, before the start of the Pilot Implementation. More than 35 staff have been seconded from councils to perform product acceptance testing. More than 30 good practice workshops were held to support the Design and Build stage. This was supplemented with early feedback demonstrations, video snapshots of functionality and in-person roadshows at councils. 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. It has been pleasing to note the strong alignment across councils on good practice. Organisational change management activities in this period included quarterly sponsor forums and the establishment of a Change Managers Forum to facilitate collaboration between councils in the planning and execution of their change journeys. Detailed planning is underway with the Pilot council for their implementation. Councils are developing a strategy and resource model to share resources and support the Pilot implementation. Financially, the IRIS NextGen Programme is on-budget.
Te Uru Kahika Support Services	Te Uru Kahika Is the collective name for the 16 Regional Councils and Unitary Authorities in New Zealand. Through Te Uru Kahika, the regional sector: • 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.

RSHL provides services that underpin and accelerate Te Uru Kahika, including collecting funds, employing staff, and engaging suppliers to work on Te Uru Kahika strategic objectives.

When assessing RSHLs performance for this activity, the focus is different for each service. The performance measures are defined in a MoA.

These services are:

Financial/Operations Management	RSHL efficiently and accurately operated the financial systems for Te Uru Kahika. This included: Management of 67 service contracts for services in support of Te Uru Kahika work programmes, including 40 new contracts FY25. Processing of 127 receivable invoices with a total value of $2.9M for funding to support the programmes. This includes 60 invoices for the River Managers “Quality People” training programmes. Processing of 391 payable invoices with a total value of $3.4M for services in support of Te Uru Kahika.
Operation of shared services/solutions	In the period from 1 July to 31 December RSHL operated the following shared service solutions for Te Uru Kahika: • LAWA Website • WellsNZ • N-Cap Tool • Te Uru Kahika Collaboration Hub • Data Emissions Platform • Macro-Invertebrate Species Library.
Employment of Staff	In the period from 1 July to 31 December, RSHL employed 7 staff on behalf of Te Uru Kahika including 2 staff on secondment from GWRC and NIWA. RSHL also supported the recruitment of one additional staff member.

Environmental Monitoring and Reporting (EMAR)	**EMaR Strategic Directions Update** **EMaR Vision**: Kaitiaki of a trusted environmental data and information system that enables New Zealanders to make informed decisions. There has been limited progress on longer-term strategies for the broader EMaR programme (NEMS, EDMS, LAWA) and the LAWA project. Planning has now begun to assess the environmental data,

science and evidence needs from the EMaR programme partners. This will inform a revised EMaR strategy. The first step in the process is a workshop scheduled for Q4 of 2024/25, which will focus on confirming Te Uru Kahika's strategic priorities and needs. This will help provide a sector-wide view for the EMaR Steering Group to consider, alongside the priorities of our Ministry partners (MfE, DOC and Stats NZ), to guide EMaR's strategic direction.

LAWA Project Update

Key Outcome: Trusted, accessible, high quality, up-to-date environmental data and information.

1. Maintaining and Updating LAWA Content:

The annual BAU updates for LAWA's data and information across the topics covering air, water and land are largely on track and have been completed within budget as planned. Updates for the Water Quantity, River, Lake and Can I swim here? topics were completed by October 2024. Although updates for the Groundwater Quality, Estuary Health, and Land Cover topics were mostly completed by October, some follow-up tasks (not completed due limited resourcing with the new topic build – see below) will be wrapped up over the coming months.

As always, we would like to acknowledge the EMaR/LAWA project teams and council staff across Te Uru Kahika, including managers, scientists, data managers, GIS specialists and communication experts, for their ongoing efforts in keeping their regional data and information on LAWA up-to-date. It truly is a huge collective effort to ensure LAWA remains a trusted, up-to-date source of environmental data and information.

2. Increasing LAWA's Reach:

The number of visitors to the LAWA website continues to grow, demonstrating the effectiveness of our collaboration. From the last 6-months (1 July 2024 – 31 December 2024) LAWA had around 152,600 users and 586,500 views, marking a 7.5% increase in users and a 15% increase in views compared to the same period the previous year (1 July 2023 – 31 December 2023).

This increase in users means we're continuing to broaden the reach and value of the data and information from the regional sector/Te Uru Kahika (and others). It also helps cement LAWA as the go-to source for authoritative, up-to-date environmental data and information.

The 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.

3. New Projects:

The new LAWA 'Actions for Healthy Waterways' topic was completed and launched on 29 November 2024. This new topic presents land management actions, such as riparian planting and erosion control, taken at catchment scale across New Zealand to restore water quality in rivers, lakes, wetlands, and estuaries. The aim of the topic is to provide a nationwide view of progress and impact by linking these actions with water quality outcomes.

The data and stories for this topic come from the national Healthy Waterways register, developed through the Our Land and Water National Science Challenge. The register is freely available, allowing groups to contribute their mahi.

The new topic aligns closely with, and supports one of Te Uru Kahika's priority areas: '*Working with communities to improve freshwater outcomes: progress change that is practical and achievable for communities; improve visibility of the difference it makes at a catchment scale.*'

There is significant interest by many in seeing more data and stories progressively added over time. This will eventually allow us to track the collective efforts in catchments nationwide and identify where the mahi is best supporting improved water health outcomes.

Public Transport Ticketing Programme	In September this year the board approved a business case for the transition of the Regional Integrated Ticketing System (RITS) team from ORC to RSHL. This team is responsible for operation of the RITS system in use at 11 councils as well as supporting the eventual transition to the National Ticketing System (NTS). The transition enables a long-term sustainable home for the programme.

Service Category	Notes
Financial/Operations Management	We have established contracts for the small number of suppliers providing services to the Public Transport Ticketing Programme. We have established a funding agreement with the councils participating in the RITS Programme, collected our first funding from the councils. The necessary structures have been set up in our financial systems to account for Public Transport Ticketing Programme income and expenditure separately from other activities.
Operation of shared services/solutions.	The PTTP Budget will be included in the DRAFT and Final SOI Budgets published by RSHL this year.
Employment of Staff	PTTP staff have transferred to RSHL and inducted. Transfer of PTTP records from ORC to RSHL, and provisioning of new IT equipment is occurring according to the implementation plan.

Key Judgements

IRIS	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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used.
IRIS Next Generation	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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery against milestones, and customer feedback are used.
EMAR	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. An emphasis is placed on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.
Te Uru Kahika Support Services	When assessing the performance of RSHL in providing support services to Te Uru Kahika we consider how RSHL has effectively supported the smooth operation of Te Uru Kahika and enabled the sector to respond to issues and opportunities as they arise. Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment. We place an emphasis on enabling the work of Te Uru Kahika and the efficient, compliant and accurate processing of financial transactions for the Te Uru Kahika programme. Performance is assessed using the services framework in the MoA. • Financial/Operations Management • Operation of shared services/solutions • Employment of Staff • Programme Management • Management Services (As requested)
Public Transport Ticketing Programme	When assessing the performance of RSHL in supporting the PTTP we consider how RSHL has effectively supported the smooth operation of the programme. Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment. We place an emphasis on enabling the programme to achieve its goals, and the efficient, compliant and accurate processing of financial transactions. Performance is assessed using the services framework: • Financial/Operations Management • Operation of shared services/solutions

	• Employment of Staff • Programme Management • Management Services (As requested)

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2024-25 financial year.

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

Performance Statement: We will manage our programs 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.

In the period 1 July – 31 December 2024 two new projects were approved and started.

- The board approved RSHL support for the Data Emissions Platform Project via a project scope document, and partnership agreement. DEP is a small, low-risk project where RSHL provides a vehicle for 19 councils to aggregate resources to engage the supplier.
- The board approved the transition of the RITS Programme to RSHL via a full business case. RITS (Now called Public Transport Ticketing Programme) is a medium sized, low-risk programme. Incorporating the programme within RSHL included the transition of 3-5 staff, and management of the vendor contract.
- In the period 1 July – 31 December 2024 all projects/programmes operated governance structures as agreed with participating councils.
- RSHL is reviewing governance arrangements for key projects to ensure they remain fit for purpose.

Target	Timing
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 projects and programmes will have budgets included in the DRAFT Statement of Intent to be circulated to councils by the end of February.

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.

Performance will be assessed at year end. We have provided metrics on support of Te Uru Kahika in the Metrics section above.

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.
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.

These performance targets will be assessed at year end.

Financial Statements | Ngā Tauākī Pūtea

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

This report covers the 6 months from 1 July 2024 to 31 December 2024 as required by section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

Registered Office

C/- ONLA, 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 (until 21 November 2024)	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 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 EMD Advantage Limited (Infor) Regional Software Holdings Limited (RSHL) Waikato Regional Council (Infor – Public Sector), KPMG Deloitte, EY, KPMG, SAP, Oracle, Infor, Microsoft, Workday, Salesforce, Mulesoft, Datacom	Director & Shareholder Director & Shareholder Director & Shareholder Director & Shareholder EMDA Board Chair Involvement with various vendors from time to time re RSHL's shared service vehicle (incl buying & service delivery) role for the Regional sector. Current active relationship – Datacom. Providing implementation consulting services to the WRC Finance Team – Infor (solution provider/implementation delivery partner). Engagement post implementation support only. Active & long-term relationships with these organisations including tendering for new consulting opportunities from time to time.
Bruce Robertson	R Bruce Robertson Limited	Director and Shareholder (consulting and advisory services)
	Local Authorities: Hamilton City Council Thames-Coromandel District Council Waipa District Council Taupo District Council Bay of Plenty Regional Council Gisborne District Council Napier City Council South Wairarapa District Council Wellington City Council Timaru District Council Central Otago District Council Southland District Council Christchurch City Council	 Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Chair Audit & Risk Committee Deputy 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 Audit & Risk Committee Chair

	Ministry of Primary Industries (MPI)	Audit & Risk Committee Chair

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

A Aakjaer - $18,850 (Year ended 30 June 2024: $36,158) for independent director services.

B Robertson - $18,850 (Year ended 30 June 2024: $37,306) for independent director services.

The other directors are paid through their respective Councils.

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

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

	NOTES	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	31 DEC 2024 6 MONTHS SOI	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Revenue						
Regional Sector Shared Services	2	2,581,405	2,783,213	2,063,102	5,120,024	6,867,364
Member Contributions	2	2,316,789	2,969,018	2,098,006	5,064,650	5,980,859
Other revenue	2	37,213	182,687	34,182	68,363	242,157
Interest	2	48,112	71,541	12,498	25,000	134,376
Total Revenue		**4,983,519**	**6,006,460**	**4,207,788**	**10,278,037**	**13,224,756**
Expenses						
Administration Costs	3	59,749	76,339	46,518	88,540	130,147
Audit and Legal Fees	1	31,418	21,311	20,827	102,030	95,560
Datacom Support Services		125,250	78,149	125,250	250,500	206,978
Environmental Charges		57,256	69,126	42,828	85,650	145,527
External Contractors		564,151	1,862,419	773,556	3,625,162	4,347,344
External Directors Fees		37,700	36,681	39,198	78,400	75,200
Other Direct Software Expenses		368,253	215,425	340,739	681,481	456,382
Personnel costs		932,725	673,264	920,976	1,841,950	1,359,892
Promotional and External Communications costs		145,083	72,980	41,626	83,250	129,901
Regional Sector Shared Services		3,189,834	3,306,213	1,868,041	3,736,084	7,850,616
Grants and donations made		210	-	-	-	-
Travel and Meeting Costs		192,786	83,657	92,496	184,990	198,862
Depreciation Expense	8	2,170	3,005	-	-	6,293
Amortisation Expense	9	222,556	255,625	200,214	400,429	500,557
Total Expenses		**5,929,141**	**6,754,194**	**4,512,269**	**11,158,466**	**15,503,260**
Surplus/(Deficit) before Tax		**(945,622)**	**(747,734)**	**(304,481)**	**(880,429)**	**(2,278,504)**
Income Tax						
Tax Expense	12	-	-	-	-	(637,797)
Total Income Tax		**-**	**-**	**-**	**-**	**(637,797)**
Total Comprehensive Revenue and Expense		**(945,622)**	**(747,734)**	**(304,481)**	**(880,429)**	**(1,640,706)**

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

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

Regional Software Holdings Limited
As at 31 December 2024

	NOTES	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Assets					
Current Assets					
Cash and Cash Equivalents		4,243,347	5,963,061	133,699	4,382,962
Receivables and Prepayments	7	212,747	144,221	-	2,072,414
Goods and Services tax		127,690	226,586	-	-
Income Tax Receivable		56,683	31,495	-	43,212
Total Current Assets		**4,640,467**	**6,365,363**	**133,699**	**6,498,587**
Non-Current Assets					
Property, Plant & Equipment	8	7,344	9,169	1,242,296	5,881
Intangible Assets	9	878,346	1,345,834	-	1,100,902
Total Non-Current Assets		**885,690**	**1,355,003**	**-**	**1,106,783**
Total Assets		**5,526,157**	**7,720,366**	**1,375,995**	**7,605,371**
Liabilities					
Current Liabilities					
Payables and Deferred Revenue	10	1,138,862	899,932	-	2,270,313
Employee Entitlements	11	130,807	87,555	-	83,585
Goods and Services Tax		-	-	-	49,363
Total Current Liabilities		**1,269,669**	**987,487**	**-**	**2,403,261**
Non-Current Liabilities					
Deferred Tax Liability		88,091	725,888	-	88,091
Total Non-Current Liabilities		**88,091**	**725,888**	**-**	**88,091**
Total Liabilities		**1,357,760**	**1,713,375**	**-**	**2,491,352**
Net Assets		**4,168,397**	**6,006,991**	**1,375,995**	**5,114,019**
Equity					
Contributed Capital		5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds		(980,753)	857,841	3,773,155	(35,131)
Total Equity		**4,168,397**	**6,006,991**	**1,375,995**	**5,114,019**

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 2024

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Equity				
Opening Balance	5,114,019	6,754,725	2,256,423	6,754,725
Total Comprehensive Revenue and Expense for the year	(945,622)	(747,734)	(880,429)	(1,640,706)
Balance at 30 June	**4,168,397**	**6,006,991**	**1,375,995**	**5,114,019**
Total Comprehensive Revenue and Expense Attributable to				
Regional Software Holdings Ltd	(945,622)	(747,734)	(880,429)	(1,640,706)

Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

Regional Software Holdings Limited
For the 6 months ended 31 December 2024

	31 DEC 2024 12 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Cash Flows from Operating Activities				
Receipts from Members and Non-Members	2,357,982	3,050,010	10,253,037	6,055,502
Interest Received	48,112	71,541	25,000	134,376
ReCoCo Income	4,259,290	4,434,885	-	6,813,738
Other Income	-	137,918	-	168,578
Income tax received/(paid)	(13,471)	(19,523)	-	(31,241)
Payments to suppliers and employees	(6,703,163)	(7,190,627)	10,758,037	(14,374,237)
GST	(84,436)	(367,214)	-	(229,826)
Total Cash Flows from Operating Activities	**(135,687)**	**116,990**	**(480,000)**	**(1,463,109)**
Cash Flows from Investing and Financing Activities				
Payments to acquire property, plant and equipment	(3,928)	(5,717)	-	(5,717)
Total Cash Flows from Investing and Financing Activities	**(3,928)**	**(5,717)**	**-**	**(5,717)**
Net Increase/ (Decrease) in Cash	**(139,615)**	**111,274**	**(480,000)**	**(1,468,826)**
Cash Balances				
Cash and cash equivalents at beginning of period	4,382,962	5,851,788	613,699	5,851,788
Cash and cash equivalents at end of period	4,243,347	5,963,061	133,699	4,382,962
Net change in cash for period	(139,615)	111,274	(480,000)	(1,468,826)

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 2024

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

Reporting Entity

Regional Software Holdings Limited (RSHL) was incorporated 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS software, and 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 7 directors, comprised of 5 council representatives and two independent directors. The Board oversees the governance of RSHL. The Board is accountable to its shareholders for the financial and non-financial performance of the company. RSHL directors are elected and retire by rotation. In addition, there is a Chief Executive who is responsible for the day-to-day operations of RSHL and reports to the Board.

The Company has:

- 10 Class A (Control) Shares, and
- 10,000 Class B (IRIS) Shares which represent the ownership rights over IRIS classic asset and enable the founding shareholders to retain their rights and ownership of the IRIS asset following the restructure of RSHL in November 2022.

The total number of shares at 31 December 2024 is 10,010 (30 June 2024: 10,010).

The shareholding of the Company as at 31 December 2024 is as follows:

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

The financial statements are those of RSHL, for the six months ended 31 December 2024, and were authorised for issue by the Board of Directors on 28 February 2025.

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 2024 13 staff members were employed by RSHL (30 June 2024: 11, 31 December 2023: 10).

Remuneration Bracket	31 Dec 2024	30 Jun 2024	31 Dec 2023
Up to 100,000	5	5	4
100,000 - 110,000	0	0	0
110,000 - 120,000	0	0	0
120,000 - 130,000	0	0	0
130,000 - 140,000	0	1	1
140,000 - 150,000	3	1	0
150,000 - 160,000	1	1	2
160,000 - 170,000	1	1	0
170,000 - 180,000	0	0	0
180,000 - 190,000	1	0	1
190,000 - 200,000	0	1	0
200,000 - 210,000	2	1	2

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Fees to Auditors				
Fees to Audit NZ for audit of the financial statements and performance information	-	12,821	70,030	56,112
Fees to Audit NZ for other services	7,697	1,838	-	23,484
Total Fees to Auditors	**7,697**	**14,659**	**70,030**	**79,596**

Donations made in the period: $210 (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 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Members Contributions				
Members Contributions as per SOI				
IRIS NextGen Programme	2,116,627	2,500,366	4,196,011	5,043,554
IRIS Programme	-	468,652	438,639	937,305
Public Transport Ticketing Programme Revenue	200,163	-	-	-
Total Members Contributions as per SOI	**2,316,789**	**2,969,018**	**4,634,650**	**5,980,859**
Total Members Contributions	**2,316,789**	**2,969,018**	**4,634,650**	**5,980,859**

Members contributions include $2,225,110 income from the shareholder councils in 6 months to 31 December 2024 as described in note 14. Members contributions from non-shareholder councils total $91,679.

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Other Income				
Consulting Services	-	134,943	-	146,003
Recovery of Other Direct Software Expenses	37,213	47,744	68,363	96,153
Total Other Income	**37,213**	**182,687**	**68,363**	**242,157**

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 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Administration Expenses				
Accounting & Technical Support	46,782	65,923	79,640	112,886
Administration Costs	7,999	6,939	4,000	13,539
Bank Fees	273	207	400	452
Insurance	4,695	3,270	4,500	3,270
Total Administration Expenses	**59,749**	**76,339**	**88,540**	**130,147**

4. Personnel Costs

Accounting Policy

Salaries and wages

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

Superannuation schemes - defined contribution schemes

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

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
5. Personnel Costs				
Salaries and wages	705,912	602,695	1,834,450	1,247,939
Council staff seconded to RSHL	152,545	3,626	-	30,116
Defined contribution plan employer contributions	21,395	17,034	-	35,898
Increase/(decrease) in employee entitlements	47,222	35,578	-	31,608
ACC Levies	1,155	569	-	569
Staff Training	-	10,157	7,500	10,157
Staff Costs	4,495	3,605	-	3,605
Total Personnel Costs	**932,725**	**673,264**	**1,841,950**	**1,359,892**

6. 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 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Cash and cash equivalents				
Business Online Saver	3,686,002	286,600	-	2,532,644
Current Account	558,298	5,678,009	133,699	1,852,047
Credit Card - Mark Donnelly	51	(1,547)	-	(1,728)
Credit Cards - Go To Pay	(1,004)	-	-	-
Total Cash and cash equivalents	**4,243,347**	**5,963,061**	**133,699**	**4,382,962**

7. 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 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Receivables and Prepayments				
Accounts Receivable	177,590	110,738	-	2,072,414
Prepayments	35,157	33,482	-	-
Total Receivables and Prepayments	**212,747**	**144,221**	**-**	**2,072,414**

8. 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 2024	5,881	5,881
Additions	3,633	3,633
Disposals (net accumulated depreciation)	-	-
Depreciation Expense	(2,170)	(2,170)
Balance as at 31 December 2024	**7,344**	**7,344**
Balance as at 1 July 2023	11,257	11,257
Additions	4,347	4,347
Disposals (net of accumulated depreciation)	-	-
Depreciation Expense	(6,292)	(6,292)
Balance as at 30 June 2024	5,881	5,881

9. Intangible Assets

Accounting Policy

Software acquisition and development

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

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation

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

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

RSHL has considered the external and internal sources of information under IPSAS 26 and considers it likely that on or about 30 June 2027 the current IRIS software platform and attendant e-learning software will be discontinued with no residual value. On this consideration the current IRIS asset and attendant e-learning software has been impaired in 2021 and then further impaired in 2022, but with no further impairment identified in 2023 or 2024.
Therefore all impaired software assets will be amortised on a straight-line basis at variable rates so as to have a nil residual value on 30 June 2027 (no change since last year).

All assets that will not be impacted by impairment will continue to be amortised on a straight-line basis at 10% and have no residual value on 30 June 2027.
The impairment adjustment from the 2021 and the 2022 years will form part of the amortisation expense until 30 June 2027 in the statement of comprehensive revenue and expense.

	Brand Design & Development	**E-Learning Software**	**IRIS Software Intellectual Property**	**Total**
Balance as at 1 July 2024	8,905	13,460	1,078,537	1,100,902
Additions	-	-	-	-
Disposals (net accumulated amortisation)	-	-	-	-
Amortisation Expense	-	(2,245)	(220,311)	(224,726)
Balance as at 31 December 2024	**8,905**	**11,215**	**858,226**	**878,346**
Balance as at 1 July 2023	8,905	17,951	1,574,603	1,601,459
Additions	-	-	-	8,905
Disposals (net of accumulated amortisation)	-	-	-	-
Amortisation Expense	-	(4,491)	(496,066))	(500,557)
Balance as at 30 June 2024	8,905	13,460	1,078,537	1,100,902

At 31 December 2024 the work in progress value of the IRIS Asset is $Nil. The work in progress written off has been included in other direct software expenses.(30 June 2024: 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.

10. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

Payables and Deferred Revenue	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Accounts Payable	588,754	866,449	-	1,774,612
Accrued Expenses	514,952	-	-	495,701
Income Received in Advance	35,156	33,482	-	-
Total Payables and Deferred Revenue	**1,138,862**	**899,932**	**-**	**2,270,313**

11. 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.

Employee Entitlements	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Wages Payable	43,596	23,783	-	26,054
Leave Liability	87,211	63,772	-	57,531
Total Employee Entitlements	**130,807**	**87,555**	**-**	**83,585**

12. 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 2024 has not been accounted for in this report, and will be included in the annual report for the year ended 30 June 2025.

13. Equity

Accounting Policy

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

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 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	(35,131)	1,605,575	(2,892,727)	1,605,575
Surplus/(deficit) for the year	(945,622)	(747,734)	(880,429)	(1,640,706)
Balance at end of period	**(980,753)**	**857,841**	**(3,773,156)**	**(35,131)**
Total Equity	**4,168,397**	**6,006,991**	**1,375,994**	**5,114,019**

14. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2024 (Last year - nil).

15. 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 DEC 2024 (UNAUDITED)	30 JUNE 2024 (AUDITED)	31 DEC 2023 (UNAUDITED)	Description of Services
Waikato Regional Council	1,517	-	-	Reimbursement for travel booked by WRC on behalf of RSHL
Waikato Regional Council	14,000	-	-	Transitional funding for the National River Quality Network
Horizons Regional Council	-	8,236	-	Reimbursement for staff member seconded to IRIS NextGen
Taranaki Regional Council	37,628	19,980	-	Reimbursement for 2 staff members seconded to the IRIS NextGen project
Taranaki Regional Council	7,000	-	-	Transitional funding for the National River Quality Network
Gisborne District Council	500,000	-	-	Funds provided to RSHL for “Support for the Government response to the Ministerial Land Use Inquiry in Tairāwhiti (MILU)".
Bay of Plenty Regional Council	-	512,982		Reimbursement for BioControl Programme
Bay of Plenty Regional Council	76,607	-	-	Reimbursement of costs Practices, Methodologies and Standards NZ River Managers SIG
Bay of Plenty Regional Council		3,749	-	Reimbursement of costs Product Acceptance Testing for IRIS NextGen
Hawkes Bay Regional Council	-	24,951		River Managers SIG Professional Development Programme expenditure
Hawkes Bay Regional Council	10,500	-	-	Transitional funding for the National River Quality Network
Northland Regional Council	24,635	6,563	-	Reimburse for staff member seconded to the IRIS NextGen project and travel costs
Otago Regional Council	10,500	-	-	Transitional funding for the National River Quality Network
Otago Regional Council	54,025	59,303	7,377	Secondment of staff members seconded to IRIS NextGen

Revenue of $2,225,110 was received from the shareholder councils as member contribution in the six months ended 31 December 2024 as outlined in note 2 (year ended 30 June 2024: $5,763,183, 6 months ended 31 December 2023: $2,860,092)

Member contributions were received as follows:

Shareholder	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2024 12 MONTHS (AUDITED)
Waikato Regional Council	377,890	600,491	1,215,644
Bay of Plenty Regional Council	380,593	448,250	919,430
Horizons Regional Council	266,737	346,743	693,485
Hawke's Bay Regional Council	229,094	346,743	655,349
Northland Regional Council	229,094	327,675	655,349
Taranaki Regional Council	171,769	259,675	519,349
Southland Regional Council	171,769	259,675	519,349
West Coast Regional Council	-	18,160	36,320
Otago Regional Council	380,837	271,750	548,906
Gisborne District Council	17,327	-	-

As at 31 December 2024 $111,293 was owed to RSHL by Member Councils (30 June 2024: $665,670 and 31 December 2023: $6,431) and $34,928 was owed by RSHL to Member Councils (30 June 2024: $610,790 and 31 December 2023: $1,978)

16. Events After Balance Date

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

17. Financial Instruments

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

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Financial assets measured at amortised cost				
Cash and cash equivalents	4,244,351	5,963,061	-	4,382,962
Receivables (excluding taxes receivable)	212,747	144,221	-	2,072,414
Total Financial assets measured at amortised cost	**4,457,098**	**6,107,282**	**-**	**6,455,375**

	31 DEC 2024 6 MONTHS (UNAUDITED)	31 DEC 2023 6 MONTHS (UNAUDITED)	30 JUNE 2025 12 MONTHS SOI	30 JUNE 2024 12 MONTHS (AUDITED)
Financial liabilities measured at amortised cost				
Payables (excluding income in advance and taxes payable)	1,059,056	829,215	-	2,233,566
Total Financial liabilities measured at amortised cost	**1,059,056**	**829,215**	**-**	**2,233,566**

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

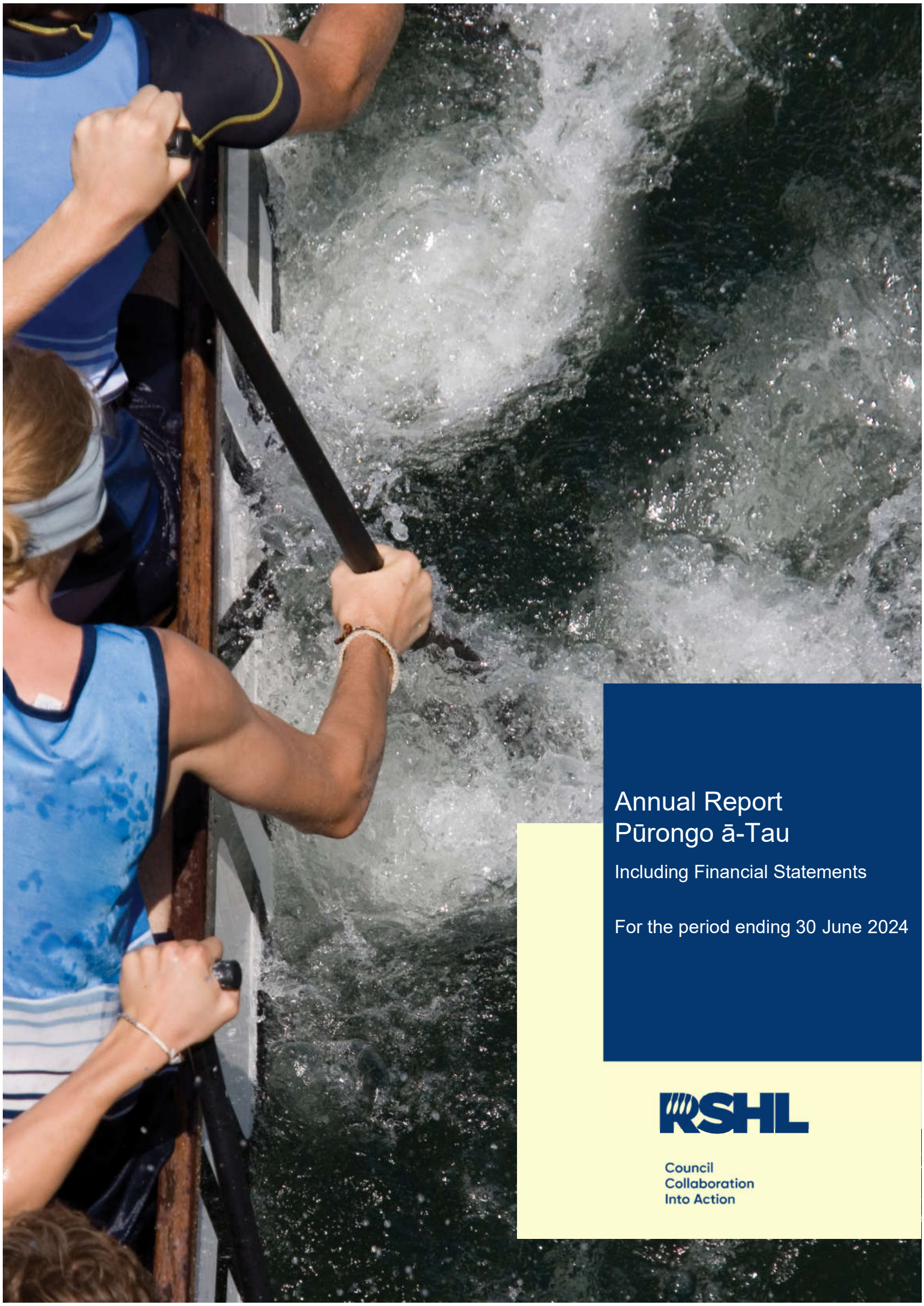
Management of liquidity risk

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.

RSHL

Council
Collaboration
Into Action

PO Box 1007, Palmerston North



Annual Report
Pūrongo ā-Tau

Including Financial Statements

For the period ending 30 June 2024

RSHL

Council
Collaboration
Into Action

Contents

2 Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

4 Statement of Responsibility | Tauākī o te Kawenga

5 Statement of Service Performance | Hei Ine i te Mahi

20 Financial Statements | Ngā Tauākī Pūtea

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

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

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

26 Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

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

Directors Report | Te Pūrongo a ngā Kaiwhakahaere Matua

Regional Software Holdings Limited
For the year ended 30 June 2024

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

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

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

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

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

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

IRIS NextGen

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

Support for Te Uru Kahika

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

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

Other Collaborative Initiatives

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

Financial Position

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

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

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

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

Looking Forward

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

Signed on behalf of the Board of Directors:

_____	_____
M Nield - Chairperson	A Aakjaer - Director
Date: 26 September 2024	Date: 26 September 2024

Statement of Responsibility | Tauākī o te Kawenga

Regional Software Holdings Limited
For the year ended 30 June 2024

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

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

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

Signed on behalf of the Board of Directors:

M Nield - Chairperson

Date: 26 September 2024

A Aakjaer - Director

Date: 26 September 2024

Statement of Service Performance | Hei Ine i te Mahi

Regional Software Holdings Limited
For the year ended 30 June 2024

Who are we and why do we exist?

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

Principles [1]

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

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

Objectives

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

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

The secondary objectives of RSHL are:

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

What did we do?

Activities

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

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

RSHL activities are grouped as follows:

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

IRIS	The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 9 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap. RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 4 years. The IRIS Programme is overseen by the IRIS Advisory Group. This group agrees the roadmap and sets the budgets for the programme.
IRIS Next Generation	RSHL and the member councils will replace the IRIS software platform via IRIS NextGen within the next 4 years. 9 councils are working with RSHL and Datacom on the delivery of the IRIS NextGen Programme, under a formal partnership agreement. The IRIS NextGen Programme is governed by the IRIS NextGen Steering Group. IRIS Next Generation (IRIS NextGen) will be a cloud-based Software as a Service solution (SaaS) based on the Datacom Datascape platform. Over the next two years the IRIS NextGen Programme will: • Build the IRIS NextGen software solution • Define and agree a good practice operating model • Commence implementation at councils. IRIS NextGen will deliver a modern software platform to councils, including an online customer portal and a mobile field application. Along with the software solution, the programme will implement consistent “good practice” processes for the sector, alongside integrated change management. The IRIS NextGen Solution will: • Make council staff work easier • Promote operational excellence and efficiency • Demonstrate collaboration at a sector level • Ensure the development of the technical solution is fit for purpose.
Environmental Monitoring and Reporting (EMAR)	The objective of EMAR is to improve the collection, accessibility and presentation of environmental data in New Zealand. The EMAR Programme has three projects. • 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. EMAR is an all-of-sector programme, and includes partner agencies from central government: MfE, Stats NZ and DoC (and others).

Environmental Monitoring and Reporting (EMAR) continued	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. The EMAR/LAWA Programme Manager is employed by RSHL and the LAWA project administration (financial and contractual) is managed by RSHL.
Regional Sector Office	The Regional Sector Office supports the activities of Te Uru Kahika and the Regional Sector Special Interest Groups (SIG) network. The Sector Office is made up of several roles: • Executive Director – Te Uru Kahika • Executive Policy Adviser to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Climate & Adaptation and RM Reform Director • Climate Adaptation - Infrastructure Strategic Adviser
Sector Financial Management System	Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes. • 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 RSHL administers the programme: • Collects this funding from councils and central government • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes • Reports to Te Uru Kahika on income and expenditure.

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

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

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

These levies are set annually in the Statement of Intent.

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

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

<table>
<tr><th>Activity</th><th>Description</th></tr>
<tr><td>Sector Financial Management System</td><td>
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.

For some programmes, additional contributions may be sought from other local government organisations and government ministries.

Contributions will be according to the agreed models. This activity includes:

• 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

The funding contributions for the Sector Office, EMAR and most of the SFMS programmes are based on the size of the Council. The total amounts to be collected vary year to year based on the work programmes.

BioControl, Climate Change Resilience and the Science Programme have custom funding models based on the value of the programmes to the region.

The budget and funding arrangements for the SFMS are documented in the SFMS Briefing Paper which is approved with the Te Uru Kahika Business Plan before the start of each financial year.

In FY24 RSHL collected $6,867,364 in support of Te Uru Kahika, of which $2,523,820 came from central government.

Council contributions are typically collected using the following tiers:
<table>
<tr><th>Tier 1 – 9.4% each</th><th>Tier 2 – 6.2% each</th><th>Tier 3 – 3.2% each</th></tr>
<tr><td>Auckland Council</td><td>Horizons RC</td><td>Tasman DC</td></tr>
<tr><td>Environment Canterbury</td><td>Otago RC</td><td>Nelson City Council</td></tr>
<tr><td>Greater Wellington RC</td><td>Hawkes Bay RC</td><td>Gisborne DC</td></tr>
<tr><td>Waikato RC</td><td>Northland RC</td><td>Marlborough DC</td></tr>
<tr><td>Bay of Plenty RC</td><td>Taranaki RC</td><td>West Coast RC</td></tr>
<tr><td></td><td>Southland RC</td><td></td></tr>
<tr><td>Total 47%</td><td>Total 37%</td><td>Total 16%</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Activity</th><th>Description</th></tr>
<tr><td>IRIS</td><td>Payment of an Annual Fee for IRIS will be sought from all councils that use the Software for annual support and development fees, as set out in the License Agreement.

Proportion of Contributions to the IRIS Programme

Contributions for IRIS will be collected in the following proportions:

<table>
<tr><th>Shareholder</th><th>Percentage</th></tr>
<tr><td>Waikato Regional Council</td><td>32.39%</td></tr>
<tr><td>Northland Regional Council</td><td>11.93%</td></tr>
<tr><td>Horizons Regional Council</td><td>16.00%</td></tr>
<tr><td>Taranaki Regional Council</td><td>11.93%</td></tr>
<tr><td>Southland Regional Council</td><td>11.93%</td></tr>
<tr><td>West Coast Regional Council</td><td>3.87%</td></tr>
<tr><td>Hawkes Bay Regional Council (IRIS Licence Fee)</td><td>11.93%</td></tr>
<tr><td>Total</td><td>100%</td></tr>
</table>
In FY24 RSHL collected $937,305 of funding from participating councils.</td></tr>
<tr><td>IRIS Next Generation</td><td>The IRIS NextGen Partnership agreement sets out the funding to be collected from each participating council and the activities that the funds will be used for. The 9 Participating Councils share the programme costs of the IRIS NextGen programme according to the following contribution model:

<table>
<tr><th>Large Councils</th><th>Medium Councils</th><th>Small Councils</th></tr>
<tr><td>17.93% per council
(Total 35.87%)</td><td>10.87% per council
(Total 43.48%)</td><td>4.35% per council
(Total 4.35%)</td></tr>
<tr><td>Waikato Regional Council
Bay of Plenty Regional Council</td><td>Horizons Regional Council

Otago Regional Council

Northland Regional Council

Hawke’s Bay Regional Council</td><td>Nelson City Council</td></tr>
<tr><td></td><td>8.15% per council
(Total 16.30%)</td><td></td></tr>
<tr><td></td><td>Taranaki Regional Council
Southland Regional Council</td><td></td></tr>
</table>
Over the 10-year term of the Partnership Agreement, the programme costs are expected to total ~$31 million.

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

In FY24 RSHL collected $5,043,554 from participating councils for IRIS NextGen.</td></tr>
</table>

RSHL Overhead Costs	Overhead costs are costs that cannot be allocated to a specific work programme. All work programmes contribute to overhead costs of RSHL, with the proportion of the contribution based on actual revenue in that financial year. In the 2024 Financial year the proportion of overheads to each programme is as follows:

	2024
IRIS	8%
IRIS NextGen	39%
SFMS	53%

How did we perform?

IRIS	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. The 4.06 release was provided to councils in November 2022 and the 4.07 release was provided in January 2024. The 4.07 release included a change to comply with changes to the Dam Register Safety Scheme Regulations. 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. In this period we progressed the shared data migration platform that councils will use to export data from IRIS when they migrate to IRIS NextGen. All seven IRIS councils will use the same platform, creating a significant cost and time saving. The work to date has focussed on getting the data from councils into a common format and providing tools for the councils to identify and resolve data anomalies. This phase of data migration tools development is expected to be completed in October 2024, at which point the focus will move on to transforming the data so it can be uploaded into Datascape RSS (IRIS NextGen).
IRIS Next Generation	The IRIS NextGen Programme is progressing steadily towards the start of the Pilot implementation in 2025, despite a delay to the completion of the build of the Datascape Regional Sector Template. 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. Delivery by Datacom of the IRIS NextGen solution has been delayed until Q1 2025. The cost of the build is fixed, so cost impacts to councils are contained. More than 30 good practice workshops were held. It was pleasing to note the strong alignment across councils on good practice. The programme also has a decision-making model to resolve issues when they do occur. Organisational change management activities in this period included sponsor management coaching, and organisational change vision workshop. The three councils scheduled to implement IRIS NextGen first have started change management programmes in support of IRIS NextGen. The programme has placed a major emphasis on planning for testing the solution and processes once the solution is delivered by Datacom. The testing programme for IRIS NextGen will be comprehensive, ensuring that the solution is of high quality, before the start of the Pilot Implementation. Detailed planning is underway with the Pilot council for their implementation. Financially, the IRIS NextGen Programme is on-budget.
Regional Sector Office	The Sector Office is made up of several roles: • Executive Director – Te Uru Kahika • Executive Policy Adviser to the Regional CEOs • Chief Science Advisor • Regional Sector SIG Network Administrator • Climate & Adaptation and RM Reform Director • Climate Adaptation - Infrastructure Strategic Adviser

	In November 2023 we welcomed the appointment of the Executive Director – Te Uru Kahika. This role is intended to provide strategic leadership of Te Uru Kahika under the direction of the RCEOs Forum and Regional Sector Group. The focus of the regional sector office has been on supporting the regional sector to respond to the changes in policy driven by the incoming government. The sector office provided a Briefing to Incoming Ministers about Te Uru Kahika, including current priorities, capabilities, and ways in which Te Uru Kahika could help the new government deliver on its policies. The sector office has also coordinated the development of Te Uru Kahika's 2024/25 Business Plan with a focus on the five strategic priorities, being Climate Adaptation, Kaupapa Māori, Freshwater, Transport and Resource Management System. Since December 2023 the office has overseen the preparation of a number of submissions on behalf of the regional sector, including submissions on • The Fast Track Approvals Bill • Resource Management Reform Bill 1 • Extending Duration of Marine Consents Bill • Climate Adaptation Inquiry • Water Services Bill This work has been completed alongside a range of feedback on and input to government work on matters such as civil defence and emergency arrangements and transport emergency works policy changes.
Environmental Monitoring and Reporting (EMAR)	**EMaR Strategic directions update** EMaR Vision: Kaitiaki of a trusted environmental data and information system that enables New Zealanders to make informed decisions. Progress on longer-term strategies for both the broader EMaR programme (NEMS, EDMS, LAWA) and the LAWA project progress was limited last year. The new Government's priorities, the resulting re-alignment underway in our central government agency project partners, and future resourcing will be clearer towards the end of 2024, to enable more certainty in setting the strategic direction for the project in 2024/25. **LAWA project update** Key Outcome: Trusted, accessible, high quality, up-to-date environmental data and information. 1. Maintaining and updating LAWA content: The annual update of data and information on LAWA for the different topics covering air, water and land were successfully completed within budget last year. Acknowledgements to the project teams and council staff across Te Uru Kahika (managers, scientists, data managers, GIS specialists and comms) who provide their time and expertise in keeping their regional data and information on LAWA updated – it truly is a huge collective effort to ensure LAWA continues to be a source of trusted up-to-date data and information. 2. Increasing the LAWA reach: Visitors to the LAWA website continue to grow, demonstrating the effectiveness of our collaboration. Over the 12-month period (1 July 2023 – 30 June 2024) we have had around 342,400 users and 1.3 million views. This uptick in users means we're continuing to further the reach and value of the data and information from the regional sector/Te Uru Kahika (and others) and securing LAWA as a go to

Environmental Monitoring and Reporting (EMAR) continued	place for authoritative, up-to-date environmental data and information. 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. 3. New Projects. The LAWA Operating System Upgrade was completed. This critical piece of work was required to continue to be able to maintain and develop LAWA. The existing content management system (Umbraco, v7) and data management systems were approaching end of life. The completed upgrade to Umbraco v10 provides more functionality and makes it easier for LAWA admins to update and manage copy (text and images). The update included separating out and/or retiring some of the data management aspects (data hosting, management and processing environment), in line with best practise. This was required to simplify the work involved for the Umbraco upgrade, while also enabling future efficiencies in the data management side. The LAWA Actions for Healthy Waterways topic development was re-scheduled to start once the Operating System Upgrade was completed. The initial website development phase work was scoped, with the build of this topic underway, and the topic launch date planned for late September 2024.
Sector Financial Management System	Under the Sector Financial Management System (SFMS) RSHL is responsible for the management of the funding for regional sector collaborative programmes. • 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 RSHL administers the programme: • Collects funding from councils and central government • Engages staff and suppliers to deliver services to achieve the outcomes from each of the programmes • Reports to Te Uru Kahika on income and expenditure. RSHL efficiently collected $4.3M in funding from councils to support Te Uru Kahika programmes. An additional $2.5M was obtained from central government in support of Te Uru Kahika work programmes. At the time of writing RSHL has more than 50 service contracts of varying sizes under management on behalf of Te Uru Kahika. Of particular note are the contracts for LIDAR Imagery in support of Cyclone Gabrielle recovery work in sections of Northland, Waikato, Auckland, Bay of Plenty and Horizons Regions. This work was supported by funding from Ministry for the Environment — Manatū Mō Te Taiao, with specialist procurement and technical advice provided by Land Information New Zealand - Toitū Te Whenua. With the support of RSHL via the SFMS, Te Uru Kahika continues to expand the scope and benefits to member councils.

Key Judgements

IRIS	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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used.
IRIS Next Generation	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. We place an emphasis on predictability, delivery and consistency. Performance against budget, delivery against milestones, and customer feedback are used.
Regional Sector Office	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. Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment. We place an emphasis on enabling the work of council staff undertaking work within the Te Uru Kahika framework.
EMAR	When assessing the performance of EMAR we consider whether RSHL has appropriately managed the programme. This includes budget, vendor management, product roadmap and communications with councils. An emphasis is placed on predictability, delivery and consistency. Performance against budget, delivery of releases, customer and user feedback are used to form an assessment.

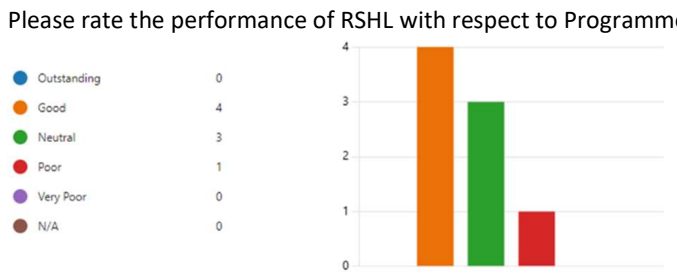
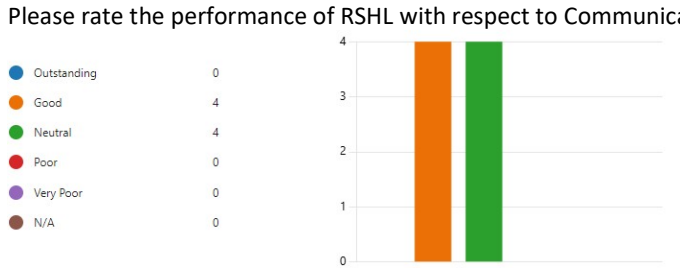
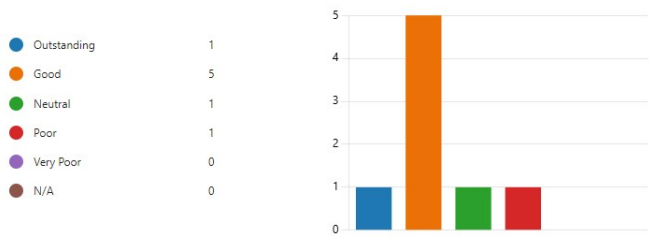
Sector Financial Management System	When assessing the performance of the Sector Financial Management System we assess whether the SFMS is meeting its objectives:
	
	• Removal and minimising duplication of effort across councils
	• Greater innovation through a collaborative partnership model
	• More efficient 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
	
	Feedback from stakeholders and achievement of targeted outcomes is used to form an assessment.

Performance Measures | Hei Ine i te Mahi

Regional Software Holdings Limited
For the year ended 30 June 2024

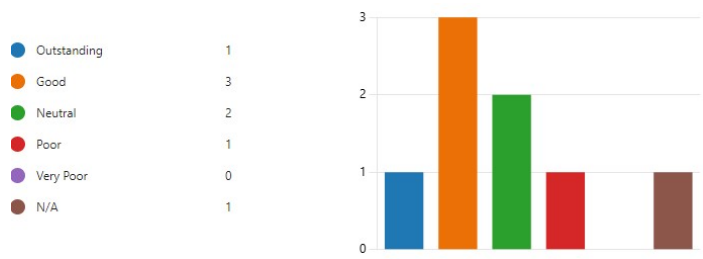
The following performance measures were incorporated into the Statement of Intent for the 2023-24 financial year.

Non-Financial

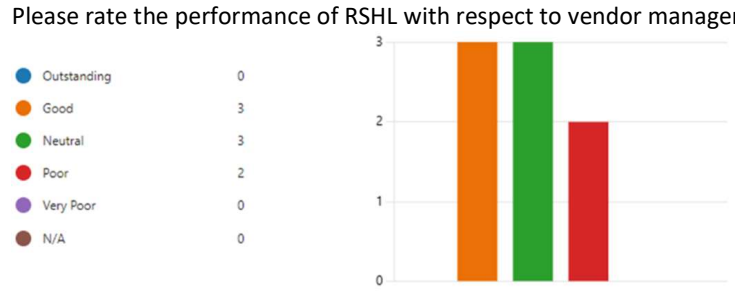
	1 July 2023 – 30 June 2024
Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Achieved The baseline survey for IRIS NextGen was completed in June 2024, with results presented to the Steering Group in July. For each survey topic the council was asked to rate the performance of RSHL on this scale: • Outstanding • Good • Neutral • Poor • Very Poor • N/A Responses were received from 8 out of 9 councils, and results were generally good or better. Comments were also collected on each survey point. Please rate the performance of RSHL with respect to Programme Management.  Please rate the performance of RSHL with respect to Communication.  Please rate the performance of RSHL with respect to facilitating collaboration between councils. 

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

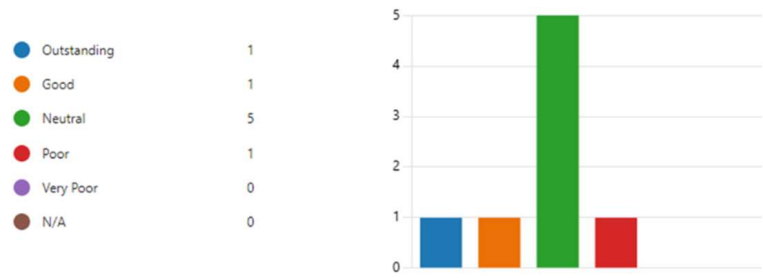
	1 July 2023 – 30 June 2024
	Please rate the performance of RSHL with respect to development and promotion of the Good Practice Operating Model.



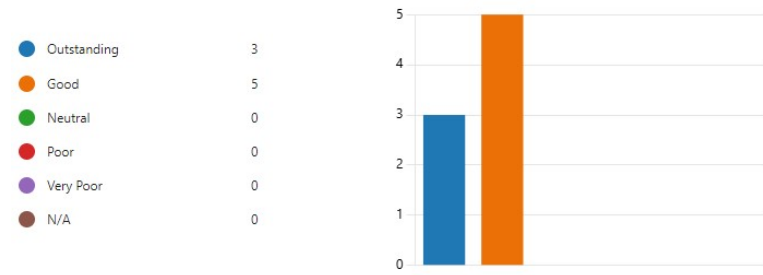
Please rate the performance of RSHL with respect to vendor management of Datacom.



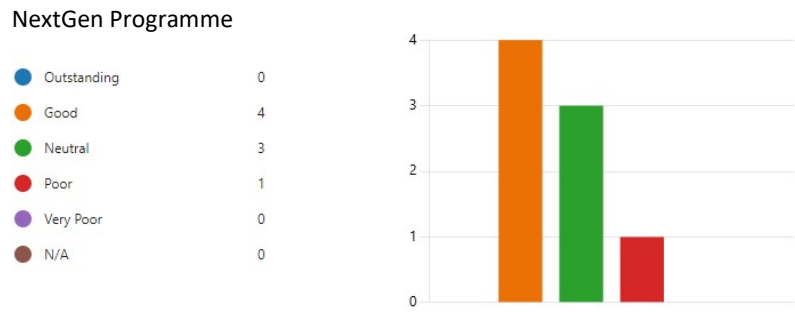
Please rate the performance of RSHL with respect to management of the process to develop the Datascape Regional Sector Template.



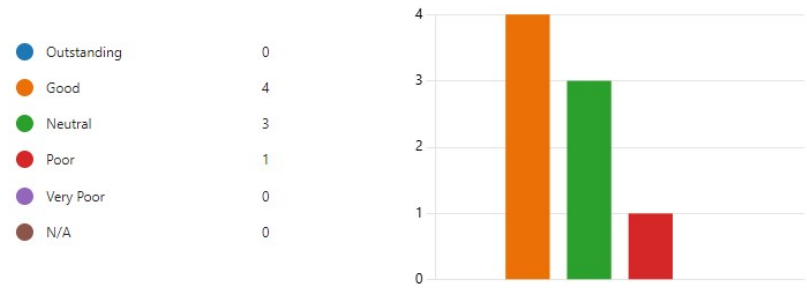
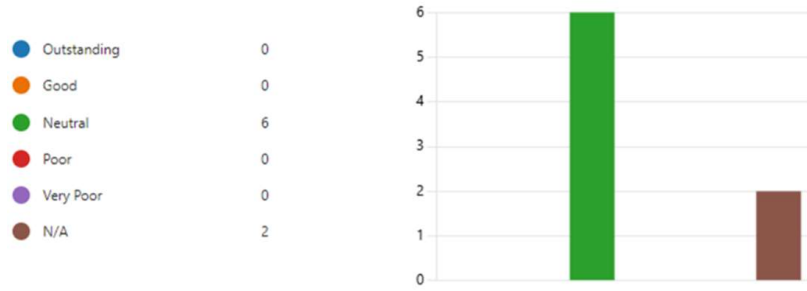
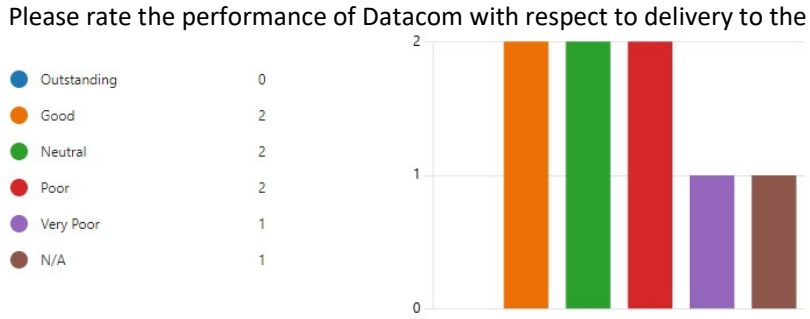
Please rate the performance of RSHL with respect to management of the logistics of the IRIS NextGen Programme



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



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

	1 July 2023 – 30 June 2024
	Please rate the performance of Datacom with respect to their approach to Partnering with councils and RSHL.  Please rate the performance of Datacom with respect to collaboration with the councils.  Please rate the performance of Datacom with respect to delivery to the IRIS NextGen Programme. 
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.	Achieved. The DRAFT IRIS budget was approved as planned in February 2024 and the final budget was approved as part of the SOI Process in June 2024. IRIS – The IRIS Programme Budget included a loss of $468k for the year because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of $174k including depreciation. The favourable result was because operating expenditure was $358k less than budgeted.
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.	Achieved. SFMS Funds collected were as agreed with the RCEOs and reporting on financial position was provided to RCEOs on a quarterly basis. Total funding collected in the period was $6.9M of which $2.5M was from central government. Total expenses for the year were $7.8M. The net loss of $1.9M is due to expenses for the Cyclone Gabrielle response LIDAR Surveys. The funding for this work was collected in the previous financial year but spent in FY24. Ten Te Uru Kahika Programme Leads were surveyed on the performance of RSHL with respect to delivery of the SFMS. 5 responses were provided. All responses rated RSHL Good or Outstanding on the following survey questions: Please rate the performance of RSHL with respect to: • Sourcing and Procurement • Contract Management. • Financial/Operations Management. • Employment of Staff/Contractors This is a pleasing result, which we will seek to build on in the following years.

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

	1 July 2023 – 30 June 2024
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 Achieved. Over the course of FY2024, RSHL went through a process to better define the role of RSHL in support of Te Uru Kahika. As a result of that work, a new Memorandum of Agreement (MoA) has been created which clearly defines the roles of RSHL and Te Uru Kahika. That MoA includes service definitions and measures. This is the most effective way of measuring the performance of RSHL in support of Te Uru Kahika. The Te Uru Kahika Virtual Team, led by the Te Uru Kahika Executive Director is accountable to the RCEOs Forum for the performance of the Regional Sector Office.
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	Partially Achieved. The EMAR budget and workplan for FY24 was approved by the EMAR Steering Group on the 25th August 2024. Approval was delayed pending confirmaton of central government funding. The work programme for LAWA, including additional topics and upgrades was 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.	Partially Achieved. RSHL has effectively managed the SFMS. Revenue and expenditure are consistent with the amounts documented in the SFMS Briefing Paper. RSHL has more than 50 contracts in place with service providers for support of Te Uru Kahika work programmes. RSHL has effectively managed the Integrated National Farm Data Platform (INFDP) Programme under the guidance of the Steering Group. The programme has remained within budget and timetable and been well managed despite significant changes in policy direction. Environmental Data Management Platform (EDMS) is a long-running and complex programme. RSHL has been working with the Te Uru Kahika Environmental Data and Digital Solutions Groups to complete the procurement process for this programme. This has taken longer than planned. In FY2024 we started development with a consortium of councils on a Data Emissions Platform Programme, we expect to progress to a formal partnership agreement before the end of the year. RSHL is also working with the Regional Integrated Ticketing Systems Programme to transition that team from Otago Regional Council to RSHL.

Financial

	1 July 2023 – 30 June 2024
RSHL will operate within approved budget, with any material variations approved by the relevant governance group. • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group	Achieved – RSHL operated within approved budgets for all programmes with some variations approved by the board. The board receives quarterly financial reports with revenue and expenditure for each activity: • RSHL Overheads – RSHL Board • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group The board received and accepted the financial reports at each meeting, with variances discussed and agreed. Overheads – Overhead costs are allocated to each programme based on revenue. The SOI budget showed total overheads to be recovered from programmes as $342K. Actual overheads recovered were $370K. IRIS NextGen Programme – The SOI budget for IRIS NextGen indicated a loss of $286K, because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of $68K.

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

	1 July 2023 – 30 June 2024
	IRIS – The IRIS Programme Budget included a loss of $468K for the year because the programme intended to expend funds carried over from previous years. In fact, the programme made a loss of $174K including depreciation. The favourable result was because operating expenditure was $358K less than budgeted. Sector Financial Management System – Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual expenditure for the SFMS is not meaningful. The RCEOs Group received quarterly updates on income and expenditure against their budget. The Te Uru Kahika Executive Advisor received regular updates. Further variability was created because Te Uru Kahika successfully negotiated a new funding agreement with MFE in June 2024. This has had a favourable impact on the year-end result.
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. • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System – RCEOs Group	Achieved Overheads are not charged directly to shareholders or customers. IRIS NextGen Programme – Budgeted contributions to the programme from councils in FY2024 were set at $5M and actual contributions were $5M. The budget also included contingency of $0.4M which was not collected or expended. $44K of funding was collected and expended for small, council-specific pieces of work related to the programme. IRIS – Collected contributions matched budget exactly, at $937K. SFMS - Te Uru Kahika confirmed its budget for FY2024 in August after RSHL had published its SOI budget. As such, a comparison between the SOI budget and the FY24 actual contributions for the SFMS is not meaningful. Funding collected from councils was in line with the budget set by the RCEOs in August. The agreed contribution from councils was $3.4M. The total collected was $3.5M. This figure included additional funding collected at the request of the BioManagers Group ($50K), and additional (unbudgeted) contributions from Auckland Council.

Growth

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

Financial Statements | Ngā Tauākī Pūtea

Regional Software Holdings Limited
For the year ended 30 June 2024

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

Registered Office

C/- O'Fee Next Level Accounting

PO Box 1007, Palmerston North

Auditors

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

Directors

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

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

Interest Register

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

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

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

The following directors received the following payments throughout the year:

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

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

The other directors are paid through their respective Councils.

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

Regional Software Holdings Limited
For the year ended 30 June 2024

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

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

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

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

Regional Software Holdings Limited
As at 30 June 2024

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

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

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

Regional Software Holdings Limited
For the year ended 30 June 2024

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

Statement of Cash Flows | Te Tauākī mō ngā Kapewhiti

Regional Software Holdings Limited
For the year ended 30 June 2024

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

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

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

Regional Software Holdings Limited
For the year ended 30 June 2024

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

Reporting Entity

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

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

RSHL has no subsidiaries or joint ventures.

Entity Structure

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

The Company has:

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

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

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

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

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

Basis of Preparation

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

Statement of Compliance

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

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

Presentation Currency and Rounding

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

Changes in Accounting Policies

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

Summary of Significant Accounting Policies

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

Foreign Currency Transactions

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

Goods and Services Tax

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

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

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

Critical Accounting Estimates and Assumptions

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

Additional Disclosure

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

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

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

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

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

2. Revenue

Accounting Policy

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

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

Exchange Revenue

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

Other Revenue

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

Investment Revenue

Interest revenue is recorded as it is earned.

Non-Exchange Revenue

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

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

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

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

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

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

Members Contributions and Regional Sector Shared Services

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

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

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

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

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

3. Expenses

Accounting Policy

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

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

4. Personnel Costs

Accounting Policy

Salaries and wages

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

Superannuation schemes - defined contribution schemes

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

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

5. Cash and Cash Equivalents

Accounting Policy

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

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

6. Receivables

Accounting Policy

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

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

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

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

7. Property, Plant and Equipment

Accounting Policy

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

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

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

Depreciation

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

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

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

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

8. Intangible Assets

Accounting Policy

Software acquisition and development

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

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation

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

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

Acquired computer software 10 years 10%

Internally developed computer software 10 years 10%

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

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

Impairment and Impairment Reversals (Cash-Generating Assets)

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

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

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

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

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

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

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

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

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

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

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

9. Payables and Deferred Revenue

Short term payables are measured at the amount payable.

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

10. Employee Entitlements

Accounting Policy

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

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

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

11. Income Tax

Accounting Policy

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

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

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

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

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

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

	2023-24	2022-23
Income Tax		
Components of Tax Expense		
Current Tax	-	-
Deferred Tax	(637,797)	725,888
Tax Expense	**(637,797)**	**725,888**
Net surplus/ (deficit) before tax	(2,278,510)	3,310,814
Tax at 28%	(637,983)	927,028
Plus / (less) tax effect of:		
Non-Deductible Expenditure	186	9,874
Effect of changes in recognised tax losses	-	(211,014)
Tax Expense	(637,797)	725,888

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

12. Equity

Accounting Policy

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

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

13. Contingent Liabilities and Guarantees

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

14. Related Party Transactions

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

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

Shareholder	2023/24	2022/23	Description of Services
Waikato Regional Council	-	93,765	Management Services - IRIS PMO Manager
Waikato Regional Council	-	33,006	Reimbursement for travel booked by WRC on behalf of RSHL
Waikato Regional Council	-	1,464	Purchase of laptop for staff member
Horizons Regional Council	8,236	-	Reimbursement for staff member seconded to IRIS NextGen
Horizons Regional Council	-	51,001	Reimbursement of Regional Sector Office Costs, funded from the SFMS.
Horizons Regional Council	-	4,177	Reimbursement for travel booked by HRC on behalf of RSHL
Taranaki Regional Council	19,980	-	Reimbursement for 2 staff members seconded to the IRIS NextGen project
Taranaki Regional Council	-	290	Reimbursement for Te Uru Kahika Mayors/Chairs induction dinner cost, funded from the SFMS
Taranaki Regional Council	-	5,270	Admin costs for Biosecurity Working Group
Bay of Plenty Regional Council	512,982	507,892	Reimbursement for BioControl Programme

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

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

Member contributions were received as follows:

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

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

	2023-24	2022-23
Key Management Personnel Compensation		
Senior Management Team, including the Chief Executive		
Total full-time equivalent personnel	7	5
Remuneration	1,022,670	570,141

15. Events After Balance Date

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

16. Financial Instruments

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

	2023-24	2022-23
Financial assets measured at amortised cost		
Cash and cash equivalents	4,382,962	5,851,788
Receivables (excluding taxes receivable)	2,072,414	2,138,546
Total Financial assets measured at amortised cost	**6,455,375**	**7,990,334**

	2023-24	2022-23
Financial liabilities measured at amortised cost		
Payables (excluding income in advance and taxes payable)	2,233,566	1,730,243
Total Financial liabilities measured at amortised cost	**2,233,566**	**1,730,243**

Financial Instrument Risks

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

Market risk
Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognised liabilities, which are denominated in a foreign currency. RSHL has low exposure to currency risk because it does not have significant overseas liabilities.
Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. RSHL has exposure to interest rate risk because it has interest-bearing bank accounts, but is not reliant on interest income for maintaining liquidity.

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

RSHL’s maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables, and derivative financial instrument assets. There is no collateral held as security against these financial instruments.
Although cash and cash equivalents as at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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

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

17. Explanations of Major Variances Against Budget

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

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

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

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

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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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

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

Opinion

We have audited:

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

In our opinion:

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

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

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

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

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

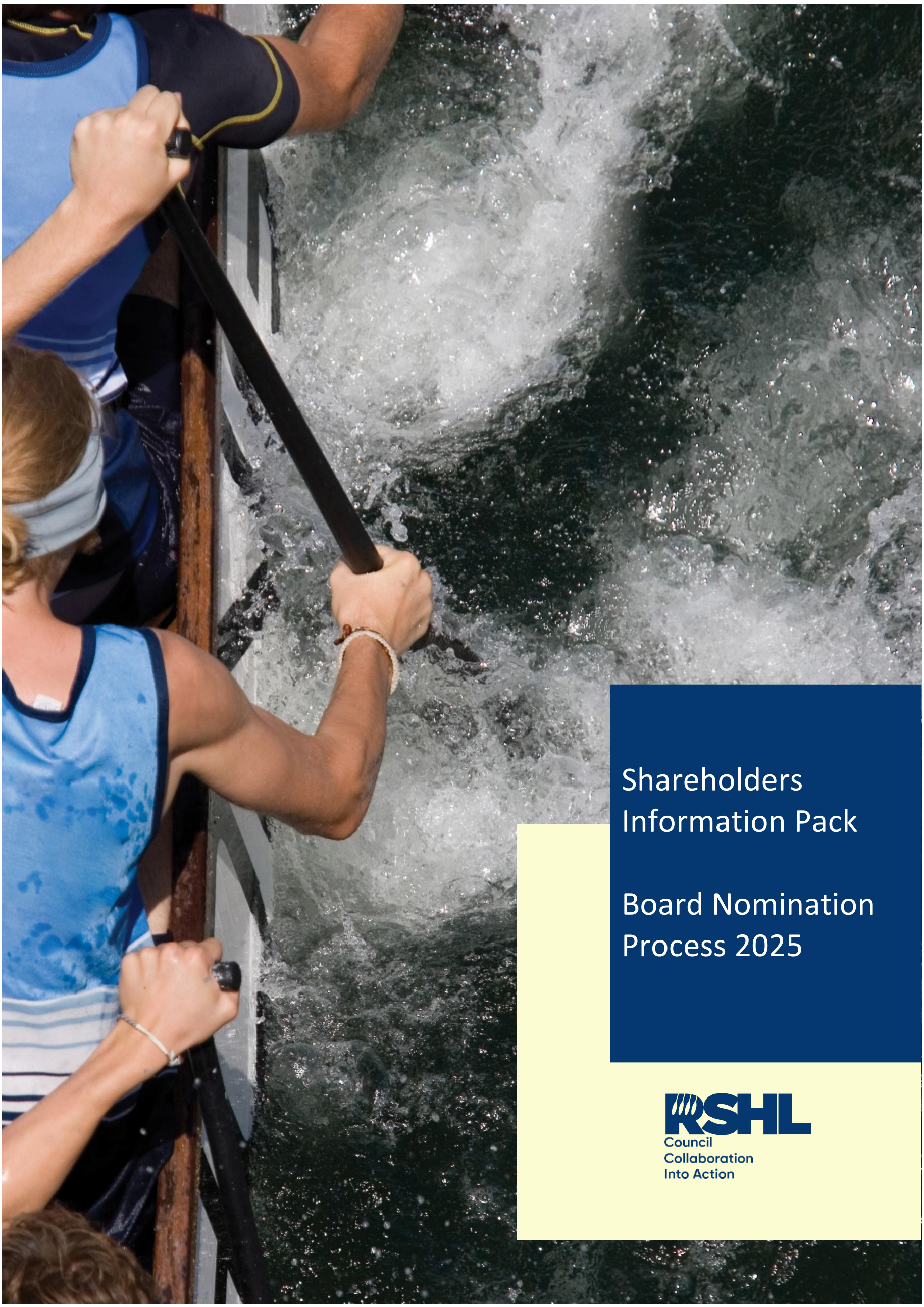
In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge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

Independence

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

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

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



Shareholders Information Pack

Board Nomination Process 2025

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1. Table of Contents

1. Document Control 3
Distribution list 3
Related documents 3
Document change history 3
2. Introduction 4
Document Purpose 4
Background 4
3. Timeline and Key Dates 4
4. Director Retirements. 5
5. Board Advice to Shareholders on Skill and Representation Gaps. 5
6. Call for Nominations 6

1. Document Control

Distribution list

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

Related documents

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

Document change history

Version #	Date	Revision By	Description of Change
0.1	April 2025	Mark Donnelly	First Draft
1	May 2025	Mark Donnelly	Final version for shareholders

2. Introduction

Document Purpose

The purpose of this document is to provide RSHL Shareholders with the necessary information to participate in the RSHL board appointment process in 2025. This process will conclude at the RSHL AGM on 27 November 2025.

Additional information will be provided once nominations are received.

Background

The RSHL Shareholders' Agreement and Constitution adopted in November 2022 sets a board of 8 for RSHL, made up of 6 non-independent (council staff) directors and 2 independent directors. The agreement stipulates a "retirement by rotation" approach.

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

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

3. Timeline and Key Dates

See the RSHL Director Appointment Policy for more information.

The timetable for board appointments is as follows:

Step	Occurs Before
• Determine the Directors retiring by rotation at the next annual meeting of shareholders. • Update the Board Skills Register	30 April (Complete)
• RSHL Chief Executive call for director nominations	31 May
• Nominations from shareholding councils close.	19 July
• RSHL Chief Executive distributes board appointment pack to shareholders.	31 July
• Shareholding councils advise RSHL of their preferred applicants	30 September
• Chief Executive notifies all parties of the outcome.	31 October
• At the Annual General Meeting, shareholders pass ordinary resolution confirming new board members.	28 November

4. Director Retirements and Resignations

The following table shows current directors on 30 May 2025, with appointment dates.

Name	First Appointment Date	Last Election Date	Tenure (Years)
Asbjorn Aakjaer	30/11/2017	22/11/2024	7
Mike Nield	17/10/2012	23/11/2023	13
Ged Shirley	18/05/2017	23/11/2023	8
Janine Becker	23/02/2023	23/02/2023	2
Fiona McTavish	23/02/2023	23/02/2023	2
Bruce Robertson	23/02/2023	23/02/2023	2
Wilma Falconer	23/02/2023	23/02/2023	2

- Wilma Falconer has resigned from her position at Southland Regional Council and will not be eligible to be a non-independent director from 31 August 2025.
- Fiona McTavish has been appointed to the role of Convenor of the Te Uru Kahika RCEOs Group and intends to resign from the board at the AGM on November 2025.
- As there will be three vacancies at the AGM on 27 November, no directors will be required to retire by rotation.
- The remaining five incumbent directors have confirmed their intention to continue.
- There will be three director positions to fill at the AGM.

5. Board Advice to Shareholders Nominations

The RSHL Board has completed a skills and representation assessment.

Based on the skills and representation matrix the board recommends shareholders nominate suitable candidates emphasising skills and experience in:

- Knowledge of broad public policy direction
- Information technology
- Law

6. Call for Nominations

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

Based on current vacancies, shareholders are invited to nominate one non-independent and one independent director.

NB The appointment of the independent director will be subject to final approval of the FY26 Statement of Intent and may not take effect until July 2026.

RSHL has the following Class-A shareholders.

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

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

Shareholders should complete the RSHL Director Preference Form provided and return it to the Chief Executive via mark.donnelly@rshl.co.nz by 19 July 2025

RSHL

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Council Meeting - 25 June 2025

10.10. Documents Signed Under Council Seal

Prepared for: Council

Report No. GOV2575

Activity: Governance Report

Author: Kylie Darragh (Governance Support Officer)

Endorsed by: Amanda Vercoe, GM Manager Strategy and Customer

Date: 25 June 2025

PURPOSE

[1] To inform the Council of delegations which have been exercised requiring application of the Council Seal during the period of 1 July 2024 to 9 June 2025.

CS2024	825	11/09/2024	Deed of Renewal of Leases and Rent review for Units BF3, BF4 and SO11 Terrace Junction Frankton Road, Queenstown
CS2024	826	11/09/2024	Deed of variation DOC Funding Deed – Maintaining the Gains
CS2024	827	11/09/2024	Deed of variation for MfE Funding Deed - Toitū Te Hakapupu – The Pleasant River Catchment Restoration Project
CS2024	828	3/12/2024	Essential Freshwater Funding Boost in Capability and Capacity for Otago Regional Council
CS2025	829	19/2/2025	Deed for Sale and Purchase 39 Kitchener Stret and 15 Birch Street Dunedin
CS2025	830	26/03/2025	Deed of lease land QLDC and ORC Lot88 DP19735
CS2025	831	27/03/2025	DeWald Leonard Villeon – warrant Land and Drainage Act 1908
CS2025	832	27/03/2025	DeWald Leonard Villeon – warrant ORC Flood Protection Management Bylaws
CS2025	833	27/03/2025	DeWald Leonard Villeon – warrant Soil Conservation & Rivers Control Act 1941 and Public Works Act 1981
CS2025	834	28/03/2025	Bond for Green Island Landfill
CS2025	835	28/05/2025	Kettle Park Coastal Landfill Remediation Planning Project – MfE/ORC Deed
CS2025	836	28/05/2025	Kettle Park Coastal Landfill Remediation Planning Project – ORC/DCC Deed
CS2025	837	09/06/2025	Toitū Te Hakapupu – Project Extension Deed Variation (Deed no. 24732 – variation number 2)

RECOMMENDATION

That the Council*:*

1) ***Notes*** *this report.*

10.11. Delegations: Update to Council Delegations

Prepared for: Council

Report No. GOV2579

Activity: Governance Report

Author: Amanda Vercoe (General Manager Strategy and Customer).

Endorsed by: Richard Saunders, Chief Executive

Date: 25 June 2025

PURPOSE

[1] To update specific delegations in the ORC Delegations Manual following the adoption of a new ORC committee structure in March 2025.

EXECUTIVE SUMMARY

[2] Council adopted a new committee structure at its meeting in March 2025.

[3] As part of the change, the Regional Leadership Committee was disestablished, and the Community and Partnerships Committee and Environmental Delivery Committee were established in its place.

[4] The Co-Chairs of the Regional Leadership Committee had a number of specific delegations in the ORC Delegations Manual under the Resource Management Act – such as appointing independent decision makers on certain matters (see Part B in this link https://www.orc.govt.nz/media/ywbnbkjs/orc-delegations-manual-june-2025.pdf) .

[5] This paper seeks Council approval to replace "Co-Chairs of the Regional Leadership Committee" with "Co-Chairs of the Environmental Delivery Committee" against the existing suite of delegations in the ORC Delegations Manual.

[6] This is due to ORC's regulatory reporting and monitoring now being under the terms of reference of the new Environmental Delivery Committee.

[7] This paper also seeks retrospective approval of delegations exercised by the former Co-Chair of the Regional Leadership Committee, Cr Elliot Weir, on Tuesday 10 June 2025, in relation to appointments of two independent decision makers. These appointments couldn't wait until this Council paper.

RECOMMENDATION

That Council:

1) ***Notes*** *this report.*

2) ***Resolves*** *to replace "Co-Chairs Regional Leadership Committee" with "Co-Chairs Environmental Delivery Committee" in the ORC Delegations Manual, specifically in Part B- the delegations Council makes to ORC staff and elected members under the Resource Management Act.*

3) ***Approves*** *retrospectively the delegations exercised by the former Co-Chair of the Regional Leadership Committee, Cr Elliot Weir, on 10 June 2025 to appoint two independent decision makers on time sensitive matters.*

BACKGROUND

[8] Council adopted a new committee structure at its meeting in March 2025. As part of the change, the Regional Leadership Committee was disestablished, and the Community and Partnerships Committee and Environmental Delivery Committee were established instead.

[9] The new committee structure has been updated in the ORC Delegations Manual - https://www.orc.govt.nz/media/ywbnbkjs/orc-delegations-manual-june-2025.pdf

[10] At the time of the committee structure update, delegations to the Co-Chairs of the Regional Leadership Committee, which was disestablished, were not updated.

DISCUSSION

[11] Nil.

OPTIONS

[12] Council could choose to delegate these functions to alternative Co-Chair roles.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[13] Nil.

Financial Considerations

[14] Nil.

Significance and Engagement

[15] Nil.

Legislative and Risk Considerations

[16] There is a risk to Council fulfilling its legal functions, should accurate and up to date delegations not be in place.

Climate Change Considerations

[17] Nil.

Communications Considerations

[18] Nil.

NEXT STEPS

[19] The ORC Delegations Manual will be updated, subject to Council decision making. The Co-Chairs of the Environmental Delivery Committee will be provided advice and guidance on the process for exercising the delegations from the General Manager Environmental Delivery.

ATTACHMENTS

Nil

10.12. 2024 ORC Climate Strategy - Implementation and Effectiveness

Report Prepared for: Council

Report No.	STG2502
Activity:	Community: Governance and Community
Author:	Rebecca McLeod (Principal Advisor- Strategy), Hilary Lennox (Manager Strategy), Ema Kurbos-Cooper (Advisor Strategy)
Endorsed by:	Amanda Vercoe, General Manager Strategy and Customer Richard Saunders, Chief Executive
Date:	25 June 2025

PURPOSE

[1] To provide an annual report on the implementation and effectiveness of the 2024 Climate Strategy, which is a level of service target in the 2024-2034 Long-Term Plan.

EXECUTIVE SUMMARY

[2] This report summarises outputs (progress on actions) of the Climate Strategy and provides observations on its effectiveness in coordinating and elevating the focus on climate-related work across the ORC in the six months since it was adopted by Council.

[3] Most of the actions are underway, and several have already been completed. Importantly, an assessment of ORC's organisational carbon emissions is nearing completion and will be reported to Council later this year. This emissions inventory provides the foundations for developing an organisational Emissions Reduction Plan, which will drive reduction of the organisation's emissions. Another highlight is the collaborative and community-facing work carried out in climate adaptation, with projects such as South Dunedin Futures and Head of the Lake reaching significant milestones in this reporting period.

[4] Many of the actions were already underway prior to the adoption of the Climate Strategy. The Strategy has brought them together into a cohesive programme of works.

[5] A GAP analysis planned for 2025/26 will identify how much additional work will be required to deliver on the Strategy's goals.

[6] Having a Climate Strategy has increased the credibility of the ORC, and the organisation is well placed to continue building public perception of the ORC as a regional leader on climate action and a trusted source of information regarding our climate future. This is reflected in our engagement with peers from Otago's territorial authorities (TAs), members of the Zero Carbon Alliance, and with peers nationally.

[7] An analysis of actions against the Strategic Directions 2024-2034 demonstrates that climate action is a strong theme across the ORC. This is noticeable in the way that we work, with an increased awareness of climate-related work being conducted by various teams across the council and improved information sharing and collaboration.

RECOMMENDATION

That the Council

1) ***Notes*** *this report.*

BACKGROUND

[8] Council adopted ORC's Climate Strategy on 4 December 2024.

[9] The 2024-2034 Long-Term Plan sets the following level of service target regarding the 2024 Climate Strategy:

- ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported on annually.

[10] Although this is an annual report on the implementation and effectiveness of the Strategy, it captures only the first six months since the Strategy was adopted.

DISCUSSION

Progress on Actions in the 2024 Climate Strategy

[11] While many work programmes and projects have been progressed, there is still much to be done. See Attachment 1 for detail on the status of each action.

[12] The actions are being progressed by many teams across the council, including Strategy, Science, Policy and Planning, Natural Hazards, Engineering, Environmental Implementation, Environmental Monitoring, Compliance, Emergency Management/Civil Defence, Transport, Fleet and Facilities, Finance, Communications and Marketing, and Partnerships and Engagement.

[13] Of the 53 actions identified in the Strategy, six have been completed and 43 are on track. The actions range in their level of granularity: some are discrete projects, others contain multiple projects, and several are ongoing business-as-usual ways of working and are not tied to specific projects.

[14] Please note that not all actions were planned to have started in Year One of the Strategy.

[15] Four actions are "off track", due to being deprioritised, or due to central government policy being reformed. These actions include exploring ways to decarbonise the Total Mobility scheme, developing a public and active transport connectivity strategy, and notifying the Regional Land and Water Plan – illustrating the impact central government direction on these matters has at the regional council level.

[16] By adopting this Strategy, ORC reinforced its commitment to better managing organisational emissions. As noted earlier, work on this has progressed significantly through the development of ORC's organisational emissions inventory, which is nearing completion. This will enable the development of an organisational Emissions Reduction Plan in the year ahead.

Impact of the 2024 Climate Strategy – Beyond Listed Actions

[17] Progress on the Strategy's actions only reflects part of the impact that the Strategy has had. The Strategy has provided much-needed clarity across the ORC in how various workstreams are linked to improved climate outcomes (adaptation and mitigation/emissions reduction). This clarity of purpose has raised organisational awareness about relevant work occurring in other departments and has fostered collaboration across the council.

[18] The Strategy has defined the role of the ORC with respect to climate action to staff, Councillors, TAs and the Otago community. It has highlighted where we have responsibility and influence to act on climate, the kinds of information we hold that can assist others on climate matters, and the importance of our role to support others to prepare and act.

[19] Having a Climate Strategy has granted us a seat at the table with other councils and agencies involved in climate-related work, thereby facilitating knowledge sharing, support and collaborative opportunities.

[20] Examples of collaboration between the ORC and others following the adoption of the Climate Strategy include:

- Progressing conversations with Aukaha, Te Ao Marama, and local rūnaka regarding how ORC can support their climate adaptation planning;
- Expansion and refresh of the Zero Carbon Alliance;
- Working with other councils to determine how to ensure the next Otago Climate Change Risk Assessment (OCCRA) meets the needs of the region;
- Preparing a submission on Dunedin City Council's 9 year-plan to express support for climate related work that would act as a multiplier for ORC's own work.

[21] The 2024 Climate Strategy has also been used internally as a reference document when progressing other work, such as:

- Scoping the next OCCRA;
- Understanding what ORC is aiming to achieve, to provide continuity for Otago communities when considering upcoming resource management reforms;
- Developing the Draft Regional Public Transport Plan 2025-2035;
- Developing the draft Indigenous Biodiversity Strategy;
- Bringing climate change considerations into the Regional Pest Management Plan;
- Ongoing development of the Integrated Catchment Management approach.

New actions and alignment with Strategic Directions

[22] New climate-related actions have come to our attention during this review that are not captured in the Climate Strategy 2024 (Appendix 2). These new actions include work to expand our knowledge, monitoring capabilities and use of climate projections, and advocacy on climate action.

[23] An assessment of the alignment between 2024 Climate Strategy actions and Strategic Directions goals has been completed to illustrate where our efforts are currently focussed and where further action is needed (Appendix 3). This assessment demonstrates that the Climate Strategy reaches all 18 goals in the Strategic Directions,

across partnership, communities, environment, resilience, climate and transport. This reiterates that climate is a strong theme in the mahi of ORC.

OPTIONS

[24] This is a noting paper, so no options have been provided.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[25] Nine of ORC's Strategic Directions 2024-2034 goals have been adopted as the nine goals of the 2024 Climate Strategy (although it can be argued that the Strategy reaches all 18 goals in some way). The Strategy includes goals from the Environment, Resilience, Climate, and Transport Strategic Directions focus areas. Additionally, the Partnership and Communities focus areas are identified in the 2024 Climate Strategy as guiding how we work.

[26] This report fulfils a level of service measure in ORC's 2024-2034 Long-Term Plan.

Financial Considerations

[27] Over the lifespan of the 2024-2034 Long-Term Plan, $650,000 has been set aside for implementation of the 2024 Climate Strategy.

Significance and Engagement

[28] The 2024 Climate Strategy met ORC's Engagement Significance criteria for a medium-high level of engagement.

[29] To achieve this level of engagement, the Strategy was shared for public consultation in the spring of 2024, and feedback was incorporated before a final version of the Strategy was presented to Council. Both ahead of and following public consultation, key stakeholders were engaged in Strategy development.

[30] This paper itself does not require further engagement, though reporting on the implementation and effectiveness of the Strategy will likely be of interest to those who shared feedback through engagement during Strategy development. We will develop an efficient and effective means of communicating our progress with interested parties.

Legislative and Risk Considerations

[31] There are no direct legislative or risks to consider.

Climate Change Considerations

[32] ORC's 2024 Climate Strategy identifies ORC's role in both climate change mitigation and adaptation. Effective implementation of this Strategy will result in organisational emissions reductions in addition to increased climate resilience for at-risk communities in Otago.

Communications Considerations

[33] This annual report on the implementation and effectiveness of ORC's 2024 Climate Strategy may be reported in the media, as interest in climate change is high.

NEXT STEPS

[34] A comprehensive review of ORC's current climate-related work and capabilities related to climate will be assessed via a GAP analysis of the Climate Strategy 2024. This has commenced and will continue in FY 2025/2026.

[35] Development of an Outcome Reporting Framework for the 2024-2034 Strategic Directions is underway and when complete, will provide further insight into the effectiveness of the Climate Strategy.

ATTACHMENTS

1. Attachment 1 Progress on Actions Listed in Climate Strategy 2024 [**10.12.1** - 9 pages]
2. Attachment 2 Alignment of actions listed in Climate Strategy 2024 with SD Goals [**10.12.2** - 3 pages]
3. Attachment 3 New actions identified during review of Climate Strategy [**10.12.3** - 1 page]

2024/25 Progress on actions listed in Climate Strategy 2024

Action #	Actions	Responsible Team(s)	Implementation Status
1	Undertake a review of the environmental monitoring network to ensure it is fit for purpose and includes additional climate monitoring parameters.	Science, Environmental Monitoring, Natural Hazards	State of the Environment monitoring network stocktake completed 2024/25 Hydrology: Internal water quantity network review completed 2024/25, primarily focused on water allocation monitoring (low flows). Any further reviews are on hold due to the non-notification of the LWRP. Air Quality: Options for the airsheds have been provided for consideration by external consultants. In the interim, ongoing expansion and upgrade of the existing network is in progress. Biodiversity: Monitoring network under development - ongoing Climate-related parameters: Monitoring being considered in new and existing stations where appropriate - ongoing.
2	Develop drainage models for assessing scheme capacity against the impacts of climate change (East Taieri, West Taieri, Lower Clutha and Tokomairiro).	Engineering, Natural Hazards	2024/25 - No progress 2025/26 onwards - Will start approaching these scheme by scheme
3	Collaborate with Otago's city and district councils to ensure civil defence and emergency management is informed by specific risks across the region.	EMO, Natural Hazards, Strategy	BAU to collaborate among councils. 2024/25 - Completed: Natural Hazards Risk Assessment - facilitated collaboration. 2024/25 - Completed: Natural hazard risk assessment workshop series to inform the Group Plan. 2025/26 - Planned to do an Otago Regional Climate Change Risk Assessment, which will inform CDEM.
4	Operate a network of near real-time rainfall and water level stations across the region to support flood forecasting and emergency response with a 24/7 duty roster to support forecasting duties and any necessary response.	Natural Hazards, Environmental Monitoring, EMO	New initiative to collaborate between Natural Hazards and EMO, now BAU. 2024/25 - Completed: Leith and Lindsay's Creek improved modeling and trigger levels identified. 2025/26 - onwards - improved modeling and identification of trigger levels for other waterways.

5	Review the rainfall monitoring network to determine whether it can be used for purposes other than flood warning, e.g. drought predictions, management of water allocation, etc.	Environmental Monitoring, Natural Hazards, Science	2024/25 - No progress due to Regional Plan: Land and Water being put on hold.
6	Undertake operational monitoring of coastal mouths and respond to channel flow and flood risks.	Engineering	BAU, ongoing. 2025/26 will begin to install telemetered monitoring stations around selected coastal mouths.
7	Collect data to inform assessments of climate-related impacts in Otago, including coastal, river cross-sections and morphology, landslide and sea-level rise.	Natural Hazards	BAU, ongoing data collection (groundwater, sea level, river and lake cross sections, LIDAR). 2025/26 - Finalise Coastal Monitoring Plan to guide activities for next 10 years.
8	Maintain a register of contaminated sites in Otago and advocate for risk assessments and remediation of contaminated sites vulnerable to the effects of climate change.	Compliance, Natural Hazards	BAU to maintain the register. Risk assessments for some as instigated by the site owner. 2024/25 - in progress: MFE leading a project aimed at developing a new climate change risk tool for landfills. ORC invovled.
9	Undertake an Otago Natural Hazards Risk Assessment and develop a prioritisation framework to assess natural hazard exposure.	Natural Hazards	2024/25 - Natural Hazards Exposure Assessment presented to council 2025/26 - Prioritisation framework will be developed and applied
10	Administer the ECO Fund to deliver projects to improve the resilience of local ecosystems and indigenous biodiversity.	Environmental Implementation	BAU - ECO Fund administration. 2024/25 - Determine focus and criteria for large scale environmental fund 2025/26 (dependent on Council decision) - Implement large scale environmental fund
11	Expand ORC's biosecurity programme to better manage the impact of exotic pest species on indigenous biodiversity and improve the resilience and adaptive capacity of desirable ecosystems.	Environmental Implementation	2024/25 - Dedicated surveilance budget enabled targeted monitoring for exotic pest species. 2025/26 - Will begin review of Regional Pest Management Plan and assess this action
12	Work through Emergency Management Otago to support mana whenua-led approaches to emergency readiness and response by co-funding a two-year emergency management mana whenua facilitator.	EMO	2024/25 - Underway - contracted facilitator until March 2026

13	Collaborate with Dunedin City Council on the South Dunedin Futures work programme by providing risk assessments, natural hazard investigations, environmental monitoring of groundwater, sea level and rainfall, and supporting the identification and execution of adaptation options.	Natural Hazards	2024/25 - released the Risk Assessment and Options Reports, carried out public consultation on options. 2025/26 - Detailed development and analysis of 2 future options 2026/27 - Development of Master Plan BAU - operation of monitoring sites (groundwater, sea level, ground level monitoring, rain radar etc.).
14	Work through Emergency Management Otago to raise community awareness of climate hazards and how to prepare, including through the community response network, which provides training and resources to support communities' capabilities and capacity to manage emergency events.	EMO	BAU Annual Community Resilience Survey across Otago, which includes questions on climate risks.
15	Support mana whenua in undertaking climate change risk assessments and managing the exposure and vulnerability of taonga by providing technical information and guidance as needed.	Natural Hazards, Strategy	2024/25 - Began conversations with mana whenua to assess needs and wishes. 2025/26 - Continue to assesss mana whenua needs and wishes, and determine how ORC can best provide support.
16	Collaborate with Otago's city and district councils to build on the Otago Climate Change Risk Assessment to provide valuable adaptation information for the region.	Strategy	2024/25 - Developed Otago Climate Change Risk Assessment objectives and scope 2025/26 - Otago Climate Change Risk Assessment work undertaken
17	Collaborate with Otago's city and district councils to codesign community education messaging on adaptation needs for the region.	Natural Hazards, Communications	BAU as required. 2024/25 - Community education messaging on South Dunedin Future and Head of the Lake (Glenorchy). Community mesaging on nature based solutions projects (eg. Tomahawk Lagoon) 2025/26 - South Dunedin Future and Head of the Lake work to continue. Roxburgh (led by CODC) and Clutha Delta Natural Hazard Adaptation Programmes (led by CDC).
18	Provide adaptation planning support to mana whenua at a rūnaka level.	Natural Hazards, Strategy	2024/25 - Began conversations with mana whenua to assess needs and wishes. 2025/26 - Continue to assesss mana whenua needs and wishes, and determine how ORC can best provide support.

19	Ensure that Catchment Action Plans for different freshwater management units include identification of climate adaptation needs.	Environmental Implementation	BAU, to provide communities with available information to help inform their assessment of place-based values and threats. Note that discussions on any topic are led by the community, so climate adaptation considerations will vary among catchments.
20	Review the Otago Lifelines Infrastructure Vulnerability Assessment to inform ongoing emergency management work.	EMO, Natural Hazards	2024/25 - Complete. Otago Lifelines Group: Vulnerability and Interdependency Study published October 2024.
21	Collaborate with Otago's city and district councils to develop shared adaptation priorities based on a consistent risk assessment framework, and to agree on consistent use of dynamic adaptive pathways planning.	Natural Hazards, Strategy, Planning	2024/25 - In progress with DCC on city-wide adaptation priorities 2025/26 - 2026/27 - Risk assessment and adaptation priorities to be carried out with each district council.
22	Collaborate with Queenstown Lakes District Council on adaptation needs, including regarding wildfire risk on Mount Iron, Ben Lomond and other red zone locations and Gorge Road alluvial fan risk.	Natural Hazards	2024/25 - Discussion commenced. Ongoing work required to inform QLDC LTP.
23	Collaborate with Queenstown Lakes District Council on the Head of Lake Whakatipu Natural Hazard Adaptation Strategy to inform adaptation in Glenorchy and Kinloch, considering climate and other natural hazard risks.	Natural Hazards	2024/25 - Complete. Head of Lake Whakatipu Natural Hazard Adaptation Strategy presented to ORC and QLDC May 2025.
24	Collaborate with Waitaki District Council on adaptation projects and initiatives for Waitaki coastal risk assessment and management.	Natural Hazards	2024/25 - ORC Natural Hazards Team supported WDC in workshop on coastal hazard and adaptation options. Ongoing - ORC offer to assist WDC with future work.
25	Collaborate with Clutha District Council on a multi-hazard adaptation strategy, including reviewing the Lower Clutha Flood Protection scheme regarding engineering solutions compared to retreat, and considering adaptation risks relating to the wider Clutha Delta, including monitoring sea and groundwater levels and shoreline change.	Natural Hazards, Engineering	2024/25 - Work commenced. Safety and Resilience Committee briefed on progress in March 2025. 2025/26 onwards - work will continue

26	Develop the Lower Taieri Plains Adaptation Strategy, which reviews the flood protection schemes and the impacts of increased climate impacts and natural hazard risks on existing infrastructure, including floodbanks, drainage systems and pump station adequacy.	Natural Hazards, Engineering	BAU to review the function and adequacy of existing infrastructure in Lower Taieri Plains. Development of the Lower Taieri Plains Adaptation Strategy will commence once the Lower Clutha Flood Protection scheme review is completed.
27	Conduct an organisational climate change risk assessment (following the agreed regional framework) to scope the risk levels to various ORC assets, infrastructure and operations.	Strategy	2024/25 - Project scoping in progress 2025/26 - Organisational climate change risk assessment will be prepared if considered a priority.
28	Ensure ORC's budgeting process builds in climate assumptions, including emergency funds for repairing/ replacing infrastructure and reviewing adaptation needs for ORC infrastructure.	Engineering, Finance	BAU Long term infrastructure projects (adaptation) that accommodate forecast climatic conditions are built into 30yr Infrastructure Plan. Maintain Emergency Response Fund, which could be accessed for an emergency climate-related response if required. Continue to access central government funding as needed to assist in flood recovery where eligible, and apply for other funding opportunities that ORC may be eligible for in relation to climate resilience and adaptation.
29	Investigate adaptation needs as part of the Leith to Harbour Amenity Project.	Natural Hazards, Engineering	2024/25 - Structural integrity of walls under assessment. Outcome will inform the amenity work.
30	Ensure that climate-related impacts are understood when developing the proposed Regional Plan: Land and Water, and revising the Regional Plan: Coast.	Policy & Planning, Strategy, Natural Hazards	2024/25 - Regional Plan: Land and Water on hold. Climate-related impacts have been considered, based mostly on current environmental data. 2025/26 - Regional Plan: Coast review to begin. 2025/26 - Otago Regional Climate Change Risk Assessment work to be undertaken. Potential to inform Regional Plans.

31	Ensure that climate mitigation and adaptation policies are embedded in the Regional Policy Statement and Future Development Strategies and these reflect the natural hazard and climate impacts and risks for the region.	Policy	2024/25 For Future Development Strategies: central to approach with South Dunedin Future. Included policy direction in regional policy statement and future regional plans that: - avoids creation, exacerbation or seeks mitigation of natural hazards when providing for the use or development of natural and physical resources - enabling land use changes that promote resilience of ecosystems and communities - enabling renewable energy generation - provide for activities that support implementation of national adaptation plans and national, regional or local targets for greenhouse gas reductions - recognise the importance of water availability and security
32	Advocate to central government for legislation to support local government with managed retreat and other adaptation actions.	Natural Hazards, Policy	Ongoing/BAU 2024/25 examples: - ORC participated in Aotearoa Climate Adaptation Network submissions to central government - ORC submission on wastewater management standards, including overflows in context of increasing high rainfall and flood events 2025/26 - expecting consultation on changes to National Direction and RM reform.
33	Act as a conduit between Fire and Emergency NZ and research institutes to understand how we can best use regulatory settings and regional relationships to manage increased wildfire risk for the region.	EMO	2024/25 - Joint agency workshop June 2025 to examine 4 R's in relation to roles and responsibilities in event of wildfire. 2025/26 - Conduit role of ORC will continue.
34	Develop an organisational emissions inventory.	Strategy, Fleet & Facilities, Finance	2024/25 - ORC Emissions Inventory submitted to Toitu, to be audited June 2025. This will form the organisational emissions baseline for future annual inventories.
35	Develop and implement an organisational emissions reduction plan.	Strategy	2025/26 - Development of organisational emissions reduction plan.
36	Support and collaborate with the Zero Carbon Alliance and Otago Climate Officers Group to understand shared emissions reduction priorities and ensure we're coordinating on common emissions reduction pathways and utilising common tools and methodologies.	Strategy	BAU - regular engagement with Zero Carbon Alliance Key Representatives Group and development of shared projects. Progress reported to Zero Carbon Alliance Collaboration Group (Oct 2024; Mar 2025) BAU - ORC convenes monthly meetings of Otago Climate Officers Group. OCOG provides a forum for sharing knowledge and experience, and to understand shared goals and priorities.

37	Participate in the Enviroschools programme to promote environmentally friendly behaviour change in Otago communities.	Communications, Partnerships and Engagement (new)	BAU - ORC provides regional support and direction for the programme (delivered by TLAs). 2024/25 - Many hui with students (professional development of teachers and young people). - growing collaborations with TLAs, community groups, iwi, charities 2025/26 - expect an increase in the number of hui due to demand from students.
38	Collaborate with Otago's city and district councils to fund the Regional Waste Officer role (employed by DCC) to pursue opportunities for regional-level approaches to waste management including resource recovery, waste reduction at source and sludge management.	Strategy	2024/25 - Regional Waste Officer appointed Aug 2024.
39	Develop consistent assumptions on climate projections for Otago to underlie all ORC work.	Strategy, Natural Hazards	2025/26 - Will be established through the Otago Climate Change Risk Assessment work.
40	Collaborate with Health New Zealand | Te Whatu Ora, National Public Health Service and the region's city and district councils to explore and better understand the impacts of climate change on human health, and explore how to incorporate these considerations into decision making.	Strategy	2024/25 - Workshops with Health NZ |Te Whatu Ora on the impacts of climate change on human health held at Clutha District Council and Waitaki District Council. 2025/26 - Progress with scoping workshops for remaining TAs, and incorporation of considerations into decision making slow and uncertain due to ongoing resourcing constraints at Health NZ |Te Whatu Ora.
41	Develop an Otago Natural Hazards Adaptation Plan.	Natural Hazards	2024/25 - Otago Region Natural Hazards Exposure Analysis completed 2025/26 - Work to begin on Otago Natural Hazards Adaptation Plan.
42	Revise ORC's Biodiversity Strategy and ensure it is aligned to this strategy and factors in increased climate impacts and natural hazard risks and sets out actions ORC will deliver to enhance Otago's biodiversity.	Strategy	2024/25 - ORC Indigenous Biodiversity Strategy developed, in alignment with Otago Climate Change Strategy. 2026/27 - Implementation of the ORC Indigenous Biodiversity Strategy will be informed by the Otago Climate Change Risk Assessment.

43	Ensure that climate-related impacts and opportunities are understood when revising other regional plans.	Policy & Planning, Environmental Implementation, Transport	2024/25 - Air Plan - climate implications (opportunities) are being considered during review. - Land and Water Plan on hold. - Regional Public Transport Plan - climate implications (opportunities) have been considered during review, but the Government Policy Statement on Land Transport 2024 does not direct investment in transport to be aligned with the Emissions Reduction Plan. 2025/26 - Regional Pest Management Plan review will begin, and climate-related impacts and opportunities will be considered as part of the cost benefit analysis that is undertaken. - Regional Coast Plan: review and, if needed, update the coastal hazard mapping and provisions that seek to promote or increase climate change resilience and adaptation.
44	Provide education and advice through catchment advisor programmes to increase knowledge and interest in environmental issues and build community resilience to the impacts of climate change.	Environmental Implementation	2024/25 - not achieved. Current focus of catchment advisors does not include providing education and advice regarding climate change to landowners. This focus could be included in future if council resourced the team to do so. Or alternatively, industry groups may be better placed to deliver this.
45	Engage with landowners in Otago to understand existing knowledge about nature-based solutions for water quality and flood hazard mitigation outcomes, with a view to exploring barriers and benefits for adoption at an individual property level.	Environmental Implementation, Natural Hazards	2024/25 - Project completed (MfE funded). Provides assessment of the barriers to and benefits of nature-based solutions on private properties.
46	Provide efficient, reliable and accessible public transport services to meet community needs.	Transport	2024/25 - BAU where possible. Note that the release of Government Policy Statement on Land Transport 2024 altered BAU of transport team at ORC. Reduced funding to Transport led to readjusting of targets (eg. frequency and service spans).
47	Decarbonise the public transport fleet.	Transport	2024/25 - In progress. Thirteen electric buses now part of fleet. 2025/26 and beyond dependent on Council decision on RPTP (June 2025). Proposal in draft RPTP was an additional 11 electric buses in 25/26, and an additional 42 electric buses in 26/27.
48	Coordinate public transport services with school travel plans.	Transport	2024/25 - underway. Ministry of Education has reduced school bus services, by ending services/routes that are poorly subscribed. Ministry of Education-contracted buses tended to be diesel powered. ORC is responding by re-routing existing services to factor in school passengers (eg. for Wakatipu High School, Otago Boys High School - Green Island). Overall reduction in emissions as public bus fleet is electrified.

49	Explore opportunities to support decarbonisation through the Total Mobility Scheme.	Transport	2024/25 - not achieved. Note that the release of Government Policy Statement on Land Transport 2024 has had an impact on this action. ORC and NZTA subsidise this scheme (25% share from ORC). ORC has no influence over make up of fleet (ie. proportion electric vehicles)
50	Undertake total mobility survey, bus user survey and annual survey to understand current modes of transport and community views on reliability, equitability, sustainability and safety.	Transport	BAU - annual surveys conducted.
51	Collaborate with Otago's city and district councils to reduce car use and encourage public transport uptake through traffic demand management initiatives such as parking plans, active transport, micro-mobility and carpooling.	Transport	In progress. 2024/25 Collaboration with DCC and QLDC included: - reflection of collaboration in draft RPTP - advocating for improved parking management - working on a region-wide active and public transport connectivity strategy
52	Submit on consent applications at the district level to maximise potential integration with the public transport network.	Policy, Transport	2024/25 - not applied 2025/26 onwards - expect to submit on consent applications for large developments that follow the Fast Track process. May include considerations such as road layout/design to facilitate bus route(s) and potential for connectivity with active transport and public transport infrastructure.
53	Develop and implement a public and active transport connectivity strategy to encourage active modes of travel and reduce vehicle emissions.	Transport	On hold: project not prioritised/resourced.

2024/25 Alignment of actions listed in Climate Strategy 2024 with 2024-2034 Strategic Direction Goals

	PARTNERSHIP			COMMUNITIES			ENVIRONMENT			RESILIENCE			CLIMATE			TRANSPORT		
Action #	Te Ao Māori concepts of intergenerationally and deeply connected systems are incorporated throughout Council's work programmes.	Mātauraka Māori and the principle of te mana o te wai are incorporated into our environmental planning, management, and decision making.	We always go above and beyond our statutory responsibilities (as prescribed in local government and treaty settlement legislation) to support the intention of the Crown to uphold the principles of Te Tiriti o Waitangi/The Treaty of Waitangi.	Our communities trust us, and they are satisfied with us and the outcomes that we are delivering.	Our communities are supported and empowered to achieve better environmental outcomes.	The social, cultural, economic, and environmental wellbeing of Otago is consistently improving.	Ecosystems are healthy, our water and air are clean, and biodiversity loss is arrested across the region.	We predict and address emerging environmental issues before they arise.	Our regional plans are effective at ensuring our resources are managed sustainably within biophysical limits in a planned and considered way.	Plans are in place to ensure that the region's most vulnerable communities (geographic and demographic) and ecosystems are resilient in the face of natural hazards.	Our infrastructure is designed and built to accommodate variability and uncertainty associated with changing weather patterns and sea level rise.	Our Regional Policy Statement and regional plans control development in areas that are vulnerable to natural hazards.	The carbon footprint of our organisation is reduced in line with our climate change strategy, and we are supporting and collaborating with others to do the same.	Climate change mitigation and adaption are key considerations in all our decisions.	Our agriculture and horticulture systems are more climate resilient in the face of changing weather patterns, water availability and consumer choice.	Congestion is reduced and connection is increased throughout the region.	Carbon emissions are reduced and air quality is improved across the region, supported by our efficient and affordable public transport services.	Active transport is the preferred mode for short journeys in urban areas.
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	PARTNERSHIP			COMMUNITIES			ENVIRONMENT			RESILIENCE			CLIMATE			TRANSPORT		
Action #	Te Ao Māori concepts of intergenerationally and deeply connected systems are incorporated throughout Council's work programmes.	Mātauraka Māori and the principle of te mana o te wai are incorporated into our environmental planning, management, and decision making.	We always go above and beyond our statutory responsibilities (as prescribed in local government and treaty settlement legislation) to support the intention of the Crown to uphold the principles of Te Tiriti o Waitangi/The Treaty of Waitangi.	Our communities trust us, and they are satisfied with us and the outcomes that we are delivering.	Our communities are supported and empowered to achieve better environmental outcomes.	The social, cultural, economic, and environmental wellbeing of Otago is consistently improving.	Ecosystems are healthy, our water and air are clean, and biodiversity loss is arrested across the region.	We predict and address emerging environmental issues before they arise.	Our regional plans are effective at ensuring our resources are managed sustainably within biophysical limits in a planned and considered way.	Plans are in place to ensure that the region's most vulnerable communities (geographic and demographic) and ecosystems are resilient in the face of natural hazards.	Our infrastructure is designed and built to accommodate variability and uncertainty associated with changing weather patterns and sea level rise.	Our Regional Policy Statement and regional plans control development in areas that are vulnerable to natural hazards.	The carbon footprint of our organisation is reduced in line with our climate change strategy, and we are supporting and collaborating with others to do the same.	Climate change mitigation and adaption are key considerations in all our decisions.	Our agriculture and horticulture systems are more climate resilient in the face of changing weather patterns, water availability and consumer choice.	Congestion is reduced and connection is increased throughout the region.	Carbon emissions are reduced and air quality is improved across the region, supported by our efficient and affordable public transport services.	Active transport is the preferred mode for short journeys in urban areas.
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	PARTNERSHIP			COMMUNITIES			ENVIRONMENT			RESILIENCE			CLIMATE			TRANSPORT		
Action #	Te Ao Māori concepts of intergenerationally and deeply connected systems are incorporated throughout Council's work programmes.	Mātauraka Māori and the principle of te mana o te wai are incorporated into our environmental planning, management, and decision making.	We always go above and beyond our statutory responsibilities (as prescribed in local government and treaty settlement legislation) to support the intention of the Crown to uphold the principles of Te Tiriti o Waitangi/The Treaty of Waitangi.	Our communities trust us, and they are satisfied with us and the outcomes that we are delivering.	Our communities are supported and empowered to achieve better environmental outcomes.	The social, cultural, economic, and environmental wellbeing of Otago is consistently improving.	Ecosystems are healthy, our water and air are clean, and biodiversity loss is arrested across the region.	We predict and address emerging environmental issues before they arise.	Our regional plans are effective at ensuring our resources are managed sustainably within biophysical limits in a planned and considered way.	Plans are in place to ensure that the region's most vulnerable communities (geographic and demographic) and ecosystems are resilient in the face of natural hazards.	Our infrastructure is designed and built to accommodate variability and uncertainty associated with changing weather patterns and sea level rise.	Our Regional Policy Statement and regional plans control development in areas that are vulnerable to natural hazards.	The carbon footprint of our organisation is reduced in line with our climate change strategy, and we are supporting and collaborating with others to do the same.	Climate change mitigation and adaption are key considerations in all our decisions.	Our agriculture and horticulture systems are more climate resilient in the face of changing weather patterns, water availability and consumer choice.	Congestion is reduced and connection is increased throughout the region.	Carbon emissions are reduced and air quality is improved across the region, supported by our efficient and affordable public transport services.	Active transport is the preferred mode for short journeys in urban areas.
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New actions identified during review of Climate Strategy

Action #	Actions	Responsible Team(s)	Implementation Status
54	Ongoing reviews of science reports as new climate-related data is generated	Science	BAU
55	Scoping and pitching of place-based projects that are focused on predicting emerging environmental issues linked to climate change before they arise.	Science	2024/25: Groundwater monitoring and modelling in the Catlins, in anticipation of drying conditions leading to more demand for irigation. 2025/26: Project in proposal stage
56	Advocate to city and district councils for investment in projects that build local resilience to climate change.	Strategy, Policy	BAU 2024/25 - Submission to DCC on LTP that advocated for inclusion of projects from proposed Climate Change Investment Packages.