

LGNZ: HELPING

NEW ZEALANDERS

THROUGH THEIR DAY

09:00

15:00

21:00

06:00



12:00

18:00

03:00

ANNUAL REPORT

2010:2011





*Local Government*

*New Zealand*

the collective voice

for all communities

throughout

New Zealand

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# OUR NUMBERS 2010 – 2011



# 24 HR VIEW OF LOCAL GOVERNMENT

Every day across the country territorial authorities work hard to deliver services which make communities safe, accessible, connected and productive.

Local government plays a pivotal role in the lives of their communities. From council meetings and community engagement workshops to street-cleaning, social housing to libraries, cultural festivals to business facilitation, the work of elected members and council staff makes a difference to the quality of your life. Throughout this document is just a snapshot of some of the things councils did in one 24-hour period in September 2010.



12:00

3 SEPTEMBER 2010

**WELLINGTON:** Local Government New Zealand (LGNZ) chief executive Eugene Bowen returns to the office after attending a zone four meeting hosted by Kapiti Coast District Council. The meeting brought together representatives from across the zone and discussed issues including the 2010 LGNZ conference, the soon-to-be established Environmental Protection Agency, Mayors' Taskforce for Jobs and an update on the work of LGNZ.



# CONSOLIDATION, COMPLETION & REALISATION:

these three words represent the phases which marked an important and auspicious year for local government. Amidst this came fundamental change.

**Consolidation.** LGNZ now boasts 100 per cent membership of all councils. This is very significant. It means as a lobbying organisation, representing your concerns (through the LGNZ National Council) we now have a 100 per cent mandate. This gives our organisation strength like no other in local government. It gives you, as a member, assurance LGNZ can stake a greater claim to influence the Government and critical stakeholders than any other membership organisation in this sector. It means our services are fully available to all councils, and therefore all elected members. I urge you to make use of them through attendance at sector meetings and our annual conference and engaging with our professional development programme KnowHow.

**Completion.** Last year saw us reach a pragmatic and practical conclusion to the vexing and financially ruinous legacy of leaky buildings. A clear path can now be negotiated as a result of the Government's recognition of shared liability. Currently before the House, the Weathertight Homes Bill sets up the process for 25/25 central / local government liability, with householders making up the rest. I cannot stress enough the enormous step forward we made as a result of months of negotiations. This was a great deal better than what was previously on the table.

13:00

3 SEPTEMBER 2010

**WAIROA:** Cemetery contractors carry out an extra-ordinary clean-up of the Wairoa cemetery. Overseen by the council's engineering administrator, contractors trimmed and shaped trees, tidied up embankments and fertilised the rose garden. Graves and old tombstones were backfilled. The purpose of the clean-up was to clear away winter debris and prepare the cemetery for the approach of spring.

The sector had grappled with the liability issue for years, during which the leaky building time bomb exploded into a national catastrophe, threatening to leave New Zealanders with a \$20 billion dollar clean-up bill. The situation isn't perfect, and we are working our way through the process, but there is now potential for a level of closure for all parties once the Bill transitions into law.

**Realisation.** Last year a vision was finally realised. Now, Auckland has even greater potential to surge ahead, and consolidate its foundation position in New Zealand's economic engine room. LGNZ was generally pleased with the new governance structure. Our focus, as always, was on protecting local democracy. We successfully lobbied to ensure Auckland Council had greater ability to direct and influence of council-controlled organisations (CCOs.)

We also fought to get an extension in the number of local board members, from between four and nine to between five and 12. This addressed concerns that representation at a community level was seriously weakened in the original Bill. We insisted the period for local boards to consult with communities when preparing their draft three-year plans was lengthened. The original proposal was simply impossible to comply with. We are now confident local democracy will be strengthened and pivotal to all decisions made under council aegis.

We also fought to get an extension in the number of local board members, from between four and nine to between five and 12. This addressed concerns that representation at a community level was seriously weakened in the original Bill.

Finally, local government elections brought fresh blood, talent and energy into the boat, while steady and experienced hands remained on the tiller. This was reflected in the change in our National Council with four past members remaining and eleven new members joining us. I thank our past National Councillors for working conscientiously on behalf of the sectors and zones they represented on National Council. You leave an indelible mark. I also welcome our new members, and look forward to working with you over the next three years, growing and consolidating LGNZ's position as the pre-eminent organisation representing the national interests of local government in New Zealand.

**Lawrence Yule**  
President



# WE SET OURSELVES FOUR HIGH-LEVEL STRATEGIC PRIORITIES FOR 2010/11:

managing risk to the sector as policy developed; promoting local government as part of the solution to central government and business; improving the skills and reputations of our members and the sector; and staying connected, both to our members and to government.

Our role is to advocate on your behalf. That is why this year we have tried something new with this annual report by adding a new feature: a “day in the life” or 24-hour view of local government.

We sought your input to help us show the important, varied and surprising work you do. While no one size fits all, and you all have different priorities according to the needs of your communities, we wanted to use this snapshot to help deliver your and our perspective to a national audience.

On to business. Our 2010/11 work programme contained a mix of business-as-usual and proactive initiatives. Chief among the business-as-usual – delivering good regulatory outcomes - saw us continue to develop policy and engage with legislators on your behalf to ensure the best possible results, or at least minimise the cost and compliance risks of new legislation.

Our work on freedom camping and leaky homes are cases in point. Another major policy win was the acceptance by government of a set of Treaty settlement principles which enshrine the role of local government in local decision-making, under the Local Government and Resource Management Acts.

Significant work went into risk management, such as trying to tighten the criteria under which the Environmental Protection Authority can expand its role. A number of regulatory and legislative issues, such as the Building Act Review and dog control, have been delayed or deferred because of the Christchurch earthquakes. However, the need for vigilance is undiminished.

In line with the Government's agenda for economic growth, LGNZ has led a strong push in this area. We held a highly successful workshop in Wellington in July with internationally acclaimed city and regional economic development expert Greg Clark, and published the BERL Local Government Economic Indicators Framework (LGEIF) for identifying and measuring local government's impact on local and regional economies.

In the capability-building area, our KnowHow professional development workshops for elected members have grown in frequency, range of offerings and popularity.

For almost a decade, our capacity-building advocacy focused on asking government to put more money on the table, contribute to the compliance costs it was imposing on councils, and make transfers to help resource unfunded mandates. Given the current state of central government finances, the message through 2010/11 was increasingly one of financial self-reliance and the need for efficiencies in process deliveries. Thus we started work on shared services research to identify opportunities for efficiencies through consolidating activities. We also oversaw the project to develop the Local Government Funding Agency (LGFA.)

We sought your input to help us show the important, varied and surprising work you do.

Connecting with our members through a range of communications and the zone and sector meetings remains an important means of demonstrating value to our membership.

More and more we are relying on our newsletters, website and publications to get information out, and our meetings to create networking opportunities and gather

feedback. Our members have signalled a desire to talk as well as being talked at, and these meetings keep filling that bill. Conference 2010 continued a recent run of highly successful and popular annual conferences.

Financially, we finished the year slightly in surplus against a small budgeted deficit. Our reserves have grown minimally, but although they appear substantial, more than half the total is external funding earmarked for specific future projects such as the LGFA.

LGNZ has reconfirmed its role as the national voice of local government and in 2010/11 further enhanced this brand through the quality of policy submissions and engagement with central government. I thank you for your ongoing support.



**Eugene Bowen**  
Chief executive

13:30

3 SEPTEMBER 2010

**WELLINGTON:** LGNZ KnowHow professional development manager Anne Gibson works with a steering group of sector and subject experts to put the final touches to the development of a new RMA workshop.



# GOVERNANCE



“Our team provides advice on local governance as well as funding, social policy and legislation. We work across a number of areas including cultural and social wellbeing, local democracy, local government relationships with tangata whenua and community boards.”

**MIKE REID,**  
LGNZ governance manager

## HIGHLIGHTS

- Elected Members’ Survival Kit
- Kids Voting
- submission on voter turnout to the Justice and Electoral Select Committee
- *A Journalist’s Guide to Local Government*
- *Making a stand made easy: A candidate’s guide to local government*
- *Mythbusters: examining common assumptions about local government in New Zealand*
- *Guidelines for councils: Identifying, assessing and addressing gang issues* (online)



Substantial change marked local government in 2010/11, and this was particularly reflected in governance. The 2010 local body elections saw 30 new mayors and chairs take office alongside a large number of newly elected members. The year also saw the dawn of new era in local government for the Auckland region with the merging of eight councils into the “super city” Auckland Council.

LGNZ submitted on the Auckland Law Reform Bill and were successful in driving some change. Wins included the increase in local board numbers to between five and 12 - originally it was four to nine. The Select Committee also lengthened the consultation period for local boards to consult with their communities when preparing draft three year plans and gave the council more control of council-controlled organisations.

In the build-up to the local body elections LGNZ assisted prospective candidates to make informed decisions about standing for local government. All councils received a copy of *Making a stand made easy: A candidate’s guide to local government* to distribute to potential candidates.

A communications kit was issued to all councils to help them encourage local participation. The plan provided timelines, recommended angles and media release templates focusing on raising awareness of participation in local democracy.

“Getting youngsters into the habit of voting is part of our approach to this issue. We worked with the Growing Active Citizens group to promote and co-ordinate Kids Voting, which saw over 22,000 school-aged children vote in mock elections using replica ballot papers,” said Mr Reid.

“Kids Voting helps young people understand and appreciate the importance of democracy and voting.

“Promoting local democracy by encouraging participation is at the heart of what the governance team does. It’s vital to bring fresh talent and ideas to the sector, otherwise we risk becoming stale. Kids Voting helps young people see the benefits of participating in decision-making at a local level,” said Mr Reid.

14:00

3 SEPTEMBER 2010

**DANNEVIRKE:** Horizons Regional Council Chair Garrick Murfitt meets with mayors and chief executives from across the region at the Regional Chiefs' forum to share thoughts on the challenges and opportunities facing the region.

After the elections LGNZ published the *Elected Members' Survival Kit* to help new and returning elected members navigate local government.

LGNZ also prepared a submission on the Justice and Electoral Select Committee's review of turnout and procedural issues around the 2010 local body elections. The submission highlighted that voter turnout was good in comparison to similar democracies overseas. It also noted a lack of action on

"Promoting local democracy by encouraging participation is at the heart of what the governance team does."

recommendations from the past four Select Committee reviews of local body elections.

Across the reporting year the governance team prepared submissions on matters from local government accounting to alcohol reform and the Official Information Act.

The team also provided administrative support and advice to the Community Boards' Executive Committee, the Rural / Provincial sector and Te Maruata Māori Committee.

## IN FOCUS

### Alcohol Law Reform

The sale and purchase of alcohol, and how communities manage and mitigate the effects of New Zealand's binge drinking culture, was a focus of central and local government last year.

In 2010 the Law Commission released its recommendations following a national review. LGNZ's submission presented a local government perspective on how to improve the regulatory framework from minimising alcohol-related harm while not unduly impinging on social use of alcohol.

During the reporting year the Government announced alcohol reforms that adopted many of the Law Commission's recommendations.

Under the reforms, councils and their communities will have the opportunity to shape an alcohol policy that meets their needs. Communities could have a greater say on licensing applications and councils will have the ability to develop a Local Alcohol Policy. In making decisions, the local licensing authority will also have to take into account the area's policy if it has one.

"Regions, town and communities around the country are all unique and the reforms will allow them to tackle the issue of alcohol licensing and consumption in a way that directly addresses their needs," said Mr Reid.



“We deliver professional development training to elected members.

Through our workshops, elected members learn more about the nuts and bolts of their roles and how councils work, from finances and decision-making to governance, asset management and more. KnowHow training gives participants the tools to ask the right questions and be effective leaders.”

**ANNE GIBSON,**

LGNZ professional development manager

From Kaikohe in the north to Invercargill in the south, 60 LGNZ KnowHow workshops were delivered to 902 participants in 2010/11. This was an increase of 93 per cent on the previous financial year.

KnowHow provides specialist core training in governance, finance, decision-making, the Resource Management Act (RMA,) asset management, consultation and media skills.

“The increase in demand can be attributed to our ability to tailor workshops to suit the needs of the participants,” says Mrs Anne Gibson.

“KnowHow training gives elected members a solid grounding in how councils work, how decisions are made and how they can best fulfil their role within local government.

“In this reporting year we introduced several new workshops to address members’ needs for information on changes to the RMA, plus we’ve added nine half-day governance modules.

“Our focus is on making sure the KnowHow workshops are relevant, current and legislatively correct.”





Mrs Gibson says the team monitors demand to see where there is scope for new workshops.

"Elected members are constantly looking to expand their learning, so they can be better decision-makers and meet the needs of their communities, and KnowHow workshops are helping to achieve this."

To meet the demands of elected members for further learning a range of new workshops have been developed. In 2011/12 "stage two" training

"Our focus is on making sure the KnowHow workshops are relevant, current and legislatively correct."

will be introduced which delves further into important aspects of local government covered in core training.

"New workshops are also in development to address areas of interest such as economic development, building a good relationship with your chief executive, conflicts of interest and Māori engagement," said Mrs Gibson.

## IN FOCUS

### New elected member training

New mayors, chairs and elected members eager to develop their local government skills attended KnowHow workshops for new elected members following the 2010 local body elections.

In October and November 10 newly elected member workshops were held on the basics of local government funding and the roles and responsibilities of councillors.

There was also a workshop for new mayors, known as the New Mayors' School, which offered insights into working with the media, legal issues and the mayor / chief executive

relationship. A workshop for new regional chairs included tips for being a successful chair, plus an update on hot topics such as water management and Treaty settlements and a look at the issues facing regional councils were also included.

"The workshops were a great kick-start to a career in local government, gave an introduction to the sector and assisted elected members in gaining the expertise they need to make an informed contribution to their community," said Mrs Gibson.



# DEVELOPMENT AND INFRASTRUCTURE



“We focus on infrastructural issues such as water and wastewater, transport and utilities, regional development, tourism promotion, e-local government and broadband initiatives. The critical role local government plays in economic development has become a much bigger focus for us in the last year.”

**GEOFF SWAINSON,**

LGNZ development and infrastructure manager

**HIGHLIGHTS**

- economic development master class
- Transport Congress
- high-level infrastructure meeting
- economic development mini-forum

**DID YOU KNOW**

- excluding operational and maintenance costs, councils are forecasting to spend \$30 billion on new and replacement infrastructure (including roads) over the next 10 years
- local authorities are responsible for managing 88 per cent of the road network.

Transport funding is a topical issue for local government. LGNZ addressed this in February 2011 by hosting a Transport Congress, bringing together local government leaders and central government advisors and decision-makers.

As a result, elected members agreed to work together to create a local government vision for transport reflecting partnership and better co-ordinated with the Government. LGNZ will undertake the research and consultation required to develop the vision.

In August 2010 a meeting was facilitated between local government representatives and the Ministers of infrastructure, transport and local government Hon Bill English, Hon Steven Joyce and Hon Rodney Hide.

The meeting resulted from the outcomes of the 2009 Central Government Local Government Forum and was a step towards developing a stronger partnership between central and local government on infrastructure issues.

“This was a valuable opportunity to emphasise the vital role local authorities play in the development of infrastructure programmes and initiatives, and in the management of over \$80 billion in assets,” said Mr Swainson.

“From the meeting the parties agreed to investigate the regulatory barriers faced by local government when undertaking infrastructure projects and how they could be addressed.”

Development of version two of the National Infrastructure Plan proceeded throughout the reporting year. With more local government involvement in this process LGNZ believes it will be a positive step towards the creation of a nationally-consistent infrastructure planning and investment framework, encompassing both central and local government.

17:00

3 SEPTEMBER 2010

**CHRISTCHURCH:** LGNZ policy analyst Clare Wooding returns to Wellington after attending a Resource Managers' Group (RMG) meeting in the garden city. The RMG is part of the regional sector group and brings together managers from unitary and regional councils. Issues discussed included RMA practitioner training, freshwater management and dairy farm effluent discharge rules.

LGNZ has also been involved in planning for the Rugby World Cup on behalf of councils. It has focused on making sure the legislation recognises the long-term impacts of the event on councils and ratepayers.

Following a remit from LGNZ's 2010 AGM, work got underway to address council concerns about freedom camping. In consultation with the Department of Internal Affairs and the Ministry

"Elected members agreed to work together to create a local government vision for transport reflecting partnership and better co-ordinated with the Government"

for the Environment, a Bill addressing these concerns has been developed for introduction to Parliament.

During the reporting year LGNZ was a member of the National Road Safety Committee which created a safer journeys strategy, and sat on the New Zealand Utilities Advisory Group which developed a code for utility access to road corridors.

## IN FOCUS

### Local authorities and economic development

The role of local authorities in economic development is often misunderstood and in 2010/11 LGNZ took steps to educate and inform the sector, government, stakeholders and critical influencers about it.

During the last year the Economic Development Committee continued facilitating dialogue and information sharing between local government stakeholders and growing mutual understanding.

LGNZ commissioned BERL Economics to produce a report on local government's contribution to economic development. A second report gives councils the tools to measure their contribution to the local and national.

"These publications are valuable as they use robust data and methodology to demonstrate that local government is an enabler of economic development," said Geoff Swainson.

LGNZ also hosted a "master class" on economic development for councils presented by international authority on city and regional economic development, Greg Clark. It looked at how local authorities can work with central government and business to grow New Zealand's economy.

An economic development mini-forum held in late 2010 brought together local government leaders with Prime Minister John Key and central government decision-makers. The forum was an important opportunity to strengthen the local government / central government relationship and identify areas where the two could work together.



# ENVIRONMENT AND REGULATION



“Our focus is on achieving the best regulatory outcomes for local government and our work is wide-ranging from aquaculture and hazardous substances to weathertight homes. We are an interface between government policy and local government regulation.”

**TIM BENNETTS,**

LGNZ environment and regulation manager

## HIGHLIGHTS

- weathertight homes resolution
- workshop on managing risk from natural hazards
- Building Act review
- Marine and Coastal Area Bill

Targeting the effects of government policy on local government regulation saw LGNZ go to bat for the sector on a broad range of issues in 2010/11. Good results were achieved in a number of areas.

When the government announced its review of foreshore legislation and released the Marine and Coastal Area (Takutai Moana) Bill, LGNZ was quick to highlight the sector’s concerns about the practical implementation about some of the Bill’s provisions and particularly the planning provisions and their integration with RMA planning documents.

LGNZ was also quick to suggest improvements to support the continuation of critical local authority infrastructure assets and resources in the coastal area. Its extensive and detailed submission on this complex issue was well-received by the Select Committee that considered the Bill. By far the majority of the issues LGNZ raised on behalf of the sector were addressed in the final drafting of the Bill.

LGNZ also lobbied strongly on behalf of councils over government plans to introduce new regulations on late resource consent discounts. While the sector didn’t get the outcomes LGNZ lobbied for, it was nevertheless a vital activity. The new regulations, introduced in late 2010, force councils to give discounts to applicants when resource consent decisions are delayed. LGNZ will continue to monitor this area.

LGNZ welcomed the Government’s announcement of a revised timeline for councils to meet air quality standards under the clean air management plan.



18:00

3 SEPTEMBER 2010

**HAMILTON:** Hamilton City Council City Safe ambassadors are finishing up another successful shift. The ambassadors help to create and maintain a safe, clean working and living environment in Hamilton City. During their shift today ambassadors were first on the scene providing first aid following a car accident. They also alerted police to a car theft, assisting with the apprehension of the offender and also informed police of a violent confrontation between two groups of youths. They organised for property damaged during the incident to be repaired.

"This was a win for local government and an area LGNZ had been working hard on. Councils facing challenging air quality problems now have a more realistic timeline for implementation and compliance," said Tim Bennetts.

Considerable work went into making sure local government concerns were addressed in Treaty settlements. This resulted in Cabinet's affirming of local authorities' final decision-making rights over natural resource management. Cabinet also confirmed local authorities must be involved in

"By far the majority of the issues LGNZ raised on behalf of the sector were addressed in the final drafting of the Bill."

engagement from an early stage of the Treaty settlement process.

LGNZ responded to the *Land and Water Forum Report* which set the direction for an integrated and full water management plan. LGNZ also recorded a win for landowners when the Government agreed to take responsibility for pest management on Crown land under regional pest management strategies an area LGNZ had lobbied hard on.

## IN FOCUS

### Weathertight homes

The resolution of the weathertight homes issue was a major victory for affected councils around New Zealand. Councils, often the last man standing, faced huge liability. LGNZ achieved a pragmatic solution: compromise. This means 50 per cent of the costs of fixing leaky homes will be carried by homeowners, with central and local government making up the rest equally.

"The resolution is fair recognition of the shared responsibility that government and councils have to help sort out this issue for homeowners," said LGNZ Tim Bennetts.

As the reporting year closed, the Weathertight Homes Resolution Services (Financial Assistance Package) was before the Local Government and Environment Select Committee. In submitting on the Bill, LGNZ advocated on the issue of ongoing civil liability and the need to protect councils from this.



“We are responsible for providing communications advice and support to our National Council and chief executive. Under the umbrella of our strategic communications plan we review, refine and assess our communications activities to ensure our members are informed on issues in a timely way. We manage publications, the LGNZ website and media inquiries. We also organise the annual LGNZ conference.”

**FIONA MAYO,**

LGNZ communications manager

**HIGHLIGHTS**

- twenty-seven media releases covering issues such as weathertight homes, transport, local body elections and infrastructure
- twenty-three publications released including four QRs, *A Journalist's Guide to Local Government*, the LGNZ Work Programme, *Mythbusters* and other publications that looked in-depth at areas of economic development and assisting new elected members.

Sharing information on LGNZ's work, encouraging participation in local government, and driving and responding to local government news were areas of focus for the communications team in 2010/11.

Communications worked closely with the governance team to help promote participation in the local government elections and raise awareness and knowledge of local government issues during that important time in the local government calendar.

LGNZ assisted councils by producing a range of materials to support councils' own communications. These resources could be used to inform the public about the role of local government and encourage participation in the elections process.

LGNZ's publications also helped to inform the media and general public about the work of the organisation and clarify the role of local government in New Zealand. A *Journalists Guide to Local Government* was produced specifically to help educate the media, while the online publication *Mythbusters: examining common assumptions about local government* helped to inform and educate stakeholders.

“Mythbusters helped reveal the facts behind some common misconceptions about how councils spend money and operate,” said Ms Mayo.

LGNZ's quarterly publication QR was revamped to ensure it continued to provide fresh, interesting and relevant material, and its distribution was reviewed and printing numbers increased to ensure delivery to all elected members.

04:35

4 SEPTEMBER 2010

**CANTERBURY:** Christchurch City Council, Waimakariri and Selwyn District Councils respond to a 7.1 magnitude earthquake that strikes the Canterbury region. Widespread damage is caused to homes and infrastructure across the region. A Civil Defence emergency is declared and emergency operations centres are activated in Waimakariri, Selwyn and Timaru. Essential services such as power, roading, sewage and water are all disrupted by the earthquake.

"The long-term recovery operation kicked off on 4 September and continues even today, and we now have the added burden of the 22 February earthquake which further damaged already broken structures and utilities," said Brennan Wiremu, Waimakariri District Council emergency management advisor.



08:00

4 SEPTEMBER 2010

**HASTINGS:** LGNZ President and Hastings District Council Mayor Lawrence Yule wakes to hear the news of the earthquake in Canterbury. He texts Christchurch Mayor Bob Parker to offer support, and also the Mayors of Selwyn and Waimakariri. Spends the morning establishing the extent of the situation and what LGNZ and the local government sector can do to help.



## IN FOCUS

### Conference 2010

The 2010 LGNZ Conference was held in Auckland with the theme of "building prosperous places" and brought together over 600 elected members and local government leaders.

The conference, opened by Prime Minister John Key, heard from international speakers Lord Mayor of Brisbane Campbell Newman, Clemenger BBDO managing director Peter Biggs and city and regional economic development expert Greg Clark.

Their thought-provoking and insightful presentations sparked great debate on issues of leading and championing economic development, planning for the future and branding.

The conference was also a fantastic opportunity for elected members and other local government leaders to network, share ideas and learn from each other.



# LOCAL GOVERNMENT LEADERSHIP

## LGNZ NATIONAL COUNCIL (AS AT FEBRUARY 2011)

**Zone one**  
Richard Northey  
*Councillor*  
Auckland Council



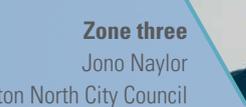
**Zone one**  
John Bain  
*Deputy Chair*  
Northland Regional Council



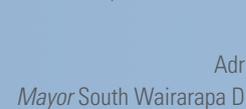
**Zone two**  
Meng Foon  
*Mayor*  
Gisborne District Council



**Zone three**  
Jono Naylor  
*Mayor*  
Palmerston North City Council



**Zone four**  
Adrienne Staples  
*Mayor*  
South Wairarapa District Council



**Zone five**  
Maureen Pugh  
*Mayor*  
Westland District Council



**President**  
Lawrence Yule  
*Mayor*  
Hastings District Council



**Vice President and Rural sector**  
John Forbes  
*Mayor*  
Opotiki District Council



**Provincial sector**  
Brendan Duffy  
*Mayor*  
Horowhenua District Council



**Regional sector**  
Fran Wilde  
*Chair*  
Greater Wellington Regional Council



**Regional sector**  
David Macleod  
*Chair*  
Taranaki Regional Council



**Metro sector**  
Len Brown  
*Mayor*  
Auckland Council



**Metro sector**  
Dave Cull  
*Mayor*  
Dunedin City Council



**Metro sector**  
Stuart Crosby  
*Mayor*  
Tauranga City Council



**Zone six**  
Tracy Hicks  
*Mayor*  
Gore District Council



“The National Council speaks for the local government sector on national issues. While each member has been elected to the Council by their sector or zone, the Council as a whole represents the national interests of local government.”

**LAWRENCE YULE,**  
LGNZ President

Following the 2010 local body elections, the LGNZ National Council underwent its own elections.

A postal ballot was carried out to fill the 14 zone and sector vacancies on the National Council, led by LGNZ President Lawrence Yule. Voting took place in November and December with the exception of the zone one election which was delayed due to the establishment of Auckland Council.

Elections for zone one were completed in February and the first full meeting of the new National Council was held that month.

Eleven new National Council members were elected and a new Vice President was appointed, with Opotiki Mayor John Forbes, taking on the role.



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

NEW ZEALAND LOCAL GOVERNMENT  
ASSOCIATION INCORPORATED  
(TRADING AS LOCAL GOVERNMENT  
NEW ZEALAND)

## TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Auditor-General is the auditor of New Zealand Local Government Association Incorporated (the "Association"). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Association, on her behalf, for the year ended 31 March 2011.

We have audited the financial statements of the Association on pages 21 to 32, that comprise the statement of financial position as at 31 March 2011, the statement of financial performance, and statement of movements in equity for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

### Opinion

In our opinion the financial statements of the Association on pages 21 to 32:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect:
  - the Association's financial position as at 31 March 2011 and
  - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 7 June 2011, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the National Council and the Auditor, and explain our independence.

### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the Associations preparation of financial statements that fairly reflect the matters to which they relate.

We consider internal control 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 Association's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Responsibilities of the National Council

The National Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Association's financial position, financial performance and cash flows

The National Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001

### Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Association.

**Michael Wilkes**

Deloitte

On behalf of the Auditor-General  
Wellington, New Zealand

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011			2010		
		Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$	Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$
<b>INCOME</b>							
Subscriptions		3,285,023	59,734	3,344,757	3,182,135	91,888	3,274,023
Grants Received		-	280,050	280,050	-	372,431	372,431
Project Income		1,756,934	114,602	1,871,536	779,831	3,588	783,419
Conference Income	8	617,264	-	617,264	525,939	-	525,939
Interest		110,757	15,166	125,923	91,102	15,763	106,865
<b>Total Income</b>		<b>5,769,978</b>	<b>469,552</b>	<b>6,239,530</b>	<b>4,579,007</b>	<b>483,670</b>	<b>5,062,677</b>
<b>EXPENDITURE</b>							
Administration Expenses	3	676,200	72,030	748,230	674,921	77,671	752,592
Travel and Accommodation		297,307	14,050	311,357	232,459	14,852	247,311
Grant/Expenses - NZLGA Funds	11	-	50	50	-	37,299	37,299
Legal Fees		172,634	-	172,634	67,026	-	67,026
Consultants Fees		1,343,553	(600)	1,342,953	778,091	1,200	779,291
Audit Fees		14,150	3,750	17,900	11,500	3,500	15,000
Depreciation	5	56,691	1,845	58,536	61,071	3,570	64,641
Loss on Disposal of Assets		814	-	814	-	-	-
Printing Stationery & Photocopying		298,482	2,389	300,871	138,997	4,664	143,661
Other Operating Expenditure		376,999	245,695	622,694	169,754	283,103	452,857
Conference Expenditure	8	516,057	-	516,057	485,277	-	485,277
Honoraria	10	104,369	17,446	121,815	104,339	18,069	122,408
Staff Remuneration		1,775,129	349,088	2,124,217	1,614,304	242,978	1,857,282
<b>Total Expenditure</b>		<b>5,632,385</b>	<b>705,743</b>	<b>6,338,128</b>	<b>4,337,739</b>	<b>686,906</b>	<b>5,024,645</b>
<b>Operating Surplus/(Deficit) Before Taxation</b>		<b>137,593</b>	<b>(236,191)</b>	<b>(98,598)</b>	<b>241,268</b>	<b>(203,236)</b>	<b>38,032</b>
Less Taxation Expense	4(b),11 & 12	31,258	4,016	35,274	25,655	4,185	29,840
<b>NET SURPLUS/(DEFICIT)</b>		<b>106,335</b>	<b>(240,207)</b>	<b>(133,872)</b>	<b>215,613</b>	<b>(207,421)</b>	<b>8,192</b>

The Notes to the Financial Statements form part of, and should be read in conjunction with these statements.

# STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011			2010		
		Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$	Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$
<b>Accumulated Funds as at 1 April</b>		<b>1,038,677</b>	<b>357,236</b>	<b>1,395,913</b>	<b>798,154</b>	<b>564,657</b>	<b>1,362,811</b>
Net Surplus/(Deficit) for the year		106,335	(240,207)	(133,872)	215,613	(207,421)	8,192
<b>Total Recognised Revenue and Expenses</b>		<b>106,335</b>	<b>(240,207)</b>	<b>(133,872)</b>	<b>215,613</b>	<b>(207,421)</b>	<b>8,192</b>
Movement (to) / from Conference Reserves	13	37,012	-	37,012	24,910	-	24,910
<b>Accumulated Funds as at 31 March</b>		<b>1,182,024</b>	<b>117,029</b>	<b>1,299,053</b>	<b>1,038,677</b>	<b>357,236</b>	<b>1,395,913</b>
Conference Reserves	13	36,874	-	36,874	73,886	-	73,886
<b>TOTAL EQUITY</b>		<b>1,218,898</b>	<b>117,029</b>	<b>1,335,927</b>	<b>1,112,563</b>	<b>357,236</b>	<b>1,469,799</b>

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	2011			2010		
		Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$	Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$
<b>EQUITY</b>							
Accumulated Funds		1,182,024	117,029	1,299,053	1,038,677	357,236	1,395,913
Conference Reserves	13	36,874	-	36,874	73,886	-	73,886
<b>TOTAL EQUITY</b>		<b>1,218,898</b>	<b>117,029</b>	<b>1,335,927</b>	<b>1,112,563</b>	<b>357,236</b>	<b>1,469,799</b>
<b>Represented By:</b>							
<b>Current Assets</b>							
Petty Cash		500	50	550	500	50	550
Bank		149,325	219,047	368,372	301,693	222,414	524,107
Monies held for MTFJ & NZUAG	15,16	182,412	-	182,412	207,525	-	207,525
Accrued Interest		1,151	-	1,151	5,130	2,734	7,864
Prepayments		16,784	-	16,784	33,735	-	33,735
Sundry Debtors		256,420	100,099	356,519	516,536	24,028	540,564
Tax Refund Due	4(a)	4,146	-	4,146	5,245	-	5,245
		<b>610,738</b>	<b>319,196</b>	<b>929,934</b>	<b>1,070,364</b>	<b>249,226</b>	<b>1,319,590</b>
<b>Investments</b>							
Term Deposits		1,553,844	-	1,553,844	1,438,844	290,000	1,728,844
Monies held for MTFJ	15	26,156	-	26,156	26,156	-	26,156
Shares in Local Government Online Ltd		30,000	-	30,000	30,000	-	30,000
Paintings/Artwork		6,449	-	6,449	6,449	-	6,449
		<b>1,616,449</b>	<b>-</b>	<b>1,616,449</b>	<b>1,501,449</b>	<b>290,000</b>	<b>1,791,449</b>
<b>TOTAL CURRENT ASSETS</b>		<b>2,227,187</b>	<b>319,196</b>	<b>2,546,383</b>	<b>2,571,813</b>	<b>539,226</b>	<b>3,111,039</b>
<b>Fixed Assets</b>							
Furniture, Fittings, Office Equipment, Software	5	170,262	360	170,622	175,923	2,205	178,128
<b>TOTAL FIXED ASSETS</b>		<b>170,262</b>	<b>360</b>	<b>170,622</b>	<b>175,923</b>	<b>2,205</b>	<b>178,128</b>
<b>TOTAL ASSETS</b>		<b>2,397,449</b>	<b>319,556</b>	<b>2,717,005</b>	<b>2,747,736</b>	<b>541,431</b>	<b>3,289,167</b>
<b>Current Liabilities</b>							
Sundry Creditors		347,225	185,822	533,047	449,694	151,489	601,183
Mayors Taskforce for Jobs	15	90,228	-	90,228	145,846	-	145,846
NZ Utilities Advisory Group	16	118,340	-	118,340	87,835	-	87,835
Provision for Holiday Leave		74,661	-	74,661	89,540	17,523	107,063
Deferred Income							
Local Government Funding Authority		405,561	-	405,561	450,000	-	450,000
Other		142,536	-	142,536	412,258	-	412,258
Tax Payable	4(a)	-	16,705	16,705	-	15,183	15,183
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,178,551</b>	<b>202,527</b>	<b>1,381,078</b>	<b>1,635,173</b>	<b>184,195</b>	<b>1,819,368</b>
<b>TOTAL LIABILITIES</b>		<b>1,178,551</b>	<b>202,527</b>	<b>1,381,078</b>	<b>1,635,173</b>	<b>184,195</b>	<b>1,819,368</b>
<b>NET ASSETS</b>		<b>1,218,898</b>	<b>117,029</b>	<b>1,335,927</b>	<b>1,112,563</b>	<b>357,236</b>	<b>1,469,799</b>

For and on behalf of the National Council:



**L Yule** President  
7 June 2011



**E Bowen** Chief Executive  
7 June 2011

The Notes to the Financial Statements form part of, and should be read in conjunction with these statements.

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011			2010		
		Core Activities \$	LGITO + Funds \$	Local Govt.NZ \$	Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$
<b>Cash Flows from Operating Activities</b>							
<b>Cash was Provided from:</b>							
Subscriptions and Cost Recoveries Received		5,664,870	408,376	6,073,246	4,640,852	463,165	5,104,017
Interest Received		114,736	17,900	132,636	93,624	15,774	109,398
GST Received/(Paid)		(63,616)	(39,403)	(103,019)	(16,990)	5,579	(11,411)
		<b>5,715,990</b>	<b>386,873</b>	<b>6,102,863</b>	<b>4,717,486</b>	<b>484,518</b>	<b>5,202,004</b>
<b>Cash was Applied to:</b>							
Payments to Suppliers and Employees		5,672,169	677,746	6,349,915	4,370,625	592,045	4,962,670
Income Tax (Received)/Paid		30,159	2,494	32,653	26,539	(1,262)	25,277
		<b>5,702,328</b>	<b>680,240</b>	<b>6,382,568</b>	<b>4,397,164</b>	<b>590,783</b>	<b>4,987,947</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	7	<b>13,662</b>	<b>(293,367)</b>	<b>(279,705)</b>	<b>320,322</b>	<b>(106,265)</b>	<b>214,057</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was Applied to:</b>							
Purchase of Fixed Assets		51,030	-	51,030	22,413	687	23,100
		<b>51,030</b>	<b>-</b>	<b>51,030</b>	<b>22,413</b>	<b>687</b>	<b>23,100</b>
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(51,030)</b>	<b>-</b>	<b>(51,030)</b>	<b>(22,413)</b>	<b>(687)</b>	<b>(23,100)</b>
Net Increase/(Decrease) in Cash Held		(37,368)	(293,367)	(330,735)	297,909	(106,952)	190,957
Opening Cash Balance as at 1 April		1,741,037	512,464	2,253,501	1,443,128	619,416	2,062,544
<b>Closing Cash Balance as at 31 March</b>		<b>1,703,669</b>	<b>219,097</b>	<b>1,922,766</b>	<b>1,741,037</b>	<b>512,464</b>	<b>2,253,501</b>
<b>Being:</b>							
Petty Cash		500	50	550	500	50	550
Bank		149,325	219,047	368,372	301,693	222,414	524,107
Term Deposits		1,553,844	-	1,553,844	1,438,844	290,000	1,728,844
		<b>1,703,669</b>	<b>219,097</b>	<b>1,922,766</b>	<b>1,741,037</b>	<b>512,464</b>	<b>2,253,501</b>

## NOTE 1: NATURE OF ACTIVITIES

The New Zealand Local Government Association Incorporated trades as *Local Government New Zealand: Local Government New Zealand* is an incorporated society registered under the Incorporated Society Act 1908.

*Local Government New Zealand* represents local authorities in promoting the national interests of local government. These financial statements have been presented to show the day to day operations of *Local Government New Zealand* ("Core Activities") together with the activities of Local Government Industry Training Organisation ("LGITO"), a division of *Local Government New Zealand*, and various specific funds that are held by *Local Government New Zealand* for specific purposes ("LGITO and Funds").

## NOTE 2: STATEMENT OF ACCOUNTING POLICIES

### General Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the Incorporated Societies Act 1908.

The financial statements have been recorded in accordance with generally accepted accounting practice in New Zealand which for the purposes of these financial statements is 'old NZ GAAP', consisting of Financial Reporting Standards and Statements of Standard Accounting Practice.

Accrual accounting is used to match expenses and revenue. The measurement system adopted is that of historical cost; as modified.

### Differential Reporting

*Local Government New Zealand* is a qualifying entity within the NZ Institute of Chartered Accountants Differential Reporting Framework.

*Local Government New Zealand* is not publicly accountable and satisfies the relevant size criteria. *Local Government New Zealand* has taken advantage of all differential reporting concessions available to it except in respect of the Statement of Cash Flows.

### Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied

- (a) Investment Income is accounted for on an accrual basis
- (b) Fixed Assets are shown at cost less accumulated depreciation  
 These assets have been depreciated on a straight line and diminishing value basis at rates which are anticipated to write them off over their estimated useful lives. The depreciation rates used are:
 

Furniture, Fittings, Office Equipment	3 to 9 years Straight Line
Computer Software	40% Diminishing Value
- (c) Sundry Debtors have been valued at expected net realisable value
- (d) *Taxation*  
 The liability method of accounting for taxation is applied on a comprehensive basis. *Local Government New Zealand* is exempt from tax for all income except interest
- (e) Conference income is recognised on an accrual basis
- (f) Grants and project income is not recognised in the Statement of Financial Performance until the requirements of the funding agreement have been met. Funding received for which the requirements have not been met at the reporting date is shown as a liability under Deferred Income in the Statement of Financial Position
- (g) Investments held in term deposits, shares and painting/artwork are stated at cost price less impairment losses
- (h) The Statement of Cashflows is prepared exclusive of GST which is consistent with the rest of the financial statements except for receivables and payables which are stated inclusive of GST, where invoiced. Term deposits are included as "cash" due to their short term nature.

### Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on bases consistent with last year.

Comparative information: The presentation of comparative information has been reclassified to be consistent with the current year.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTE 3: EXPENDITURE

Included in the Administration Expenses are the following expenses:

	2011			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
Rental Expense	167,130	28,297	195,427	167,130	28,403	195,533
Telephone and Tolls	45,513	4,054	49,567	35,289	4,605	39,894
Maintenance	12,183	624	12,807	12,660	1,377	14,037
Computer Outsourcing	108,698	-	108,698	94,177	-	94,177
Staff Recruitment & Training	67,341	-	67,341	51,165	-	51,165
Bad Debts	-	-	-	5,263	1,000	6,263
Temporary Staff	9,208	-	9,208	52,509	-	52,509
Insurance	26,163	257	26,420	28,764	257	29,021
Subscriptions - Local Organisations	10,830	-	10,830	10,135	-	10,135
Other	229,134	38,798	267,932	217,829	42,029	259,858
<b>TOTAL</b>	<b>676,200</b>	<b>72,030</b>	<b>748,230</b>	<b>674,921</b>	<b>77,671</b>	<b>752,592</b>

## NOTE 4: TAXATION

(a) The tax refund is a result of the tax provision for the current year being less than the withholding tax paid and correspondingly the tax payable for LGITO + Funds is a result of the tax provision for the current year being more than the withholding tax paid.

(b) Taxation Expense

	2011			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
Interest Income Earned	110,757	15,166	125,923	91,102	15,763	106,865
Less Deductions						
Standard Exemption	(981)	(1,019)	(2,000)	(975)	(1,025)	(2,000)
Deduction on Interest Income	(5,582)	(758)	(6,340)	(4,609)	(788)	(5,397)
<b>Total Taxable Income</b>	<b>104,194</b>	<b>13,389</b>	<b>117,583</b>	<b>85,518</b>	<b>13,950</b>	<b>99,468</b>
<b>Taxation Expense @ 30%</b>	<b>31,258</b>	<b>4,016</b>	<b>35,274</b>	<b>25,655</b>	<b>4,185</b>	<b>29,840</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTE 5: FIXED ASSETS

	2010			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
Furniture, Fittings, Office Equipment at Cost	673,643	27,320	700,963	1,041,573	27,320	1,068,893
Less Accumulated Depreciation	(451,848)	(25,115)	(476,963)	(813,756)	(21,545)	(835,301)
	<b>221,795</b>	<b>2,205</b>	<b>224,000</b>	<b>227,817</b>	<b>5,775</b>	<b>233,592</b>
Less Depreciation	(54,526)	(1,845)	(56,371)	(57,322)	(3,570)	(60,892)
<b>Net Book Value</b>	<b>167,269</b>	<b>360</b>	<b>167,629</b>	<b>170,495</b>	<b>2,205</b>	<b>172,700</b>
Software at Cost	131,292	-	131,292	150,742	-	150,742
Less Accumulated Depreciation	(126,134)	-	(126,134)	(141,565)	-	(141,565)
	<b>5,158</b>	<b>-</b>	<b>5,158</b>	<b>9,177</b>	<b>-</b>	<b>9,177</b>
Less Depreciation	(2,165)	-	(2,165)	(3,749)	-	(3,749)
<b>Net Book Value</b>	<b>2,993</b>	<b>-</b>	<b>2,993</b>	<b>5,428</b>	<b>-</b>	<b>5,428</b>
<b>TOTAL FIXED ASSETS</b>	<b>170,262</b>	<b>360</b>	<b>170,622</b>	<b>175,923</b>	<b>2,205</b>	<b>178,128</b>

## NOTE 6: OPERATING LEASE COMMITMENTS

The future minimum rental payments not provided for in these financial statements are as follows:

	2011			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
Not later than one year	105,625	-	105,625	203,118	6,000	209,118
Later than one year but not later than two years	35,988	-	35,988	105,625	-	105,625
Later than two years but not later than five years	20,993	-	20,993	50,983	-	50,983
Later than five years	-	-	-	-	-	-
	<b>162,606</b>	<b>-</b>	<b>162,606</b>	<b>359,726</b>	<b>6,000</b>	<b>365,726</b>

There is a right of renewal on the office rental to August 2011.

## NOTE 7: RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2011			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
<b>Net Surplus/(Deficit) after Taxation</b>	<b>106,335</b>	<b>(240,207)</b>	<b>(133,872)</b>	<b>215,613</b>	<b>(207,421)</b>	<b>8,192</b>
<b>Add Non-Cash Items</b>						
Depreciation	56,691	1,845	58,536	61,071	3,570	64,641
<b>Add/(Less) movements in other working capital items</b>						
Sundry Debtors, Prepayments	372,602	(45,784)	326,818	(407,840)	(2,893)	(410,733)
Sundry Creditors, Deferred Income and other items	(431,509)	18,451	(413,058)	420,432	95,088	515,520
Accrued Interest	3,979	2,734	6,713	2,522	11	2,533
Taxation (Receivable)/Payable	1,099	1,522	2,621	(884)	5,447	4,563
GST Payable / (Receivable)	(95,535)	(31,928)	(127,463)	29,408	(67)	29,341
	<b>(149,364)</b>	<b>(55,005)</b>	<b>(204,369)</b>	<b>43,638</b>	<b>97,586</b>	<b>141,224</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>13,662</b>	<b>(293,367)</b>	<b>(279,705)</b>	<b>320,322</b>	<b>(106,265)</b>	<b>214,057</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTE 8: CONFERENCE

	2011			2010		
	Core Activities	LGITO + Funds	Local Govt.NZ	Core Activities	LGITO + Funds	Local Govt. NZ
Registration and Sponsorship Income	617,264	-	617,264	525,939	-	525,939
Less: Expenses for current (July'10) conference	(467,419)	-	(467,419)	(398,420)	-	(398,420)
Less: Expenses for current conference spent last year	(86,857)	-	(86,857)	(52,429)	-	(52,429)
	<b>62,988</b>	<b>-</b>	<b>62,988</b>	<b>75,090</b>	<b>-</b>	<b>75,090</b>
Less: Staff Salaries and Overheads*	(100,000)	-	(100,000)	(100,000)	-	(100,000)
<b>Net (Deficit)</b>	<b>(37,012)</b>	<b>-</b>	<b>(37,012)</b>	<b>(24,910)</b>	<b>-</b>	<b>(24,910)</b>
Expenses for next years' (July'11) conference	48,638	-	48,638	86,857	-	86,857

\* Staff Salaries and Overheads have been recorded in Administrative Expenses in the Statement of Financial Performance. These relate to costs directly paid by *Local Government New Zealand* as part of its operations.

## NOTE 9: FINANCIAL INSTRUMENTS

### Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities in the Statement of Financial Position are considered to be equivalent to their fair value.

### Credit Risk

Financial instruments which potentially subject *Local Government New Zealand* to a credit risk consist principally of cash, interest bearing deposits and sundry debtors.

*Local Government New Zealand* does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by *Local Government New Zealand*. The maximum credit risk exposure is the carrying amount of the individual investments and receivables.

*Local Government New Zealand* manages its credit risk by placing its interest bearing deposits with Financial Institutions of high credit worthiness.

### Interest Rate Risk

*Local Government New Zealand* is exposed to interest rate risk in that interest rate movements will affect cash flows and the market value of fixed interest investments. The effective interest rate and maturities of financial instruments are as follows:

Bank & Term Deposits	Effective Interest Rate 2011	Maturity Date 2011	Maturity Value 2011	Effective Interest Rate 2010	Maturity Date 2010	Maturity Value 2010
Term Cash Deposits: ANZ Banking Group	2.74%	06/04/2011 to 13/04/2011	\$400,000	3.00%	14/04/2010	\$485,000
Term Cash Deposits: BNZ	2.50 - 2.51%	13/04/2011 to 20/04/2011	\$550,000	2.68 - 2.70%	14/04/2010 to 19/05/2010	\$600,000
Term Cash Deposits: Westpac	2.52 - 2.54%	13/04/2011 to 20/04/2011	\$630,000	3.15 - 3.17%	14/04/2010 to 19/05/2010	\$380,000
LGITO Term Cash Deposits & Bank	0 - 2.00%	Call	\$117,763	0 - 4.60%	07/04/2010 to 23/06/2010	\$412,461
Bank: ANZ Banking Group	0 - 2.00%	Call	\$329,077	0 - 2.00%	Call	\$412,815
Multiple Deposit Account: Westpac	2.10%	Call	\$97,737	2.10%	Call	\$96,356
Bank: Westpac	0 - 0.75%	Call	\$3,547	0 - 0.75%	Call	\$3,597
Bank: National	0 - 1.75%	Call	\$2,660	0 - 1.75%	Call	\$96,403

Included with the above maturity table is the monies held for MTFJ and NZUAG as these are not separately invested.

**NOTE 10: HONORARIA**

Honoraria paid to National Council Members during the year ended 31 March 2011 amounted to \$104,369 (2010: \$104,339). This was made up of the Honoraria paid to the President \$80,284 (2010: \$80,261) and the Vice-President \$24,085 (2010: \$24,078). No other monetary remuneration was paid to members of the National Council for their services. Honoraria paid by LGITO during the year ended 31 March 2011 amounted to \$17,446 (2010: \$18,069). No other remuneration was paid to board members.

**NOTE 11: NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION FUNDS**

**DESCRIPTION OF FUNDS' ACTIVITIES**

The following funds are managed by *Local Government New Zealand*:

**Regional Government Association Fund**

At the meeting of the Regional Government Association ("the Association") on 1 December 1995 it was resolved the funds of the Association be transferred to New Zealand Local Government Association Inc. to facilitate the winding up of the Association and in anticipation of a decision on the use of the funds.

**Bertlesmann Award Fund**

*Local Government New Zealand* received funds from Christchurch City Council being a portion of their Bertlesmann Award received from the Bertlesmann Foundation in 1993. It is intended that these funds go towards supporting and funding research into innovative approaches to local government that enhance effective governance and encourage best practice.

**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2011**

FUNDS	2011				2010			
	Interest Income \$	Grants/ Expenses \$	Taxation Expense \$	Net Surplus \$	Interest Income \$	Grants/ Expenses \$	Taxation Expense \$	Net (Deficit) \$
Regional Government Association Fund	1,509	(50)	(426)	1,033	1,727	(37,299)	(487)	(36,059)
Bertlesmann Award Fund	631	-	(178)	453	594	-	(167)	427
	<b>2,140</b>	<b>(50)</b>	<b>(604)</b>	<b>1,486</b>	<b>2,321</b>	<b>(37,299)</b>	<b>(654)</b>	<b>(35,632)</b>

**STATEMENT OF MOVEMENTS IN FUNDS FOR THE YEAR ENDED 31 MARCH 2011**

	2011			2010		
	Opening Funds	Net Surplus	Closing Funds	Opening Funds	Net (Deficit)	Closing Funds
Regional Government Association Fund	71,151	1,033	72,184	107,210	(36,059)	71,151
Bertlesmann Award Fund	29,031	453	29,484	28,604	427	29,031
	<b>100,182</b>	<b>1,486</b>	<b>101,668</b>	<b>135,814</b>	<b>(35,632)</b>	<b>100,182</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

FUNDS	2011	2010
Regional Government Association Fund	72,184	71,151
Bertlesmann Award Fund	29,484	29,031
<b>ACCUMULATED FUNDS</b>	<b>101,668</b>	<b>100,182</b>
<b>Represented by:</b>		
<b>Current Assets</b>		
Bank - Westpac	101,284	99,953
Sundry Debtors	230	-
Tax Receivable	154	229
<b>TOTAL ASSETS</b>	<b>101,668</b>	<b>100,182</b>
<b>Current Liabilities</b>		
Sundry Creditors	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>	<b>101,668</b>	<b>100,182</b>

## NOTE 12 LOCAL GOVERNMENT INDUSTRY TRAINING ORGANISATION ("LGITO")

The primary objective of the LGITO is to develop and implement training and qualification needs for the sector. LGITO ceased business at 31 March 2011.

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
Income	467,409	481,349
Less: Expenditure	705,693	649,607
<b>Net Deficit before Taxation</b>	<b>(238,284)</b>	<b>(168,258)</b>
Taxation	3,412	3,531
<b>NET DEFICIT</b>	<b>(241,696)</b>	<b>(171,789)</b>

## STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
Opening Equity	257,057	428,846
<b>Net Deficit for the year</b>	<b>(241,696)</b>	<b>(171,789)</b>
<b>CLOSING EQUITY</b>	<b>15,361</b>	<b>257,057</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	2011	2010
<b>TOTAL EQUITY</b>	<b>15,361</b>	<b>257,057</b>
<b>Represented by:</b>		
Assets	218,042	439,840
Less: Liabilities	202,681	182,783
<b>Excess of Assets over Liabilities</b>	<b>15,361</b>	<b>257,057</b>

**NOTE 13 CONFERENCE RETAINED EARNINGS**

The National Council has approved the setting aside of accumulated surpluses generated from the conference which is to be used to reduce the cost of future conferences.

	2011	2010
Opening Balance	73,886	98,796
Contribution to Conference	-	-
Conference (Deficit)	(37,012)	(24,910)
<b>Closing Balance*</b>	<b>36,874</b>	<b>73,886</b>

\* At the conclusion of the 2010/11 conference

**NOTE 14 RELATED PARTIES**

Local Government New Zealand received an administration fee of \$8,000 (2010: \$8,000) from the Local Government Rural Trust for administrative services provided. Administration fees totalling \$4,600 including GST were included in Sundry Debtors at 31 March 2011 (2010: \$4,500).

**NOTE 15 MAYORS TASKFORCE FOR JOBS**

The Mayors Taskforce for Jobs is a separately funded entity for which Local Government New Zealand provides accounting services to. All receipt of income and payment of expenses and grants, although separately accounted for, are recorded through Local Government New Zealand's bank account.

For the purpose of these financial statements the monies held on behalf of the MTFJ are recorded separately in the statement of financial position along with the corresponding liability.

The following cash flows were received and paid during the year in respect of the MTFJ:

	2011	2010
Opening Balance	145,846	185,765
Grants Received from The Tindall Foundation	-	5,000
Other Income	440,171	439,123
<b>Total Income</b>	<b>440,171</b>	<b>444,123</b>
Grants Paid for Employment Projects	-	(35,000)
Other Expenses	(495,789)	(449,042)
<b>Total Expenditure</b>	<b>(495,789)</b>	<b>(484,042)</b>
<b>Closing Balance</b>	<b>90,228</b>	<b>145,846</b>

**NOTE 16**

**NZ UTILITIES ADVISORY GROUP**

The NZ Utilities Advisory Group is a separately funded entity for which *Local Government New Zealand* provides accounting services to. All receipt of income and payment of expenses and grants, although separately accounted for, are recorded through *Local Government New Zealand's* bank account.

For the purpose of these financial statements the monies held on behalf of the NZUAG are recorded separately in the statement of financial position along with the corresponding liability.

The following cash flows were received and paid during the year in respect of the NZUAG:

	<b>2011</b>	2010
Opening Balance	87,835	73,530
Total Income	124,900	123,964
Total Expenditure	(94,395)	(109,659)
<b>Closing Balance</b>	<b>118,340</b>	<b>87,835</b>

**NOTE 17**

**CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

*Local Government New Zealand* had no capital commitments or contingent liabilities as at 31 March 2011 (2010: Nil).

10:00

4 SEPTEMBER 2010

**MT MAUNGANUI:** Pollution Prevention Officers from Tauranga City Council attend a scene where paint wash water is being discharged into the storm water system. The council is working to educate Tauranga residents about the importance of cleaning paint brushes in an indoor sink instead of outside where the wash flows directly into drains or street sumps.



10:30

4 SEPTEMBER 2010

**TARANAKI:** Children and adults gather at the TSB Hub in Hawera for the Taranaki Children's Book Festival Family Fun Day hosted by the South Taranaki District Council. Over 500 children and their parents enjoy free writing and illustration workshops, entertainment from Wonky Donky author Craig Smith, craft activities and a search for storybook characters.

"The day was a stunning success thanks to the organisation and commitment of library staff from all three Taranaki councils – Stratford, New Plymouth and South Taranaki," said South Taranaki District Council libraries and heritage manager, Lynne Walker.



Guest illustrator  
Nikki Slade-Robinson signs  
autographs for children enjoying  
the Family Fun Day.

## OUR TEAM AS AT 31 MARCH 2011

### CHIEF EXECUTIVE

**Eugene Bowen** – chief executive  
**Marian Donaldson** – executive assistant to chief executive and President, internal governance co-ordinator  
**Ally McBride** – office manager  
**Vickie Paterson** – human resources manager  
**Liz Quaye** – receptionist / office support

### GOVERNANCE

**Mike Reid** – manager  
**Mariska Wouters** – policy analyst  
**Chrissy Macdonald** – personal assistant

### DEVELOPMENT AND INFRASTRUCTURE

**Geoff Swainson** – manager  
**Philip Shackleton** – senior policy analyst  
**Simon King** – policy analyst  
**Carla Krejczisz** – personal assistant

### ENVIRONMENT AND REGULATORY

**Tim Bennetts** – manager  
**Frances Sullivan** – senior policy analyst  
**Clare Wooding** – senior policy analyst  
**Natasha Bava** – personal assistant

### COMMUNICATIONS

**Fiona Mayo** – manager  
**Kelly Mitchell** – communications advisor  
**Jan Rivers** – information centre manager  
**Stephanie Rodgers** – communications assistant  
**Ann Tankman** – information and records assistant

### PROFESSIONAL DEVELOPMENT

**Anne Gibson** – manager  
**Sandra Scrimshaw** – professional development co-ordinator

#### LGNZ would like to thank the following image contributors:

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**Local Government  
New Zealand**  
*te pūtakehi matakōkiri*



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