



Strengthening local democracy

ANNUAL REPORT 2011/12



Local Government
New Zealand
te pūtahi matakōkiri



Every day New Zealand's 78 councils
debate, discuss and consult on
how to improve the communities
they live in.



THE VOICE OF
NEW ZEALAND'S
COUNCILS

Local Government New Zealand
listens to the concerns of councils and
advocates to central government on their
behalf with one authoritative voice.

FROM THE PRESIDENT



LAWRENCE YULE,
LGNZ President

A change of Local Government Minister in December 2011 and another change in March 2012, continued economic recession and the situation in Christchurch made for a challenging 2011/2012 year for the local government sector and *Local Government New Zealand*. The Better Local Government reforms also brought more scrutiny of the sector.

Despite this, councils kept the rights and aspirations of their communities uppermost in their minds, affirming the pre-eminence of local democracy in the pressure cooker environment of 2011/2012. I would like to acknowledge their good work in doing so.

At LGNZ, Eugene Bowen finished as chief executive in December after eight years service and policy manager, Kate Macnaught, acted as interim chief executive until the arrival of Malcolm Alexander, in April.

In addition to acknowledging Eugene's hard work during his tenure, I would like to thank Kate very much for holding the fort while maintaining her sizable workload.

Within this difficult environment came success. The Core Cities project, involving councils, LGNZ and the Ministry of

Economic Development, was established to better understand the economic contribution and distinctiveness of New Zealand's six largest cities: Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin. Considerable progress was made in 2011/2012.

The provisions advocated by LGNZ included in the Freedom Camping Act were a significant win for local government, providing councils with a more effective range of tools to tackle the nuisance of irresponsible freedom campers (note irresponsible freedom campers, not all campers.)

The development of the Freedom Camping Act demonstrated how good the results can be when central government and local government work together.



Becoming an elected member brings many pressures. LGNZ's professional development programme, KnowHow, went from strength to strength during the year and responded well to the sector's training needs.

I believe LGNZ stimulated more balanced public discussion of council debt, rates and spending in the lead up to the reform announcements. The sector is far from immune to criticism. However, the Government, media, business and the public need to better understand local government and its enormous value. LGNZ will be channelling a lot of energy into telling the sector's story in the near future.

My colleagues on the National Council deserve acknowledgement for their guidance and well-considered articulation of sector views.

I would like to thank the staff of LGNZ for their hard work in uncertain circumstances.

LGNZ carries on as the sole voice for the whole of local government in New Zealand and looks to the future refreshed and ready to tell New Zealanders about the precious thing that is local democracy.

Lawrence Yule,
President

FROM THE INTERIM CHIEF EXECUTIVE



Local Government New Zealand's former chief executive, Eugene Bowen, left in December 2011. LGNZ acknowledges Eugene's contribution to the organisation. Malcolm Alexander joined LGNZ as the new chief executive in April 2012, after the period covered in this annual report. LGNZ welcomes the skills he brings and his enthusiasm to take our organisation forward.

KATE MACNAUGHT,
LGNZ interim chief executive

The 2011/2012 year was challenging for LGNZ. The first three months of 2012 saw LGNZ focus on the Local Government Minister's imminent announcement of major reforms to the sector. Despite this, LGNZ's policy work, and its involvement with its members, produced strong results.

LGNZ worked with the sector on a number of submissions. These included the Productivity Commission's Housing Affordability Inquiry and a second inquiry on Freight. In developing its submissions to select committees, LGNZ drew from the knowledge and expertise in the sector, and appreciated the involvement and commitment of all those councils which participated in its work.

LGNZ was acknowledged in the Better Local Government reforms paper as the main organisation representing the local government sector. LGNZ is working to

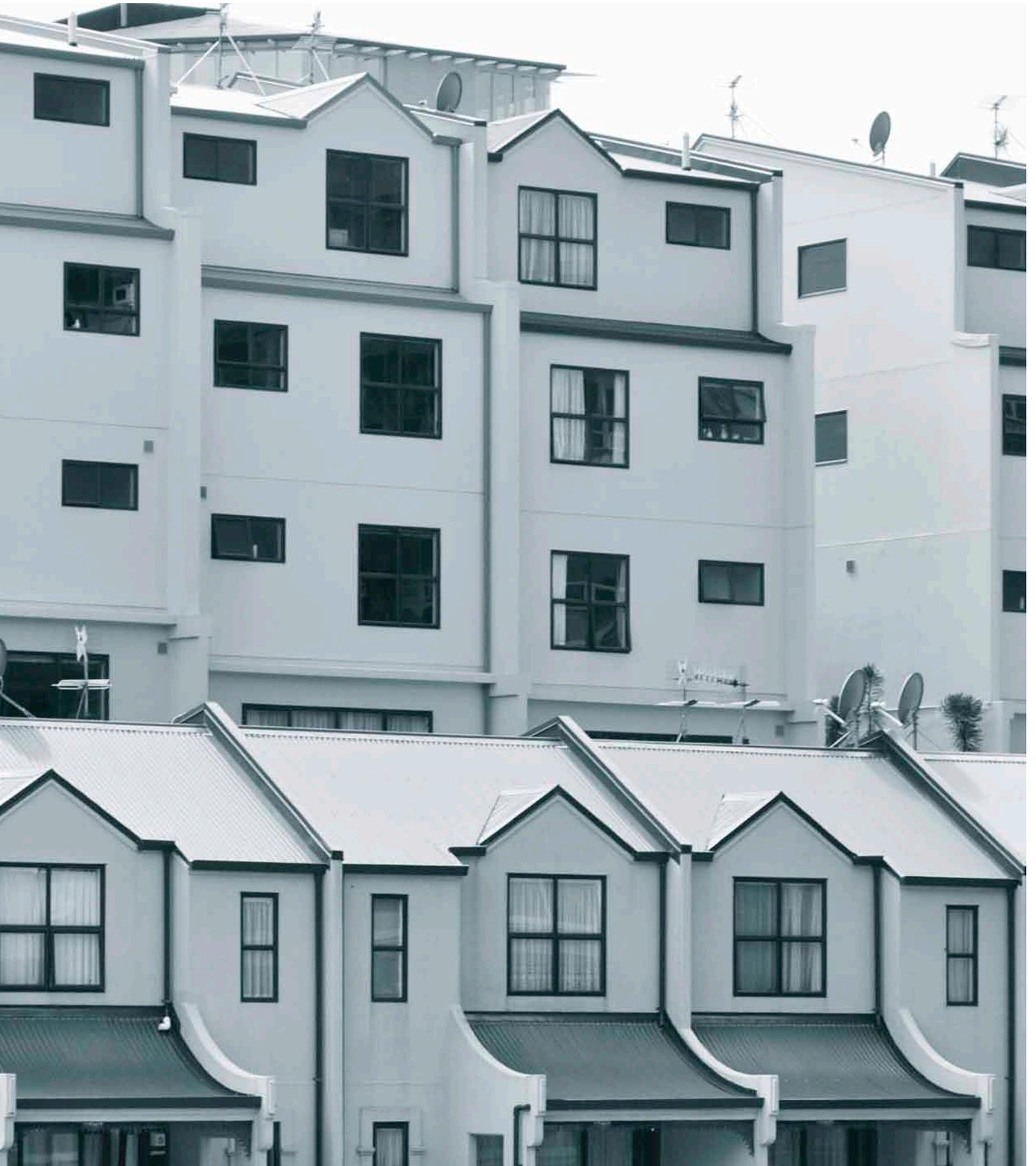
make sure the Government fully involves the sector as a partner in reforms.

The first Better Local Government Bill was going to select committee at the time of writing this report. LGNZ members can be assured that LGNZ will represent their views in its submissions, and on the various working groups associated with the reforms.

LGNZ's President, Lawrence Yule, maintained his rigorous schedule of meetings with the Prime Minister, the Local Government Minister and other Cabinet Ministers during the year, and continued to lobby on councils' behalf.

A handwritten signature in blue ink that reads "Kate Macnaught".

Kate Macnaught,
interim chief executive



KNOWHOW

50

WORKSHOPS

619

ATTENDEES

Attendance at *Local Government New Zealand's* KnowHow professional development workshops during 2011/2012* was up considerably on 2009/2010, with 19 more workshops and 202 more attendees. The increase came despite workshop cancellations resulting from the Christchurch earthquakes and the recession, said KnowHow manager, Anne Gibson.

An important change in the 2011/2012 year for KnowHow was the move to a competency-based framework – more structured learning tailored to the individual needs of elected members. The system of building learning pathways is similar to selecting specific mixes of courses and credits for degree majors at university. Introduction to Local Government, Financial Governance, Decision-Making, and Asset Management workshops, for example, should be attended by all elected members

as a grounding in the local government sector. In addition, the workshop Audit and Finance Committees – Roles and Functions, is recommended for members on finance and audit committees.

This approach provides more focus and targeted support in navigating council decision-making. Anne developed the competency approach based on about a year-and-a-half's research.

Learning pathways are mapped out for interested members, which recommend a selection of workshops depending on a member's portfolio specialty, or what committees they are on.

Another important development for KnowHow in 2011/2012 was its closer alignment with elected members' three-year term in office, providing for different training needs at different stages.



KNOWHOW PLUS

- KnowHow Plus workshops started in July 2011 and were very popular.
- KnowHow Plus is a new level of learning delivered through strategic, focused workshops from which participants take away materials and benefit from follow up work. The KnowHow Plus media workshop, for instance, guides participants through setting up their own Facebook account and checks with them after the course to see how well their learning has progressed.

*(2010/2011 was a local government election year, which typically raises attendance numbers significantly.)



“We deliver professional development training workshops to elected members, assisting them in their role on council. The 2011/2012 year was KnowHow’s third, and research shows it’s regarded by the sector as the first port-of-call for knowledge, training direction, and elected member information. Our brand is well established.”

**ANNE GIBSON,
KNOWHOW MANAGER**

“It’s about being more responsive. We changed our programme according to the training needs identified by elected members and councils,” Anne said.

New workshops included Establishing and Maintaining Working Relationships with your Chief Executive, Economic Leadership, and a Practical Guide to Consultation.

“Excellent presentations by presenters who are rich in experience and are able to deliver appropriate content to their audience. Experience enhanced by humour and up-to-date knowledge, a day well spent.”

“Relevant. Interactive. Flowed. Personal examples from own experience in local government. Brought written material ‘alive’.”

GOVERNANCE

In May 2011 Parliament's Justice and Electoral Select Committee released its review of the 2010 local body elections. *Local Government New Zealand* submitted on the review and recommended:

- changing the order in which candidates' names appeared on voting papers from alphabetical to random
- extending the time between the closing of nominations and delivering voting papers
- more flexibility around when councils released candidate profiles and information.

LGNZ repeated its recommendation that the Government investigated making the Electoral Commission responsible for overseeing local body elections.

LGNZ also recommended trialing of online voting. It was expected that e-voting would work alongside the current postal voting system rather than replace it. An e-voting option may be trialed for a by-election or

poll between 2013 and 2016, with online voting possible for the 2016 local body elections.

In mid 2011 LGNZ contributed to an international study by the Australian Centre for Excellence in Local Government, looking at different approaches to consolidation in Australia and New Zealand.

The Alcohol Reform Bill had its second reading in September 2011. The Bill has a number of implications for local government, and has the stated intention of empowering local communities to decide on the concentration, location and opening hours of alcohol outlets in their areas. LGNZ supported the Ministry of Justice in its work on the local government implications of the Bill.

LGNZ made a submission on the Productivity Commission's Housing Affordability Inquiry in February 2012. LGNZ urged the Commission to broaden its inquiry from a focus on new home



HIGHLIGHTS

- Submission on housing affordability asked for fuller consideration of many issues.
- Advocated for stronger e-voting processes. E-voting could be used for 2016 local body elections.
- Worked with Ministry of Justice on the Alcohol Reform Bill that purportedly encouraged community control of numbers of drinking outlets and opening hours.



“We provide advice on local governance as well as funding, social policy and legislation. We work across a number of areas including local democracy and local government relationships with Māori.”

**DR MIKE REID, LOCAL GOVERNMENT
NEW ZEALAND PRINCIPAL POLICY ADVISOR**

ownership, land supply and the cost of construction, to the full cost of housing, and the range of factors affecting housing affordability such as population, income, labour markets and availability of transport. The final Housing Affordability Inquiry report was released in April this year and acknowledged development contributions (payments made by developers to councils to pay for additional services extended to new housing developments) as a legitimate mechanism. It also supported LGNZ’s call for the simplifying of planning legislation.

LGNZ submitted on a Department of Internal Affairs discussion paper on modernising the legislation covering local authorities’ elected members’ declarations of interests and the Remuneration Authority review of the remuneration system for elected members.

The 2011/2012 year ended with former Local Government Minister, Hon Nick Smith’s, announcement of the Better Local

Government reforms. LGNZ’s initial concerns were around the potential dilution of local democracy with the proposed change to the stated purpose of local government, and fiscal thresholds being set on rates and debt. The Government’s proposed new framework for intervening when councils were experiencing problems also indicated a blurring of the distinction between central and local government functions. LGNZ made its views clear. LGNZ was due to make submissions on the first tranche of reforms legislation introduced to Parliament in June, when this report went to print.

“Local Government New Zealand’s intelligent policy analysis on Better Local Government was fantastic”.

CELIA WADE-BROWN, WELLINGTON MAYOR

Local Government New Zealand’s elected members survey conducted in May 2011 showed a growing diversity among elected members. Compared with a similar survey following the local body elections in 2007, there were larger numbers of members under 25 and over 65, and a roughly two per cent rise in Māori elected members.

ENVIRONMENT

From 1 July 2011 councils were required to take into account a National Policy Statement (NPS) on freshwater management when making decisions under the Resource Management Act (RMA.) *Local Government New Zealand* worked with the Ministry for the Environment to develop guidance on implementing the NPS.

LGNZ has also advocated for a change to the role of the Environment Court in RMA planning and policy processes. LGNZ believes the Government should review the appeals process permanently. This is evidenced by the Government's decision to limit the role of the Environment Court appeal process in Canterbury's re-zoning of residential land.

While the decision by the Government to intervene was related to the situation in Canterbury, LGNZ continued to lobby strongly on behalf of the sector about the challenges councils face in policy and

planning process. This covered possible improvements that could be made such as the management of risk from natural hazards, particularly flooding. Ongoing advocacy for a stronger policy framework for natural hazards led a Minister for the Environment to establish the technical advisory group to review Parts 6 and 7 of the RMA.

In October 2011 LGNZ submitted to the Royal Commission of Inquiry into Building Failure caused by the Canterbury Earthquakes. LGNZ called for change that would require earthquake prone buildings to be strengthened to 67 per cent of the new building standard. LGNZ was also closely engaged with the Department of Building and Housing in a review of earthquake prone building policy.

LGNZ's advocacy on proposed changes to improve building sector productivity resulted in a proposal for a more centralised model of building consenting



HIGHLIGHTS

- Advocated for higher earthquake standards for buildings.
- Successfully lobbied for exemption from ETS obligations for small isolated landfills.
- Advocated for a more centralised model of building consenting, which the Department of Building and Housing responded to positively.



being brought back to local authorities. Amendments to the Building Act parallel this process. LGNZ has consistently advocated for changes to reduce the risk of future liability to local authorities, while at the same time ensuring New Zealanders have access to quality new homes.

Throughout the year a number of changes to the Emissions Trading Scheme (ETS) were proposed as a result of a review by

an expert panel chaired by former Cabinet Minister, David Caygill. LGNZ successfully advocated for an exemption from ETS obligations for small isolated landfills. LGNZ also provided advice to councils on making provisions for carbon liabilities in the long-term planning process.

An LGNZ regional council biodiversity group worked with Landcare Research and the Department of Conservation to

develop a nationally consistent approach to the monitoring of terrestrial biodiversity. They developed a suite of core indicators to meet regional councils' statutory, planning and operational requirements which align with a national monitoring programme.

*"Auckland Council appreciates what *Local Government New Zealand* has done for the newly amalgamated Auckland. A strong and united local government sector is critical to achieving our common interests."*

LEN BROWN, AUCKLAND MAYOR

"Our focus is on achieving the best regulatory outcomes for local government and our work is wide-ranging. We are a touch-point between government policy and government regulation."

**CLARE WOODING, LOCAL GOVERNMENT
NEW ZEALAND SENIOR POLICY ANALYST**

DEVELOPMENT AND INFRASTRUCTURE

Local Government New Zealand made a submission on the newly released Government Policy Statement (GPS) on Land Transport Funding in April 2011. LGNZ called for a long-term vision for transport, and a stronger partnership between central and local government on the issue. The submission also questioned a GPS preference for state highways over local roads when funding land transport. Additionally, LGNZ wanted to see more consideration about how money was generated for funding.

The then transport Minister, Hon Stephen Joyce, established the Road Maintenance Taskforce to determine opportunities for greater efficiency and effectiveness for investing in road maintenance. This was a direct response to perceived shortcomings in local government performance in this area.

LGNZ's principal policy advisor, Geoff Swainson, Hastings District Council engineering manager, David Fraser, Southland District Council chief executive, David Adamson, and Auckland Transport roading maintenance manager, Murray Noone, represented the local government sector on the taskforce. The taskforce set up work groups to examine procurement, greater standardisation, asset management and levels of service.

The Government released a National Infrastructure Plan in July 2011. LGNZ responded, in a media statement saying the plan "displayed an improved appreciation of local government's role in core service infrastructure." LGNZ went on to say that councils owned around \$120 billion of infrastructure assets, impacting significantly on three of the five areas in the plan: transport, water and social infrastructure.



HIGHLIGHTS

- Submission on land transport funding.
- Contributed to a new road safety strategy.
- Helped establish a road safety champions group.
- Member of the Government's Road Maintenance Taskforce.



LGNZ also stated that although water metering was an effective demand management tool, it wasn't appropriate for all councils.

LGNZ is a member of the National Road Safety Committee and a partner in the development of a new road safety strategy and in the 2011/ 2012 year, helped establish a group of road safety champions around New Zealand.

LGNZ also worked with central government on reviews of the Land Transport Management Act and the Public Transport Management Act.

"LGNZ's collective approach means we can make informed decisions about the needs of our communities – at the right time, in the right place – helping us to create a region of choice."

MALCOLM NICHOLSON, NORTHLAND REGIONAL COUNCIL CHIEF EXECUTIVE

"We focus on infrastructural issues such as wastewater, transport and utilities as well as e-local government and broadband initiatives."

GEOFF SWAINSON, LOCAL GOVERNMENT NEW ZEALAND PRINCIPAL POLICY ADVISOR

COMMUNICATIONS

Articulating the sector's view, championing local democracy and keeping members informed in a timely way, was more challenging in 2011/2012, said *Local Government New Zealand* communications and membership services manager, Fiona Mayo.

"We had two changes of Minister and, internally, our chief executive of eight years finished, among other fundamental changes at LGNZ."

The Better Local Government reforms, announced in March, and the media furore about council debt, spending, and rate rises, also contributed to a challenging year for LGNZ and the sector, Fiona said.

"LGNZ's communications approach encourages debate, rather than avoids it. Informed, intelligent discussion

about local government should lead people to a more balanced, facts and evidence-based perspective."

To that end, LGNZ's communications team fostered a more facts-based and balanced debate over councils' financial management, through media statements, letters to the editor, interviews with journalists and more use of social media such as Twitter and Facebook.

The Prime Minister, the Rt Hon John Key, even conceded in a television interview that the cost pressures faced by councils were high, with prices for materials such as bitumen for roading increasing enormously over a short period.

LGNZ's ability to challenge a number of entrenched yet unsupported perspectives on local government was bolstered by more



HIGHLIGHTS

- 16 media releases covering the clean streams accord, a new collective council debt funding agency – the Local Government Funding Agency, national policy statements on freshwater and how local roads support the national economy.
- Fostered facts-based discussion about local government reforms through social media and letters to the editor.
- Hosted conference in Wellington.



Christchurch Mayor, Bob Parker, in April last year opened three time capsules discovered after the February 2011 earthquake in Christchurch. The capsules contained old newspapers and council documents. Journalists look on.

work on its Mythbusters series, led by LGNZ principal policy advisor, Dr Mike Reid.

Dr Reid undermined commonly voiced, yet incorrect, claims that household rates drive inflation up, that council spending is out of control, that council spending on non-core activities was responsible for rates increases and that rates should be capped at the rate of inflation.

A membership services co-ordinator was also brought into Fiona's team to help streamline the provision of sector meetings.

"We are responsible for providing communications support to the chief executive, the President and Local Government New Zealand's National Council. We review, refine and assess our communications approaches to ensure LGNZ's reputation as the voice of local government and champion of local democracy is maintained and improved. We support the marketing of the KnowHow brand and, through this, sector capability. We ensure our members are informed on issues in a timely way. We manage publications and the LGNZ website."

"Articulating the sector's view, championing local democracy and keeping members informed in a timely way, was more challenging in 2011/2012."

FIONA MAYO, LGNZ COMMUNICATIONS AND MEMBERSHIP SERVICES MANAGER

NATIONAL COUNCIL

AS AT 31 MARCH 2012



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
Stephen Woodhead
Chair
Otago 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 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



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

In the National Council election held at the AGM at conference in June 2011, all National Councillors were returned for another year. At the National Council meeting of 30 March 2012, Stephen Woodhead, the Chair of Otago Regional Council, replaced former Regional sector Councillor, David MacLeod. David took up a directorship with Fonterra.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 2012

The Auditor-General is the auditor of New Zealand Local Government Association Incorporated (the "Association"). The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Association on her behalf.

We have audited the financial statements of the Association on pages 19 to 25, that comprise the statement of financial position as at 31 March 2012, 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 19 to 25:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Association's:
 - financial position as at 31 March 2012; and
 - financial performance for the year ended on that date.

Our audit was completed on 18 June 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). 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 judgment, 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 preparation of the Association's 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 National Council;
- 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 and financial performance.

The National Council is also responsible for such internal control as they determine 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.



Trevor Deed

Deloitte

On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 \$
INCOME			
Subscriptions		3,300,002	3,344,757
Administration Fees - Rural Trust		8,000	8,000
Computer Services		75,549	61,256
Publications		1,478	3,109
Grants Received		6,566	280,050
Project Income		842,887	1,799,171
Conference Income	7	580,281	617,264
Sundry Income		13,585	-
Interest		90,196	125,923
Total Income		4,918,544	6,239,530
EXPENDITURE			
Administration Expenses	3	521,612	748,230
Travel and Accommodation		20,269	311,357
Grant/Expenses - NZLGA Funds	9	-	50
Legal Fees		3,000	172,634
Consultants/Project Fees		1,396,762	1,342,953
Audit Fees		17,900	17,900
Depreciation	5	86,029	58,536
Loss on Disposal of Assets		1,997	814
Printing, Stationery & Photocopying		58,613	300,871
Other Operating Expenditure		120,486	622,694
Conference Expenditure	7	442,548	516,057
Honoraria	8	104,992	121,815
Staff Remuneration		1,846,308	2,124,217
Total Expenditure		4,620,516	6,338,128
Operating Surplus/(Deficit) Before Taxation		298,028	(98,598)
Less Taxation Expense	4	23,712	35,274
NET SURPLUS/(DEFICIT) FOR THE YEAR		274,316	(133,872)

The Notes to the Financial Statements on page 22 – 25 form part of, and should be read in conjunction with these statements.

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	2012 \$	2011 \$
Total Equity as at 1 April 2011	1,335,927	1,469,799
Net Surplus/(Deficit) for the year	274,316	(133,872)
Total Recognised Revenue and Expenses	274,316	(133,872)
TOTAL EQUITY as at 31 March 2012	1,610,243	1,335,927

The Notes to the Financial Statements on page 22 – 25 form part of, and should be read in conjunction with these statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 \$	2011 \$
EQUITY			
Accumulated Funds	11	1,522,136	1,299,053
Conference Reserve	10	88,107	36,874
TOTAL EQUITY		1,610,243	1,335,927
Represented By:			
Current Assets			
Petty Cash		500	550
Bank		322,805	266,704
Monies held for MTFJ	13	143,359	64,072
Monies held for NZUAG	14	-	118,340
RGA Fund	9	43,281	72,184
Bertlesmann Award Funds	9	-	29,484
Accrued Interest		9,620	1,151
Prepayments		135,462	16,784
Sundry Debtors		42,651	356,519
GST Refund Due		31,201	-
		728,879	925,788
Investments			
Term Deposits		1,100,000	1,553,844
Monies held for MTFJ		-	26,156
		1,100,000	1,580,000
TOTAL CURRENT ASSETS		1,828,879	2,505,788
Non Current Assets			
Fixed Assets	5	181,867	170,622
Shares in Local Government Online Ltd		30,000	30,000
Paintings/Artwork		6,449	6,449
TOTAL NON CURRENT ASSETS		218,316	207,071
TOTAL ASSETS		2,047,195	2,712,859
Current Liabilities			
Sundry Creditors		206,473	533,047
Mayors Taskforce for Jobs	13	143,359	90,228
NZ Utilities Advisory Group	14	-	118,340
Provision for Holiday Leave		71,249	74,661
Deferred Income			
Local Government Funding Authority		-	405,561
Other		8,292	142,536
Conference Income		6,650	
Tax Payable	4	929	12,559
TOTAL CURRENT LIABILITIES		436,952	1,376,932
TOTAL LIABILITIES		436,952	1,376,932
NET ASSETS		1,610,243	1,335,927

For and on behalf of the
National Council:



L Yule
President
18 June 2012



M Alexander
Chief Executive
18 June 2012

The Notes to the Financial Statements on page 22 – 25 form part of, and should be read in conjunction with these statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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.

Previously *Local Government New Zealand* incorporated the activities of Local Government Industry Training Organisation ("LGITO"), a division of *Local Government New Zealand*. LGITO was wound up on 31 March 2011.

NOTE 2

STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

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.

Differential Reporting

Local Government New Zealand is a qualifying entity within the New Zealand Institute of Chartered Accountants Differential

Reporting Framework. *Local Government New Zealand* is not publicly accountable and is not large.

Local Government New Zealand has taken advantage of all differential reporting concessions available to it.

Particular Accounting Policies

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

- (a) Interest Income is accounted for on an accrual basis.
- (b) Fixed Assets are shown at cost less accumulated depreciation and less impairment.

Fixed 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. Any income or expenses relating to conferences yet to be held are recognised as deferred income or prepaid expenses respectively.
- (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 less impairment losses.

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.

NOTE 3

ADMINISTRATION EXPENSES

	2012 \$	2011 \$
Rental Expense	178,049	195,427
Telephone and Tolls	32,067	49,567
Maintenance	12,779	12,807
Computer Outsourcing	161,443	108,698
Staff Recruitment & Training	77,082	67,341
Temporary Staff	25,742	9,208
Insurance	27,860	26,420
Subscriptions - Local Organisations	6,590	10,830
Other	-	267,932
TOTAL ADMINISTRATION EXPENSES	521,612	748,230

NOTE 4 TAXATION

Income Taxation Expense	2012 \$	2011 \$
Interest Income	90,196	125,923
Less Deductions		
Standard Exemption	(1,000)	(2,000)
Deduction on Interest Income	(4,510)	(6,340)
Total Taxable Income	84,686	117,583
Taxation Expense @ 28% (2011: 30%)	23,712	35,274
Less RWT	(23,166)	(18,569)
Tax to Pay/(Refund) this Year	546	16,705
Prior Period Adjustments	383	(4,146)
Tax to Pay	929	12,559

NOTE 5 FIXED ASSETS

	2012 \$	2011 \$
Furniture, Fittings, Office Equipment at Cost	627,396	700,963
Less Accumulated Depreciation	(430,349)	(476,963)
	197,047	224,000
Less Depreciation	(64,882)	(56,371)
Net Book Value	132,165	167,629
Software at Cost	199,092	131,292
Less Accumulated Depreciation	(128,243)	(126,134)
	70,849	5,158
Less Depreciation	(21,147)	(2,165)
Net Book Value	49,702	2,993
TOTAL FIXED ASSETS	181,867	170,622

NOTE 6 OPERATING LEASE COMMITMENTS

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

	2012 \$	2011 \$
Not later than one year	188,906	105,625
Later than one year but not later than two years	159,711	35,988
Later than two years but not later than five years	57,799	20,993
Later than five years	-	-
	406,416	162,606

NOTE 7 CONFERENCE

	2012 \$	2011 \$
Registration and Sponsorship Income	580,281	617,264
Less: Expenses for current (July'11) conference	(442,548)	(467,419)
Less: Expenses for current conference spent last year	-	(86,857)
	137,733	62,988
Less: Staff Salaries and Overheads*	(86,500)	(100,000)
Net Surplus/(Deficit)	51,233	(37,012)

* 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 8 HONORARIA

Honoraria paid to National Council Members during the year ended 31 March 2012 amounted to \$104,992 (2011: \$121,815).

This was made up of the Honoraria paid to the President \$80,284 (2011: \$80,284) and the Vice-President \$24,085 (2011: \$24,085).

Honoraria paid by LGITO to the LGITO Board members amounted to \$623 (2011: \$17,446).

No other monetary remuneration was paid to members of the National Council for their services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NOTE 9

NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION FUNDS

DESCRIPTION OF FUNDS' ACTIVITIES

The following funds are managed by Local Government New Zealand:

Regional Government Association Fund ("RGAF")

At the meeting of the Regional Government Association (the "Association") on 1 December 1995 it was resolved that the funds of the Association be transferred to New Zealand Local Government Association Incorporated. To facilitate the winding up of the Association and in anticipation of a decision on the use of the funds. The monies held by *Local Government New Zealand* are held separately in the RGAF.

Bertlesmann Award Fund ("Bertlesmann 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. The monies held by *Local Government New Zealand* are held separately in the Bertlesmann Fund.

A summary of the movement in funds held is provided below:

	2012 \$	2011 \$
Regional Government Association Fund		
Opening Balance	72,184	71,151
Interest Income Received	1,282	1,509
Grants Paid	-	(50)
RWT Paid	(423)	(426)
Other Movements	(29,762)	
Closing Balance	43,281	72,184

	2012 \$	2011 \$
Bertlesmann Award Fund		
Opening Balance	29,484	29,031
Interest Income Received	417	631
RWT Paid	(138)	(178)
Other Movements	(29,763)	-
Closing Balance	-	29,484

The closing fund balances are held in a separate bank account which is included in the cash at bank figure shown in the Statement of Financial Position.

NOTE 10

CONFERENCE RESERVE

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

	2012 \$	2011 \$
Opening Balance	36,874	73,886
Transfer (to)/from Accumulated Funds	51,233	(37,012)
Closing Balance	88,107	36,874

NOTE 11

ACCUMULATED FUNDS

	2012 \$	2011 \$
Opening Balance	1,299,053	1,395,913
Net Surplus/(Deficit) for the Year	274,316	(133,872)
Transfer from/(to) Conference Reserve	(51,233)	37,012
Closing Balance	1,522,136	1,299,053

NOTE 12

RELATED PARTIES

Local Government New Zealand received an administration fee of \$8,000 (2011: \$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 2012 (2011: \$4,600).

NOTE 13

MAYORS TASKFORCE FOR JOBS

The Mayors Taskforce for Jobs (the "MTFJ") 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 via the MTFJ fund, are recorded through *Local Government New Zealand's* bank account.

For the purpose of these financial statements the monies held in trust on behalf of the MTFJ are recorded separately in the Statement of Financial Position along with the corresponding liability.

OUR TEAM

AS AT 31 MARCH 2012

Chief executive's office

Kate Macnaught – acting chief executive from January to March

Marian Donaldson – executive assistant to chief executive and President, internal governance co-ordinator

Ally McBride – office manager

Vickie Paterson – human resources manager

Helen Knight – accounts administrator

Emma Hopkins – receptionist

Policy

Kate Macnaught – manager

Mike Reid – principal policy advisor

Geoff Swainson – principal policy advisor

Mariska Wouters – senior policy analyst

Philip Shackleton – senior policy analyst

Frances Sullivan – senior policy analyst

Clare Wooding – senior policy analyst

Simon King – policy analyst (left in May 2012)

Carla Krejczisz – personal assistant policy team

Communications and membership services

Fiona Mayo – manager

Malcolm Aitken – communications advisor

Jan Rivers – information centre manager

Kimberley Wadsworth – membership services coordinator

Megan Bartrum – communications assistant

KnowHow professional development

Anne Gibson – manager

Sandra Scrimshaw – professional development co-ordinator

Kerry Washington – professional development assistant.

LGNZ would like to thank the following image contributors:

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Page 3: Ruapehu District Council

Pages 8-9: Te Ara, the Encyclopedia of New Zealand, the Ministry for Culture and Heritage

Pages 10-11: Buller District Council

Pages 14-15: Christchurch City Council.

NOTE 14

NZ UTILITIES ADVISORY GROUP

The NZ Utilities Advisory Group (the "NZUAG") 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 via the NZUAG fund, are recorded through *Local Government New Zealand's* bank account.

For the purpose of these financial statements the monies held in trust on behalf of the NZUAG are recorded separately in the Statement of Financial Position along with the corresponding liability. The NZUAG fund was wound up on 31 March 2012 and all monies have been refunded to NZUAG.

NOTE 15

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Local Government New Zealand had no capital commitments or contingent liabilities as at 31 March 2012 (2011: Nil).

NOTE 16

SUBSEQUENT EVENTS

There have been no events subsequent to balance date which have a material impact on these financial statements.

Local Government
New Zealand
te pūtahi matakokiri



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