

# **We are. Moving ahead.**

Local Government New Zealand's  
annual report

2014/15

**We are.  
LGNZ.**

## **Contents**

**From the President** p1

**From the Chief Executive** p2

**Dashboard** p4

**Advocacy** p6

**Business Solutions** p12

**Financial statements** p15

**National Council** p30

Local Government New Zealand (LGNZ) is the sector voice for all 78 councils in the country. We advocate on behalf of our members who are mayors, chairs, chief executives and councillors at councils, and local and community boards. We lead the sector's commitment to improving practice and efficiency, enabling economic growth, community vibrancy and environmental wellbeing. Protecting and enhancing local democracy is paramount.

LGNZ is governed by our National Council, made up of 15 elected members from throughout New Zealand. We represent the national interests of councils and lead best practice in the local government sector. We provide advocacy and policy services, business support, advice and training to our members to assist them to build successful communities throughout New Zealand.

**We are.  
LGNZ.**

## From the President



As this financial year draws to a close, I have been travelling the country to meet with members face to face to discuss sector research, and performance and communications initiatives. As a sector, we have shown increasing commitment to lifting our performance and telling our story better. This focus on performance and communications will continue during the year ahead.

Looking back on the year, LGNZ achieved significant milestones in its key projects. We released the thinkpiece 'Managing natural hazard risk in New Zealand – Towards more resilient communities' in October 2014. It outlines the need for a national approach to managing risks from natural hazards. We commenced work on our sector insurance review and put together the Insurance Market Working Group.

The 3 Waters issues paper, a culmination of a year's project work, was also released in October 2014. It provides a clear picture of the state and performance of potable, wastewater and stormwater assets and services at a national level for the first time. Similarly, the LGNZ Local Government Funding Review discussion paper, released in February 2015, is the initial summary of the issues and options for addressing current and likely future funding shortfalls for local government.

The New Zealand China Mayoral Forum, launched in late 2014, will help the sector to establish better connections between New Zealand and more than 600 cities and provinces in China. It provides a platform for our regions, towns and cities to strengthen trade, economic, investment and cultural links.

We continued our wider policy focus under our seven strategic policy priorities on key matters including housing affordability, regional economic development, transport, earthquake-prone buildings legislation, psychoactive substances and joint and several liability, to name but a few.

Finally, the first year of operation of Equip, LGNZ's Centre of Excellence, exceeded expectations. We led delivery of advice to

councils in governance, executive recruitment and management, and formed new partnerships, notably with FairWay Resolution and establishing the Road Transportation Unit in conjunction with the NZ Transport Agency.

My sense of our achievements is that, together with our member councils, we now have strong momentum and a very real opportunity to lift the value that local government provides for our communities.

< LGNZ is delivering strong momentum through its key projects. >

Warm regards

A handwritten signature in blue ink, appearing to read 'L. Yule', written in a cursive style.

**Lawrence Yule**

President

Local Government New Zealand

## From the Chief Executive



The past year has been one of continued progress in our core advocacy and business solutions activity. LGNZ has moved firmly from its strength-building phase into effective delivery.

Our advocacy work is now recognised by those within, and outside of the sector, as effective and in very many instances leading a clear direction for the sector. As such, we progressed several significant workstreams during the year on issues including governance and performance, sustainable local government funding, three waters, housing, regional economic development, transport and risk management.

Equip, LGNZ's Centre of Excellence, has similarly performed ahead of expectations in its first full year. It launched new services including the Executive Performance Programme, Executive Recruitment Services, a Functional Review Programme, and Audit and Risk services. The new Road Transportation Unit has been established to provide councils with the knowledge they are planning for, and delivering best practice, in road activity management and that value for money is being delivered with fit for purpose levels of service.

The LGNZ Preferred Partners scheme was launched, a new associate membership giving recognition to LGNZ supporters who work closely with the local government sector. It highlights companies and organisations that deliver sector value to local government in New Zealand, as part of LGNZ's on-going commitment to supporting members to strengthen governance and performance.

LGNZ's presence with the media and in other strategic communications continued to grow strongly during the past year. Stakeholder engagement was strengthened with quarterly media briefings and several successful Major Issues Seminars. These focused on current issues of housing affordability, economic growth and local government funding.

< LGNZ has now moved firmly from its strength-building phase into effective delivery. >

Similarly, we had another successful conference during 2014. The sector was drawn together for networking, debate, discussion and learning on the important issues facing local government. The inaugural LGNZ EXCELLENCE Awards were well-regarded at conference, with outstanding performance and the achievements of our peers acknowledged and celebrated.

Feedback from the sector and our stakeholders, as recorded in our annual stakeholder monitor, is that LGNZ is more effective and fit for purpose. This positions us well to add continued and growing value to our members and the communities they represent. It's an exciting work programme and I'm proud to be a part of it.

On behalf of the LGNZ team, thank you for your continued support during the year.

Warm regards

A handwritten signature in blue ink, which appears to read 'Malcolm Alexander'. The signature is fluid and cursive.

**Malcolm Alexander**  
Chief Executive  
Local Government New Zealand

## LGNZ by the numbers in 2014/15



**100%**

of New Zealand councils are LGNZ members



**685**

articles in the media



**9**

webinars held



**4**

Quarterly Media Briefings



**89%**

of attendees rated the LGNZ 2014 Conference 4 stars or higher out of 5 for overall satisfaction



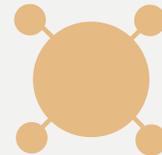
**30.1%**

increase in media coverage



**3000**

Close to 3000 people surveyed for New Zealand Local Government Survey



**4**

Advisory Groups established



**560**

conference attendees



**4.3**

Member and stakeholder survey rates LGNZ 4.3 out of 5 for being engaged, constructive and effective – up from 3.1 the previous year

### Publications issued to members

- LGNZ Local Government Funding Review discussion paper
- LGNZ Policy Statement and Manifesto 2014
- Exploring the issues facing New Zealand's water, wastewater and stormwater sector
- Managing natural hazards in New Zealand: towards more resilient communities – a thinkpiece
- Local Government Audit & Risk Management
- Good Governance in Local Government

# Dashboard

**KEY**

**Q** Quarterly **B** Bi-annually **A** Annually

Member engagement			
FREQUENCY	MEASURE	TARGET	ACHIEVEMENTS
A	Percentage of councils that are members	100%	100%
A	Members visited by Chief Executive in a year	75%	53%
Q	Chief Executive attendance at Zone meetings	90%	Q1: 100%, Q2: 100%, Q3: 80%, Q4: 100%
Q	Chief Executive attendance at Sector meetings	90%	Q1: 100%, Q2: 50%, Q3: 100%, Q4: 67%
A	Conference satisfaction level (% rating 4 or 5, out of 5)	85%	89%
Q	Percentage of members opening e-communications (Sector Brief and Frontpage News)	38%	Frontpage News: 25.76%, Sector Brief: 29.99%

Stakeholder perspective			
FREQUENCY	MEASURE	TARGET	ACHIEVEMENTS
A	Local Government Reputation Index rating	TBC	29 out of 100
A	Stakeholder survey confirms LGNZ as engaged, constructive and effective (rating out of 100)	3.5	4.5
Q	Meetings with Prime Minister	1 per quarter	√
Q	Meetings with Minister of Local Government	1 per quarter	√
B	Meetings with Opposition and Government support parties	2 per year	√

Improving sector performance			
FREQUENCY	MEASURE	TARGET	ACHIEVEMENTS
A	Elected members undertaking professional development	40%	40%
A	Councils using IoD courses and IoD services	20%	16%
A	Councils with Audit and Risk Committees in place	85%	80%
A	Councils using Centre of Excellence services	25%	25%
A	Councils using asset management advice and services specifically	20%	20%

1

# Advocacy



Putting local issues on the national agenda.

## Advocacy

The 2014/15 year was the first full year with LGNZ's transformed Advocacy team in operation and it was strengthened further in 2014 with the addition of Principal Regulatory Advisor Tom Simonson and Principal Policy Advisor Karen Collins.

A significant number of achievements were met in both LGNZ's core advocacy activity and key projects during this past year, with a solid work programme in place.

## Member and stakeholder engagement

The annual LGNZ stakeholder monitor showed widespread agreement by members and external stakeholders that LGNZ has a firm strategic direction, has set clear priorities, and has improved its overall performance. Most importantly, there is a sense of growing collaboration between LGNZ and key decision makers.

The 2014 LGNZ Conference was a successful event. It is always an important time for networking, learning and debate but this year the conference was significant. There was an increase in the number of attendees and strong interest in the speakers. There was also a sense of energy and desire for momentum, and a real sense of moving forward together to create a stronger sector. The conference theme – Powering Local Economies | Building Vibrant Communities – had at its core an increasing focus on regional development. This was reflected in a number of the presentations and the launch of the 2014 LGNZ Manifesto ahead of the 2014 central government election.

Locally, the regular Zone and Sector meetings had informative agendas that were newly aligned with the LGNZ Business Plan. A number of significant local government and external speakers attended Sector meetings to speak on policy topics in social services, natural hazards, local government funding, transport, three waters, resource management and housing affordability, including the need for incentives in the planning and development system.

LGNZ National Council Advisory Groups, comprised of both elected member and management representatives from councils around New Zealand, were introduced in late 2014 to provide additional focus for LGNZ's major work programmes. These mean LGNZ has a greater spread of members contributing to robust discussion, diverse perspectives and adding value to our work.

## Working more closely with central government

LGNZ's relationship with key departments and Ministers has developed further.

LGNZ has proposed to Government that it would see an "Accord" on key shared policy priorities for central and local government a useful tool. Such an Accord would serve as a high level marker and identify the key matters that we would work on together including risk and resilience; regional economic development; housing; and simplifying local government regulation. Early discussions with key ministers indicate support in principle for some form of Accord. Work on this will continue in 2015/16.

< The strong voice of local government in New Zealand. >

## Local government reputation

In September 2014, LGNZ completed its inaugural New Zealand Local Government Survey on its reputation – a first for the sector. Through February and March 2015, LGNZ's President Lawrence Yule, Vice President Brendan Duffy, Chief Executive Malcolm Alexander and Director of Advocacy Helen Mexted travelled the country presenting the findings and strategic implications to all members.

At the same time, LGNZ presented related initiatives in terms of sector-wide Communications and Performance Uplift Programmes. The research has been well accepted and councils have expressed interest in introducing both programmes.



## Taking action on water infrastructure through 3 Waters.

## Policy priorities

The policy component of this Advocacy section reports against the series of strategic themes under which particular workstreams are grouped.

### 1. Governance and performance excellence

The sector is committed to raising our standards of governance and performance, throughout all of its workstreams, in order to deliver strong local government across New Zealand.

During the 2014/15 year, LGNZ began work on developing a sector Performance Uplift Programme. LGNZ continued working with The Department of Internal Affairs on the Local Government (Financial Reporting and Prudence) Regulations 2014 as the legislation came to be implemented.

Governance and performance was a focus at the 2014 LGNZ Conference, where a session entitled “Lifting governance and financial performance” was held to discuss ways to lift the game in the local government sector.

The LGNZ Governance and Strategy Advisory Group was introduced in December, chaired by LGNZ President Lawrence Yule. The group looks at strategy under the 2015-2018 LGNZ Business Plan, the sector Performance Uplift Programme and sector-wide Communications Programme, the LGNZ Local Government Funding Review, regulatory reform and initiatives under its new Young Elected Members Group.

Equip, LGNZ’s Centre of Excellence, and KnowHow ran services and launched resources on governance and performance. More information is detailed in the Business Solutions section of this report.

### 2. Regional development

LGNZ is advocating for a shared national approach to addressing regional development and growth across all of New Zealand.

In August 2014, LGNZ held a Major Issues Seminar on this topic entitled ‘The need for economic growth across all of New Zealand.’ Speakers included Minister of Economic Development, Hon-Steven Joyce; Labour spokesperson for Economic Development Grant Robertson and NZIER Principal Economist Shamubeel Equb.

Local government has sought a policy change for the distribution of a share of royalties from mineral, oil and gas extraction to the communities where the activity takes place. LGNZ has argued that a scheme, which returns a local share of royalties, needs to be implemented as soon as possible to strengthen regional development for the benefit of these communities and the industries they support.

In November 2014, LGNZ announced the inaugural New Zealand China Mayoral Forum. It was the first of a regular exchange between mayors from the two countries, which is expected to increase engagement and create significant economic benefits throughout New Zealand.

### 3. Developing a sustainable funding model for local government

Significant milestones were met during this financial year in the LGNZ Local Government Funding review, a study put in place to find a sustainable model for the future as demographic and economic factors continue to change.

LGNZ released its Local Government Funding Review discussion paper in February 2015, which outlines options for addressing current and likely future funding shortfalls in local government. The review was first announced in April 2014, with a working party appointed three months later. The working party, chaired by Auckland Council Finance and Performance Committee Chair Penny Webster, met regularly on research into issues related to local government funding.

A range of media activity around this work resulted in awareness and significant conversation about these issues. The final LGNZ Local Government Funding Review report is due to be published in mid-2015.

## 4. Leading effective infrastructure development and funding policies

Local government is a significant contributor to the development of infrastructure policy (and funding) including housing affordability initiatives, building, transport and water infrastructure.

### *Water*

The LGNZ 3 Waters project is a proactive and collaborative effort by local government, central government and the water sector to improve asset performance and service provision in potable, waste and stormwater across New Zealand. The project was established by LGNZ in 2013 to respond to an information gap that was revealed in the 2011 National Infrastructure Plan, when it was suggested that the three waters system in New Zealand may be broken.

In October 2014, LGNZ released its issues paper 'Exploring the issues facing New Zealand's water, wastewater and stormwater sector.' The research provided a clear picture of the state and performance of local potable, wastewater and stormwater assets and services at the national level for the first time. Following consultation on the issues paper, the next step will be the publication of a position paper on a future model for the sector, due mid 2015.

### *Transport*

This year was significant in the transport space with changes to funding impacting all councils. The government's new Funding Assistance Rates (FAR) were implemented following a period of review, during which time LGNZ's lobbying contributed to better than anticipated funding for many councils. LGNZ worked to communicate the nature and implications of these changes to councils, providing guidance and insight at each step of the way.

The Government Policy Statement on Land Transport (GPS 2015) was released in December, providing \$38.7 billion total funding for land transport. LGNZ advocated for reflection of the economic benefits of local and regional roads on regional economies in the GPS, and worked to communicate the changes and details to the sector. Another significant change was the One Network Road Classification (ONRC) coming into force, categorising roads based on the functions they perform as part of an integrated national network to get ideal service levels and investments for each category.

### *Building and housing*

LGNZ continued to lobby on the Building (Earthquake-prone Buildings) Amendment Bill, including establishing a proactive dialogue with Minister Smith, resulting in the Minister advising policy changes which reflect a more targeted approach to risk across the country.

In late 2014, the Productivity Commission released an issues paper looking into ways to improve the supply and development of land for housing in New Zealand's cities. LGNZ contributed strongly to its inquiry.

Affordable housing continued to be a key issue in the media this year and LGNZ led by publishing opinion pieces on the topic to raise awareness of the role of local government in this space. In May 2014, LGNZ held a Major Issues Seminar on the topic 'Housing affordability – everyone's challenge' that was well-attended. Minister of Finance the Hon Bill English spoke alongside LGNZ President Lawrence Yule, economist Arthur Grimes, NZCID President John Rae and Auckland Council Deputy Mayor Penny Hulse.

## 5. Regulation

### LGNZ has been working closely with central government on other matters that relate to our sector, including:

- the Environment Reporting Bill;
- the review of the National Policy Statement on Freshwater Management;
- financial prudence regulations and the collation of the non-financial network infrastructure benchmarks;
- the Productivity Commission's investigation into land supply;
- the adoption of the psychoactive substances retail regulations;
- the implementation of the One Network Road Classification initiative;
- changes to regulation under the Building Act and the Building (Earthquake-prone Buildings) Amendment Bill;
- the review of water infrastructure including investment, maintenance, operations and funding models and implementation of the 3 Waters recommendations;
- further investment in regional infrastructure, such as water storage, urban cycleways and ultra-fast broadband;
- a response by Government to the Law Commission's recommendations following their reviews of Joint and Several Liability and the Burial and Cremation Act;
- the Health and Safety Reform;
- advocating for a Standard for the remediation of methamphetamine-contaminated properties;
- online voting;
- amendments to the National Environmental Standard for Telecommunication Facilities;
- the role of Māori in water rights and interests; and
- a National Monitoring System for the Resource Management Act.

LGNZ submitted on the Health and Safety Reform Bill in May and subsequently spoke to the Local Government and Environment Select Committee. We raised two significant issues. Firstly, the respective roles of elected members and management with respect to having a duty in regard to health and safety. Secondly, and of significant concern, is how volunteers are treated under the Bill. LGNZ has met with the Hon Michael Woodhouse on these two matters, and supplied redrafting of the Bill for provisions around volunteers.

The Rules Reduction Taskforce was created to identify rules that frustrate property owners and councils alike. Like the Government, LGNZ is similarly committed to developing a regulatory system that is as efficient, customer-focused and effective as possible however many of the constraints on efficient delivery of services lie with the legislative and regulatory rules that govern the way in which councils operate. The Rules Reduction Taskforce has two representatives of LGNZ, Far North Mayor Hon John Carter and Nelson Mayor Rachel Reese.

The Law Commission carried out a broad review of the effects of joint and several liability across all sectors. Its report was tabled in Parliament in June 2014, and the Government's response to retain joint and several liability but introduce capping was released in late December. LGNZ continues to advocate for proportionate liability but failing a change to this will continue to advocate across a number of work streams to ensure local authority risk is minimised as much as possible.



Helping the Pacific deliver at the local level.

Following the fluoridation remit at the 2014 Annual General Meeting, LGNZ met with the Associate Minister of Health, and asked that the Ministry of Health be given responsibility for the decision whether or not to fluoridate. The Minister was supportive of the remit and, although noting that this is not Government policy, agreed to continue to work together on the issue over the course of 2015.

LGNZ worked on developing a guidance document on Local Alcohol Policies, with the Health Promotion Authority. The timeframe for this work has been extended to May 2015, to incorporate the decisions from council hearings.

In February, LGNZ submitted on the cost recovery proposals outlined in the Ministry for Primary Industries' (MPI) consultation paper on proposals for regulations under the Food Act 2014. LGNZ made a separate submission on all of the other proposals outlined in the consultation paper. LGNZ will continue to work closely with MPI and the Territorial Authority Steering Group as the process moves towards regulations coming into force in 2016.

## 6. Environment

Leading into central government's reform of the RMA in 2015, LGNZ advocated for the proposed changes that are most important to the sector. The priority is "plan agility," removing the Environment Court from the plan making process and reconsidering timeframes. Other matters include national direction and changes to the consenting process to strip out unnecessary process matters.

LGNZ led the way on natural hazards with the think piece 'Managing natural hazard risk in New Zealand – Towards more resilient communities,' released in October 2014. It advocated that communities would benefit from improving resilience locally and nationally across hazards threats. The think piece pinpoints two core ideas. The first is the need for issue and place-specific responses to natural hazards, rather than a one size fits all approach. The second is the need for integration and collaboration to develop and deliver effective responses across the many players.

The Government's national standards for freshwater in New Zealand under the National Policy Statement for Freshwater Management (NPSFM) came into force in August 2014, requiring rivers and lakes to meet minimum water quality standards. A critical question for local government will be how to fund water infrastructure upgrades to meet new standards, a matter for LGNZ's Local Government Funding Review.

## 7. Local democracy

LGNZ contributed to the Online Voting Working Party which reported to the Government prior to the 2014 general election with a number of recommendations about the feasibility of introducing online voting for local elections. Its key recommendation was that an online voting trial is feasible in 2016. Work on this continues.

### *PacificTA*

LGNZ continues to manage the provision of short term technical assistance to Pacific communities through a New Zealand Aid Programme fund. The Local Government Technical Assistance Facility for Pacific Countries (PacificTA) enables local government to share their knowledge and expertise with Pacific Island counterparts. In 2014/15, the programme has provided significant input into Samoa to assist with dog control and development of the Apia waterfront. Niue and the Cook Islands are accessing support for corporate planning. Waste management advice continues in Kiribati and new work has started with the Solomon Islands Honiara City Council. On-going support or follow-up visits continue to play an important role in building capacity in the Pacific.

# 2

# Business Solutions



We are sharpening the tools of our sector.

Equip LP, LGNZ's Centre of Excellence, performed extremely well in its first full year of operation ending 31 March 2015. It was established to develop services and advice to improve strength, capability and excellence across local government.

Equip hired Dr Steven Finlay as Manager Business Solutions in April 2014 to drive the operational delivery of Equip.

Its aim is to raise the bar and set best practice. The sector has identified that in order to support and create economic growth and vibrant communities, we need to have high standards of governance and performance. LGNZ members show a continued strong appetite to up-skill.

## Good governance in local government

One of the original Equip services, good governance in local government, includes The Good Governance Guide book, the Institute of Directors partnership and Better Boards assessment tool. Equip also launched the IoD BoardWide membership offering.

## Executive performance programme

This new programme delivers services that promote capability, better decision-making, effective management and strong leadership skills in participants. Equip is now working with over 11 councils across the sector to develop annual objective setting plans and provide executive support.

## Executive recruitment services

Equip has embedded its recruitment service during the year, working with a number of councils to employ their Chief Executives, working with councils to complete the search and selection process and undertaking due diligence.

## Audit and risk

Equip published the Local Government Audit & Risk Management guide, and Equip's audit and risk service has been successful during

the year in advising councils on the right people and processes to effectively monitor and report on audit and risk. In the majority of cases councils now have audit and risk committees, with a growing number putting in place independent members or advisors.

## Road Transportation Unit

Equip launched the Road Transportation Unit (RTU) in 2014 to provide councils with the knowledge that they are delivering best practice activity management planning and that value for money is being delivered with fit for purpose levels of service. It has commissioned experts to support governance and management in assessing readiness to implement the One Network Road Classification (ONRC). The RTU achieved two major milestones during the year:

- assisting councils to submit the required Transition Plans; and
- moderating the remaining low level ONRC clarifications.

The RTU service was utilised by the metro councils seeking assistance with ONRC and the team delivered in-depth support to 18 councils, while guides and webinars were produced to fill information gaps across the whole sector.

## Functional review programme

Equip has continued to utilise its functional review programme to identify strengths and support continuous improvement processes across councils. Equip consultants have used the review process to assess how well these councils are serving external and internal stakeholders and managing good practice across each functional area.

## LGNZ Preferred Partners

The LGNZ Preferred Partners programme was announced in July 2014. This is an associate membership giving recognition to LGNZ supporters who work with the local government sector. It highlights companies and organisations that deliver sector value to local government in New Zealand, as part of LGNZ's on-going commitment to supporting members to strengthen governance and performance. These include partnerships with:

- independent Crown-owned company FairWay Resolution, which provides specialist complaint management and dispute resolution services;
- specialist consultancy Giblin Group, which assists local government to develop and deliver on its plans and projects;
- New Zealand Recreation Association, for recreation professionals, made up of more than 1700 people working in a wide variety of roles across the entire sport and recreation sector;
- New Zealand Motor Caravan Association, a membership based organisation representing the interests of private motor caravan owners in New Zealand;
- fully integrated technology, road charging and services provider EROAD;
- intuitive and secure mobile content delivery system Stellar Library for organisations that share documents;
- consultancy MartinJenkins, with a reputation for astute organisational, management, economic and strategic advice;
- the Institute of Directors, the professional body for directors in New Zealand and provides training, board evaluations and governance advice; and
- water, natural resource and transportation specialists MWH.

## KnowHow

LGNZ training programme arm KnowHow delivers sector-specific education to council staff and elected members. It plans, designs, develops, delivers and manages an annual programme to promote sector capability, better decision-making and effective representation at a local level for New Zealand communities.

In partnership with FairWay, KnowHow launched the beginning of a new series of workshops, Working with Complaints, Complainants and Difficult People. The KnowHow programme experienced positive demand during the year for both its core workshops on topics such as governance, resource management and infrastructure, as well as its KnowHow Plus specialist workshops:

- The Audit and Risk Committees – Roles and Functions workshop. This workshop discusses the role of audit and risk committees in the functions of external financial reporting and engagement with external and internal auditors.
- The Understanding Te Ao Māori workshop looks at effectively engaging with Māori.
- Understanding and Maximising Relationships with China, looks at how forging closer ties with China could make a difference to the economic strength of regions.

2013/14		2014/15
7 webinars	>	9 webinars
71 workshops held	>	53 workshops held
820 workshop attendees	>	643 workshop attendees
2014/15		
9 Institute of Directors workshops – Applied Governance Essentials for Local Government		2 FairWay Resolution workshops – Working with Complaints, Complainants and Difficult People

# 3

# Financial Statements

# Consolidated Statement of Financial Performance

For the Year ended 31 March 2015

<b>INCOME</b>	<b>Note</b>	<b>2015 Group</b>	<b>2014 Group</b>	<b>2015 Parent</b>	<b>2014 Parent</b>
Conference Income	7	809,919	695,898	809,919	695,898
Administration Fees - Rural Trust		-	8,000	-	8,000
Administration Fees - MTFJ		23,000	-	23,000	-
Administration Fees - Equip Limited Partnership		-	-	38,003	-
Administration Fees - Other		2,300	-	2,300	-
NZ Aid Grant		115,000	115,000	115,000	115,000
Subscription Income		3,639,142	3,526,300	3,639,142	3,526,300
Knowhow Income	3	379,004	760,136	379,004	760,136
Business Solutions Income		-	93,296	-	93,296
CoE Webinar		-	7,000	-	7,000
Sundry Income		207	185	207	185
Interest Earned		104,144	94,200	104,144	94,200
Dividends Received		35,000	50,000	35,000	50,000
Equip Limited Partnership Income	5	698,734	-	-	-
<b>TOTAL INCOME</b>		<b>5,806,450</b>	<b>5,350,015</b>	<b>5,145,719</b>	<b>5,350,015</b>
Less Expenses					
Administration	8	587,301	455,517	587,301	455,517
Audit Fees		17,850	15,900	17,850	15,900
Communications		255,097	277,508	255,097	277,508
Conference Expenditure	7	600,975	542,755	600,975	542,755
Committees & Advisory		1,721	-	1,721	-
Honoraria	9	110,345	104,369	110,345	104,369
Legal Expenses		26,156	49,161	26,156	49,161
Other Operating Expenses		101,306	102,654	101,306	102,654
Policy		383,650	308,494	383,650	308,494
Internal Governance		175,024	176,978	175,024	176,978
Knowhow	3	336,625	623,921	336,625	623,921
Accounting/Consulting		38,095	41,246	38,095	41,246
Business Solutions		-	151,582	-	151,582
Branding		-	20,549	-	20,549
Printing, Stationary & Photocopying		54,282	65,785	54,282	65,785
Travelling & Accommodations		41,356	39,694	41,356	39,694
Staff Remuneration		1,975,024	1,743,154	1,836,499	1,743,154
Knowhow Staff Remuneration		204,165	199,131	204,165	199,131
Ready Response Fund		-	8,696	-	8,696
Insurance Review		-	154,583	-	154,583
Make Good (Civic Assurance House)		30,000	-	30,000	-
NZTA/ONRC		43,478	-	43,478	-
Equip Limited Partnership Operating Expenses	6	616,987	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>5,599,437</b>	<b>5,081,677</b>	<b>4,843,925</b>	<b>5,081,677</b>
Depreciation & Amortisation		86,634	86,794	86,418	86,794
Loss on Disposal of Assets		28,817	29,348	28,818	29,348
<b>NET DEPRECIATION ADJUSTMENT</b>		<b>115,451</b>	<b>116,142</b>	<b>115,236</b>	<b>116,142</b>
<b>TOTAL EXPENSES</b>		<b>5,714,888</b>	<b>5,197,819</b>	<b>4,959,161</b>	<b>5,197,819</b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies and the accompanying notes to the Financial Statements.

## Consolidated Statement of Financial Performance

For the Year ended 31 March 2015

	Note	2015 Group	2014 Group	2015 Parent	2014 Parent
<b>NET SURPLUS BEFORE TAX</b>		<b>91,562</b>	<b>152,196</b>	<b>186,558</b>	<b>152,196</b>
Less Taxation Expenses	13	26,826	18,633	26,741	18,633
<b>NET SURPLUS FOR THE YEAR</b>		<b>64,736</b>	<b>133,563</b>	<b>159,817</b>	<b>133,563</b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies and the accompanying notes to the Financial Statements.

## Consolidated Statement of Movements in Equity

For the Year ended 31 March 2015

	Note	2015 Group	2014 Group	2015 Parent	2014 Parent
<b>TOTAL EQUITY AS AT 1 APRIL</b>		<b>1,628,303</b>	<b>1,494,740</b>	<b>1,628,303</b>	<b>1,494,740</b>
Net Surplus for the year		64,736	133,563	159,817	133,563
<b>TOTAL RECOGNISED REVENUE AND EXPENSES</b>		<b>64,736</b>	<b>133,563</b>	<b>159,817</b>	<b>133,563</b>
<b>TOTAL EQUITY AS AT 31 MARCH</b>		<b>1,693,039</b>	<b>1,628,303</b>	<b>1,788,120</b>	<b>1,628,303</b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies and the accompanying notes to the Financial Statements.

# Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 Group	2014 Group	2015 Parent	2014 Parent
<b>ACCUMULATED FUNDS</b>					
Conference Reserve	16	317,691	261,333	317,691	261,333
Accumulated Funds	17	1,375,348	1,366,970	1,470,429	1,366,970
<b>TOTAL FUNDS</b>		<b>1,693,039</b>	<b>1,628,303</b>	<b>1,788,120</b>	<b>1,628,303</b>
<b>EQUITY IS REPRESENTED BY:</b>					
<b>CURRENT ASSETS</b>					
Bank & Cash		810,111	898,548	731,049	898,547
Payment in Advance		139,111	87,614	138,744	87,614
Monies held for Mayors Taskforce For Jobs	15	121,252	233,318	121,252	233,318
NZ Aid Fund Bank Account	11	394,020	436,889	394,020	436,889
Regional Group Association Fund Bank Account	11	26,806	26,856	26,806	26,856
EquiP Limited Partnership		-	-	117,617	-
Prepaid Annual Leave		-	-	3,847	-
Conference Debtors	10	212,523	-	212,523	-
Sundry Debtors		225,315	140,614	89,033	140,614
Accrued Interest		4,831	9,413	4,831	9,413
GST Receivable		23,323	62,548	16,101	62,548
Taxation	13	2,942	4,549	2,906	4,549
Term Deposits		1,300,000	1,000,729	1,300,000	1,000,729
<b>TOTAL CURRENT ASSETS</b>		<b>3,260,234</b>	<b>2,901,077</b>	<b>3,158,729</b>	<b>2,901,077</b>
<b>NON-CURRENT ASSETS</b>					
Fixed Assets	12	517,456	160,034	512,488	160,034
Shares in Local Government Online Limited		-	30,000	-	30,000
Paintings/Artwork		1,475	6,449	1,475	6,449
<b>TOTAL NON-CURRENT ASSETS</b>		<b>518,931</b>	<b>196,483</b>	<b>513,963</b>	<b>196,483</b>
<b>TOTAL ASSETS</b>		<b>3,779,165</b>	<b>3,097,560</b>	<b>3,672,692</b>	<b>3,097,560</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable		685,819	413,524	491,465	413,524
Mayors Taskforce for Jobs (MTFJ)	15	121,252	233,318	121,252	233,318
Deferred Income		323,240	134,024	323,240	134,024
Provision for Annual Leave		91,462	70,532	84,262	70,532
NZ Aid Fund Income in Advance	11	394,020	436,889	394,020	436,889
RGA Fund Income in Advance	11	26,806	26,856	26,806	26,856
3 Water Levy		44,140	136,245	44,140	136,245
Community Board Executive Committee Levy		19,300	17,869	19,300	17,869
Lease Incentive	21	189,375	-	189,375	-
Current Portion of Fit-Out Loan (RJH Limited)	20	16,896	-	16,896	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,912,310</b>	<b>1,469,257</b>	<b>1,710,756</b>	<b>1,469,257</b>
<b>NON-CURRENT LIABILITIES</b>					
Fit-Out Loan (RJH Limited)	20	173,816	-	173,816	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>173,816</b>	<b>-</b>	<b>173,816</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,086,126</b>	<b>1,469,257</b>	<b>1,884,572</b>	<b>1,469,257</b>
<b>NET ASSETS</b>		<b>1,693,039</b>	<b>1,628,303</b>	<b>1,788,120</b>	<b>1,628,303</b>

# Consolidated Statement of Financial Position

As at 31 March 2015

For and on behalf of the National Council:



**L Yule**  
President  
29 May 2015



**M Alexander**  
Chief Executive  
29 May 2015

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies and the accompanying notes to the Financial Statements.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2015

## 1. NATURE OF ACTIVITIES

The New Zealand Local Government Association Incorporated trades as Local Government New Zealand (LGNZ). Local Government New Zealand is an incorporated society registered under the Incorporated Society Act 1908. The Consolidated Financial Statements of LGNZ includes Equip Limited Partnership. LGNZ and Equip GP Limited are the partners of Equip Limited Partnership. Equip GP Limited is owned 100% by LGNZ.

Local Government New Zealand is a membership organisation that represents local authorities in promoting the national interests of local government.

## 2. STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Consolidated 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.

### Measurement Base

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

### Specific Accounting Policies

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

- a. Sundry Debtors have been valued at expected net realisable value.
- b. Interest Income is accounted for on an accrual basis.
- c. Fixed Assets are shown at cost less accumulated depreciation and less impairment.

Fixed Assets have been depreciated on a 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	14%-67% diminishing value
Computer Software	40%-60% diminishing value
Leasehold Improvement	8%-10% diminishing value
Website Developments	50% diminishing value

- d. Taxation expense: 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 and Profit/(Loss) from Equip Limited Partnership.
- e. Conference income is recognised on an accruals 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 Consolidated 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 Consolidated Statement of Financial Position.
- g. Investments held in term deposits, shares and painting/artwork are stated at cost less impairment losses.
- h. These consolidated financial statements are presented in New Zealand Dollars which is the functional currency of the Group.
- i. The Local Government New Zealand (LGNZ) owns Equip GP Limited 100%. LGNZ and Equip GP Limited are partners of Equip Limited Partnership. The consolidated figures represent LGNZ and Equip Limited Partnership. All inter entity transactions are eliminated on consolidation.

### 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.

### Changes in Accounting Policies

There have been no changes in accounting policies. All accounting policies have been applied on basis consistent with those used in previous years, other than some reclassifications in the income and expenses in the Consolidated Statement of Financial Performance to make the categories more specific.

### 3. KNOWHOW

	2015 Group	2014 Group	2015 Parent	2014 Parent
Knowhow Income	379,004	760,136	379,004	760,136
Less: Knowhow Expenses	(336,625)	(623,921)	(336,625)	(623,921)
Less: Knowhow Staff Remuneration	(204,165)	(199,131)	(204,165)	(199,131)
<b>NET SURPLUS</b>	<b>(161,786)</b>	<b>(62,916)</b>	<b>(161,786)</b>	<b>(62,916)</b>

### 4. EQUIP LIMITED PARTNERSHIP

Equip is New Zealand Local Government Association Incorporated's Centre of Excellence and is a Limited Partnership and separate legal entity wholly owned by New Zealand Local Government Association Incorporated. Its purpose is to deliver tailored services, best practice guidance, business solutions, government and management support to strengthen the local government sector.

### 5. EQUIP LIMITED PARTNERSHIP INCOME

	2015 Group
Audit and Risk Committee Income	1,475
Executive Performance Mgmt Programme	50,658
Disbursements Recovered	75,768
Preferred Partner	60,221
Recruitment Income	41,550
Support Service	388,732
Webinar Income	80,010
Interest Received	320
<b>TOTAL EQUIP LIMITED PARTNERSHIP INCOME</b>	<b>698,734</b>

Support Services include the NZTA project supporting the implementation of the One Network Road Classification and other bespoke services.

### 6. EQUIP LIMITED PARTNERSHIP OPERATING EXPENSES

	2015 Group
Accountancy Fees	4,000
Audit and Risk Committee Expenses	1,125
Bank Charges	106
IT Outsourcing	2,097
Conference & Seminar	4,275
Consulting	6,030
Other Employment Expenses	704
Entertainment Deductible	590
Executive Performance Management Programme	6,396
Disbursements To Be Recovered	84,639
HR Consultancy	3,686
Legal Expenses	8,337
Marketing	9,777
Office & Administration	6,494
Preferred Partner Expenses	2,600
Professional Development	1,625
Recruitment	3,120
Support Service	381,403
Travel	45,073
Webinar - Development Costs	8,011
Webinar Costs	36,899
<b>TOTAL EQUIP LIMITED PARTNERSHIP OPERATING EXPENSES</b>	<b>616,987</b>

# Notes to the Consolidated Financial Statements

For the Year ended 31 March 2015

## 7. CONFERENCE

	Note	2015 Group	2014 Group	2015 Parent	2014 Parent
Registration and Sponsorship Income		809,919	695,898	809,919	695,898
Less: Expenses for Current Conference		(600,975)	(542,755)	(600,975)	(542,755)
		<b>208,944</b>	<b>153,143</b>	<b>208,944</b>	<b>153,143</b>
Less: Staff Remuneration and Overheads		(152,586)	(69,475)	(152,586)	(69,475)
<b>NET SURPLUS</b>	<b>16</b>	<b>56,358</b>	<b>83,668</b>	<b>56,358</b>	<b>83,668</b>

Staff remuneration and overheads have been recorded in Administration Expenses in the Consolidated Statement of Financial Performance. These relate to costs directly paid by Local Government New Zealand as part of its operations.

## 8. ADMINISTRATION EXPENSES

	2015 Group	2014 Group	2015 Parent	2014 Parent
Rental Expenses	202,189	138,717	202,189	138,717
Mobile Phone Expenses	13,062	11,643	13,062	11,643
Repairs and Maintenance	1,796	6,286	1,796	6,286
Computer Outsourcing	145,697	128,257	145,697	128,257
Staff Recruitment & Training	34,554	104,432	34,554	104,432
Insurance	38,448	38,671	38,448	38,671
Subscriptions - Local Organisations	7,550	12,747	7,550	12,747
Telephone Expenses	21,737	14,764	21,737	14,764
Fit-Out Loan Interest	8,577	-	8,577	-
Moving Costs	113,691	-	113,691	-
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>587,301</b>	<b>455,517</b>	<b>587,301</b>	<b>455,517</b>

Staff Remuneration and Knowhow Staff Remuneration have been recorded separately in the Consolidated Statement of Financial Performance.

## 9. HONORARIA

Honoraria paid to National Council Members during the year ended 31 March 2015 amounted to \$110,345 (2014: \$104,369). This was made up of the Honoraria paid to the president \$73,933 (2014: \$80,284) and the Vice-President \$36,412 (2014: \$24,085).

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

## 10. CONFERENCE DEBTORS

	2015 Group	2014 Group	2015 Parent	2014 Parent
Conference Debtors (July 2015 Conference)	212,523	-	212,523	-
<b>TOTAL CONFERENCE DEBTORS</b>	<b>212,523</b>	<b>-</b>	<b>212,523</b>	<b>-</b>

Conference debtors record early bird registrations for the conference being held from 19-21 July 2015 in Rotorua who have not yet paid.

# Notes to the Consolidated Financial Statements

For the Year ended 31 March 2015

## 11. NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION FUND

### DESCRIPTION OF FUNDS' ACTIVITIES

The following funds are managed by Local Government New Zealand:

#### Regional Government Association Fund ("RGA Fund")

At the meeting of the Regional Government Association (the "RGA Fund") on 1 December 1995 it was resolved that the funds of the RGA Fund 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 funds. The monies are held by Local Government New Zealand in advance until the funds are used.

#### New Zealand Aid Fund ("NZ Aid Fund")

The NZ Aid fund received is an arrangement between Ministry of Foreign Affairs and Trade and LGNZ to enable LGNZ to provide in respect of technical assistance to local government development in Pacific Island countries. The funding is made available under the NZ Aid Programme's State Sector Programme.

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

	2015 Group	2014 Group	2015 Parent	2014 Parent
<b>REGIONAL GOVERNMENT ASSOCIATION FUND ("RGA FUND")</b>				
Opening Balance	26,856	66,216	26,856	66,216
Interest Income Received (LGNZ)	2,246	922	2,246	922
RWT Paid (LGNZ)	(393)	(284)	(393)	(284)
Other Movements	(1,903)	(39,998)	(1,903)	(39,998)
<b>CLOSING BALANCE</b>	<b>26,806</b>	<b>26,856</b>	<b>26,806</b>	<b>26,856</b>
<b>NEW ZEALAND AID FUND ("NZ AID FUND")</b>				
Opening Balance	436,889	660,720	436,889	660,720
Work Undertaken	(43,036)	(227,500)	(43,036)	(227,500)
Interest Income Received (LGNZ)	203	4,448	203	4,448
RWT Paid (LGNZ)	(36)	(779)	(36)	(779)
<b>CLOSING BALANCE</b>	<b>394,020</b>	<b>436,889</b>	<b>394,020</b>	<b>436,889</b>

# Notes to the Consolidated Financial Statements

For the Year ended 31 March 2015

## 12. FIXED ASSETS

	2015 Group	2014 Group	2015 Parent	2014 Parent
<b>FURNITURE, FITTINGS, OFFICE EQUIPMENT AT COST</b>	<b>253,612</b>	<b>395,906</b>	<b>248,429</b>	<b>395,906</b>
Less Accumulated Depreciation	(61,973)	(267,882)	(61,973)	(267,882)
	<b>191,639</b>	<b>128,024</b>	<b>186,456</b>	<b>128,024</b>
Less Depreciation	(33,039)	(60,244)	(32,823)	(60,244)
<b>NET BOOK VALUE</b>	<b>158,600</b>	<b>67,780</b>	<b>153,633</b>	<b>67,780</b>
<b>COMPUTER EQUIPMENT AT COST</b>	<b>41,651</b>	<b>41,651</b>	<b>41,651</b>	<b>41,651</b>
Less Accumulated Depreciation	(4,647)	(309)	(4,647)	(309)
	<b>37,004</b>	<b>41,342</b>	<b>37,004</b>	<b>41,342</b>
Less Depreciation	(18,502)	(4,339)	(18,503)	(4,339)
<b>NET BOOK VALUE</b>	<b>18,502</b>	<b>37,003</b>	<b>18,501</b>	<b>37,003</b>
<b>LEASEHOLD IMPROVEMENT AT COST</b>	<b>322,275</b>	<b>7,293</b>	<b>322,275</b>	<b>7,293</b>
Less Accumulated Depreciation		(229)		(229)
	<b>322,275</b>	<b>7,064</b>	<b>322,275</b>	<b>7,064</b>
Less Depreciation	(17,868)	(4,986)	(17,868)	(4,986)
<b>NET BOOK VALUE</b>	<b>304,407</b>	<b>2,078</b>	<b>304,407</b>	<b>2,078</b>
<b>WEBSITE DEVELOPMENT AT COST</b>	<b>70,399</b>	<b>70,399</b>	<b>70,399</b>	<b>70,399</b>
Less Accumulated Depreciation	(17,226)	-	(17,226)	-
	<b>53,173</b>	<b>70,399</b>	<b>53,173</b>	<b>70,399</b>
Less Depreciation	(17,226)	(17,226)	(17,226)	(17,226)
<b>NET BOOK VALUE</b>	<b>35,947</b>	<b>53,173</b>	<b>35,947</b>	<b>53,173</b>
<b>TOTAL FIXED ASSETS</b>	<b>517,456</b>	<b>160,034</b>	<b>512,488</b>	<b>160,034</b>

# Notes to the Consolidated Financial Statements

For the Year ended 31 March 2015

## 13. TAXATION

	<b>2015 Group</b>	<b>2014 Group</b>	<b>2015 Parent</b>	<b>2014 Parent</b>
Taxable Income	153,075	144,200	152,755	144,200
<b>LESS:</b>				
Exemption	1,000	1,000	1,000	1,000
Deduction on Taxable Income	7,654	7,210	7,638	7,210
	8,654	8,210	8,638	8,210
<b>TAXABLE PROFIT FOR YEAR</b>	<b>144,421</b>	<b>135,990</b>	<b>144,117</b>	<b>135,990</b>
Estimated Tax on Surplus (at 28%)	40,438	38,077	40,353	38,077
Imputation Credits Received	(13,612)	(19,444)	(13,612)	(19,444)
<b>TOTAL TAX EXPENSES</b>	<b>26,826</b>	<b>18,633</b>	<b>26,741</b>	<b>18,633</b>
Less				
RWT Paid	24,976	23,182	24,855	23,182
	<b>24,976</b>	<b>23,182</b>	<b>24,855</b>	<b>23,182</b>
Income Tax Payable (Refund) for Current Year	1,850	(4,549)	1,886	(4,549)
Income Tax Payable (Refundable) Relating to Prior Years	(4,792)	-	(4,792)	-
<b>BALANCE TO PAY/(REFUND DUE)</b>	<b>(2,942)</b>	<b>(4,549)</b>	<b>(2,906)</b>	<b>(4,549)</b>

## 14. RELATED PARTIES

Local Government New Zealand received an administration fee of \$Nil (2014: \$8,000) from the Local Government Rural Trust for administrative services provided. This was a decision made by National Council.

Local Government New Zealand received Accommodation fees of \$8,803 (2014: Nil) & Services Agreement fees of \$29,200 (2014: \$Nil) from Equip Limited Partnership. These transactions are eliminated on consolidation.

## 15. MAYORS TASKFORCE FOR JOBS

The Mayors Taskforce for Jobs (the "MTFJ") is a separately funded entity for which Local Government New Zealand provides management and administration services. All receipts 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 consolidated financial statements the monies held in trust on behalf of the MTFJ are recorded separately in the Consolidated Statement of Financial Position along with the corresponding liability.

MTFJ is grouped with LGNZ for GST purposes.

	<b>2015 Group</b>	<b>2014 Group</b>	<b>2015 Parent</b>	<b>2014 Parent</b>
Mayors Taskforce For Jobs	121,252	233,318	121,252	233,318
<b>TOTAL MAYORS TASKFORCE FOR JOBS</b>	<b>121,252</b>	<b>233,318</b>	<b>121,252</b>	<b>233,318</b>

# Notes to the Consolidated Financial Statements

For the Year ended 31 March 2015

## 16. CONFERENCE RESERVES

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.

	2015 Group	2014 Group	2015 Parent	2014 Parent
Opening Balance	261,333	177,665	261,333	177,665
Transfer from Accumulated Funds	56,358	83,668	56,358	83,668
<b>CLOSING BALANCE</b>	<b>317,691</b>	<b>261,333</b>	<b>317,691</b>	<b>261,333</b>

## 17. ACCUMULATED FUNDS

	2015 Group	2014 Group	2015 Parent	2014 Parent
Opening Balance	1,366,970	1,317,075	1,366,970	1,317,075
Net Income Earned This Year	64,736	133,563	159,817	133,563
Transfer (to) Conference Reserve	(56,358)	(83,668)	(56,358)	(83,668)
<b>CLOSING BALANCE</b>	<b>1,375,348</b>	<b>1,366,970</b>	<b>1,470,429</b>	<b>1,366,970</b>

## 18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments or contingent liabilities at balance date (2014: none).

## 19. LEASE COMMITMENTS

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

	2015 Group	2014 Group	2015 Parent	2014 Parent
No later than one year	321,244	109,018	321,244	109,018
Later than one year but not later than two years	270,025	51,219	270,025	51,219
Later than two years but not later than five years	810,075	-	810,075	-
Later than five years	922,585	-	922,585	-
<b>TOTAL LEASE COMMITMENTS</b>	<b>2,323,929</b>	<b>160,237</b>	<b>2,323,929</b>	<b>160,237</b>

## 20. LOAN FIT-OUT RJH LIMITED

	2015 Group	2014 Group	2015 Parent	2014 Parent
Current Portion	16,896	-	216,896	-
Non-Current Portion	173,816	-	173,816	-
<b>TOTAL LOAN FIT-OUT RJH LIMITED</b>	<b>190,712</b>	<b>-</b>	<b>190,712</b>	<b>-</b>

The Landlord agreed to fund New Zealand Local Government's Fit-out to the amount of \$200,000. This has been funded by a loan advance to New Zealand Local Government, which is then repaid over the initial lease term of 9 years at an interest rate of 7.5% per annum.

## 21. LEASE INCENTIVE

	2015 Group	2014 Group	2015 Parent	2014 Parent
Lease Incentive	189,375	-	189,375	-
<b>TOTAL LEASE INCENTIVE</b>	<b>189,375</b>	<b>-</b>	<b>189,375</b>	<b>-</b>

New Zealand Local Government Association Incorporated record a lease incentive liability for the rent free period of nine months, and then allocate this rent free period over the term of the lease by a reduction in the annual rental expenses.

## 22. NEW ACCOUNTING STANDARDS FRAMEWORK

On 1 April 2014, the new Financial Reporting Act 2013 (FRA 2013) and the Financial Reporting (Amendments to Other Enactments) Act 2013 came into force. The FRA 2013 prescribes who has to report, and what types of entities are required to prepare general purpose financial reports (GPFR).

The new Accounting Standards Framework consists of a two-sector, multi-tier structure with different accounting standards applying to each tier. The two sectors are the For-Profit sector and the Public Benefit Entity (PBE) sector, the latter of which includes public sector entities, not-for-profit entities, and the subset of those; registered charities.

The new framework will result in PBE's shifting from NZ IFRS (or old GAAP where this was used) to the new PBE IPSAS regime (or simple format reporting where applicable). Recognition and disclosure differences between the two frameworks will likely be significant.

For accounting periods that commence on or after 1 April 2015, financial statements need to be prepared in accordance with the new financial reporting framework meaning LGNZ will report first year end 31 March 2016.

Local Government New Zealand will review its reporting obligations in the coming year.

## 23. SUBSEQUENT EVENT AFTER BALANCE DATE

No significant events occurred after the balance date.

# INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 consolidated financial statements of the Association on her behalf.

We have audited the consolidated financial statements of the Association on pages 16 to 27, that comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of financial performance and consolidated statement of movements in equity for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

## **Opinion**

In our opinion the consolidated financial statements of the Association on pages 16 to 27:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Association's:
  - financial position as at 31 March 2015; and
  - financial performance for the year ended on that date.

Our audit was completed on 29 May 2015. 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, in our judgement, are likely to influence readers' 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 consolidated 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 consolidated 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 consolidated financial statements; and
- the overall presentation of the consolidated financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the consolidated financial statements. Also we did not evaluate the security and controls over the electronic publication of the consolidated 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 are responsible for preparing consolidated 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. The National Council is also responsible for the publication of the consolidated financial statements, whether in printed or electronic form.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the consolidated 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 External Reporting Board.

Other than the audit, we have no relationship with or interests in New Zealand Local Government Association Incorporated.



## Trevor Deed

Deloitte

On behalf of the Auditor-General

Wellington, New Zealand

This audit report relates to the consolidated financial statements of New Zealand Local Government Association Incorporated (the "Association") for the year ended 31 March 2015 included on the Association's website. The Association's National Council is responsible for the maintenance and integrity of the Association's website. We have not been engaged to report on the integrity of the Association's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 29 May 2015 to confirm the information included in the audited consolidated financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

4

**National  
Council**



**Back row:** John Carter, John Tregidga, Stephen Woodhead  
**Fourth row:** Tracy Hicks, Stuart Crosby, Don Cameron, Richard Kempthorne  
**Third row:** John Forbes, Adrienne Staples, Penny Webster, Len Brown  
**Second row:** Brendan Duffy  
**Front row:** Dave Cull, Lawrence Yule, Fran Wilde

## National Council

Lawrence Yule | President | Mayor, Hastings District Council

Brendan Duffy | Vice President | Provincial Sector | Mayor, Horowhenua District Council

John Carter | Zone One | Mayor, Far North District Council

Penny Webster | Zone One | Councillor, Auckland Council

John Tregidga | Zone Two | Mayor, Hauraki District Council

Don Cameron | Zone Three | Mayor, Ruapehu District Council

Adrienne Staples | Zone Four | Mayor, South Wairarapa District Council

Richard Kempthorne | Zone Five | Mayor, Tasman District Council

Tracy Hicks | Zone Six | Mayor, Gore District Council

Len Brown | Metro Sector | Mayor, Auckland Council

Dave Cull | Metro Sector | Mayor, Dunedin City Council

Stuart Crosby | Metro Sector | Mayor, Tauranga City Council

John Forbes | Rural Sector | Mayor, Opotiki District Council

Stephen Woodhead | Regional Sector | Chair, Otago Regional Council

Fran Wilde | Regional Sector | Chair, Greater Wellington Regional Council

## **LGNZ staff** (as at 31 March 2015)

Malcolm Alexander | Chief Executive

Leanne Brockelbank | Chief Financial Officer

Helen Mexted | Director, Advocacy

Vickie Paterson | Director, People and Performance

Scott Necklen | Director, Business Solutions

Anne Gibson | Professional Development Manager

Sandra Scrimshaw | Professional Development Coordinator

Kerry Washington | Professional Development Assistant (on contract)

Helen Knight | Accounts Officer

Dr Mike Reid | Principal Policy Advisor

Frances Sullivan | Principal Policy Advisor

Clare Wooding | Principal Policy Advisor

Philip Shackleton | Principal Policy Advisor

Tom Simonson | Principal Regulatory Advisor

Karen Collins | Principal Policy Advisor

Megan Bartrum | Communications Advisor

Jazial Crossley | Communications Advisor

Daniel Henderson | MTFJ Taskforce Coordinator

Rachel Prentice | Team Administrator

Patrick Walsh | Team Administrator

< Our vision:  
Local democracy  
powering community  
and national success. >



# We are. LGNZ.

PO Box 1214  
Wellington 6140  
New Zealand

P. 64 4 924 1200  
[www.lgnz.co.nz](http://www.lgnz.co.nz)

---

## We are.

Ashburton.  
Auckland.  
Bay of Plenty.  
Buller.  
Canterbury.  
Carterton.  
Central  
Hawke's Bay.  
Central Otago.  
Chatham Islands.  
Christchurch.  
Clutha.  
Dunedin.  
Far North.

Gisborne.  
Gore.  
Greater Wellington.  
Grey.  
Hamilton.  
Hastings.  
Hauraki.  
Hawke's Bay  
Region.  
Horizons.  
Horowhenua.  
Hurunui.  
Hutt City.  
Invercargill.

Kaikoura.  
Kaipara.  
Kapiti Coast.  
Kawerau.  
Mackenzie.  
Manawatu.  
Marlborough.  
Masterton.  
Matamata-Piako.  
Napier.  
Nelson.  
New Plymouth.  
Northland.  
Opotiki.

Otago.  
Otorohanga.  
Palmerston North.  
Porirua.  
Queenstown-  
Lakes.  
Rangitikei.  
Rotorua Lakes.  
Ruapehu.  
Selwyn.  
South Taranaki.  
South Waikato.  
South Wairarapa.  
Southland District.

Southland Region.  
Stratford.  
Taranaki.  
Taranaki.  
Tasman.  
Taupo.  
Tauranga.  
Thames-  
Coromandel.  
Timaru.  
Upper Hutt.  
Waikato District.  
Waikato Region.  
Waimakariri.

Waimate.  
Waipa.  
Wairoa.  
Waitaki.  
Waitomo.  
Wanganui.  
Wellington.  
West Coast.  
Western Bay  
of Plenty.  
Westland.  
Whakatane.  
Whangarei.

**LGNZ.**