

# **We create. A future where our communities thrive.**

Local Government New Zealand | Te Kāhui Kaunihera o Aotearoa  
Annual Report

**2017/18**

**We are.  
LGNZ.**

Te Kāhui Kaunihera o Aotearoa.

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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, which is made up of 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.

## From the President



Tēnā koutou katoa. My first year in the President's role has been focused on engaging with the members through our National Council Roadshow and building new advocacy inroads and relationships with the Government. LGNZ will continue to advocate on the issues that matter to our members and their communities.

LGNZ's manifesto for a prosperous and vibrant New Zealand, launched at our annual conference last July, outlined LGNZ's vision and policy to enable local government to deliver leadership, services, infrastructure and governance. An important document, our manifesto drives our policy and positions us as the leaders of progress for this country.

Following that, the National Council Roadshow was an invaluable opportunity for myself and Vice President Stuart Crosby to speak to every council and listen to your issues and priorities. It provided a strong mandate for the direction of our Business Plan and reinforced its five policy focus areas: infrastructure and funding, risk and resilience, environment, social issues and economic development. Ensuring alignment between members and LGNZ strengthens our collective voice and the roadshow has helped to cement our vision for strong local democracy and successful communities.

< Pleasingly a range of our manifesto positions were taken up in Government coalition talks. >

The 2017 general election provided a significant opportunity to assertively advocate for that progress with the leaders of our biggest political parties. Extensive lobbying across the political spectrum put us on the front foot to work with the new Government, and pleasingly a range of our manifesto positions were taken up in Government coalition talks. This signals the strength of our positions and priorities.

Good early wins included the introduction of the Well-beings Amendment Bill and the Local Electoral Matters Bill to support trials of online voting in the 2019 local authority elections, agreement to undertake a comprehensive review of local government funding and, meanwhile, increased funding support for land transport and likely changes to tourism infrastructure funding. The endorsement of local government's role in social, economic, environmental and cultural outcomes is particularly pleasing.

The roadshow also confirmed the direction of our four main projects; Water 2050, Climate Change, Housing 2030 and Localism. The need for more effective funding and financing tools for infrastructure was a key message, and has been marked as a priority workstream. In particular we have continued to work closely with the Government on the three waters, and will continue advocating for joint policy development around the provision of water and associated funding streams.

Continuing to look forward, National Council resolved to modernise LGNZ's governance and update LGNZ's constitution to better reflect our member representation and indeed our communities, including options to increase the involvement of Māori, young elected members and local boards.

LGNZ will continue to advocate on the issues that matter to our members and their communities, guided by our strategic advocacy principles of leadership, best value and performance for our communities and localism.

The coming year holds further opportunities and challenges for the sector particularly the likely reform in the water space. I firmly believe that the best way forward is to embrace the opportunities and rise to the challenges. We live in a constantly changing world. History teaches us all that the most successful organisations are those that understand that reality and are nimble enough to respond.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'Dave Cull'. The signature is fluid and cursive, with the first name 'Dave' being larger and more prominent than the last name 'Cull'.

**Dave Cull**  
President  
LGNZ

## From the Chief Executive



LGNZ's advocacy centres on giving life to its vision: Local democracy powering community and national success. This vision drives how we think about our issues and how we advocate for the right of local government to make the decisions that are best for their communities.

First, I welcome and congratulate LGNZ's new President Dave Cull and Vice-President Stuart Crosby. Both Dave and Stuart bring great experience and passion for local government to their respective roles, and as long-standing members of National Council the transition in leadership for the organisation has been seamless.

The middle part of the year saw a lull in policy advocacy as central government moved into electioneering mode but once the new Government was established there has been a significant lift in the pace of work occurring at central government level and in particular in the breadth and quality of central government's interaction with local government.

It is pleasing to see that the new Government is aligned to our vision in some key respects. Perhaps this is perhaps best exemplified by the Government's decision to return the well-beings to the purpose of local government. LGNZ has been advocating for this since 2012 and it is pleasing to see the Government move swiftly on this issue.

A further example was our successful advocacy to review the foundations of local government funding. This has been a key piece of LGNZ policy since 2015 and was included in the coalition agreement between Labour and NZ First. At the time of writing, the Government has just announced that this review will be carried out by the Productivity Commission.

LGNZ's chief advocacy objective is to build a platform for greater localism in New Zealand. There is much support for this in many communities but we need to do more if that objective is to be delivered meaningfully. LGNZ and its members need to show that a recalibration of the central and local government relationship would deliver real value from a well-beings point of view for communities.

The sector needs to show every day the value it delivers and the greater value that might be delivered through a greater application of localism principles. This is not something that can be done on

an ad hoc or exceptions basis. It must form the central basis on which the sector is judged by the people. For this reason LGNZ in the coming year will continue to emphasise our focus on delivering best performance and value for communities.

In this regard it has been extremely pleasing to see the continued uptake by the sector of the Council MARK™ programme. Nineteen councils now have completed the programme and another 12 are scheduled to do so soon. CouncilMARK™ is a tangible and real commitment by the sector to show its value to its communities in a way that the public is able to readily and quickly grasp. For those councils who are participants I commend your leadership and commitment to excellence, innovation, and continuous improvement.

To assist with that journey, Equip stands ready to assist the membership with the identification and delivery of improved ways of doing things.

Finally I would like also to thank the CouncilMARK™ Independent Assessment Board, whose rigour and independence over the last year have given this programme the integrity to be treated with seriousness by our communities and central government. Their professionalism and diligence in governing the process should hearten the members who have undertaken CouncilMARK™ and those who have yet to commit to it.

Ngā mihi nui.

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

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

## LGNZ by the numbers



**100%**

of New Zealand councils are LGNZ members



**512**

mentions in the media



**701**

conference attendees



**18**

CouncilMARK™ reports released



**4**

quarterly media briefings



**11**

LGNZ policy positions in new Government coalition agreement



**2,996**

Facebook page likes



**3,581**

Twitter followers



**10**

Policy and governance advisory group meetings



**20**

Zone and Sector meetings



**21**

EquiP workshops



**54**

LGNZ EXCELLENCE Awards entries

## Publications issued to members

- New Zealand Local Government Survey 2017 - June 2017
- Council-Maori Participation Arrangements - June 2017
- Policy Statement: A vibrant and prosperous New Zealand 2017/19 - June 2017
- LGNZ's plan for a prosperous and vibrant New Zealand: The 2017 Local Government Manifesto - July 2017
- Better economic development in local government - July 2017
- How climate change affects local government: A catalogue of roles and responsibilities - July 2017
- Local government position on climate change - July 2017
- Addressing NZ's biodiversity challenge - August 2017

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# Advocacy

The 2017/18 year saw a strengthening of connections between LGNZ, members and central government, with a new President elected, a nationwide roadshow reconfirming strategic policy priorities, continued support for the CouncilMARK™ local government excellence programme and powerful advocacy steps with a new Government across our policy priorities and flagship projects.

## Advocacy and policy leadership

In 2017 LGNZ continued to lead on a number of policy priorities, further advanced by the October 2017 general election and subsequent change of government.

Ahead of the election LGNZ launched its 2017 local government manifesto, LGNZ's plan for a prosperous and vibrant New Zealand. This document outlined our key priorities and areas for action required from the incoming government across five strategic policy priorities:

- Infrastructure and funding;
- Risk and resilience;
- The environment, including addressing water and the impacts of and adapting to climate change;
- Social issues including housing and community safety; and
- Economic development.



Throughout the year LGNZ developed and launched sector commitments to two of the biggest issues we face. The Local Government Leaders' Declaration on Climate Change and the Local Government Leaders' Water Declaration were signed by 54 and 51 mayors and chairs respectively and paved the way for further work on the Water 2050 and Climate Change flagship projects.

Under each policy priority, LGNZ advocated on a range of issues including freedom camping, the development of a Local Government Risk Agency, tourism infrastructure funding, protecting biodiversity and increasing community policing.

## Working with the new Government

The formation of the new coalition Government in 2017 has arguably presented the biggest change in New Zealand politics in a decade. Following the election LGNZ began work to establish partnerships with ministers of the new Government. This process has been made easier as a result of a concerted effort over recent years to develop relationships with political parties across the whole Parliament.

< We have heard consistently from the new Government that it is keen to work in partnership with local government and that has put us on a sound foundation for the triennium. >

As the Government has set about implementing its policy agenda LGNZ has been heartened by its desire to work collaboratively with local government on the issues that matter to New Zealand communities. Whether it's lifting the quality of our water, addressing our housing issues or putting in place strategies to both adapt to and mitigate climate change, there are many issues which require a joint approach.

We have heard consistently from the new Government that it is keen to work in partnership with local government and that has put us on a sound foundation for the triennium.

## Flagship projects

On the back of the strategic policy priorities already detailed, LGNZ launched four flagship projects: Water 2050, Climate Change, Housing 2030 and Revitalising Democracy: going local.

### Water 2050

LGNZ has been leading work in three waters since 2013 and the Water 2050 project has now moved this to a broader policy platform. In May the Freshwater 2017 symposium drew over 200 delegates and canvassed many of the key issues around freshwater management, further informing our Water 2050 project which consists of five workstreams – water allocation, quality, infrastructure, cost and funding, and governance.



Anticipating the Government's release of its Response to Havelock North Drinking-Water Inquiry, LGNZ focused initially on the Governance workstream, issuing the Water 2050: Governance, A better framework for drinking water regulation report, which explores the design of a co-governance approach to drinking water regulation. LGNZ is preparing six additional discussion papers across the workstreams that are intended to promote discussion and contribute to policy development by both central and local government.

### Climate Change

In a year that featured an increase in 'low-frequency, high-impact' weather events, the need for urgent climate change action has become even clearer. LGNZ's flagship Climate Change Project has focused on supporting councils with their climate change adaptation and mitigation responsibilities, and ongoing advocacy to the Government around the tools and changes that councils and their communities need in order to address climate change.



In the adaptation space, LGNZ has formed an At Risk Infrastructure Working Group to complete research to determine the value of local government assets and infrastructure at risk due to sea level rise. A Climate Change and Natural Hazards Decision-Making Legal Toolkit has been developed to help councils with climate change adaptation decision making, particularly around limiting development in natural hazard areas and councils' ability to limit the provision of services in areas affected by climate change hazards.

LGNZ has also continued to advocate for the establishment of a Local Government Risk Agency to provide comprehensive and consistent risk management expertise, tools and knowledge to local authorities across the country.

< LGNZ's flagship Climate Change Project has focused on supporting councils with their climate change adaptation and mitigation responsibilities. >

In the mitigation space, LGNZ has undertaken work to identify the range of actions that councils across the country are taking to contribute to emissions reductions. LGNZ has been an active contributor to the Productivity Commission's inquiry into New Zealand's transition to a low-emissions economy and, via its Mitigation Reference Group, has undertaken work to develop a sector position on mitigation.

LGNZ's engagement with Ministry for the Environment on climate change has increased significantly. LGNZ and MfE have agreed that LGNZ will assist during consultation on the draft Zero Carbon Bill and will work closely on the Government's adaptation work programme.



### Housing 2030

Local government has a significant role in the provision of housing. LGNZ, via its Housing 2030 project, is working with central government, iwi and stakeholders to focus on three broad areas: supply, community and social housing, and healthy homes. Under these three areas we have developed workstreams that will focus on funding options for housing infrastructure, building regulation and land supply; supply of community, social and emergency housing; and mechanisms to increase the quality of rental and other housing stock in communities.

LGNZ has advocated to extend income related rents to council owned social housing and we have also partnered with Ministry of Business, Innovation and Employment, Treasury and the Department of Internal Affairs to identify funding opportunities and improve the responsiveness of regulatory processes.

## Localism

Revitalising Democracy: going local is our flagship localism project, and asserts that accountability and allocative efficiency is enhanced when services are provided by the government closest to the communities receiving the services; local government.



The foundations of the project were laid in late 2017, with the completion of project scoping, definition of principles, inclusion in our 2017 Manifesto and creation of the 'Localism on a page' document. Both National Council and our advisory groups have been briefed on the project, and the creation of terms of reference and the two year project outline is now underway.

## Membership engagement

A key milestone for the 2017 year was the AGM and the election of LGNZ's new President, Dave Cull, Mayor of Dunedin, following the retirement of long-standing President Lawrence Yule.

Along with new Vice-President Stuart Crosby, the President and the LGNZ executive team visited every council in the latter part of 2017 and in early 2018 as part of the LGNZ National Council Roadshow.

The opportunity to introduce our President and Vice-President and hear directly from members about the issues of greatest concern to their communities was an incredibly valuable process. This engagement has been used to confirm the policy priorities and projects now being pursued by LGNZ.

< LGNZ continues to maintain a full and engaged membership. In 2017 we hosted close to 400 members at the LGNZ Conference, and received more than 50 entries for the Local Government EXCELLENCE Awards. >

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The LGNZ conference, held in Auckland, was once again LGNZ's premier event for 2017, with many superb local and international speakers. The EXCELLENCE Awards also provided further opportunity for local government to celebrate outstanding achievement. The awards presented at the 2017 Conference highlighted a number of standout entries across the 17 finalists who demonstrated innovative best practice approaches in the award categories.

< Communication is critical in any membership organisation and LGNZ has continued to keep members updated through our suite of regular communications, including Sector Briefs, Frontpage News and Policy Briefs, and our Zone and Sector meetings. >

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Additionally, the response to the CouncilMARK™ excellence programme continues to show a membership committed to lifting and demonstrating local government performance, with 18 councils completing the programme.



## 2017 LGNZ EXCELLENCE Award winners



**Fulton Hogan EXCELLENCE Award for  
Community Engagement**

Hutt City Council: Transformation Taita



**Creative New Zealand EXCELLENCE Award for  
Best Creative Place**

Napier City Council: City Vision Framework



**Air New Zealand EXCELLENCE Award for  
Environmental Impact**

Palmerston North City Council: Green Corridors Palmerston North



**Crown Fibre Holdings EXCELLENCE Award for Best Practice  
Contribution to Local Economic Development**

West Coast Regional Council: Untamed Natural Wilderness



**Chorus EXCELLENCE Award for  
Best Practice in Infrastructure Management**

Waikato District Council: Waikato District Alliance



**MartinJenkins Judges' Choice Award for  
Outstanding Value and Service Delivery**

Rotorua Lakes Council: Rotorua Mountain Biking Strategy

## Performance excellence

Lifting the performance and reputation of local government is a key goal for the sector. Our work in this area progressed strongly in the 2017/18 year under the CouncilMARK™ local government excellence programme.

CouncilMARK™ is an independent assessment system designed to show and grow the value of local government and we are proud to say that we now have almost 40 per cent of the sector either assessed or scheduled to be assessed in the coming year. It is pleasing to see so many in the sector embrace CouncilMARK™.



At the end of March 2018, 18 reports have been released by the CouncilMARK™ Independent Assessment Board, with a further 12 councils signed up and others expressing interest.

Many councils have spoken publicly about the usefulness of the CouncilMARK™ process and how they intend to use the information it provides to continue to drive improved performance.

<CouncilMARK™ demonstrates that as a sector we are committed to delivering high quality services and outcomes for our communities.>

Research has shown that there is low awareness of the wide range of services that councils provide, and as a consequence, these services tend to be unappreciated. This in turn leads to perceptions of low performance and reputation. CouncilMARK™ not only offers individual councils the chance to show how they're tracking locally, but it also demonstrates to the national community that as a sector we are committed to delivering high quality services and outcomes for our communities.

LGNZ is rightfully proud of CouncilMARK™ and will continue to promote it as a gauge for both councils and communities.

## CouncilMARK™ reports released in 2017/18



## Reputation

The second three-yearly New Zealand Local Government survey revealed that we have an increasingly important role in the country's prosperity and wellbeing, yet local government's reputation remains low, particularly among businesses.

The survey gives us direction for improvement, and strongly informs the second guiding principle of our advocacy work and the CouncilMARK™ excellence programme – to focus on delivering best performance and value for communities.



## Strengthening our governance

At its December 2017 meeting National Council resolved to modernise LGNZ's constitution to better reflect our member representation structure, with work to start in 2018, including options to increase the involvement of Māori, young elected members and Local Boards. It also resolved to include ex-officio members on National Council from both Te Maruata and Local Boards from March and April 2018.

## Te Maruata

Te Maruata, our collective of Māori in governance roles within the sector, has put in place a new strategic plan to be implemented over the year ahead. This seeks a stronger role for Te Maruata and tikanga Māori which authentically reflects the Māori voice in the fabric, policies and activities of LGNZ; enhances Māori participation in local government processes; and increases the effectiveness of councils working with iwi, hapu and Māori groups.



## Governance Development Programme

In December 2017, National Council also resolved to provide an opportunity for Young Elected Members (YEM) to develop their governance capability through participation in National Council meetings.

Each year a YEM will sit at the LGNZ board table for 12 months in an ex-officio capacity, inputting into the strategic matters and policy issues that LGNZ's key governing body deals with.

## Policy priorities

Outside of LGNZ's flagship projects, LGNZ continues to develop policy and advocate in a range of areas under our five policy priorities. This section details progress in these five areas.

### 1. Infrastructure and funding

**Ensuring infrastructure and associated funding mechanisms are in place to allow for growth and maintenance across housing, building, transport, broadband, tourism-related, three waters and flood control infrastructure.**

Ongoing advocacy has resulted in the exploration of alternative funding mechanisms for infrastructure to support housing growth, and regional fuel tax legislation. There is now growing recognition of the need for new funding tools for local government, but the major announcement has been the decision to conduct a review of local government costs and funding in 2018.

< LGNZ continues to advocate for alternative funding for mixed-use infrastructure to support tourism. >

In 2017 LGNZ's ongoing advocacy for Government's funding of tourism infrastructure saw the Tourism Infrastructure Fund boosted from \$12 million to \$100 million. LGNZ has maintained continual focus on funding for tourism infrastructure, which has resulted in inclusion in coalition agreements and the Government exploring the possibility of a visitor levy to help support tourism infrastructure.



Advocating for strong local democracy.

LGNZ also advocated for strategies to address freedom camping and, as a result, a central and local government Responsible Camping Working Group was formed in early 2018. Also in early 2018 LGNZ finalised the LGNZ Freedom Camping Good Practice Guide which provides direction for councils around strategy, destination management and enforcement.

## 2. Risk and resilience

**Understanding and addressing risks from natural hazards and other events – both for infrastructure and to support resilience in the economy and our communities.**

LGNZ has continued to lobby for a Local Government Risk Agency to increase capability and capacity in local authorities to understand risk and develop a consistent standard of risk management, particularly for climate change and other natural hazard related events.

## 3. Environmental

**Leading and championing policy and working alongside central government, iwi and stakeholders to deal with the increasing impact of environmental issues including climate change, the quality and quantity of New Zealand’s freshwater resources, and biodiversity.**

In August 2017 LGNZ’s Regional Sector released a report into the future of biodiversity management, calling for clarification of roles and responsibilities and the creation of a clear biodiversity goal and a plan to achieve it, along with five recommended areas of change.

Over 200 delegates from across local and central government, iwi, the science community and the primary sector gathered in Wellington for the two day LGNZ freshwater symposium in May 2017, providing further direction to ongoing policy development.

Local government also advocated for a levy on single use plastic bags, with an open letter signed by 65 mayors and chairs sent to the Associate Minister for Environment helping to propel both major supermarket chains to commit to phasing out single use bags.

## 4. Social

**Working alongside central government and iwi to address social issues and needs in our communities including an ageing population, disparity between social groups, housing (including social housing) supply and quality, and community safety.**

LGNZ was delighted to see the introduction of the Local Government (Community Well-being) Amendment Bill which recognises local

government’s role in delivering social, economic, environmental and cultural outcomes for communities. This Bill importantly acknowledges that local authorities have a broader role in fostering liveable communities, aside from simply providing “core services”.

LGNZ also continued to lobby for increased support for community and social housing and healthier homes. We were pleased to see the passage of the Healthy Homes Guarantee Act and the extension of the Housing First programme to combat homelessness under the new Government.

## 5. Economic

**Developing a range of policy levers to address and fund economic development and growth across all of New Zealand.**

Over the year LGNZ has worked with its member councils to develop a better understanding of the state of local government economic development services so we can ensure these services deliver strong value to local regions and communities. A report was released at LGNZ’s conference in July 2017 and eight member workshops were held in early 2018 to discuss and explore the issues and options to lift the value of economic development services.



< Over the year LGNZ has worked with its member councils to develop a better understanding of the state of local government economic development services so we can ensure these services deliver strong value to regions and communities. >



The second New Zealand China Mayoral Forum was held in December 2017, providing a platform for peer-to-peer exchanges for over 430 New Zealand and Chinese delegates to discuss mutual interests, strengthen practical

cooperation and enhance friendships. This mayoral forum has provided an important sub-national platform to further enhance and develop political and trade relations between the two countries.



## Other key projects and initiatives

LGNZ's work with the government has led to the Local Electoral Matters Bill being introduced to support trials of online voting in the 2019 local authority elections.

### PacificTA

The Local Government Technical Assistance Facility for Pacific Island Countries (PacificTA) signed a second five-year contract with Ministry of Foreign Affairs and Trade in May 2017. A key change to the delivery of the PacificTA programme is to focus on three or four organisations over a longer period in order to embed better practice in Pacific partner institutions.

A number of supporting systems were implemented for the PacificTA programme including; a health and safety plan; revision of Steering Committee membership and TOR; Stakeholder and communications strategy and collateral; the assessment framework for use in the Pacific; and the appointments of a PacificTA Programme Manager and Administrator.

An organisational assessment framework was completed and trialled in the Cook Islands in September 2017, Kiribati in October 2017, and Vanuatu in February 2018. These scoping studies resulted in the Steering Committee approving work programmes for the Cook Islands and Kiribati, with a proposed programme of support for Vanuatu to be presented for approval in April 2018.

### Mayors Taskforce For Jobs (MTFJ)

Following on from a successful annual general meeting in July, Max Baxter the Mayor of Otorohanga District Council took over as Chair of MTFJ. The programme continues to develop a range of initiatives around New Zealand.

The Tuia leadership development programme has continued to see sustained growth, with 56 rangatahi being supported through Councils in 2018.

< Mayors can now nominate youth in their district through MTFJ for Outward Bound Scholarships. >

Continuing its focus on youth development, MTFJ and Outward Bound forged a new relationship with the aim of providing young people with the opportunity to develop the soft skills needed to help them become successful in both their personal and working lives. Mayors can now nominate youth in their district through MTFJ for Outward Bound scholarships.

Work with the Government on the development of a universal driver licencing programme for young people has continued.

MTFJ has also continued its advocacy for careers in the trades and service industries. Partnering with the Industry Training Federation for the "Got a Trade? Got it Made!" SpeedMeets saw over 400 matches between youth and employers across New Zealand.



Driving action on a licencing programme.

## Remits

LGNZ has worked to progress a range of policy remits throughout the year. Following are updates on remits, including those passed at our 2017 AGM along with remits from previous years where there has been significant progress.

### GST allocation

Members voted for LGNZ to lobby the Government for a proportion of GST to be returned to the regions so councils can use this money to pay for the servicing of visitor infrastructure.

This remit was incorporated into LGNZ's pre-election manifesto and led to the development of the Government's new \$1 billion per annum Provincial Growth Fund. Ongoing advocacy has led to the Government's inquiry into councils' cost pressures and funding options, where this remit may be further considered.

### Cat management

Members asked LGNZ to lobby the Government to develop national legislation to manage cats with the proviso that legislation includes provision for cost recovery for cat management.

A National Cat Management Strategy Group have drafted a strategy document and have socialised this with a variety of stakeholders including central government.

### Driver licencing programme

Members resolved that LGNZ advocate to the Government in support of the implementation of a free and all-inclusive universal driver licence programme for all students at NCEA level two.

The Driver Licencing Programme, led by our Mayors Taskforce for Jobs (MTFJ), has engaged with a number of key central government agencies to advocate for a driver licencing programme. The new Government began work on programme design in cooperation with MTFJ and other stakeholders.

### Sugar sweetened beverages policy

Members agreed that councils should consider the development of a Sugar Sweetened Beverages Policy for their respective workplaces and facilities.

LGNZ has worked with councils to identify the different approaches that they have taken to developing and implementing a sugar sweetened beverage policy and has also engaged in discussions with Regional Public Health (Wellington) about strategies for developing and implementing healthy food and beverage initiatives.

### Container deposit system

Members voted that LGNZ endorses the concept of a national-mandated beverage container deposit system (CDS) and requests that the Government requires industry to develop and implement one within a two year period.

Local Government New Zealand has advocated and we understand that the Government is now looking at a nationally mandated CDS. LGNZ is also seeking to work with the Government on better understanding opposition to and issues with a CDS, and how they can be addressed.

### Community policing

Members resolved that LGNZ advocate to Government for increased policing for New Zealand communities.

Following LGNZ's advocacy, the Government announced that 880 extra police are to be introduced over the next four years. LGNZ met with the Police to discuss the rollout, including the 'hub' model for rural towns and the potential for community police stations to be re-opened. Work on this continues, with potential for greater numbers of community police than previously expected.

# Our year in review

## April 2017

- **Central Government Local Government Forum brings together 22 mayors, chairs and ministers at Premier House in Wellington.**
- LGNZ's National Council sets up new Policy, and Governance and Strategy Advisory Groups focusing on advising local government on economic, environmental, social and cultural wellbeing.
- Work begins on Water 2050 project.



## June 2017

- **Rural & Provincial meeting**
- **Zone 1 & 2 meetings**
- Quarterly Media Briefing
- 17 LGNZ EXCELLENCE Awards finalists are named.
- LGNZ releases Council-Maori Participation Arrangements, a resource created for local authorities for establishing meaningful relationships with iwi.
- Continuing LGNZ's sector reputation work, the 2017 NZ Local Government Survey report is released, summarising how citizens and businesses feel about the services and value local government provides.
- LGNZ releases its Policy Statement for 2017-19, which sets out policy that LGNZ will advocate for on behalf of its members.



## August 2017

- **Metro Sector meeting**
- New LGNZ President Dave Cull announces the 2017 National Council roadshow, which will see the President, Vice President, CE and Deputy CE Advocacy visit each council in the country.
- LGNZ Regional Sector released its report into the future of biodiversity management in New Zealand.

## May 2017

- **Metro Sector meeting**
- **Regional Sector meeting**
- LGNZ holds a symposium with the theme "Freshwater – focus on managing water quality, quantity and funding."
- LGNZ's advocacy leads to the Government's announcement of the Tourism Infrastructure Fund providing \$100 million over four years in partnership with local councils and other community organisations.
- Community Boards Conference is held in Methven, with awards going to projects by the Waikanae, West Harbour and Eketahuna Community Boards.



A measure for better community value.

## July 2017

- **Zone 4 meeting**
- **LGNZ Conference: 701 Local Government members and stakeholders gather in Auckland**
- **Independent Assessment Board (IAB) releases first CouncilMARK™ local government excellence programme reports for the following councils: Horowhenua District, Porirua City, Queenstown Lakes District, Matamata-Piako District, Napier City and Ruapehu District.**
- LGNZ elects new President, Dunedin Mayor Dave Cull at its AGM, and Bay of Plenty Regional Councillor, Stuart Crosby as Vice President.
- LGNZ Excellence Awards winners named.
- LGNZ votes in favour of five remits at the 2017 LGNZ Annual General Meeting.
- LGNZ launches its local government manifesto and position statement, and its declaration on climate change.

## September 2017

- **Regional Sector meeting**
- **Zone 2 meeting**
- Quarterly Media Briefing
- LGNZ commences National Council leadership roadshow.
- LGNZ announces new flagship projects: the Climate Change project focusing on both adaptation and mitigation, and Water 2050, which will develop a coherent framework for water policy across allocation, quality, infrastructure, cost and funding, and governance.





## October 2017

- **Zone 5 & 6 meeting**
- **IAB for CouncilMARK™ releases reports for a further nine councils: Far North District, Hastings District, Masterton District, Nelson City, Rangitikei District, South Taranaki District, Waikato Regional, Waimakariri District and Whakatane District.**
- LGNZ's National Council meets in Wellington for its annual strategy and planning meeting.
- LGNZ puts forward a submission to the Productivity Commission on transitioning NZ to a low emissions economy.

## December 2017

- **IAB for CouncilMARK™ releases the report for Wairoa District Council.**
- Quarterly Media Briefing
- NZ China Mayoral Forum involving approximately 430 New Zealand and Chinese mayors and delegates is held in Wellington on 3-4 December, focusing on sustainable economies and balancing economic development and the environment.
- LGNZ responds to the Government Inquiry into Havelock North Drinking Water – Stage 2 report.
- LGNZ submits to the Remuneration Authority on its Review of elected members' remuneration.

## February 2018

- **Metro Sector meeting**
- **Regional Sector meeting**
- **IAB for CouncilMARK™ releases the report for Taupo District Council.**
- Young Elected Members Governance Development Programme is established to give young councillors the opportunity to gain governance experience by joining National Council in a non-voting capacity for a year.
- Te Maruata strengthens its role, working with LGNZ to increase awareness of Te Reo, appoints representatives to key committees and agrees a strategic plan.
- LGNZ members attend the launch of Tuawhenua – Provincial Growth Fund in Gisborne.
- Registrations open for the 2018 LGNZ Conference & Awards in Christchurch, 15 - 17 July 2018, with the theme 'We are firmly focused on the future: Future-proofing for a prosperous and vibrant New Zealand'.

## November 2017

- **Metro Sector meeting**
- **Rural & Provincial meeting**
- **Regional Sector meeting**
- **Zone 2 & 3 meetings**
- LGNZ meets with the new Minister of Local Government, the Hon Nanaia Mahuta to brief her on LGNZ's priorities for the sector.
- Coalition Government is announced and LGNZ writes to the new Prime Minister and portfolio-holding Ministers of the new Government.
- Registrations close for year two of the CouncilMARK™ local government excellence programme.

## January 2018

- LGNZ's proposal for a Local Government Risk Agency receives media coverage and the Minister for the Environment works with LGNZ in preparing its response.
- LGNZ publishes analysis report "Local Elections 2016: voters' choices and reasons", based on surveys undertaken following the 2016 local body elections.



## March 2018

- **Rural & Provincial meeting**
- **Zone 1 & 4 meetings**
- **IAB for CouncilMARK™ releases the report for Greater Wellington Regional Council.**
- National Council approves LGNZ Business Plan, which reflects LGNZ's focus on four flagship projects and significant policy issues.
- Minister of Tourism, Kelvin Davis, meets with mayors from across New Zealand to discuss issues around freedom camping.
- LGNZ's annual Stakeholder Function attended by more than 150.



2

**Equip**

## Equip, Local Government New Zealand's Centre of Excellence, expanded its consultancy services and further refined its professional development digital capability.

The past 12 months have also seen a maturing of the business and a broader approach to Equip's delivery platform to encompass digital technology resulting in more flexible options and greater value to the sector.

These included:

- Expanded digital capability with EquipPTV offering both live production quality webinars using green screen technology as well as on-demand options for greater flexibility;
- Developed a new commercial framework to underpin the professional development business in future years;
- Expanded Equip's Road Transport Unit (RTU) with ongoing engagement with NZTA as well as further developing direct fee for service offerings; and
- Launched a number of governance related services to assist the sector build greater governance and management capability across strategy, organisational development frameworks, and sector skills matrix.

### Equip Consultancy

Equip has delivered increased support at both governance and management levels by:

- Expanding the range of diagnostic tools and service level reviews underpinned by a customer centric methodology to support service excellence;
- Developing and launching governance support tools assisting with strategy development, governance culture and values workshops, and organisational performance;
- Increasing the RTU New Zealand Transport Agency deliverables and KPIs, further establishing the fee for service activity across Asset Management Support services, Procurement, Transport Sector Policy and GPS Support, and LED business case support; and
- Facilitating and enabling Board of Director appointments; developing best practice appointment processes to ensure boards have diversity, governance expertise, the required technical skill set, and that they act as good employers.

### Equip professional development

The professional development team have now developed 38 online resources that are available in Equip's digital portal for on-demand viewing. The flexible approach to professional development is now embedded with Equip offering a range of services at varying price points starting from \$89.

During the year Equip saw increased demand from third parties wanting to engage with the local government sector and avail themselves of Equip's digital capability.

Having developed robust adult learning principles and customer centric design, professional development offerings are strengthened by:

- Key instructional design practice to effectively build capability;
- The flexibility to build or adjust any programme to suit; and
- The use of the most appropriate delivery medium.

### 2017/18 Professional development programme

Based on stakeholder feedback Equip designed and delivered a range of face-to-face and digital professional development services that provided very clear learning outcomes, and showcased the range of Equip's delivery mediums.

Equip ran a total of 21 workshops with over 225 participants, and produced 15 webinars as well as a number of online resources and on-demand content.



### Summary of RTU consultancy offerings

2015/16	2016/17	2017/18
<b>97%</b> transition plans submitted	<b>98%</b> draft business cases	<b>98.5%</b> AMPS submitted
<b>30</b> councils supported	<b>36</b> councils supported	<b>38</b> councils supported
National programme developed	<b>87.9%</b> attendance REG workshops	<b>91.2%</b> attendance REG workshops

### Summary of professional development offerings

2015/16	2016/17*	2017/18
<b>6</b> webinars held	<b>13</b> webinars held	<b>15</b> webinars held
<b>32</b> workshops held	<b>42</b> workshops held	<b>21</b> workshops held
<b>445</b> workshop attendees	<b>743</b> workshop attendees	<b>225</b> workshop attendees

\* There was a significant increase in workshops for the elected members induction programme following the 2016 local government elections.

# 3

## **Financial statements**

# Consolidated Statement of Comprehensive Revenue and Expenses

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2018

	Notes	2018 \$	2017 \$
<b>Revenue from Exchange Transactions</b>			
<b>Membership Income</b>			
Annual Conference Revenue		1,011,453	854,916
Dividends Received		-	5,895
Interest Earned		44,204	43,619
Pacific TA Management Fee		293,667	115,000
Pacific TA Funding		357,457	349,527
Subscription Income		3,858,079	3,789,854
Sundry Income	9	148,864	78,061
<b>Total Membership Income</b>		<b>5,713,724</b>	<b>5,236,872</b>
<b>Other Income</b>			
China Mayoral Forum	10	356,152	-
CouncilMARK Income	6	179,006	209,726
Equip Limited Partnership Income	7	1,504,303	1,716,596
Local Government Risk Agency Income	20	4,283	309,674
<b>Total Other Income</b>		<b>2,043,744</b>	<b>2,235,996</b>
<b>Total Revenue from Exchange Transactions</b>		<b>7,757,468</b>	<b>7,472,868</b>
<b>Total Revenue</b>		<b>7,757,468</b>	<b>7,472,868</b>
<b>Expenses</b>			
<b>Membership Expenses</b>			
Accounting Expenses		31,150	30,946
Administration	11	569,984	584,805
Amortisation	16	49,297	27,963
Annual Conference Expenditure		700,735	648,560
Audit Fees		13,929	15,344
CHH Litigation Expenses		-	5,939
Communications		64,012	172,655
CouncilMARK Board Expenses	6	74,239	40,829
Consulting Expenses		56,197	6,437
Depreciation	17	84,103	82,465
Honoraria		115,474	108,414
Internal Governance		247,782	209,834
Legal Expenses		47,170	72,460
Other Operating Expenses		104,766	104,168
Other Expenses	12	151,791	163,280
Pacific TA Expenditure		488,868	349,527
Policy		285,288	313,176
Printing, Stationery & Photocopying		59,553	48,667
Staff Remuneration		2,205,178	2,189,531
Travel and Accommodation		42,161	39,189

	Notes	2018	2017
<b>Total Membership Expenses</b>		<b>5,391,677</b>	<b>5,214,189</b>
<b>Other Expenses</b>			
China Mayoral Forum Expenses	10	349,444	3,878
CouncilMARK Expenses	6	87,473	242,452
Equip Limited Partnership Operating Expenses	8	1,300,511	1,537,178
Local Government Risk Agency Expenses	20	4,283	319,724
<b>Total Other Expenses</b>		<b>1,741,711</b>	<b>2,103,232</b>
<b>Total Expenses</b>		<b>7,133,388</b>	<b>7,317,421</b>
<b>Total Expenses</b>		<b>7,133,388</b>	<b>7,317,421</b>
<b>Net Surplus before Tax</b>		<b>624,080</b>	<b>155,447</b>
<b>Taxation</b>			
Prior Period Adjustment	26	-	(5,446)
Taxation Expense	26	579,780	-
Total Taxation		<b>579,780</b>	<b>(5,446)</b>
<b>Total Surplus after Tax</b>		<b>44,300</b>	<b>160,893</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>44,300</b>	<b>160,893</b>
<b>Total Surplus attributable to the Group</b>		<b>44,300</b>	<b>160,893</b>

# Consolidated Statement of Changes in Net Assets

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2018

	2018	2017
	\$	\$
<b>Accumulated Comprehensive Revenue and Expenses</b>		
Opening Balance	1,916,977	1,781,508
<b>Comprehensive Revenue and Expenses</b>		
Surplus for the Year	44,300	160,893
<b>Total Comprehensive Revenue and Expenses</b>	<b>44,300</b>	<b>160,893</b>
<b>Transfers</b>		
Transfers to / (from) other reserves	(162,280)	(25,424)
<b>Total Transfers</b>	<b>(162,280)</b>	<b>(25,424)</b>
<b>Total Accumulated Comprehensive Revenue and Expenses</b>	<b>1,798,997</b>	<b>1,916,977</b>
<b>Annual Conference Reserve</b>		
Opening Balance	504,348	450,348
<b>Transfers</b>		
Transfers in from accumulated comprehensive revenue and expenses	162,280	54,000
<b>Total Transfers</b>	<b>162,280</b>	<b>54,000</b>
<b>Total Annual Conference Reserve</b>	<b>666,628</b>	<b>504,348</b>
<b>Regional Group Association Fund</b>		
Opening Balance	-	26,922
Transfers	-	(26,922)
<b>Total Regional Group Association Fund</b>	<b>-</b>	<b>-</b>
<b>3 Water Levy</b>		
Opening Balance	-	1,654
Transfers	-	(1,654)
<b>Total 3 Water Levy</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>2,465,625</b>	<b>2,421,325</b>

# Consolidated Statement of Financial Position

Local Government New Zealand (LGNZ)

As at 31 March 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13	3,233,813	2,850,918
Receivables from Exchange Transactions	14	525,145	464,477
GST Receivable		70,218	82,711
Income Tax Receivable		40,638	31,400
Accrued Interest		304	60
Deferred Tax Asset	26	-	579,780
Prepayments		134,747	235,210
<b>Total Current Assets</b>		<b>4,004,865</b>	<b>4,244,556</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	432,335	472,446
Intangibles	16	68,006	117,303
Investments	15	1,475	1,475
<b>Total Non-Current Assets</b>		<b>501,816</b>	<b>591,224</b>
<b>Total Assets</b>		<b>4,506,681</b>	<b>4,835,780</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		706,362	845,908
Provision for Annual Leave		117,973	118,113
Loans and Borrowings	21	21,144	19,621
Community Board Executive Committee Levy		30,853	10,607
Lease Incentive	22	121,875	144,375
Mayors Taskforce for Jobs	18	190,124	156,608
Annual Conference Sponsorship and Deposits Received in Advance		369,878	411,987
Pacific Technical Assistance Income in Advance	19	224,800	401,763
CouncilMARK Income in Advance		4,775	26,773
Local Government Risk Agency Income in Advance	20	138,431	142,714
<b>Total Current Liabilities</b>		<b>1,926,215</b>	<b>2,278,468</b>
<b>Non-Current Liabilities</b>			
Loans and Borrowings	21	114,842	135,987
<b>Total Non-Current Liabilities</b>		<b>114,842</b>	<b>135,987</b>
<b>Total Liabilities</b>		<b>2,041,057</b>	<b>2,414,455</b>
<b>Net Assets</b>		<b>2,465,625</b>	<b>2,421,325</b>
<b>Net Assets Attributable to the Owners of the Controlling Entity</b>			
Retained Earnings		1,798,997	1,916,977
Annual Conference Reserve		666,628	504,348
<b>Total Net Assets Attributable to the Owners of the Controlling Entity</b>		<b>2,465,625</b>	<b>2,421,325</b>

For and on behalf of the National Council:



**D Cull**, President  
7 June 2018



**M Alexander**, Chief Executive  
7 June 2018

# Statement of Cashflows

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2018

	Notes	2018	2017
		\$	\$
<b>Cashflow</b>			
<b>Cash from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Members & Stakeholders		8,234,160	7,374,699
Interest and Dividends Received		34,722	54,805
Tax Refunds Received		-	12,386
<b>Total Cash was Provided from:</b>		<b>8,268,882</b>	<b>7,441,890</b>
<b>Cash was Applied to:</b>			
Payments to Suppliers & Employees		(7,822,378)	(7,546,792)
Interest Paid			(13,378)
<b>Total Cash was Applied to:</b>		<b>(7,822,378)</b>	<b>(7,560,170)</b>
<b>Total Cash from Operating Activities</b>		<b>446,504</b>	<b>(118,280)</b>
<b>Cashflow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds from Sale of Property, Plant & Equipment		334	-
Proceeds from Sale of Investments		-	507,249
<b>Total Cash was Provided from:</b>		<b>334</b>	<b>507,249</b>
<b>Cash was Applied to:</b>			
Purchase of Property, Plant & Equipment		(44,322)	(135,693)
<b>Total Cash was Applied to:</b>		<b>(44,322)</b>	<b>(135,693)</b>
<b>Total Cashflow from Investing Activities</b>		<b>(43,988)</b>	<b>371,556</b>
<b>Cashflow from Financing Activities</b>			
<b>Cash was Applied to:</b>			
Repayment of Loans & Borrowings		(19,621)	(18,208)
<b>Total Cash was Applied to:</b>		<b>(19,621)</b>	<b>(18,208)</b>
<b>Total Cashflow from Financing Activities</b>		<b>(19,621)</b>	<b>(18,208)</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>382,895</b>	<b>235,068</b>
Add Opening Cash Brought Forward		2,850,918	2,615,850
<b>Bank and Cash</b>			
Bank and Cash		3,233,813	2,850,918
<b>Total Bank and Cash</b>		<b>3,233,813</b>	<b>2,850,918</b>

# Notes to the Financial Statements

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2018

## 1. REPORTING ENTITY

New Zealand Local Government Association Incorporated (Trading as Local Government New Zealand (LGNZ)) is an incorporated society registered under the Incorporated Society Act 1908.

The Consolidated Financial Statements of Local Government New Zealand includes EquiP Limited Partnership ("The Group"). Local Government New Zealand and EquiP GP Limited are the partners of EquiP Limited Partnership. EquiP GP Limited is owned 100% by Local Government New Zealand.

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

These financial statements have been approved and were authorised for issue by the Council Members on 7 June 2018.

## 2. STATEMENT OF COMPLIANCE

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it is not defined as large.

The Group has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

## 3. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

### 3.1 Basis of Preparation

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments and land and buildings which are measured at fair value.

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

### 3.2 Functional and Presentation Currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency.

### 3.3 Basis of Consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 March 2018 reporting date.

All controlled entities are included in the financial statements of the Group.

### 3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

#### Revenue from exchange transactions

##### *Membership fees*

Fees and subscriptions received in exchange for monthly access to members' facilities are initially recorded as revenue in advance and recognised in revenue evenly over the membership period.

Where members purchase specific services (for example, attendance at the coaching and development courses), revenue is initially recorded as revenue in advance, and then recognised proportionally on the basis of the value of each session relative to the total value of the purchased services.

#### *Government contract revenue*

Revenue from government contracts relates to income received from the Ministry of Foreign Affairs and Trade and is provided as funding for services the Group provides relating to the Pacific. Revenue is recognised in the period the services are provided.

#### *Event revenue*

Entrance fees for functions and events are recorded as revenue when the function or event takes place.

#### *Interest and dividend revenue*

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue is recognised when the dividend is received.

#### *Other Revenue*

All other revenue from exchange transactions is recognised when earned and is reported in the financial period to which it relates.

### **3.5 Financial Instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

#### **Financial Liabilities**

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, loans and borrowings and deferred revenue (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

### **3.6 Cash and Cash Equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **3.7 Short Term Investments**

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

### **3.8 Property, Plant, Equipment and Depreciation**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a diminishing value basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Furniture, Fittings, Office Equipment	4% - 67%	Diminishing Value & Straight Line
Computer Equipment	40% - 67%	Diminishing Value
Leasehold Improvements	8% - 30%	Diminishing Value

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

### **3.9 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets have been assessed as finite.

Intangible assets with finite lives are amortised on a diminishing value basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Group does not hold any intangible assets that have an indefinite life.

The amortisation periods for the Group's assets are as follows:

- Website 50%
- Computer Software 50%

### 3.10 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

#### *Lease Incentives*

The lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 3.11 Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.12 Employee Benefits

#### **Wages, salaries, annual leave**

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits expected to be settled within twelve months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

### 3.13 Income Tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Revenue and Expenses except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group is only liable for income tax relating to non-member activities. Member income and associated expenditure is not liable for income tax. Income tax is payable on any services or goods provided to non-members and interest earned on investments.

### 3.14 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST except for receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

### 3.15 Equity

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

### **Accumulated comprehensive revenue and expense**

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

### **Annual Conference reserve**

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

### **Regional Group Association 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 Local Government New Zealand 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 until the funds are used.

### **3 Water Levy**

The purpose of the 3 Waters project is for local government, as a sector, to establish a clearer picture of the performance of drinking and waste water assets and services, and as part of it, to use a robust framework for building on best practice.

## **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Income Tax Expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### **Operating lease commitments**

The Group has entered into a rental agreement in relation to their premises.

The Group has determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a substantial portion of the economic life of the asset, that it does not retain all the significant risks and rewards of ownership of this property and accounts for the contract as an operating lease.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Note 3.8 and 3.9.

<b>5. ANNUAL CONFERENCE</b>	<b>2018</b>	<b>2017</b>
Annual Conference Revenue	1,011,453	854,916
Annual Conference Expenditure	(700,735)	(648,560)
Staff Remuneration and Overheads	(148,438)	(152,356)
<b>Net Annual Conference Profit</b>	<b>162,280</b>	<b>54,000</b>

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

<b>6. COUNCILMARK PROGRAMME</b>	<b>2018</b>	<b>2017</b>
<b>CouncilMARK Assessment</b>		
CouncilMARK Assessment Income	179,006	134,768
CouncilMARK Assessment (Disbursements)/Recoveries	24,323	(26,744)
CouncilMARK Assessment Fees	(98,065)	(215,708)
<b>Total CouncilMARK Assessment</b>	<b>105,264</b>	<b>(107,685)</b>
<b>CouncilMARK Levies</b>		
CouncilMARK Levies	-	74,958
CouncilMARK Expenses	(13,731)	-
<b>Total CouncilMARK Levies</b>	<b>(13,731)</b>	<b>74,958</b>
CouncilMARK Board Expenses	(74,239)	(40,829)
<b>Total CouncilMARK Programme</b>	<b>17,294</b>	<b>(73,556)</b>

The CouncilMARK programme is designed to improve the public's knowledge of the work councils are doing in their communities and to support individual councils to further improve the value they provide to all New Zealanders.

The CouncilMARK Levy was a voluntary levy that a portion of the membership contributed to, for the set up and costs in relation to the Independent Assessment Board. The remainder of the levy will be used to contribute to next year's Board expenses. This levy was only charged in the 2017 year to get the programme up and running - there will be no levies charged in the 2018 year.

The CouncilMARK Assessments are a user pay fee which covers the cost of the assessment. It does not account for LGNZ time.

LGNZ contributed funds to set up the programme which are recorded in Policy. LGNZ also contributes funds to manage and develop the programme, these are recorded in Policy.

### Equip Limited Partnership

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

**7. EquiP LIMITED PARTNERSHIP INCOME**

	<b>2018</b>	<b>2017</b>
Support Service (Income)	1,279,780	1,123,650
Professional Development Income	122,340	448,148
Grow Handbook Sales	1,130	74,630
Preferred Partner	18,500	-
Standing Orders Template Sales	500	16,250
Webinar Income	70,340	56,000
Interest Received	83	1
Development Videos	11,822	-
Disbursements Recovered	(192)	(2,083)
<b>Total EquiP Limited Partnership Income</b>	<b>1,504,303</b>	<b>1,716,596</b>

**8. EQUIP LIMITED PARTNERSHIP OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
ACC Expenses	1,652	1,779
Accountancy Fees	12,163	8,594
Audit Fees	19,450	6,656
Bank Charges	228	141
Consulting	3,620	6,605
Entertainment Deductible	47	348
Grow Handbook Costs	-	37,988
IT Outsourcing	47,428	48,131
Professional Development Expenses	300,378	511,070
Legal Expenses	-	4,650
Marketing	12,145	14,766
Office & Administration	19,839	38,397
Other Employment Expenses	1,261	17,669
Professional Development	1,063	1,579
Recruitment	499	2,447
Travel	21,315	25,025
Web - Development Costs	4,973	6,050
Webinar Costs	7,416	10,978
Business Development Associate	6,985	-
IT Subscriptions/Licensing	2,467	-
Subscriptions	730	-
Support Service (Expenses)	836,852	794,305
<b>Total EquiP Limited Partnership Operating Expenses</b>	<b>1,300,511</b>	<b>1,537,178</b>

**9. OTHER INCOME**

	<b>2018</b>	<b>2017</b>
Administration Fees - MTFJ	18,000	20,000
Post Treaty Settlement Income	37,642	-
Regional Sector Income	-	28,245
Sundry Income	28,391	9,816
Transparency International Income	20,000	20,000
Water Symposium	26,957	-
YEM Retreat	17,874	-
<b>Total Other Income</b>	<b>148,864</b>	<b>78,061</b>

<b>10. CHINA MAYORAL FORUM</b>	<b>2018</b>	<b>2017</b>
China Mayoral Forum Income	356,152	-
China Mayoral Forum Expenses	(349,444)	(3,878)
<b>Total China Mayoral Forum</b>	<b>6,708</b>	<b>(3,878)</b>

Together with Ministry of Foreign Affairs and Trade (MFAT) and Wellington City Council, LGNZ held the second New Zealand China Mayoral Forum in December 2017.

<b>11. ADMINISTRATION EXPENSES</b>	<b>2018</b>	<b>2017</b>
Rental Expenses	252,790	248,304
Mobile Phone Expenses	12,634	11,893
Repairs and Maintenance	3,552	2,342
IT Outsourcing	162,113	160,460
Staff Recruitment & Training	45,313	66,966
Insurance	41,980	39,158
Subscriptions - Local Organisations	18,658	15,402
Telephone Expenses	22,898	26,902
Fit-Out Loan Interest	10,046	13,378
<b>Total Administration Expenses</b>	<b>569,984</b>	<b>584,805</b>

<b>12. OTHER EXPENSES</b>	<b>2018</b>	<b>2017</b>
Havelock North Water Inquiry	25,331	-
NZTA/ONRC	-	50,000
Post Treaty Settlement Expense	37,642	-
Rates Postponement Scheme Expenses	-	35
Ready Response Fund	-	45,000
Regional Sector Expenses	-	28,245
Transparency International Expenses	40,000	40,000
Water Symposium Expenses	23,241	-
YEM Retreat Expenses	25,577	-
<b>Total Other Expenses</b>	<b>151,791</b>	<b>163,280</b>

### 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components;

<b>Cash and Cash Equivalents</b>	<b>2018</b>	<b>2017</b>
Bank	1,156,586	2,137,041
Local Government Risk Agency Bank Account	140,894	155,206
Monies held for Mayors Taskforce For Jobs	190,124	156,608
Pacific Technical Assistance Bank Account	246,209	401,763
Petty Cash	-	300
Term Deposits	1,500,000	-
<b>Total Cash and Cash Equivalents</b>	<b>3,233,813</b>	<b>2,850,918</b>

<b>14. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2018</b>	<b>2017</b>
Annual Conference Debtors	247,178	174,474
LGRA Debtors	369	-
Pacific Technical Assistance Debtors	4,427	-
Sundry Debtors	273,171	290,003
<b>Total Receivables from Exchange Transactions</b>	<b>525,145</b>	<b>464,477</b>

<b>15. INVESTMENTS</b>	<b>2018</b>	<b>2017</b>
Paintings/Artwork	1,475	1,475
<b>Total Investments</b>	<b>1,475</b>	<b>1,475</b>

<b>16. INTANGIBLES</b>	<b>2018</b>	<b>2017</b>
<b>Other Intangibles</b>		
<b>Software</b>		
Computer Software at Cost	69,241	69,241
Less Accumulated Amortisation	(57,643)	(46,039)
<b>Total Software</b>	<b>11,598</b>	<b>23,202</b>
<b>Website Development</b>		
Website Development At Cost	154,576	154,576
Less Accumulated Amortisation	(98,168)	(60,475)
<b>Total Website Development</b>	<b>56,408</b>	<b>94,101</b>
<b>Total Other Intangibles</b>	<b>68,006</b>	<b>117,303</b>
<b>Total Intangibles</b>	<b>68,006</b>	<b>117,303</b>

Reconciliation of the carrying amount at the beginning and the end of the period:

<b>Intangibles Reconciliation</b>	<b>2018</b>	<b>2017</b>
<b>Software</b>		
Opening Balance	23,202	14,534
Additions	-	21,250
Amortisation	(11,604)	(12,582)
<b>Total Software</b>	<b>11,598</b>	<b>23,202</b>
<b>Website</b>		
Opening Balance	94,101	72,485
Other Additions	-	36,997
Amortisation	(37,693)	(15,381)
<b>Total Website</b>	<b>56,408</b>	<b>94,101</b>
<b>Total Intangibles</b>	<b>68,006</b>	<b>117,303</b>

## 17. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
<b>Furniture and Fittings</b>		
Furniture & Fittings at Cost	377,083	341,628
Less Accumulated Depreciation	(233,971)	(186,320)
<b>Total Furniture and Fittings</b>	<b>143,112</b>	<b>155,308</b>
<b>Leasehold Improvements</b>		
Leasehold improvement at cost	402,392	396,323
Less Accumulated Depreciation	(113,169)	(79,185)
<b>Total Leasehold Improvements</b>	<b>289,223</b>	<b>317,138</b>
<b>Total Property, Plant and Equipment</b>	<b>432,335</b>	<b>472,446</b>

Reconciliation of the carrying amount at the beginning and end of the period:

	2018	2017
<b>Property, Plant and Equipment Reconciliation</b>		
<b>Furniture and fittings</b>		
Opening Balance	155,308	180,972
Additions	38,253	26,344
Disposals	(330)	-
Depreciation	(50,119)	(52,008)
<b>Total Furniture and fittings</b>	<b>143,112</b>	<b>155,308</b>
<b>Leasehold Improvements</b>		
Opening Balance	317,138	296,492
Additions	6,069	51,102
Depreciation	(33,984)	(30,456)
<b>Total Leasehold Improvements</b>	<b>289,223</b>	<b>317,138</b>
<b>Total Property, plant and equipment</b>	<b>432,335</b>	<b>472,446</b>

## 18. MAYOR'S TASKFORCE FOR JOBS

The Mayor's 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 and LGNZ employs the Taskforce Coordinator.

	2018	2017
<b>Mayor's Taskforce for Jobs</b>		
Mayors Taskforce for Jobs (MTFJ)	190,124	156,608
<b>Total Mayor's Taskforce for Jobs</b>	<b>190,124</b>	<b>156,608</b>

## 19. PACIFIC TECHNICAL ASSISTANCE

The Pacific Technical Assistance is the second, five year agreement, between Ministry of Foreign Affairs and Trade (MFAT) and Local Government New Zealand. This second agreement was entered into on 8 May 2017. The agreement is to provide technical assistance to local government development in Pacific Island countries. The funding is made available under the Pacific Technical Assistance Programme's State Sector Programme.

	2018	2017
<b>Opening Balance</b>	<b>\$401,763</b>	<b>\$377,489</b>
Funds Received	\$311,905	\$373,801
<b>Total Funds Received</b>	<b>\$713,668</b>	<b>\$751,290</b>
<b>Funds Used</b>		
LGNZ Assistance	\$293,668	\$115,000
Administration Expenditure	\$19,566	\$24,102
Vanuatu	\$52,826	\$0
Kiribati	\$14,830	\$15,387
Samoa	\$24,352	\$141,562
Fiji	\$19,641	\$30,145
Niue	\$0	\$8,021
Cook Islands	\$63,985	\$15,310
<b>Total Funds Used</b>	<b>\$488,868</b>	<b>\$349,527</b>
<b>Closing Balance</b>	<b>\$224,800</b>	<b>\$401,763</b>

The Local Government Technical Assistance Facility for Pacific Countries, (PacificTA) is funded from the New Zealand Aid Programme and is managed by LGNZ. Revenues for Pacific Technical Assistance are matched against expenses incurred to assist tracking of expenditure. The programme now has two dedicated full-time staff members, the costs of which are recorded in staff remuneration.

## 20. LOCAL GOVERNMENT RISK AGENCY

The Local Government Risk Agency fund received is a contract between the Crown and Local Government New Zealand to establish the Local Government Risk Agency Establishment Board. The purpose of this board is to establish the Local Government Risk Agency whose objective is to improve the risk management maturity of the local authorities by providing risk management services.

Some local authorities also contributed funds in excess of the \$900,000 provided by the Crown. Any unutilised funds are expected to be returned to the Crown unless an extended scope is agreed.

## 21. LOANS

	2018	2017
<b>Current Portion of Loans</b>		
Current Portion of Fit-Out Robt. Jones Holdings Limited	21,144	19,621
<b>Total Current Portion of Loans</b>	<b>21,144</b>	<b>19,621</b>
<b>Non-Current Portion of Loans</b>		
Loan Fit-Out Robt. Jones Holdings Limited	114,842	135,987
<b>Total Non-Current Portion of Loans</b>	<b>114,842</b>	<b>135,987</b>
<b>Total Loans</b>	<b>135,986</b>	<b>155,608</b>

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

## 22. LEASE INCENTIVE

	2018	2017
Lease Incentive	121,875	144,375
<b>Total Lease Incentive</b>	<b>121,875</b>	<b>144,375</b>

Local Government New Zealand 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.

## 23. LEASES

At the reporting date, the Group has entered into the following non-cancellable operating leases:

<b>Leases</b>	<b>2018</b>	<b>2017</b>
Later than one year	270,025	270,025
Later than one year and no later than five years	1,080,100	1,080,100
Later than five years	112,510	382,535
<b>Total Leases</b>	<b>1,462,635</b>	<b>1,732,660</b>

## 24. RELATED PARTIES

### EquiP Limited Partnership

Local Government New Zealand received Accommodation fees of \$8,803 (2017: \$8,803) & Services Agreement fees of \$29,200 (2017: \$29,200) from EquiP Limited Partnership.

There is \$485,403 outstanding from EquiP Limited Partnership at balance date (2017: \$454,826).

These transactions are eliminated on consolidation.

### The Mayor's Taskforce for Jobs

The Mayor's taskforce for jobs ("the MTFJ") is a related party, as there is member commonality with the MTFJ Board and the National Council.

Management Fees of \$18,000 (2017: \$20,000) were paid from MTFJ.

### Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of Chief Executive and three Deputy Chief Executives for Operations, Advocacy & Commercial, which constitutes the governing body of the Group. No remuneration is paid to members of the Board. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

<b>Key Management Remuneration</b>	<b>2018</b>	<b>2017</b>
<b>Total Remuneration</b>	<b>858,649</b>	<b>808,761</b>
Number of persons	4	4

### Honoraria

Honoraria of \$88,826 (2017: \$86,414) and \$26,648 (2017: \$22,000) were paid to the President and Vice President respectively during the year ended 31 March 2018.

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

## 25. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

<b>Financial Assets</b>	<b>2018</b>	<b>2017</b>
<b>Loans and Receivables</b>		
Accounts Receivable	525,145	464,477
Term Deposits	1,500,000	
Bank	1,156,586	2,137,041
<b>Total Loans and Receivables</b>	<b>3,181,731</b>	<b>2,601,518</b>
<b>Financial Liabilities</b>	<b>2018</b>	<b>2017</b>
Annual Conference Sponsorship and Deposits Received in Advance	369,878	411,987
Loans and borrowings	135,986	155,608
Provision for Annual Leave	117,973	118,113
<b>Total Financial Liabilities</b>	<b>623,837</b>	<b>685,708</b>

## 26. INCOME TAX EXPENSE

<b>Components of tax expense</b>	<b>2018</b>	<b>2017</b>
Adjustments to current tax in prior years	-	(5,446)
Deferred tax asset written-off	579,780	-
<b>Tax expense</b>	<b>579,780</b>	<b>(5,446)</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus / (deficit) before tax	624,080	155,446
<b>Tax at 28%</b>	<b>174,743</b>	<b>43,525</b>
<b>Plus / (less) tax effect of:</b>		
Non-deductible expenditure	733,617	868,174
Non-taxable revenue	(1,179,982)	(1,061,159)
Prior year adjustment	-	(5,446)
Deferred tax asset written-off	579,780	-
Deferred tax not recorded	271,623	404,078
<b>Tax expense</b>	<b>579,780</b>	<b>(5,446)</b>
<b>Deferred tax assets / (liabilities)</b>		
Opening balance	579,780	574,334
Charged to surplus or deficit	(579,780)	5,446
<b>Closing balance</b>	<b>-</b>	<b>579,780</b>

Income Tax Receivable on the Consolidated Statement of Financial Position refers to Resident Withholding Tax receivable at balance date. Local Government New Zealand has tax losses available to offset against future taxable income of \$4,483,862 (2017: \$3,513,779).

No deferred tax asset has been recognised for an amount of \$271,623 (2017: \$404,078) due to uncertainty that Local Government New Zealand will report taxable profits in the future to offset against accumulated tax losses. The existing deferred tax asset of \$579,780 has also been written-off as a result.

## 27. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date (2017:\$nil)

## 28. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2017:\$nil).

## 29. EVENTS AFTER THE REPORTING DATE

The Council and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Local Government New Zealand (2017: Nil).

# Independent Auditor's Report

**Deloitte.**

## TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 Limited, to carry out the audit of the financial statements of the Association on his behalf.

### Opinion

We have audited the financial statements of the Association on pages 4 to 25, that comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and statement of cashflows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Association:

- present fairly, in all material respects:
  - its financial position as at 31 March 2018; and
  - its financial performance and cash flows for the year then ended; and
- comply with general accepted accounting practice in New Zealand and accordance with Public Benefit Entity Standards (Reduced Disclosure Regime).

Our audit was completed on 7 June 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the National Council and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the National Council for the financial statements

The National Council is responsible on behalf of the Association for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The National Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the National Council is responsible, on behalf of the Association, for assessing the Association's ability to continue as a going concern. The National Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the National Council intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The National Council's responsibilities arise from the Incorporated Societies Act 1908.

### Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are difference or omissions of amounts or disclosure, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the National Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the National Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The National Council is responsible for the other information. The other information comprises the information included on pages 2 to 20, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Association in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as the auditor, we have no relationship with, or interest in, the Association.



### **Trevor Deed**

Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

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**National  
Council  
and staff**



**Left to right:** Doug Leeder, Brian Hanna, Pippa Coom, Justin Lester, Stuart Crosby, Richard Kempthorne, Don Cameron, Hon John Carter, Tracy Hicks, Jan Barnes, Penny Hulse, Dave Cull, Wayne Guppy, Melanie Tavendale, Hon Phil Goff, Rachel Reese, Hon Lianne Dalziel, Bonita Bigham, Bill Cashmore

## National Council

Dave Cull | President | Mayor, Dunedin City Council

Stuart Crosby | Vice President | Zone Two | Councillor, Bay of Plenty Regional Council

Hon Phil Goff | Metro Sector | Mayor, Auckland Council

Justin Lester | Metro Sector | Mayor, Wellington City Council

Hon Lianne Dalziel | Metro Sector | Mayor, Christchurch City Council

Doug Leeder | Regional Sector | Chair, Bay of Plenty Regional Council

Rachel Reese | Regional Sector | Mayor, Nelson City Council

Jan Barnes | Provincial Sector | Mayor, Matamata-Piako District Council

Brian Hanna | Rural Sector | Mayor, Waitomo District Council

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

Penny Hulse | Zone One | Councillor, Auckland Council

Don Cameron | Zone Three | Mayor, Ruapehu District Council

Wayne Guppy | Zone Four | Mayor, Upper Hutt City Council

Richard Kempthorne | Zone Five | Mayor, Tasman District Council

Tracy Hicks | Zone Six | Mayor, Gore District Council

Bonita Bigham | Te Maruata Roopu Whakahaere | Councillor, South Taranaki District Council (ex-officio member)

Pippa Coom | Local Boards | Chair, Waitemata Local Board | Auckland Council (ex-officio member)

Melanie Tavendale | Governance Development Programme | Deputy Mayor, Waitaki District Council (ex-officio member)

## **LGNZ staff** (as at 31 March 2018)

Malcolm Alexander | Chief Executive  
Helen Mexted | Deputy Chief Executive Advocacy  
Leanne Brockelbank | Deputy Chief Executive Operations  
Scott Necklen | Deputy Chief Executive Commercial  
Dr Mike Reid | Principal Policy Advisor  
Clare Wooding | Principal Policy Advisor  
Philip Shackleton | Principal Policy Advisor  
Tom Simonson | Principal Regulatory Advisor  
Grace Hall | Policy Advisor  
Angela Rego | Programme Manager  
Amanda Boyd | Communications Advisor  
Frances Sullivan | Programme Manager PacificTA  
Tom McDonald | Pacific TA Administrator  
James Mather | MTFJ Taskforce Coordinator  
Trudi Mackay | Accounts Officer  
Rachel Prentice | Team Administrator  
Lisa Milnes | Team Administrator  
Caroline Hill | Receptionist

## **Equip staff** (as at 31 March 2018)

Dr Steven Finlay | Business Solutions Manager  
Jill Calogaras | Professional Development Manager  
Natasha Maynell | Professional Development Coordinator  
Joseph Stannard | Digital Media & Marketing Producer



# We are. LGNZ.

**Te Kāhui Kaunihera ō Aotearoa.**

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.

Tararua.

Tasman.

Taupo.

Tauranga.

Thames-

Coromandel.

Timaru.

Upper Hutt.

Waikato District.

Waikato Region.

Waimakariri.

Waimate.

Waipa.

Wairoa.

Waitaki.

Waitomo.

Wellington.

West Coast.

Western Bay

of Plenty.

Westland.

Whakatane.

Whanganui.

Whangarei.

**LGNZ.**