

# We work. To keep communities safe and prosperous.

Local Government New Zealand | Te Kāhui Kaunihera o Aotearoa  
Annual Report  
2020/21

**We are.**  
**LGNZ.**  
Te Kāhui Kaunihera o Aotearoa.

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Local Government New Zealand (LGNZ) is the collective voice for local councils and their communities. We support and advocate for 78 councils across New Zealand, ensuring the needs and priorities of their communities and residents are heard loud and clear at the highest levels of central government. We empower councils who know their communities best - culturally, economically, socially and environmentally.

LGNZ is led by a National Council of elected members from across New Zealand. Our focus is on being future-fit, proactive and diverse in all that we do - from policy development to advocacy advice and training.

We are looking at the needs of future generations, working to achieve better regional policy decisions, grounded in best practice, community vibrancy and economic well-being.

To grow a great New Zealand, we need thriving local communities.

## From the President



Tēnā koutou. In a year marked by a global pandemic, LGNZ advocated strongly for the tools and resources councils needed to lead our communities out of the COVID-19 crisis and contribute to our economic recovery.

It's worth looking back to reflect on local government's exceptional performance in the face of the COVID-19 crisis.

Councils effectively enabled New Zealand's globally praised response to the pandemic by furloughing five million New Zealanders in their homes. We provided core lifeline services, delivered wraparound community support for our most vulnerable, and amplified public health messaging.

During this time LGNZ was proud to act as a voice for the sector as part of the COVID-19 Response Unit. Whether enabling remote governance arrangements, providing advice around budgets, rates setting and annual plans, engaging with central government and the remuneration authority or acting as the central media voice for the sector, LGNZ was in awe of the way our sector responded when it was needed most.

Your outperformance extended to New Zealand's economic response through the 'Shovel-Ready' projects initiative, a fast-tracked resource consenting process; the Jobs for Nature programme; and the MTFJ Community Recovery Programme.

As well as a year of firsts for councils, it was a year of firsts for LGNZ too. Council meetings went online, as did LGNZ's AGM, where I was honoured to be elected President alongside Whanganui Mayor Hamish McDouall as Vice-President. We also welcomed a new Chief Executive, Susan Freeman-Greene.

All this was on top of LGNZ's ongoing policy advocacy across three waters, planning reform, housing, environment, climate change, transport and localism.

Having won a landslide general election, the current government stepped up its pursuit of change across three waters and resource management over the last year - reforms LGNZ called for, as the current systems are failing to deliver outcomes to New Zealanders.

However, recognising the speed and scale of the reform, and their lack of connection with our wider systems, legislation and funding tools, LGNZ strongly advocated for a parallel Future for Local Government programme to join them up into a system-wide approach.

After extensive engagement, we saw the Future for Local Government programme announced. Even more significant, the Government and Panel see it as a positive, future-forward opportunity to get our funding and financing, roles, functions and governance working in cohesion with central government.

A big part of our success in landing this programme was the work of our new Chief Executive, Susan Freeman-Greene, who has done an exceptional job in resetting our relationships with central government.

To ensure LGNZ can leverage every advantage in these reforms, she has led a programme to revitalise LGNZ, which is seeing real benefits already, both in our policy advancements and our strong relationships with members, stakeholders and central government.

It has been a time of great change, and some uncertainty, but we are increasing our position of strength to advocate with you and for you, and for the great things you do for New Zealand. We're looking forward to the journey, and we hope you are too.

Regards,

A handwritten signature in blue ink that reads "S. Crosby". The signature is fluid and cursive.

Stuart Crosby  
President

## From the Chief Executive



My first six months as LGNZ's Chief Executive have been full of listening, learning and new connections, as we reorientate for the challenges ahead. It's such a privilege step into the role at this time of massive change.

Change is both inevitable and essential. The range of reforms on the horizon presents an opportunity to deliver change that boosts our communities' wellbeing. This means thinking about what our communities and Aotearoa need in 2050 and delivering to that.

My starting point was an immersion into all that is local government. I travelled, met with and was curious to hear your thoughts and learn your passions. Top-of-mind for me was discerning what you need and want from my time as your, and your communities', advocate and champion. What I saw was a brilliant, committed sector doing incredible work. I am constantly learning and admiring what you do every day. And I see how that's taken for granted and needs to be valued and acknowledged. Repositioning ourselves as essential to a thriving New Zealand - economically, socially, environmentally and culturally - is the work we need to do.

Next was taking a fresh look at LGNZ's value proposition to better reflect where we want to get to -and what will make us strong and essential. We asked TRA, an insights agency, to inform our thinking. They undertook a series of interviews and workshops to discover what the sector is looking for from LGNZ, what problems we need to solve and to uncover the collective view of what makes us unique. A well-informed and articulated value proposition will shape our future strategy, vision and purpose.

With so much change afoot, it is vital to ensure we have timely and appropriate mechanisms to inform and receive feedback. Given this, we are building our engagement resource, rapidly forming a dedicated team and reviewing how we communicate.

Engagement is also about extending and strengthening our partnerships with central government and iwi/Māori. We are committed to a greater immersion into Māori kaupapa and te reo, working with individuals and teams to respectfully stand together. We will build our relationship with the Iwi Chairs Forum to ensure we are participating in the same conversations.

Together is a key premise for me. I have seen the benefits of being open and collaborative in the form of genuine inputs, frank discussions and quick resolutions. Working with sector partners and central government in this way also gives us space to push back and make our voices heard when we believe a different way is better.

And, finally, the reforms! To take a role where we have been asked to rethink everything we do, to shift our paradigm, is massive, for all of us. It is also a real opportunity to reimagine what it takes to grow communities and Aotearoa. With Future for Local Government, Three Waters and Resource Management reforms, we are being asked to identify the challenges that are coming and our sector's role.

I am both excited and confident we will step up and deliver. It is challenging because of the amount of change we need to both be across and to push through. But it's also an opportunity to be a strong voice for councils, and to support you to be a strong voice for your communities. Communities are after all, with all their differences, at the heart of a strong Aotearoa - culturally, socially, environmentally and economically.

Nāku noa, nā

A handwritten signature in black ink, which appears to read 'Susan Freeman-Greene'. The signature is written in a cursive, flowing style.

Susan Freeman-Greene  
Chief Executive

## LGNZ by the numbers



**100%**

of New Zealand councils are LGNZ members



**975**

Mentions in the media



**7**

CouncilMARK™ reports released



**3,446**

LinkedIn followers



**51**

Media releases



**53**

Policy and sector briefs



**4,890**

Facebook followers



**4,591**

Twitter followers



**982**

EHUB members



**7,783**

EHUB site visits



**21**

EHUB on-demand videos



**9**

Submissions

## Key publications issued to members

- Local Government Funding and Financing: LGNZ's view – April 2020
- Case Studies: Community engagement on climate change adaptation – August 2020
- Rewarding, interesting and frustrating: How elected members feel about their time in local government – January 2021
- Review of Land Information Memorandums: Achieving best practice – February 2021

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# Advocacy

In a year of COVID-19 disruption, LGNZ advocated for the tools councils needed to lead their communities out of the pandemic, while maintaining focus on the Three Waters, Resource Management and Future for Local Government reforms. On behalf of the sector, LGNZ led an advocacy programme based on strong policy positions, constant engagement and above the line presence, while keeping the Government honest in meeting commitments across transport, climate change, waste management, housing and localism.

## Strength in crisis shows the power of local government

A silver lining in the COVID-19 pandemic was that it showed that when local and central government partner in a high trust model, working to their strengths, then great things can happen. In this case, our COVID-19 response, the management of the disease, and the economic bounce-back.

The significant role local government played might have surprised some outside of the sector, but not LGNZ. After all, we have long advocated that councils have the on-the-ground knowledge and expertise to deliver services and safety to our communities. Local government's strong grassroots response to the pandemic illustrated the benefits of subsidiarity – that unless there are good reasons for not doing so, public services should be delivered by the level of government that is closest to the citizens that it affects.

As the closest form of government to our people, councils were on hand to provide essential lifeline services to our communities, as well as vital social, cultural and economic support.

LGNZ took the sector's strong performance during the pandemic into consultations and conversations across a range of policy reforms through the last year, as an example of what can happen when local government is enabled to deliver.

In particular, LGNZ carried the concept of local democratic voice into advocacy actions across major Three Waters and Resource Management reforms, as well as the recently announced Future for Local Government reforms.

As you will read below, throughout the year LGNZ advocated for a rebalancing of the roles, responsibilities and funding tools allocated between central and local government. Whether across environmental regulation, transport, three waters, infrastructure provision, housing or any other area, we know that councils can succeed when we get these settings right.

The government is listening, and are making changes at speed and scale. Although this has brought some uncertainty, LGNZ has worked to guide our sector through a range of reforms and stands ready to continue advocacy for a strong local democracy, well into the future.

# Flagship projects

## Three Waters

Leading the sector through the Government's ambitious (and at times challenging) Three Waters reform has been a major focus for the LGNZ team in 2020/21.

Although the Three Waters reform was announced in August, LGNZ built upon a deep catalogue of research and knowledge, as well as more recent surveys and engagement with the sector, to develop two major submissions on the formation of Taumata Arowai, the Water Services Regulator, which was stood up in early 2021.

On behalf of the sector, LGNZ raised a number of issues, including the need for a focus on utility economics, the power of the regulator to incentivise system performance, and the need for focus on drinking water first, followed by storm and wastewater networks.

Anticipating a swift reform process after the Government's landslide national election win, LGNZ worked to position local government as a key contributor, and co-designer in the Three Waters Reform process.

LGNZ pushed for the formation of a Three Waters Steering Committee with strong local government representation to work with the government throughout the reform. With input from LGNZ, that committee fed a strong voice into the formation of proposals and guided the first non-binding tranche, including the provision of \$761 million to help fund participating councils' three waters upgrades.

As local government is the current provider of drinking, waste and stormwater services for most of New Zealand, LGNZ called on central government to carefully consider the complexity of merging 67 infrastructure service providers into a smaller number of multi-region entities.

Recognising the significant impact that the reform would likely have on councils, alongside Resource Management Reform, LGNZ pushed hard for a parallel 'Future for Local Government' programme to join up the reforms. This programme would look at how local government can best enable the four well-beings in our communities, in lieu of provision of hard infrastructure such as three waters.

## Climate Change

Having successfully positioned LGNZ as a key climate change policy influencer, LGNZ continued engaging in substantive adaptation policy work and advocacy on the Government's National Adaptation Strategy (NAP) – the channel which we believe will deliver the adaptation legislation councils and LGNZ have been crying out for.

As well as setting up channels for councils to directly engage in the NAP draft process, LGNZ had the Ministry for the Environment walk back its plan to solely engage with regional councils. This was the result of an LGNZ organised workshop attended by territorial authorities, which demonstrated the vital role they have to play in local risk assessments (LRA) processes.

As a result of this advocacy, in early 2021 the Ministry engaged Tonkin+Taylor to work with LGNZ and a local government working group to establish a nationwide LRA process, to inform the wider NAP. The first of four workshops to draft the LRA were held in March, with significant local authority input, a huge turnaround from early indications of minimal sector involvement. A draft of the LRA is expected mid-year.

LGNZ's above the line media and public advocacy in this space also played a role. LGNZ's Climate Change Adaptation Symposium and Climate Change Case Studies report informed the media narrative about the need for better legislation and resourcing for of both adaptation planning and responses.

Recognising increased policy movement in the mitigation space, LGNZ also worked hard to compile the sector's views on the Climate Change Commission's Draft Advice to reduce New Zealand's carbon emissions. This resulted in a strong submission underlining the need for the commission to recognise the sector's role in reducing the national carbon footprint, our unique position as a conduit between central government and our communities and iwi.

Backing up the sector's work on the ground, LGNZ has worked with carbon monitoring agencies to progress councils own carbon emissions tracking, resulting in two councils entering six-month trials with Mott MacDonald to gain insights into carbon emissions reductions.

## Housing

Housing is a key policy priority for councils, reflecting that house price and supply pressures are being experienced by metro, provincial and rural communities alike. If we as a nation can provide warm, dry and affordable houses the benefits that our people will reap will be significantly greater than the investment put in.

As a result, much of our policy and public advocacy work in the financial year has been focused on driving better outcomes for communities. In the social housing space, we continued to work closely with central government agencies to develop a better understanding of how more places could be made available to needy families with the right kind of intervention. We also co-developed an affordable housing tool kit with the sector, which helps expand the understanding of the non-market housing model and the role they can play in helping economically stressed households.

At the same time, we have been working with central government to unlock the general housing supply in our cities by tackling the key issues of planning and funding constraints. This work incorporates the ongoing Resource Management Reforms, and LGNZ has contributed to this thinking by developing a leading spatial planning framework. In addition, we laid the foundation stones for alternative infrastructure funding and financing tools through the development of the Ratepayer Funding Scheme.

## Transport

Our transport policy work in the period increasingly focused on the Resource Management Reforms, and Three Waters Reforms, recognising the interconnected nature of horizontal infrastructure and the planning system that guides it.

We continued to advocate for changes to the Government Policy Statement for Land Transport (GPS) to use sound economic evidence to support strategic decision-making. Linked to this is the strong position we took on funding, noting a disconnect between the Government's ambitions in the GPS and the modest levels of funding available to meet these goals. As a result, Waka Kotahi is working more closely with LGNZ and the sector as a whole to better share ideas of how to deliver on local transport expectations within the budgetary constraints.

We also worked to support the Government's Road to Zero strategy, which aims to reduce the injury and death toll on New Zealand's roads, making a broad sector submission, as well as a comprehensive Policy Note to keep councils up to date on our work in this area.

## Localism

During the 20/21 financial year, LGNZ continued to promote its commitment to localism through our submissions and public communications. Localism newsletters, highlighting local and international publications and research on the topic were published and presentations made to seminars and conferences.

The localism project, which promotes community empowerment, will also drive LGNZ's response to the Government's reform programme, particularly the Future for Local Government review.

# Policy priorities

## 1. Infrastructure and funding

**Advocating for sustainable funding mechanisms to allow for local government infrastructure growth and maintenance, particularly across tourism, housing, three waters, and transport.**

LGNZ found traction in advocacy across resource management reform in both the long and short term in the last year. Although the short term changes were largely in response to COVID-19, they showed the ability of both the wider sector and LGNZ to step up in delivering both policy input and on-the-ground delivery in respect to multiple COVID-19 Response Bills, the 'shovel ready' projects programme and the Fast Track Consenting Bill. The sector responded with a record number of consents, as well as putting a number of projects into the Government's infrastructure pipeline.

In the long term, LGNZ's much-requested review of the Resource Management Act gained traction. The panel, tasked with an initial review of the current system, echoed many of LGNZ's key advocacy points, including the fact that while the complexity of the RMA has grown, its ability to efficiently enable decisions and manage the environment has not.

LGNZ's advocacy and policy development around freedom camping was also heard in 2020/21, with the Minister of Tourism announcing a proposal to improve the regime for freedom camping and remove the unfair burden on locals, in some destinations.

## 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.**

Throughout 2020/2021 LGNZ continued to advocate for improvements to the resilience policy framework. This has primarily involved using our place in DIA's Joint Community Resilience Working Group (JCRWG) to advocate for policy improvements. Particularly policy improvements that enable councils to disclose hazard information to their communities and that provide them with resources to assist their decision making.

As part of our efforts with the JCRWG in late 2020, we convened a technical working group of council staff. This working group discussed the use of Land Information Memoranda (LIMs) as a natural hazard disclosure tool.

In early 2021, we then commissioned a report to improve their efficacy, which DIA provided input on. This outlines short and long-term opportunities, including improved hazard methodology, a centralised hazard data portal, alignment of legislative hazard terminology, a central legal repository on LIM developments and making LIMs a compulsory component of the sale and purchase of a property. The recommendations contained in this report are expected to feed into a DIA Cabinet paper outlining a suite of resilience policy changes as proposed by the JCRWG.

## 3. Environmental

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

Freshwater continued to be LGNZ's biggest policy focus outside of the five flagship projects in 2020/21. LGNZ worked closely with the Regional Sector and Government on the development of new National Environmental Standards for Freshwater and a National Policy Statement for Freshwater Management, achieving more workable timeframes and policies in the landmark package.

Assisting this work was the release of the third Compliance, Monitoring and Enforcement (CME) Metrics report, a sector-led initiative to review and better understand regional councils' delivery of one of New Zealand's biggest regulatory systems.

Significant progress was made on waste, rubbish and recycling issues. Ongoing LGNZ advocacy saw Government announcements include an expansion of the waste disposal levy, more funding for onshore recycling and mandatory product stewardship. The Government also indicated more resource towards improving container deposit schemes and recycling classification.

LGNZ also advocated heavily for the right policy settings to enable the protection and restoration of New Zealand's indigenous biodiversity. In a sector submission, LGNZ called for a broad strategic framework to clarify roles and responsibilities, particularly as the government gives greater focus to biodiversity.

## 4. Social

**Working alongside central government, iwi and stakeholders 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.**

The pandemic highlighted the importance of local government's role in social well-being with councils and their emergency management groups working with community organisations and government agencies to ensure communities had the support to get them through the lockdown.

The decision to reform how health services are delivered resulted in LGNZ holding a webinar on the subject of whether there should be a role for local government in the new health system. The webinar, which was attended by nearly 100 participants, looked at the importance of taking a place-based approach to identifying health needs and how local government could help to achieve that objective.

During the year LGNZ continued to advocate for councils to become community housing providers and for their tenants to be entitled to receive income-related rents, something excluded by law. As a result of the Social Housing Reform Act 2013 non-governmental organisations and private firms can become CHPs and thus charge lower rents for tenants than councils are able to. Government officials are currently looking at the practicalities of extending eligibility to councils.

## 5. Economic

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

LGNZ continued to advocate for the role of incentives as a means of driving economic performance of our districts, regions and country. We have long believed that if we want communities to embrace growth we have to remove disincentives, ensure they reap the rewards and deliver benefits to future generations.

We know that the biggest contribution councils can make to their local economies is in the regulatory space. As a result, we've worked with Government to review out-of-date statutes that unnecessarily impact the economic efficiency of our country. In partnership with Taituarā we've also worked to ensure we, as a sector, uphold the same principles in our regulatory practice.

## Remits

LGNZ has worked on a number of actions throughout the year. Despite COVID-19 impacting some deliverables, we still saw a number of good results.

### Public transport

Members raised concerns that public transport viability was at risk due to major financial impacts during the recovery phase of COVID-19. LGNZ called on the Government to work with and increase its support to regional councils to ensure viability of their communities' public transport systems.

### Housing affordability

LGNZ called on the Government to introduce legislation and funding to fully enable councils to address housing affordability in their communities through the use of 'inclusionary zoning' tools, including value-uplift and capture tools.

The working group on affordable housing, comprising relevant/affected councils, central government (MHUD, Kāinga Ora, MSD), iwi/Māori, and the community housing sector was established and considerable work has been done on developing and promoting the uptake of new financing tools.

Following the request from members that LGNZ advocate to central government for the development of an affordable housing National Policy Statement, discussions with officials on the issue of affordable housing are ongoing. LGNZ continues to advocate for the right of councils to apply to become Community Housing Providers and access income related rents.

### GST on rates

Members asked LGNZ to work closely with ministers on options for funding local and regional infrastructure and to explore whether an appropriate mechanisms might be to enable GST (15% Goods and Services Tax) to be returned to councils.

Central government has now established a fund to assist councils put in place infrastructure to speed up housing development. Work is underway to confirm the process and criteria for allocating those funds.

## Natural hazards and climate change

LGNZ has worked with central government on changes to both policy and legislation. Actions sought were a comprehensive review of the current law relating to natural hazards and climate change adaptation along New Zealand's coastlines; development of a coastline strategy covering the respective roles of councils and central government, and greater direction on an integrated approach and development of principles for 'who should pay'.

In late 2020, we convened working groups with experts from the local sector to canvass how to improve the Land Information Memoranda (LIM) system and enable councils to disclose natural hazards, including publication of a report outlining these changes.

We have also convened an adaptation policy symposium to generate sector dialogue and sought to work with Taituarā to influence the CAA. By promoting discourse, we aim to form a clear position to influence MfE from a policy to operational level. This alignment will also mean that we can move at pace to influence MfE as the adaptation framework takes shape.

## Annual regional balance of transfers

The question of how public resources are allocated across regions is critical to the equitable development of New Zealand, but data on how much regions contribute in taxes and receives in public funding is scarce.

Members asked LGNZ to work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding.

LGNZ has written to the Minister of Statistics highlighting the remit and our willingness to work with Statistics New Zealand and other agencies on its implementation.

## Local government electoral cycle

LGNZ's remit to extend the local government electoral cycle from three to four years received support and interest from major political leaders who saw it as relevant to the parliamentary term. LGNZ will further highlight this remit through its submissions to and engagement with the Future for Local Government review.

## Water bottling

Members asked LGNZ to work with the Government to place a moratorium on applications to take and /or use water for water bottling or bulk export. They also asked for a review of the current water bottling industry and that regional councils be given powers to deal with inactive water bottling consents.

LGNZ raised these concerns with the Ministry for the Environment and is waiting on a response.

## Quorum when attending local authority meetings

With COVID-19 demanding that meetings are held virtually, members have asked LGNZ to work with government officials to ensure that the quorum rules be revised to enable elected or appointed members, connecting remotely to a public council meeting, be included in the quorum count. This would provide an option for local government meetings to be held completely remotely, if required.

LGNZ will highlight this proposal as part of its Future for Local Government submissions.

## Use of macrons by local authorities

The use of macrons is currently a complex legislative process. LGNZ was asked to work with New Zealand Geographic Board to look at ways to simplify legislation around adding macrons as set out in the Local Government Act 2002. The Board met with LGNZ's Governance and Strategy Advisory Group to progress discussions.

## Rates rebates for low income property owners

The Rates Rebate provides support to low income householders and increases annually according to the cost of living index (CPI), which is measured by changes in household costs. Because property rates tend to increase due to changes in the cost of construction, which increases at a faster rate than the CPI, the rebate tends to fall behind movements in rates. LGNZ has written to the Minister about the remit and will also highlight the issue in our submission to the Future for Local Government Review.

## Local Government CO<sub>2</sub> emissions

LGNZ was asked to work with government on the issue of how best to measure carbon emissions at a district and city level, based on the independent model the British Department of Business, Energy and Industrial Strategy is using.

In line with this request, from late 2020-early 2021 LGNZ worked with several agencies on how to track carbon emissions in the local sector. We then introduced a tool modelled by Mott MacDonald to councils, of which two are trialling it for a six-month period.



## Member engagement

Throughout 2020/21 LGNZ held a wide range of sector and zone meetings, as well as the Climate Change Adaptation Symposium, providing a vital connection between local government elected members and key private sector decision-makers, independent experts, commentators and central government politicians.

Due to COVID-19 no large gatherings took place between April and August 2020. All LGNZ meetings scheduled within that time frame were held successfully via remote access. The LGNZ Conference to be held in Blenheim in July 2020, was postponed. We now look forward to hosting approximately 600 attendees over three days in July 2021, supporting the local region and discussing the future for local government.

Sector meetings across the rural and provincial, regional and metro sectors enabled mayors and chief executives from around the country to meet and engage with national leaders, ministers and experts. The 12 sector meetings held in 2020/21 were well received and facilitated robust discussion, attracted leading speakers from New Zealand's most important industries and helped to refine LGNZ's advocacy on behalf of the sector.

The Climate Change Adaptation Symposium, held in February 2021, saw over 170 scientists, researchers, local government elected members and officials gather to discuss gaps in New Zealand's adaptation policy and canvassed how the sector can find shared interim solutions while it awaited the Government's impending resource management reform.

# Stronger governance: Te Maruata and Young Elected Members

## Te Maruata

Over 2020/2021 LGNZ strengthened its partnerships with Māori and supported Crown/Māori engagement through Te Maruata Roopu Whakahaere (the Māori sub-committee of the National Council of LGNZ) and the wider Te Maruata Roopu Whānui (the larger network of Māori elected local members and appointed iwi/ hapū representatives).

Hui with these two bodies has offered a way to bridge the gap between local and central government and mātauranga Māori. It has also created an opportunity for central officials to engage with elected Māori representatives, particularly around policy changes directly aimed at improving representation (Local Electoral (Māori Wards and Māori Constituencies) Amendment Bill) and Māori interests (the Rating of Whenua Māori Amendment Bill) throughout New Zealand.

Additionally, Te Maruata utilised connections with central government to increase exposure and conversations between Roopu Whakahaere and central officials on wider reform. This has included promoting discussions between the Minister of Local Government on the Future for Local Government programme and Te Maruata, and inviting officials from the Ministry for the Environment and Department of Internal Affairs to discuss the Resource Management and Three Waters reform programmes.

By facilitating these hui, we can better enable local government to build partnerships with Māori/Pākehā, on which these reforms are premised.

LGNZ has also continued its work to increase the number of Māori elected members, particularly those under the age of 40. On the back of our support for the Māori Wards reform, which passed in early March, 32 councils voted to establish Māori Wards at the 2022 local government elections, bringing the total number of councils with Māori Wards and constituencies to 35. In addition, LGNZ contributed financially to the wanaga series, which helps aspiring Māori councillors get elected. This wanaga series was championed in part by members of the Roopu Whakahaere.

## Governance Development Programme

In its fourth year, LGNZ's Governance Development Programme (GDP) continued to promote the inclusion of Young Elected Members (under the age of 40) at the highest levels of LGNZ. The sector continues to strengthen its diversity, evidenced by a 2020 survey, which found a significant increase in elected members who are younger, female, more educated and Māori.

Whangamata Community Board member Tamzin Letele joined National Council as the latest GDP ex-officio member in 2020. There are also moves underway to have a permanent position for a Young Elected Member on National Council, with full voting rights. At the 2021 AGM, member councils will vote on this, and depending on the result, the GDP programme will be modified.

## Other key initiatives and projects

### PacificTA

The Local Government Technical Assistance Facility for Pacific Island Countries (PacificTA) is now four years into a second five-year contract with the Ministry of Foreign Affairs and Trade. The Ministry has proposed that the programme is extended one more year before further discussion on a third phase.

Where there are well-established relationships, for example, Infrastructure Cook Islands, Port Vila City Council, Suva City Council, To Tatou Vai (Cook Islands) and the Water Authority of Fiji, online work programmes have been established to deliver PacificTA programmes remotely.

In particular, PacificTA has focused on growing asset management capability by facilitating online training in the fundamentals of asset management by IPWEA NZ, and advisor support to develop asset registers.

For asset managers in New Zealand and Pacific Island countries COVID-19 meant developing new ways to work at different Alert Levels, and responding to the Government's requests for 'shovel ready' projects. With PacificTA's guidance, Infrastructure Cook Islands revised procurement plans for 2020/2021 to maintain work for local contractors. PacificTA also worked with Suva City and Port Vila City Councils' planning teams to improve their understanding and management of open spaces within their communities including the application of crime prevention design principles.

Upskilling of building control inspectors was also provided through PacificTA to support social, environmental and economic benefits in the Pacific. A number of building inspectors have benefited from placements in New Zealand councils throughout the programme but this has also been put on hold until borders are open.



### Mayors Taskforce For Jobs (MTFJ)

The Mayors Taskforce for Jobs (MTFJ) has had its strongest year of membership since its inception in 2000, with all 67 mayors now members and working towards a shared target of zero youth unemployment in their districts.

As a response to the economic impacts of COVID-19 and the increased numbers of New Zealanders seeking Ministry of Social Development (MSD) income support, MTFJ piloted the Community Recovery Programme in partnership with MSD and four rural councils (population 20,000 or less) to target young people not in education, employment or training (NEET) or COVID-19 displaced workers into employment.

Following the success of the pilot, the partnership was expanded to provide up to \$500,000 to all 23 rural councils (population of 20,000 or less) with a national aim to get 1,150 young people or COVID-19 displaced workers engaged in sustainable employment pathways. The partnership, at the time of writing this report, has achieved over 1,110 sustainable employment outcomes throughout the country.

The economic impacts of COVID-19 highlighted the need for local communities to hold accessible and updated data on how their local economies are tracking in regards to youth unemployment, skills and training. MTFJ recently launched the 'Youth Employment Dashboard' on the MTFJ website, which displays key labour force statistics for territorial authorities and the regions. The dashboard displays key statistics such as: Youth Job Seeker rate, school leaver attainment and destinations, Trademe Job Vacancies, NEETs and skill shortages.

MTFJ is in the process of co-designing a newly signed Memorandum of Understanding (MoU) with Central Government, which outlines the foundation of the MTFJ and the Government's relationship, to support young New Zealanders into further employment or training. The MoU will be signed at the 2021 Local Government New Zealand Conference.

Throughout the year, MTFJ supported 30 councils to host or co-host an MTFJ Industry Training Graduation, in a nationwide effort to elevate the status of trade and service careers. The graduations were attended by hundreds of local Industry Training Organisation (ITO) graduates from across the country.

MTFJ is continuing its partnership with Outward Bound to provide mayors with the opportunity to nominate deserving young people in their district for an Outward Bound scholarship worth \$3,600.



Prime Minister Jacinda Ardern visiting the MTFJ Mobile Employment Hub in Central Hawke's Bay.



Mayor Cadogan and MTFJ Coordinator, Ruth Galloway, representing their MTFJ 'Jobbortunities' Programme.



Mayor Tania Gibson meeting with Auryn who has been supported through MTFJ. Auryn has completed his carpentry course and is starting his building apprenticeship full time.



Jono, local MTFJ Coordinator in Central Hawke's Bay, in front of their mobile employment hub.



Mayor Rachel Reece with graduates at the 2021 MTFJ Industry Training Graduation.



Mayor Lyn Riesterer meeting with Delta Contracting after supporting staff into employment.

## Performance excellence

Lifting the performance and reputation of local government remains a priority for the sector, and our work through the CouncilMARK™ programme continues to grow.

In 2020/21, the programme welcomed Gisborne District Council, Otorohanga District Council and Waitaki District Council. This now brings the total of councils participating in the programme to 33, many of whom are now completing their second assessments.

Second assessments form a vital component of the programme; providing councils with a clearly defined road map in their continuous improvement journey, whilst ensuring councils can track their progress against best practice. Already, CouncilMARK™ has seen several councils improve their grade from first to second assessments and is evidence that councils see the programme as a key mechanism for performance measurement and improvement.

A list of those participating, their current rating, those that have completed second assessments, and a timeline for their participation can be seen in the supplied tables.

In addition to assessment reports, CouncilMARK™ has developed best practice case studies on Far North District Council and Hauraki District Council. These case studies provide councils with an insight into what it is that make these councils stand out on varying topics, and provides other councils with an opportunity to learn from their peers on “what good looks like”. LGNZ continues to identify other opportunities to share learnings with councils, and a series of webinars are being planned for launch throughout 2021 to continue these efforts.

2020/21 also saw the evolution of the programme’s Independent Assessment Board (IAB), with member Debbie Birch stepping down after serving three years on the IAB, and being replaced by Catherine Harland. Catherine has a deep understanding of local government and the wider public sector having spent time as a Watercare Services director and as an elected Auckland local authority member for 15 years. Further appointments to the IAB were planned in 2021/22 as the IAB looks at its continual improvement and succession planning.

LGNZ continues to strengthen the operational components of the CouncilMARK™ programme, and during the 2020/21 financial year conducted a review of its Performance Assessment Framework (PAF); the framework and methodology of CouncilMARK™. This PAF review, which sought feedback from key programme stakeholders including participating councils, resulted in a more strengthened and streamlined framework which not only provides councils with stronger guidance during the assessment but also a greater assessment that councils can derive value from.

With CouncilMARK™ now operating with a critical mass, LGNZ sees the programme as a key mechanism for councils to learn from and to share findings with their communities.



Councils who have completed second assessments	New rating	Previous rating	Next assessment due
Masterton District Council	BBB	BB	TBC
Ruapehu District Council	BBB	BB	TBC
South Taranaki District Council	BBB	BBB	TBC
Waimakariri District Council	AA	AA	TBC

Assessments upcoming in 2021/22*	Rating	Assessment due
Central Hawkes Bay District Council	BB	Sep 2021
Dunedin City Council	A	Nov 2021
Environment Canterbury	BBB	Nov 2021
Far North District Council	New rating TBC	Nov 2020
Greater Wellington Regional Council	AA	Nov 2021
Hastings District Council	A	TBC
Hauraki District Council	A	Mar 2022
Horowhenua District Council	New rating TBC	Mar 2021
Mackenzie District Council	New rating TBC	Mar 2021
Matamata-Piako District Council	BBB	TBC
Napier City Council	A	Nov 2021
Nelson City Council	BB	Jun 2021
New Plymouth District Council	BBB	Nov 2021
Porirua City Council	BBB	TBC
Queenstown Lakes District Council	BBB	TBC
Rangitikei District Council	BB	Aug 2021
Tararua District Council	BB	Apr 2021
Taupō District Council	BBB	Aug 2021
Upper Hutt City Council	BB	May 2021
Waikato Regional Council	A	Nov 2021
Wairoa District Council	New rating TBC	Nov 2020
Whakatane District Council	BB	TBC

\* As at 31 March 2020.

Assessments due 2022 - 2023	Rating	Assessment due
Bay of Plenty Regional Council	BBB	Jun 2022
Gisborne District Council	N/A	TBC
Manawatu District Council	BBB	Apr 2022
Northland Regional Council	N/A	TBC
Otorohanga District Council	CCC	Aug 2023
Waitaki District Council	BBB	Aug 2023
Whanganui District Council	BB	Jun 2022

# Our year in review

## April 2020

- Zone 3
- EQUIP
- National Council
- **Whanganui District Council CouncilMARK™ report released.**

## June 2020

- MTFJ Core Group
- Te Maruata
- CE Forum
- Zone 2
- **Hauraki District Council CouncilMARK™ report released.**
- Susan Freeman-Greene named as new LGNZ CE.
- MTFJ Community Recovery Pilot programme launched.

## August 2020

- PAG / GSAG
- CBEC
- Metro
- Regional
- Zone 4
- Councils vote in 9 remits at LGNZ AGM.
- New freshwater regulations introduced.
- LGNZ releases climate change case studies.
- LGNZ elects new president Stuart Crosby.

## May 2020

- Metro and Regional
- PAG /GSAG
- CBEC
- National Council

## July 2020

- EQUIP
- National Council
- Rural and Provincial
- Regional
- Zone 1
- LGNZ launches COVID-19 recovery fund.
- Jobs for Nature programme launches.
- MTFJ's Community Recovery programmes scales up nationwide.
- Government announces \$761 in Three Waters funding.
- Government announces expansion of waste levy.
- **Waimakariri District Council received AA CouncilMARK™ rating.**

## September 2020

- MTFJ Core Group
- Auckland Zone
- EQUIP
- LGNZ launches 2020 General Election Manifesto.
- *'Reinvigorating Local Democracy'* submissions released publically.
- **Far North District Council received second CouncilMARK™ report.**

### October 2020

- National Council
- NC Strategy Day
- Zone 2, 3, 5 & 6
- CE Forum
- LGNZ survey shows local political aspirants increasingly younger, female and Māori.
- LGNZ congratulate Labour on election win, welcome Future for Local Government conversation.

### December 2020

- National Council
- Zone 1, Auckland
- Te Maruata
- MTJF Core Group
- Bay of Plenty Regional Council and Otorohanga District Council receive CouncilMARK™ reports.
- Briefing to Incoming Government released.
- LGNZ's media stakeholder function.

### February 2021

- Te Maruata
- Metro
- Regional
- CE Forum
- PAG / GSAG
- CBEC
- YEM Committee

### November 2020

- CBEC
- Metro
- PAG / GSAG
- Zone 1, 4
- Rural & Provincial
- EQUIP
- MTFJ AGM
- Returning Minister of Local Government welcomed.

### January 2021

### March 2021

- National Council
- Rural & Provincial
- Zone 1, 2, 4, 5, 6, Auckland
- MTFJ Core Group
- Te Maruata Hui
- Third Compliance, Monitoring and Enforcement (CME) Metrics report released.
- **Climate Change Adaptation Symposium**
- LGNZ presents to Select Committee on Water Services Bill.
- Masterton District Council and Ruapehu District Council receive second CouncilMARK™ reports.

2

**EQUIP**

EQUIP launched a new brand reflecting its maturity as a trusted advisor to the sector, while staying closely aligned with LGNZ. At the heart of the brand is the recognition that we are stronger and more effective together, that performance is enhanced by enabling honest and respectful conversations at local and regional levels, affirming EQUIP's ability to support the sector, identify challenging issues and negotiate successful outcomes while maintaining a neutral, strengths-based and supportive approach.

COVID-19 required an immediate pivot and re-set. We transformed from face-to-face to online. We could no longer deliver workshops in person and needed to quickly build third party revenue online. EQUIP was fortunate to be able to leverage its digital capability and launched EHUB within weeks, allowing it to deliver free content, sponsored by LGNZ, and to continue to support the sector.

As we emerged from the impacts of alert level restrictions we have seen a resurgence in attendance at workshops and support for our governance diagnostic tools, strategic planning workshops and governance and organisational reviews.

While delivering sector benefit is the key driver for EQUIP, achieving commercial goals allow for a greater level of investment in EQUIP and support for the sector. For 2020/21 our commercial goals were exceeded allowing greater investment in partnerships, programmes and improvements.

- > Integrating the Road Efficiency Group (REG) into the National Land Transport Programme, which is now supporting councils with implementing the evolved One Network Framework;
- > Supporting councils and CEOs with a refreshed governance-led KPI package as part of the governance excellence programme;
- > Supporting councils to deepen relationships with iwi, and bring Te Tiriti partnerships to the Council decision-making table;
- > Supporting councils to recover effectively from the COVID-19 lockdown, including securing Crown Infrastructure funding;
- > Helping councils to monitor, adapt and mitigate the effects of Climate Change;
- > Widening the REG and the Road Transport Unit (RTU) offerings to move to a digital delivery model, supporting council officers with pastoral care; and
- > Driving the recruitment, selection and ongoing support of key sector leaders, including council CEOs and CCO Directors with tools and resources for organisational improvement.

## Summary of RTU consultancy offerings

2018/19	2019/20	2020/21
<b>93%</b> AMPS improvement activity	<b>94.5%</b> AMPS improvement activity	<b>100%</b> AMPS improvement activity
<b>40</b> councils supported	<b>45</b> councils supported	<b>49</b> councils supported
<b>93%</b> attendance REG workshops	<b>94%</b> attendance REG workshops	<b>83%</b> attendance REG workshops*

\* CIF/COVID-19 recovery business case demands on staff – with an average of 149 people per workshop.

## Summary of professional development offerings

2018/19	2019/20	2020/21
<b>22</b> webinars held	<b>11 + 162</b> webinars + digital modules	<b>38</b> digital assets produced
<b>19</b> workshops held	<b>29</b> workshops held*	<b>4,000</b> digital views and 1456 'unique' views
<b>208</b> workshop attendees	<b>605</b> workshop attendees	<b>892</b> members registered on EHUB

# 3

# Financial Statements

# Consolidated Statement of Comprehensive Revenue and Expenses

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
<b>Income</b>			
Annual Subscription Income		3,998,211	3,998,211
Annual Conference Income	5	-	871,476
CouncilMARK Assessment Income	6	175,500	86,500
EQUIP Limited Partnership Income	9	1,975,402	2,137,647
Interest Income		29,448	73,970
MTFJ Income		18,000	18,000
Pacific TA Income		346,000	994,224
Ratepayer Financing Scheme Income	8	80,000	-
Risk & Resilience Income	7	114,258	-
Sundry Income		10,000	15,983
Symposium and Event Income	11	51,713	24,935
Transparency International Income		-	20,000
<b>Total Income</b>		<b>6,798,532</b>	<b>8,240,946</b>
<b>Total Income</b>		<b>6,798,532</b>	<b>8,240,946</b>
<b>Less Direct Costs</b>			
Annual Conference Expenditure	5	-	722,827
Committees and Advisory Boards Expenditure		136,316	162,855
Communications Expenditure		18,014	50,712
CouncilMARK Expenditure	6	175,357	69,853
EQUIP Limited Partnership Expenditure	10	1,870,091	1,741,987
Governance Expenditure		111,879	141,075
Pacific TA Expenditure		196,358	844,958
People Costs		2,143,098	2,117,853
Policy Expenditure		208,596	216,273
Ratepayer Financing Scheme Expenditure		114,420	-
Strategy Expenditure		20,520	-
Risk & Resilience Expenditure		114,258	-
Symposium and Event Expenditure		51,713	109,798
<b>Total Less Direct Costs</b>		<b>5,160,620</b>	<b>6,178,191</b>
<b>Gross Surplus</b>		<b>1,637,912</b>	<b>2,062,755</b>
<b>Less Operating Expenses</b>			
Accommodation/Occupancy		303,163	302,584
Advisory		50,303	73,304
CouncilMARK LGNZ Contribution	6	154,457	122,812
Emerging Issues	12	-	125,645
Financial		16,860	14,870

These statements should be read in conjunction with the notes on pages 32-41.

# Consolidated Statement of Comprehensive Revenue and Expenses (continued.)

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	Notes	2021	2020
		\$	\$
Honoraria		123,667	116,667
Insurance		50,023	50,808
Information Technology		133,134	134,830
Library		40,044	38,877
Office		147,849	178,597
Other Expenses	13	116,496	193,514
Staff Expenses		77,499	82,304
<b>Total Less Operating Expenses</b>		<b>1,213,495</b>	<b>1,434,812</b>
<b>Total Expenses</b>		<b>6,374,115</b>	<b>7,613,003</b>
<b>Net Surplus before Tax</b>		<b>424,417</b>	<b>627,943</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>424,417</b>	<b>627,943</b>
<b>Total Surplus attributable to the Group</b>		<b>424,417</b>	<b>627,943</b>

# Consolidated Statement of Changes in Net Assets

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	2021	2020
<b>Accumulated Comprehensive Revenue and Expenses</b>	<b>\$</b>	<b>\$</b>
Opening Balance	1,588,859	2,444,473
<b>Comprehensive Revenue and Expenses</b>		
Surplus for the Year	424,417	627,943
<b>Total Comprehensive Revenue and Expenses</b>	<b>424,417</b>	<b>627,943</b>
<b>Transfers</b>		
Transfers to other Reserves	(331,981)	(1,483,557)
<b>Total Transfers</b>	<b>(331,981)</b>	<b>(1,483,557)</b>
<b>Total Accumulated Comprehensive Revenue and Expenses</b>	<b>1,681,295</b>	<b>1,588,859</b>
<b>Emerging Issues Reserve</b>		
Opening Balance	500,000	500,000
<b>Total Emerging Issues Reserve</b>	<b>500,000</b>	<b>500,000</b>
<b>Three Waters Reform</b>		
Opening Balance	-	-
Transfer in from Accumulated Comprehensive Revenue and Expenses	250,000	-
<b>Total Emerging Issues Reserve</b>	<b>250,000</b>	<b>-</b>
<b>Other Reserves</b>		
Opening Balance	1,483,557	-
Transfer in from accumulated comprehensive revenue and expenses	81,981	1,483,557
<b>Total Other Reserves</b>	<b>1,565,538</b>	<b>1,483,557</b>
<b>Total Equity</b>	<b>3,996,833</b>	<b>3,572,416</b>

# Consolidated Statement of Financial Position

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	14	6,520,559	4,464,749
Short Term Deposits		1,628,797	-
Receivables from Exchange Transactions	15	603,728	309,911
GST Receivable		-	35,839
Income Tax Receivable		23,126	17,834
Prepayments		204,664	209,665
<b>Total Current Assets</b>		<b>8,980,874</b>	<b>5,037,998</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	353,750	346,409
Intangibles	17	57,303	77,548
Investments	16	1,475	1,475
Work in Progress - Governance Development		-	10,750
Work in Progress - Intangibles		43,307	-
<b>Total Non-Current Assets</b>		<b>455,835</b>	<b>436,182</b>
<b>Total Assets</b>		<b>9,436,709</b>	<b>5,474,180</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		617,563	491,191
GST Payable		59,847	-
Provision for Annual Leave		102,767	129,998
Fit-Out Loan	22	26,459	24,552
Community Board Executive Committee Levy		66,116	57,247
Lease Incentive	23	54,375	76,875
Mayors Taskforce for Jobs	19	3,118,145	332,786
Annual Conference Sponsorship and Deposits Received in Advance		509,639	200,284
Pacific Technical Assistance Income in Advance	20	843,922	373,646
CouncilMARK Income in Advance		-	9250
Local Government Risk Agency Income in Advance	21	-	138,431
<b>Total Current Liabilities</b>		<b>5,398,833</b>	<b>1,834,260</b>
<b>Non-Current Liabilities</b>			
Fit-Out Loan	22	41,043	67,504
<b>Total Non-Current Liabilities</b>		<b>41,043</b>	<b>67,504</b>
<b>Total Liabilities</b>		<b>5,439,876</b>	<b>1,901,764</b>
<b>Net Assets</b>		<b>3,996,833</b>	<b>3,572,416</b>

# Consolidated Statement of Financial Position (continued.)

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	2021	2020
	\$	\$
<b>Net Assets Attributable to the Owners of the Controlling Entity</b>		
Retained Earnings	1,681,295	1,588,859
Emerging Issues Reserve	500,000	500,000
Three Waters Reform	250,000	-
Other Reserves	1,565,538	1,483,557
<b>Total Net Assets Attributable to the Owners of the Controlling Entity</b>	<b>3,996,833</b>	<b>3,572,416</b>

For the Chairman of the National



**S Crosby**, President  
15 June 2021



**S Freeman-Greene**, Chief Executive  
15 June 2021

# Consolidated Statement of Cashflows

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
<b>Cashflow</b>			
<b>Cash from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Members & Stakeholders		7,107,379	8,152,127
Interest and Dividends Received		29,287	71,849
Tax Refunds Received		-	41,646
<b>Total Cash was Provided from:</b>		<b>7,136,666</b>	<b>8,265,622</b>
<b>Cash was Applied to:</b>			
Payments to Suppliers & Employees		(3,284,136)	(7,560,715)
RWT Paid		(5,292)	-
<b>Total Cash was Applied to:</b>		<b>(3,289,427)</b>	<b>(7,560,715)</b>
<b>Total Cash from Operating Activities</b>		<b>3,847,239</b>	<b>704,907</b>
<b>Cashflow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds from Maturity of Term Deposits		-	1,500,000
<b>Total Cash was Provided from:</b>		<b>-</b>	<b>1,500,000</b>
<b>Cash was Applied to:</b>			
Purchase of Property, Plant & Equipment		(138,080)	(69,571)
Purchase of Term Deposits		(1,628,797)	-
<b>Total Cash was Applied to:</b>		<b>(1,766,876)</b>	<b>(69,571)</b>
<b>Total Cashflow from Investing Activities</b>		<b>(1,766,876)</b>	<b>1,430,429</b>
<b>Cashflow from Financing Activities</b>			
<b>Cash was Applied to:</b>			
Repayment of Loans & Borrowings		(24,554)	(22,785)
<b>Total Cash was Applied to:</b>		<b>(24,554)</b>	<b>(22,785)</b>
<b>Total Cashflow from Financing Activities</b>		<b>(24,554)</b>	<b>(22,785)</b>
<b>Net Increase in Cash Held</b>		<b>2,055,810</b>	<b>2,112,551</b>
Add Opening Cash Brought Forward		4,464,749	2,352,198
<b>Bank and Cash</b>			
Bank and Cash		6,520,559	4,464,749
<b>Total Bank and Cash</b>		<b>6,520,559</b>	<b>4,464,749</b>

# Notes to the Consolidated Financial Statements

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2021

## 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 consolidated financial statements have been approved and were authorised for issue by the National Council Members.

## 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 Public Sector entities. For the purposes of complying with NZ GAAP, the Group is a public benefit public sector entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it is not defined as large.

The Group has elected to report in accordance with Tier 2 Public Sector 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 consolidated financial statements as set out below have been applied consistently to both years presented in these financial statements. Certain balances have been reclassified on the Consolidated Statement of Comprehensive Revenue and Expenses to aid the readability for the users of the 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.

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

### Presentation of the Statement of Comprehensive Revenue and Expenses

The presentation of the Statement of Comprehensive Revenue and Expenses has been altered in 2021 to align with the operational and functional reporting used by LGNZ. Prior year figures have also been reclassified to align the presentation.

### 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 2021 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

##### *Subscription Income*

Subscriptions received in exchange for annual access to members' activities are invoiced in April for the year they relate to.

Where members purchase specific services (for example, attendance at the LGNZ Conference), revenue is initially recorded as revenue in advance, and then recognised when the service is performed/event occurs.

#### *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.

### **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 or straight line 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 and Fittings	8% - 67%	Diminishing Value & Straight Line
Leasehold Improvements	10% - 40%	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%
- Workshop Development 33%

### 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 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 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 when 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.

#### **Emerging Issues Reserve**

The National Council has approved creating a reserve of \$500,000 (2020: \$500,000) for strategic matters.

#### **Three Waters Reform**

The National Council has approved a reserve of \$250,000 for matters relating to Three Waters Reform programme.

## Other Reserves

The National Council have approved the creation of other reserves for:

- Funding expected March 2022 deficits for LGNZ and EQUIP - \$849,513 (2021 deficits: \$798,101)
- Operational / Potential Organisational ceasing - \$716,025 (2020: \$685,456)

### 3.16 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.

## 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

The Group has determined that the probability that future taxable profits will be available to be utilised is remote and no deferred tax asset 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.

### 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.

5. ANNUAL CONFERENCE	2021	2020
Annual Conference Revenue	-	871,476
Annual Conference Expenditure	-	(722,827)
Staff Remuneration and Overheads	-	(157,138)
<b>Net Annual Conference (Loss)/Profit</b>	<b>-</b>	<b>(8,489)</b>

The 2021 Conference is scheduled to be held in July 2021 and final income and expenditure will be recorded in the financial statements dated 31 March 2022. Income and expenses as at 31 March 2021 for this conference are recorded as income in advance and prepayments on the Consolidated Statement of Financial Position.

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.

The 2020 Annual Conference was not held due to the impacts of COVID-19. The sunk costs not recoverable for the 2020 Annual Conference were reported separately in the Consolidated Statement of Comprehensive Revenue and Expenses for 31 March 2020.

<b>6. COUNCILMARK PROGRAMME</b>	<b>2021</b>	<b>2020</b>
<b>CouncilMARK Assessment</b>		
CouncilMARK Assessment Income	175,500	86,500
<b>Total CouncilMARK Assessment Income</b>	<b>175,500</b>	<b>86,500</b>
<b>CouncilMARK Expenditure</b>		
CouncilMARK Assessment Disbursements	(3,182)	(478)
CouncilMARK Assessment Fees	(172,175)	(69,375)
<b>Total CouncilMARK Expenditure</b>	<b>(175,357)</b>	<b>(69,853)</b>
<b>CouncilMARK LGNZ Contribution</b>		
CouncilMARK Board Expenses	(74,400)	(70,812)
CouncilMARK Development Costs	(42,929)	(35,770)
CouncilMark Shadow Review Co-funding	(4)	(10,000)
CouncilMARK Travel Expenses	(12,859)	(4,871)
CouncilMark Expenses Other	(24,265)	(1,359)
<b>Total CouncilMARK LGNZ Contribution</b>	<b>(154,457)</b>	<b>(122,812)</b>
<b>Total CouncilMARK Programme</b>	<b>(154,314)</b>	<b>(106,165)</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 Assessments incur 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 and continues to fund the programme manager, Board expenses and any development expenses to enhance the programme.

## 7. RISK & RESILIENCE

The Risk & Resilience Income (\$114,258) and Expenses (\$114,258) relate to work by LGNZ (EQUIP) to support the sector in risk mitigation in the drinking water space by developing and providing data driven asset management support on drinking water infrastructure. This work stream was agreed to be funded from the LGRA (Local Government Risk Agency) funds held by LGNZ as it is related.

## 8. RATEPAYER FINANCING SCHEME

Ratepayer Financing Scheme (\$80,000) is a funding tool that supports affordability of local authority charges by providing ratepayers with very attractive financing terms while keeping councils whole.

### 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.

<b>9. EQUIP LIMITED PARTNERSHIP INCOME</b>	<b>2021</b>	<b>2020</b>
Consultancy Services Income	1,820,632	1,523,092
Professional Development Workshop Income	74,627	335,753
Webinar Income	61,380	70,440
Film/Video Production	4,950	45,700
Other Income	13,813	162,662
<b>Total EQUIP Limited Partnership Income</b>	<b>1,975,402</b>	<b>2,137,647</b>

<b>10. EQUIP LIMITED PARTNERSHIP OPERATING EXPENSES</b>	<b>2021</b>	<b>2020</b>
Accountancy Fees	10,565	7,647
Audit Fees	10,688	13,257
IT Outsourcing	26,710	31,801
Legal Expenses	2,261	-
Professional Development Costs	26,433	190,044
Staff Remuneration	616,897	481,561
Consultancy Services Costs	1,102,428	957,816
Webinar Costs	4,124	5,580
Other Operating Expenses	69,985	54,281
<b>Total EQUIP Limited Partnership Operating Expenses</b>	<b>1,870,091</b>	<b>1,741,987</b>

<b>11. SYMPOSIUM AND EVENT INCOME</b>	<b>2021</b>	<b>2020</b>
Climate Change Symposium Income	14,212	-
Housing Symposium Income	-	16,935
Micro Mobility Symposium Income	-	8,000
YEM Hui	37,501	-
<b>Total</b>	<b>51,713</b>	<b>24,935</b>

<b>12. EMERGING ISSUES</b>	<b>2021</b>	<b>2020</b>
Three Waters Issues	-	70,539
Westland District Council	-	55,106
<b>Total Emerging Issues</b>	<b>-</b>	<b>125,645</b>

The Three Waters Issues relate to costs incurred in relation to Government policy for proposed mandatory aggregation.

The Westland District Council costs were a contribution to legal fees incurred for a proposed Commissioner.

<b>13. OTHER EXPENSES</b>	<b>2021</b>	<b>2020</b>
COVID Response	6,113	-
Depreciation/Amortisation	116,849	97,005
Holiday Accrual/Reversal	(32,932)	15,058
Membership Professional Advice	13,493	3,478
New Zealand Transport Agency - ONRC	2,973	27,973
The Aotearoa Circle	10,000	10,000
Transparency International	-	40,000
<b>Total Other Expenses</b>	<b>116,496</b>	<b>193,514</b>

<b>14. CASH AND CASH EQUIVALENTS</b>	<b>2021</b>	<b>2020</b>
<b>Cash and Cash Equivalents</b>	<b>2021</b>	<b>2020</b>
Bank	2,560,530	3,622,130
Local Government Risk Agency Bank Account	-	138,430
Monies held for Mayors Taskforce For Jobs	3,118,145	332,786
Pacific Technical Assistance Bank Account	841,717	371,236
Petty Cash	167	167
<b>Total Cash and Cash Equivalents</b>	<b>6,520,559</b>	<b>4,464,749</b>

<b>15. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2021</b>	<b>2020</b>
Annual Conference Debtors	177,338	75,077
Pacific Technical Assistance Debtors	4,133	4,935
Sundry Debtors	422,257	229,899
<b>Total Receivables from Exchange Transactions</b>	<b>603,728</b>	<b>309,911</b>

<b>16. INVESTMENTS</b>	<b>2021</b>	<b>2020</b>
Paintings/Artwork	1,475	1,475
<b>Total Investments</b>	<b>1,475</b>	<b>1,475</b>

#### 17. INTANGIBLES

<b>Computer Software</b>	<b>2021</b>	<b>2020</b>
Computer Software at Cost	209,424	203,071
Less Accumulated Amortisation	(166,678)	(125,523)
<b>Total Computer Software</b>	<b>42,745</b>	<b>77,548</b>
<b>Governance Workshop</b>		
Governance Workshop at Cost	14,975	-
Less Accumulated Amortisation	(416)	-
<b>Total Governance Workshop</b>	<b>14,558</b>	<b>-</b>
<b>Total Intangibles</b>	<b>57,303</b>	<b>77,548</b>

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

<b>Intangibles Reconciliation</b>	<b>2021</b>	<b>2020</b>
<b>Computer Software</b>		
Opening Balance	77,548	58,655
Additions	6,353	50,315
LGNZ Amortisation	(26,525)	(19,554)
EQUIP Amortisation	(14,630)	(11,868)
<b>Total Computer Software</b>	<b>42,745</b>	<b>77,548</b>
<b>Governance Workshop</b>		
Opening Balance	-	-
Additions/Transfers from WIP	14,975	-
EQUIP Amortisation	(416)	-
<b>Total Governance Workshop</b>	<b>14,559</b>	<b>-</b>
<b>Total Intangibles</b>	<b>57,503</b>	<b>77,548</b>

<b>18. PROPERTY, PLANT AND EQUIPMENT</b>	<b>2021</b>	<b>2020</b>
<b>Furniture &amp; Fittings</b>		
Furniture & Fittings at Cost	506,552	423,934
Less Accumulated Depreciation	(361,937)	(310,334)
<b>Total Furniture &amp; Fittings</b>	<b>144,615</b>	<b>113,600</b>
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	402,392	402,392
Less Accumulated Depreciation	(193,257)	(169,583)
<b>Total Leasehold Improvements</b>	<b>209,135</b>	<b>232,809</b>
<b>Total Property, Plant and Equipment</b>	<b>535,750</b>	<b>346,409</b>

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

	2021	2020
<b>Property, Plant and Equipment Reconciliation</b>		
<b>Furniture and fittings</b>		
Opening Balance	113,603	138,669
Additions	84,196	13,970
Disposals	(1,578)	-
LGNZ Depreciation	(43,346)	(31,936)
EQUIP Depreciation	(8,260)	(7,103)
<b>Total Furniture and fittings</b>	<b>144,615</b>	<b>113,600</b>
<b>Leasehold Improvements</b>		
Opening Balance	232,809	259,353
Depreciation	(23,674)	(26,544)
<b>Total Leasehold Improvements</b>	<b>209,135</b>	<b>232,809</b>
<b>Total Property, Plant and Equipment</b>	<b>353,750</b>	<b>346,409</b>

### 19. MAYORS TASKFORCE FOR JOBS

The Mayors Taskforce For Jobs ("the MTFJ") is a separately funded entity for which Local Government New Zealand provides management and administration services. All receipts of income and payment of expenses and grants, although separately accounted for via the MTFJ fund, are recorded through Local Government New Zealand's bank account.

For the purpose of these consolidated financial statements the monies held on behalf of the MTFJ are recorded separately within cash and cash equivalents, see note 14, 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.

In July 2020 MTFJ partnered with the Ministry of Social Development to provide funding to rural councils to assist them in the creation of sustainable employment placements for youth as part of the Government's COVID response. This scheme is called "The Community Recovery Programme" and as at 31 March 2021 MTFJ held MSD funds of \$2,850,000 to be distributed to participating councils. This is a one year contract with MSD and requires councils to meet a minimum sustainable employment placement outcome of 1,250. If individual Councils do not meet their target they are required to return the funds to MSD.

	2021	2020
<b>Mayors Taskforce for Jobs</b>		
Mayors Taskforce for Jobs (MTFJ)	3,118,145	332,786
<b>Total Mayors Taskforce for Jobs</b>	<b>3,118,145</b>	<b>332,786</b>

### 20. 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 and has been extended to 30 June 2023.

	2021	2020
<b>Opening Balance</b>	<b>373,646</b>	<b>415,938</b>
Funds Received	886,000	806,000
<b>Total Funds Received</b>	<b>1,259,646</b>	<b>1,221,938</b>
<b>Funds Used</b>		
LGNZ Assistance	346,000	346,006
Cook Islands	6,713	116,523
Fiji	15,875	149,818
Papua New Guinea	-	33,588
Tokelau	6,494	18,814
Vanuatu	40,641	183,543
<b>Total Funds Used</b>	<b>415,723</b>	<b>848,292</b>
<b>Closing Balance</b>	<b>843,922</b>	<b>373,646</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.

## 21. 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 were expected to be returned to the Crown unless an extended scope was agreed. Local Government Risk Agency funds are ring-fenced to Risk and Resilience work.

It was agreed that the LGRA funds would be used for a subsequent scope of work around Risk and Resilience. The agreed work totaled \$175,520 and as at 31 March 2021 the unused funds of \$61,262 are included as an accrual in the Consolidated Statement of Financial Position, while this work is completed.

	2021	2020
<b>22. LOANS</b>		
<b>Current Portion of Loans</b>		
Current Portion of Fit-Out Robt. Jones Holdings Limited	26,459	24,552
<b>Total Current Portion of Loans</b>	<b>26,459</b>	<b>24,552</b>
<b>Non-Current Portion of Loans</b>		
Loan Fit-Out Robt. Jones Holdings Limited	41,043	67,504
<b>Total Non-Current Portion of Loans</b>	<b>41,043</b>	<b>67,504</b>
<b>Total Loans</b>	<b>67,502</b>	<b>92,056</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.

	2021	2020
<b>23. LEASE INCENTIVE</b>		
Lease Incentive	54,375	76,875
<b>Total Lease Incentive</b>	<b>54,375</b>	<b>76,875</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.

## 24. LEASES

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

<b>Leases</b>	<b>2021</b>	<b>2020</b>
Later than one year	316,325	270,025
Later than one year and no later than five years	448,113	652,560
Later than five years	-	-
<b>Total Leases</b>	<b>764,438</b>	<b>922,585</b>

## 25. RELATED PARTIES

### EQUIP Limited Partnership

Local Government New Zealand received Accommodation fees of \$8,803 (2020: \$8,803) and Services Agreement fees of \$29,200 (2020: \$29,200) from EQUIP Limited Partnership.

There is \$63,728 outstanding from EQUIP Limited Partnership at balance date (2020: \$nil).

These transactions are eliminated on consolidation.

### The Mayors Taskforce for Jobs

The Mayors 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 (2020: \$18,000) were paid from MTFJ.

### Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosure, are the members of the governing body being the Chief Executive, three Deputy Chief Executives for Operations, Advocacy & Commercial, the Director of Strategy and Engagement (appointed in the 2021 year), and two managers in EQUIP. 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>2021</b>	<b>2020</b>
Total Remuneration	1,331,755	1,298,446
Number of persons	6	6

## Honoraria

Honoraria of \$95,128 (2020: \$89,744) and \$28,539 (2020: \$26,923) were paid to the President and Vice President respectively during the year ended 31 March 2021.

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

## 26. 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>2021</b>	<b>2020</b>
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	6,520,559	4,464,749
Accounts Receivable	603,728	309,911
<b>Total Loans and Receivables</b>	<b>7,124,287</b>	<b>4,774,660</b>
<b>Financial Liabilities</b>		
Accounts Payable	617,565	452,698
Annual Conference Sponsorship and Deposits Received in Advance	509,639	200,284
Loans and borrowings	67,502	92,056
Provision for Annual Leave	102,767	129,998
<b>Total Financial Liabilities</b>	<b>1,297,473</b>	<b>875,036</b>
<b>27. INCOME TAX EXPENSE</b>	<b>2021</b>	<b>2020</b>
<b>Components of tax expense</b>		
Adjustments to current tax in prior years	-	-
Deferred tax asset written-off	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus / (deficit) before tax	424,417	627,943
<b>Tax at 28%</b>	<b>118,837</b>	<b>175,824</b>
<b>Plus / (less) tax effect of:</b>		
Non-deductible expenditure	665,038	590,396
Non-taxable revenue	(1,119,499)	(1,119,499)
Prior year adjustment	-	-
Deferred tax asset written-off	-	-
Deferred tax not recorded	335,625	353,279
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets / (liabilities)</b>		
Opening balance	-	-
Charged to surplus or deficit	-	-
<b>Total</b>	<b>-</b>	<b>-</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 \$8,156,157 (2020: \$6,954,386).

No deferred tax asset has been recognised for an amount of \$2,283,724 (2020: \$1,947,228) due to uncertainty that Local Government New Zealand will report taxable profits in the future to offset against accumulated tax losses.

## 28. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date (2020: \$nil).

## 29. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2020: \$nil).

## 30. EVENTS AFTER THE REPORTING DATE

There are no subsequent events after balance date that require disclosure.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Auditor-General is the auditor of New Zealand Local Government Association Incorporated (the Association). The Auditor-General has appointed me, Hamish Anton, 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 26 to 41, that comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Association:

- present fairly, in all material respects:
  - its financial position as at 31 March 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards (Reduced Disclosure Regime).

Our audit was completed on 15 June 2021. 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 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 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 differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

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.

### **Independence**

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

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



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

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**National  
Council  
and staff**

## National Council

Stuart Crosby | President | Councillor, Bay of Plenty Regional Council

Hamish McDouall | Vice President | Provincial Sector | Mayor, Whanganui District Council

Hon Phil Goff | Mayor, Auckland Council

Pippa Coom | Councillor, Auckland Council

Richard Northey | Local Board, Auckland Council

Aaron Hawkins | Metro Sector | Mayor, Dunedin City Council

Andy Foster | Metro Sector | Mayor, Wellington City Council

Grant Smith | Metro Sector | Mayor, Palmerston North City Council

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

Rachel Reese | Regional Sector | Mayor, Nelson City Council

Alex Walker | Rural Sector | Mayor, Central Hawke's Bay District Council

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

Jim Mylchreest | Zone Two | Mayor, Waipā District Council

Don Cameron | Zone Three | Mayor, Ruapehu District Council

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

Sam Broughton | Zone Five | Mayor, Selwyn District Council

Gary Kircher | Zone Six | Mayor, Waitaki District Council

Bonita Bigham | Te Maruata Roopu Whakahaere | Community Board Member, South Taranaki District Council

Tamzin Letele | Young Elected Members | Whangamata Community Board Member, Thames-Coromandel District Council

## **LGNZ staff** (as at 31 March 2021)

Susan Freeman-Greene | Chief Executive  
Jason Krupp | Deputy Chief Executive Advocacy  
Leanne Brockelbank | Deputy Chief Executive Operations  
Scott Necklen | Deputy Chief Executive Commercial  
Bridgit Sissons | Director - Strategy and Engagement  
Dr Mike Reid | Principal Policy Advisor  
Clare Wooding | Principal Policy Advisor  
Philip Shackleton | Principal Policy Advisor  
Dan Henderson | Programme Manager CouncilMARK™  
Amanda Boyd | Membership and Events Manager  
Daniel Webster | Senior Communications Advisor  
Frances Sullivan | Programme Manager PacificTA  
Stephane Mino-Vercellio | Programme Administrator  
PacificTA  
Noa Woolloff | MTFJ Taskforce Coordinator  
Trudi Mackay | Accounts Officer  
Raquel Brandt-Partridge | Team Support  
Sarah Reddington | Team Support  
Claudia Pope | Team Support

## **EQUIP staff** (as at 31 March 2021)

Dr Steven Finlay | General Manager, Investment,  
Infrastructure, and Governance Group  
Jill Calogaras | Professional Development Manager  
Jo Parker | Professional Development Coordinator  
Joseph Stannard | Digital Media and Marketing Producer





# We are. LGNZ.

Te Kāhui Kaunihera o Aotearoa.

PO Box 1214  
Wellington 6140  
New Zealand

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

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## We are.

Ashburton.	Gisborne.	Kaikōura.	Otago.	Southland Region.	Waimate.
Auckland.	Gore.	Kaipara.	Ōtorohanga.	Stratford.	Waipā.
Bay of Plenty.	Greater Wellington.	Kāpiti Coast.	Palmerston North.	Taranaki.	Wairoa.
Buller.	Grey.	Kawerau.	Porirua.	Tararua.	Waitaki.
Canterbury.	Hamilton.	Mackenzie.	Queenstown- Lakes.	Tasman.	Waitomo.
Carterton.	Hastings.	Manawatū.	Rangitikei.	Taupō.	Wellington.
Central	Hauraki.	Marlborough.	Rotorua Lakes.	Tauranga.	West Coast.
Hawke's Bay.	Hawke's	Masterton.	Ruapehu.	Thames- Coromandel.	Western Bay of Plenty.
Central Otago.	Bay Region.	Matamata-Piako.	Selwyn.	Timaru.	Westland.
Chatham Islands.	Horizons.	Napier.	South Taranaki.	Upper Hutt.	Whakatāne.
Christchurch.	Horowhenua.	Nelson.	South Waikato.	Waikato District.	Whanganui.
Clutha.	Hurunui.	New Plymouth.	South Wairarapa.	Waikato Region.	Whangarei.
Dunedin.	Hutt City.	Northland.	Southland District.	Waimakariri.	
Far North.	Invercargill.	Ōpōtiki.			

**LGNZ.**