

# Annual report

Ko Tātou  
LGNZ.

# Pūrongo ā-tau

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2022-23

**Standing up for local government**  
// Te tū ake mō te kāwanatanga ā-rohe

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# From the President>

## // Ngā kupu a te Tumuaki



**For many councils, recent months have been dominated by extreme weather events, especially flooding. It's in disaster that communities show their strengths – coming together and supporting each other.**

This equally applies to our local government whānau. From Mayors texting their cyclone-hit colleagues at the other end of the country and staff secondments to councils under pressure, to our Adopt a Community initiative and LGNZ supporting recovery legislation.

Adopt a Community paired cyclone-hit councils with other councils who wanted to support them in any way they could, including by raising money for their mayoral relief funds. I know how much this support was appreciated. Together, we are stronger, and nothing illustrates that like crisis.

As my term as President draws to a close, it's the strength of a united local government that will stay with me in these highly disruptive times. Local Government New Zealand has a challenging role to play taking national advocacy positions that support our diverse communities and councils. The past three years have amply demonstrated that. I acknowledge that at times the position and advocacy of LGNZ has created conflict between LGNZ and some of its members. With a range of government reforms being foisted upon local government at pace and out of a logical sequence, I believe that LGNZ's approach to influence and seek the best outcome for councils and communities as opposed to being oppositional was, and is, the right decision.

Without the dedication and hard work of the staff at LGNZ, led by our CE Susan Freeman-Greene, we would not have enhanced the credibility of LGNZ to have a strong voice to test and challenge Government reforms, in multiple ways. I have always stated in my time as a member of the National Council of LGNZ that the unity of local government and the credibility of the local government family are critical factors in our ability to influence a government's policy direction for the best interests of our communities.

Collectively, councils need to achieve constant improvement in our governance and delivery to the people we serve. We must make the best decisions in providing for today and planning for our future. The future function and form of local government should be led by local government - we know our business and communities better than central government.

What will stay with me is what we've achieved together, including a bold new strategy for LGNZ and a strong focus on delivering for members across a huge range of services. I want to acknowledge everyone I've served with on National Council, especially Vice Presidents Hamish McDouall and Sam Broughton. And also, every Mayor, Chair, elected member, CE and staff member I've spent time with over the past three years. The privilege of this role is those conversations and relationships, and the insight you gain into every part of local government in Aotearoa New Zealand.

While local government continues to navigate turbulent and unpredictable times, our collective vision for the future, founded on localism, is clear. It is incumbent upon us all to lead the protection and strengthening of localism via a democratic and effective local government.

Stuart Crosby  
President, LGNZ

# From the CE>

## // Ngā kupu a te CE



### When I look back on the 2022-23 year, there are plenty of highlights.

Our policy work digging into the Government's reforms on three waters and resource management; our engagement and thought leadership as part of the Future for Local Government work; our hugely positively received induction for Mayors and elected members; our reimagined learning and development programme, Ākōna; raising the profile of local government through the media; and our Vote 22 campaign that targeted more people to get out and vote.

And all of this happened in a very challenging environment for local government. Massive and complex reforms mean councils are under a huge amount of pressure, navigating a turbulent and uncertain environment where many things are out of their control. As well as a raft of reforms and environmental and societal challenges, this year has seen significant cost pressures added to the mix. We're all finding that when stressed people want certainty but can't get it, conflict and reactivity increase.

It has been excellent to work with the new National Council to set a clear roadmap for this triennium. One that focusses on what's in our control so we can shift the dial in some key areas – such as the relationship with central government and the power of localism. For amongst the understandable noise and pressure, we face a genuine challenge around local government's place in the world and relevance. To make real headway on this, we must come together or local government risks losing its potency. The Future for Local Government Review and its aftermath present an opportunity we must all seize to activate a different, better future that everyone can get behind. LGNZ will push into this space. I also want to acknowledge the contribution of the 2019-2022 National Council, and particularly Stuart's mahi as President over the past three years.

At the same time as all the future-focused work, we need to look after each other. Every day LGNZ talks to elected members who are doing it tough. Maybe that's you. From public negativity to internal conflicts, to a lack of role clarity. We're here to help. That's why we've introduced free counselling and wellbeing resources for all elected members. And why we successfully advocated for the removal of residential addresses from election campaign material, after incidents of harassment. And why every day we take elected members' calls about what they're facing – and provide neutral, confidential support.

For me, a highlight of this year has been the ability to get out and travel again, and visit councils, often informally. I always gain new, different and very valuable insights from these discussions. Because the strength of local government is its people – and its people make me optimistic about what we can do, together.

A handwritten signature in black ink, appearing to read 'Susan Freeman-Greene'.

Susan Freeman-Greene  
CE, LGNZ

TIAKI  
TIAKI  
TIAKI  
TIAKI  
TIAKI





**6000 mentions of LGNZ in the media.**

**19**

SUBMISSIONS SENT ON ISSUES RANGING FROM THE FUTURE FOR LOCAL GOVERNMENT, RESOURCE MANAGEMENT AND WATER REFORM TO EMERGENCY MANAGEMENT, FORESTRY AND TRANSPORT.

**8**

ORAL SUBMISSIONS TO SELECT COMMITTEES.



**82 meetings with politicians and political staff.**

**130**

PEOPLE PART OF OUR YOUNG ELECTED MEMBERS NETWORK.

**150**

PEOPLE ATTENDED OUR FIRST "UNPACKING RESOURCE MANAGEMENT" ZOOM.

**57**

PEOPLE PART OF OUR TE MARUATA NETWORK.

**87%**

OF MAYORS EXPERIENCED OUR TWO-DAY AKONA MAYORAL INDUCTION HUI.

**471**

SELECTED MEMBERS ATTENDED OUR AKONA INDUCTION HUI IN 13 LOCATIONS AROUND AOTEAROA.

**8.4m**

VIEWS WERE RECORDED FOR OUR WHAT MAKES YOU STAND/UP THE VOTE CAMPAIGNS - WHICH WERE ALSO SHOWCASED NATIONALLY IN THE MEDIA MULTIPLE TIMES.



**\$14m in funding was secured for MTFJ's Community Resilience Programme.**

**1400**

RANGATAHI WERE PLACED INTO WORK AND TRAINING THROUGH MTFJ.



**600 people came to our 2022 LGNZ Conference in Palmerston North in July.**

# Our strategy

Tā mātou  
rautaki



Vision:

**The most active and inclusive local democracy in the world.**

Purpose:

**To be local democracy's vision and voice.**

4 leadership pillars:

**Whakahono** // Connect

**Whakamana** // Advocate

**Whanake** // Develop

**Whakauru** // Include

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Our priorities for the next 1-3 years:

- // 1.** Getting the LGNZ house in order, starting with our re-organisation to make us fit for purpose, sustainable and capable of delivering.
- // 2.** Strong mutually beneficial engagement and partnerships with Central Government, Iwi Māori and Taituarā.
- // 3.** Ensuring local voice is heard on the important issues – Three Waters, Resource Management, Housing, Transport, Climate change and the Future for Local Government.
- // 4.** Developing a broad Diversity & Inclusion framework that grows awareness and understanding of Local Governance, Te Tiriti, encourages more diverse people to stand and creates safe spaces around the council table for people to thrive.
- // 5.** Supporting councils to build capability and deliver excellence through a holistic overarching framework including development, Council Mark accreditation and consultancy.
- // 6.** Building trust and confidence in local government through compelling story telling, leveraging key programmes, such as MTFJ, and effective reputation management.

# Our priorities – what we've achieved >

// Ā mātou  
whakaarotau - ngā  
whakatutukitanga

## // 1. **Getting the LGNZ house in order, starting with our re-organisation to make us fit for purpose, sustainable and capable of delivering.**

Our new overarching strategy infused everything we did, including how we prioritised work and where we invested our resource.

We started the 2022/23 financial year nearly fully staffed, for the first time in some months, which made a real difference to our capacity and ability to deliver. New appointments enabled us to supercharge our policy, advocacy, engagement and media work, as well as grow our political relationships in a deeper and more sustainable way.

We continued to enable our networks to wrap support around their members. YEM held their annual strategy hui, finalised and launched their Kaupapa. We worked much more closely with Te Maruata to support their kaupapa and help deliver on their priorities.

We supported a large number of events either directly or in conjunction with our networks and chairs. Our events timetable was jam-packed, with a range of events including multiple sector meetings, zone meetings, our networking meetings/mini conferences (YEM, Te Maruata, CBEC) and, of course, our annual conference.

We also undertook a review of all our IT infrastructure and built a digital roadmap to help us create the best possible digital ecosystem for our members.

## // 2. **Strong, mutually beneficial engagement and partnerships including with Central Government, Iwi/Māori and Taituarā.**

Our relationships with central government at all levels grew and strengthened. We had regular meetings with the Prime Minister, the Minister for Local Government and the Minister for the Environment, as well as meeting with the wider Cabinet several times a year.

After the departure of Nanaia Mahuta from the local government portfolio, we built a similarly strong relationship with Kieran McAnulty, who was already well known to us through his associate role. This included regular meetings as well as facilitating engagement with local government groups.

Along with our regular meetings with Ministers, we continued to build our relationship with opposition members, including diarising regular meetings with the Local Government spokesperson for National, Simon Watts.

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As part of our new political strategy, National Council agreed on these principles:

- » **Looking to the future:** We are committed to being future-focused, working to create an enduring local government sector with the wellbeing of our communities at our heart.
- » **Te Tiriti is our foundation:** Creating an inclusive local government is the key to our success. That includes finding and supporting ways to ensure that iwi/Māori can effectively and meaningfully contribute to kōrero and decision-making.
- » **Working constructively:** We are committed to working constructively with the Government of the day – we are nonpartisan.
- » **Championing local voice:** Local representation and voice will be at the centre of everything we do. We will amplify the sector's voice at a national level and with the public.
- » **Elevating participation:** We will act to increase participation in local democracy, especially encouraging candidates to stand for election and increasing voter turnout.
- » **Being brave:** We face into the tough and complex issues and look for what's best for both Aotearoa's communities and future generations.

We worked closely and collaboratively with Te Maruata, which is going from strength to strength. Together we're now focused on developing an appropriate strategy for growing our relationships with Iwi/Māori in a genuine and respectful way, leaning on the mahi already underway in councils.

We worked hard to build a close working relationship with Te Uru Kahika – an ongoing area of focus for us. In recent months we worked together on advocating for central government co-investment in flood protection infrastructure. Working together enabled us to draw on the collective strength and expertise of the Te Uru Kahika network of Special Interest Groups and enabled Te Uru Kahika to leverage our advocacy and political engagement expertise.

We worked closely with Taituarā on the Vote22 campaign and the induction of new mayors and elected members, as well as collaborating on many policy issues. We also collaborated on Pacific TA business planning, to align this initiative with Taituarā's professional development strategy.

### // 3. Ensuring local voice is heard on the important issues – three waters, resource management, housing, climate change and the Future for Local Government.

The past 18 months have seen an onslaught of reform from all parts of government. From the big three targeting local government directly – Three Waters Reform, Resource Management Reform and Future for Local Government Review – to climate change, health, emergency management, housing, biodiversity, tertiary education and more. We helped our members grapple with the onslaught of reform by delivering webinars, zooms and in person workshops, along with developing simple explanatory guidance materials.

At the heart of all of our advocacy on all reform and policy issues was the fundamental importance of local voice, localism and local democracy – and making sure that any legislation was as good as it can be for councils and their communities.

#### Three waters

Three pieces of legislation relating to this reform were introduced during this financial year. For each bill, we shared an outline and then a draft submission, which allowed members plenty of space and opportunity to provide feedback. The consultation period for the second and third bills, which operationalised the reform and set up economic regulation, was over the summer holiday period but because we were able to turn around a draft very quickly before Christmas, members benefitted from our policy work that could be used in their own submissions.

We have repeatedly and strongly shared with the Government our members' concerns about the reform, including around transition, timeframes, representation of local voice and many other matters.

During 2022, councils were able to access the first \$500m of the better-off package that LGNZ had negotiated in 2021.

#### RM

We continued to support the RM Reform Local Government Steering Group's efforts to provide advice to the Government on what achievable resource management reform looks like. We worked closely with this group to develop proposals for how local voice could be enhanced in the new regional planning system, including that Councils develop Statements of Community Outcomes and Statements of Regional Environmental Outcomes. These recommendations were picked up in the Bills that were introduced at the end of last year.

We ran a zoom series on 'unpacking resource management', which attracted strong attendance and helped us understand members' perspective on the reform.

The Natural and Built Environments Bill and Strategic Planning Bill were introduced just before the end of 2022 – and we turned around a draft submission very quickly so that members could use it in their own work.

#### FFLG

We carried out an extensive programme of engagement and advocacy around the Future for Local Government report.

We ran workshops with more than 400 members on the FFLG Review and developed a comprehensive response to the Panel's initial report, including a vision for the future.

Our speaker series **Limitless Local: exploring the Future for Local Government** showcased innovative approaches to community engagement and local government from around the world, to help inspire the conversation around FFLG.

We advocated for members to get an extension to submissions on the draft report, which was granted. Our submission on the draft report was based on what we have heard from members about their vision for the future of local government through our engagement and workshops. It set out a vision, some of the key challenges that are preventing councils from realising this vision now and a series of recommendations for the Panel's consideration about how these challenges might be addressed.

## Other policy areas

We also worked on a huge range of other policy issues, including biodiversity, freedom camping, waste and recycling and providing feedback on matters relating to local government legislation and electoral matters. We also engaged with both Waka Kotahi and the Ministry of Transport on a range of transport issues.

We submitted on the Government's first draft National Adaptation Plan (NAP), saying it wasn't ambitious enough and failed to respond to impacts that communities are already feeling. We also submitted on the Emissions Reduction Plan, seeking more clarity on councils' roles and responsibilities – and greater investment by Government to meet carbon zero goals. We are ramping up our work on climate change in 2023/24 and will be dedicating more resource to advocacy in this area.

We also secured a delay to changes to the emergency management system reform, to help alleviate pressure on councils given the sheer volume of reform.

## Other advocacy

We responded to concerns about safety from elected members. Off the back of a number of elected members experiencing harassment on their private properties, we raised with the Prime Minister the issue of publication of local body election candidates' residential addresses on the authorisation statements in local election campaign advertisements. This resulted in that requirement being removed.

We successfully advocated for changes to the LIM system to enable councils to better communicate information about natural hazards with property purchasers.

We supported the Government's proposed changes to the New Zealand Emissions Trading Scheme (NZ ETS) to exclude exotic forests from the permanent forest category. We also worked collaboratively to develop a green paper on what the regulatory framework for carbon forestry should be and the policy design of the exemptions regime for the ETS.



## // 4. **Developing a broad Diversity & Inclusion framework that grows awareness and understanding of local governance, Te Tiriti, encourages more diverse people to stand and creates safe spaces around council tables for people to thrive.**

### **Encouraging more New Zealanders to vote**

Our Vote 22 campaign starred teen pop sensation Benee, along with singer Muroki, comedian Cori Gonzales-Macuer, rugby and league player Honey Hireme-Smiler, and LGBTQIA+ activist Shaneel Lal. It included street posters, digital advertising and social media, along with a toolkit for participating councils. More than 50 government agencies, not-for-profit groups and grassroots partners supported the national campaign through sharing content and resources across their channels and with their respective communities. The campaign also attracted a good level of media coverage. And we advocated for additional funds for participating councils to obtain ballot boxes during the election, to make voting more accessible for their communities.

As candidates geared up for the elections, we developed a candidates' guide and also ran a zoom series called 'Make a Stand' focused on skills and tactics in standing for election.



### **Driving change through DEI**

During this financial year, we developed an action plan for our broader Diversity, Equity & Inclusion strategy that weaves DE&I through as many aspects of our work as possible. We conducted a survey with elected members to identify good and bad cultural and behavioural practices around council tables. Nearly half of respondents had experienced racism, gender discrimination, or other forms of harmful behaviour while doing their job in public office.

We sought out, and created, opportunities to talk about the need for greater diversity in local government as well as highlighting the abuse and harassment many of our elected members experience in their roles as public figures.

### **Whanaungatanga with our Māori elected members**

As part of our mahi to strengthen, support and promote Te Maruata, we set up monthly wānanga for Te Maruata whānui, which includes external speakers and space for kōrero. We also established Te Āhuru Mōwai, the tuakana-teina mentoring and support programme for Māori elected and appointed members.



## // 5. **Supporting councils to build capability and deliver excellence through a holistic overarching framework including development, CouncilMARK™ accreditation and consultancy.**

### **Building capability through Ākona**

We launched Ākona, our new learning and development programme, specifically designed for elected local government officials. Ākona was designed to help all our elected members across the motu learn new skills, build capability and enable strong governance. It also provides ongoing support to people throughout their local government career so they can deliver more value for their communities. The first step in this extensive programme, developed in response to feedback from members, was our revamped induction in late 2022. Our two-day induction for Mayors in late October received excellent feedback from attendees. We then held 12 separate elected member induction hui around the country in October and November. We also supported Te Uru Kahika to provide induction for new and returning Chairs.

The second step in the programme development was the launch of our new online learning platform, which went live in February 2023. Throughout the journey, we've been responding to member feedback and building content in line with needs and relevant issues. We will continue to evolve Ākona to meet member needs.

### **Showcasing excellence at our annual Conference**

Our conference was another key learning opportunity. 2022 attracted strong attendance from local government and stakeholders with more than 600 people registered – a significant increase on the previous year. Conference is an important occasion for local government to come together, connect and share best practice from around the motu and beyond. It's also a critical platform for celebrating the incredible mahi done on behalf of communities across Aotearoa New Zealand, including through our awards.

### **Continuously improving CouncilMARK**

While we carried out five CouncilMARK assessments during this financial year, we have shifted focus to a full review of this programme. We are in the process of totally revamping CouncilMARK to put more emphasis on continuous improvement, in response to member feedback.

### **Loving our libraries**

Our Libraries Advisor, who is funded by the National Library's National Libraries Partnership Programme, has visited and supported libraries across the motu. This work is about sharing best practice on how libraries can serve and engage their communities.

### **Providing great guidance**

We revamped LGNZ's Code of Conduct and Standing Orders (and supporting guidance material) and updated the suite of guidance documents that we make available to Mayors, Chairs, and elected members.

### **Consultancy brings efficiencies and expertise**

EQUIP supported the sector's roading partnership/collaboration, Te Ringa Maimoa (formerly the Road Efficiency Group), providing smart technology partners to the sector to support their operations, project and management support, and CE recruitment. It also supported capital carbon reporting with the LG Moata Carbon Portal and Mott MacDonald.

We successfully developed agreed Street Light Profiles, which mean councils can be billed less for electricity if they are dimming their LED streetlights. This delivers substantial savings to many councils, especially larger metropolitan ones.

As well as our planned pieces of work, EQUIP and LGNZ provided confidential advice and expertise to many throughout the sector.

## // 6. **Building trust and confidence in local government through compelling storytelling, leveraging key programmes, such as MTFJ, and effective reputation management.**

LGNZ significantly lifted our media game during this financial year. We established strong relationships with local reporters and political journalists, building regular, individual connections with Local Democracy Reporters (LDR). This work has seen increased balance in media reports about local government.

We also took a much more proactive approach to telling local government stories, which resulted in strong coverage of the Vote 22 campaign and the challenging environment many elected members operate in. We spoke publicly about the bullying and harassment of elected members as well as the need for greater diversity of candidates and voters around the motu. We placed proactive stories in the national media almost weekly. Coverage of specific events, such as Conference, the Mayors Induction hui and the local government elections, created high visibility and profile for the local government and the important role councils play in our communities.

We worked closely with our programmes, including MTFJ and PacificTA, to showcase their amazing mahi as well as help them secure support and funding from Central Government to ensure their ongoing ability to deliver. With the Chair, we negotiated an additional \$8m for MTFJ's Community Resilience Programme, taking the total contract to \$14m for the 33 councils participating, and worked with Social Development Minister Carmel Sepuloni and MSD on a multi-year deal.

## This has been an exceptional year.

Our strategy, set by National Council, has driven a wide and deep range of work. Our advocacy, policy and media capability grew and we delivered strong support to members engaging with a wide range of reforms – while continuing to deliver all our other work programmes.

As we head into the next financial year, our refreshed strategy continues to guide all our work on behalf of local government, during a tumultuous time for the sector.





# Financial statements

## Ngā tauākī pūtea

Prepared by Grant Thornton New Zealand Limited

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# Directory

## // Tātai

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

### **Nature of Business**

A membership organisation that represents local authorities in promoting the national interests of local government.

### **Entity Name**

New Zealand Local Government Association Incorporated - Trading as Local Government New Zealand (LGNZ)

### **Address**

Level 1  
117 Lambton Quay  
Wellington 6011

### **IRD Number**

049-455-479

### **Incorporation Number**

374615

### **Incorporation Date**

1 February 1988

### **Status**

Registered Incorporated Society

### **Chartered Accountant**

Grant Thornton New Zealand Limited

### **Auditor**

Deloitte Limited (on behalf of the OAG)

### **Banker**

ANZ Bank Limited

### **Solicitor**

Simpson Grierson

# Consolidated Statement of Comprehensive Revenue and Expenses

## // Tauākī Tōpū o te Moniwhiwhi me ngā Whakapaunga Whānui

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

	Notes	2023	2022
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Annual Subscription Income		4,090,071	3,998,211
Annual Conference Income	5	1,044,136	981,855
CouncilMARK Assessment Income	6	58,460	64,750
Equip Limited Partnership Income	13	1,821,945	1,835,871
Interest Income		97,573	19,211
Libraries Partnership Programme Funding		368,678	60,016
MTFJ Income		208,000	18,000
Pacific TA Income		346,000	346,000
Professional Development Income	12	352,028	11,240
Ratepayer Financing Scheme Income	9	217,953	320,622
Sundry Income		705	24,172
Three Waters Reform Funding	8	925,557	2,205,264
Transparency International Income		-	20,000
Vote 22 Funding		281,596	-
<b>Total Revenue from exchange transactions</b>		<b>9,812,702</b>	<b>9,905,212</b>
<b>Total Revenue</b>		<b>9,812,702</b>	<b>9,905,212</b>
<b>LESS DIRECT COSTS</b>			
Annual Conference Expenditure	5	783,455	780,759
Committees and Advisory Boards Expenditure		194,476	70,145
Communications Expenditure		66,214	9,476
CouncilMARK Expenditure	6	55,046	87,944
Equip Limited Partnership Expenditure	14	1,822,298	1,870,296
Governance Expenditure		158,302	99,517
Libraries Partnership Programme Expenses		280,678	60,016
Pacific TA Expenditure		201,890	184,930
People Costs		2,943,745	1,857,649
Policy Expenditure		194,661	106,675
Ratepayer Financing Scheme Expenditure	9	217,953	370,622
Three Waters Reform		1,021,558	2,122,549
Sector Engagement Projects		731,825	198,798
<b>Total Less Direct Costs</b>		<b>8,672,101</b>	<b>7,819,376</b>
<b>Gross Surplus</b>		<b>1,140,601</b>	<b>2,085,836</b>

	Notes	2023	2022
<b>LESS OPERATING EXPENSES</b>			
Accommodation/Occupancy		379,086	337,077
Advisory		104,986	100,224
CouncilMARK LGNZ Contribution	6	189,001	181,110
Financial		24,108	50,910
Honoraria		125,674	128,138
Insurance		54,535	51,010
Information Technology		255,536	206,778
Library		35,369	33,294
Office		120,345	127,552
Other Expenses	15	252,547	161,347
Staff Expenses		177,133	208,334
Strategic Review	7	-	159,055
<b>Total Less Operating Expenses</b>		<b>1,718,320</b>	<b>1,744,829</b>
<b>Total Expenses</b>		<b>10,390,421</b>	<b>9,564,205</b>
<b>Net (Deficit)/Surplus Before Tax</b>		<b>(577,719)</b>	<b>341,007</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>(577,719)</b>	<b>341,007</b>
<b>Total (Deficit)/Surplus Attributable to the Group</b>		<b>(577,719)</b>	<b>341,007</b>

# Consolidated Statement of Changes in Net Assets

## // Tauākī Panonitanga o ngā Huarawa Tapeke

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

	2023	2022
<b>ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSES</b>		
Opening Balance	2,448,299	1,681,295
<b>Comprehensive Revenue and Expenses</b>		
Surplus for the Year	(577,719)	341,007
<b>Total Comprehensive Revenue and Expenses</b>	<b>(577,719)</b>	<b>341,007</b>
<b>Transfers</b>		
Transfers from (to) other Reserves	146,337	175,997
Transfers from Three Waters Reform	-	250,000
Transfers from Emerging Issues Reserve	129,395	-
<b>Total Transfers</b>	<b>275,732</b>	<b>425,997</b>
<b>Total Accumulated Comprehensive Revenue and Expenses</b>	<b>2,146,312</b>	<b>2,448,299</b>
<b>EMERGING ISSUES RESERVE</b>		
Opening Balance	500,000	500,000
Transfer to / (from) Accumulated Comprehensive Revenue and Expenses	(129,395)	-
<b>Total Emerging Issues Reserve</b>	<b>370,605</b>	<b>500,000</b>
<b>THREE WATERS REFORM</b>		
Opening Balance	-	250,000
Transfer (to) / from Accumulated Comprehensive Revenue and Expenses	-	(250,000)
<b>Total Three Waters Reform</b>	<b>-</b>	<b>-</b>
<b>OTHER RESERVES</b>		
Opening Balance	1,389,541	1,565,538
Transfer (out) / in from Accumulated Comprehensive Revenue and Expenses	(146,337)	(175,997)
<b>Total Other Reserves</b>	<b>1,243,204</b>	<b>1,389,541</b>
<b>Total Equity</b>	<b>3,760,120</b>	<b>4,337,840</b>

# Consolidated Statement of Financial Position

## // Tauāki Tūnga ā-Pūtea Tōpū

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

	Notes	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	16	7,028,401	6,432,787
Receivables from Exchange Transactions	17	543,989	954,648
Income Tax Receivable		23,669	8,759
GST Receivable / (Payable)		297,473	77,776
Prepayments		76,435	127,773
<b>Total Current Assets</b>		<b>7,969,967</b>	<b>7,601,743</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	20	348,350	397,630
Intangibles	19	194,832	90,590
Work In Progress		2,844	-
Investments	18	1,475	1,475
<b>Total Non-Current Assets</b>		<b>547,501</b>	<b>489,695</b>
<b>Total Assets</b>		<b>8,517,468</b>	<b>8,091,438</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		944,125	889,000
Provision for Annual Leave		170,190	122,398
Fit-Out Loan	23	12,526	28,515
Community Board Executive Committee Levy		85,395	72,059
Lease Incentive	24	9,375	31,875
Mayors Taskforce for Jobs	21	2,388,315	570,151
Annual Conference Income in Advance		332,776	410,739
Pacific Technical Assistance Income in Advance	22	693,914	1,087,723
CouncilMARK Income in Advance		-	9,250
Ratepayer Financing Scheme Income in Advance	9	11,425	229,378
Libraries Partnership Income in Advance	11	109,307	289,984
<b>Total Current Liabilities</b>		<b>4,757,348</b>	<b>3,741,073</b>
<b>Non-Current Liabilities</b>			
Fit-Out Loan	23	-	12,526
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>12,526</b>
<b>Total Liabilities</b>		<b>4,757,348</b>	<b>3,753,598</b>
<b>Net Assets</b>		<b>3,760,120</b>	<b>4,337,840</b>

	Notes	2023	2022
<b>NET ASSETS ATTRIBUTABLE TO THE OWNERS OF THE CONTROLLING ENTITY</b>			
Retained Earnings		2,146,312	2,448,299
Emerging Issues Reserve		370,605	500,000
Other Reserves		1,243,204	1,389,541
<b>Total Net Assets Attributable to the Owners of the Controlling Entity</b>		<b>3,760,120</b>	<b>4,337,840</b>

Signed By:

*S.A. Gallo*

President

Date: **03 July 2023**

*Scott Necklen*

Chief Executive (Signed by Acting Chief Executive Scott Necklen)

Date: **03 July 2023**



# Consolidated Statement of Cashflows

## // Tauākī Kapewhiti Tōpū

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

	Notes	2023	2022
<b>CASHFLOW</b>			
<b>Cash from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Members & Stakeholders		9,246,249	10,206,917
Interest and Dividends Received		98,919	19,300
<b>Total Cash was Provided from:</b>		<b>9,345,168</b>	<b>10,226,217</b>
<b>Cash was Applied to:</b>			
Payments to Suppliers & Employees		(8,527,171)	(11,756,864)
RWT Paid		(14,910)	14,367
<b>Total Cash was Applied to:</b>		<b>(8,542,081)</b>	<b>(11,742,497)</b>
<b>Total Cash from Operating Activities</b>		<b>803,087</b>	<b>(1,516,280)</b>
<b>Cashflow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds from Maturity of Term Deposits		-	1,628,797
<b>Total Cash was Provided from:</b>		<b>-</b>	<b>1,628,797</b>
<b>Cash was Applied to:</b>			
Purchase of Property, Plant & Equipment		(178,957)	(173,828)
Purchase of Term Deposits		-	-
<b>Total Cash was Applied to:</b>		<b>(178,957)</b>	<b>(173,828)</b>
<b>Total Cashflow from Investing Activities</b>		<b>(178,957)</b>	<b>1,454,969</b>
<b>Cashflow from Financing Activities</b>			
<b>Cash was Applied to:</b>			
Repayment of Loans & Borrowings		(28,516)	(26,461)
<b>Total Cash was Applied to:</b>		<b>(28,516)</b>	<b>(26,461)</b>
<b>Total Cashflow from Financing Activities</b>		<b>(28,516)</b>	<b>(26,461)</b>
Net Increase/(Decrease) in Cash Held		595,614	(87,772)
Add Opening Cash Brought Forward		6,432,787	6,520,559
<b>Bank and Cash</b>			
Bank and Cash		7,028,401	6,432,787
<b>Total Bank and Cash</b>		<b>7,028,401</b>	<b>6,432,787</b>

# Notes to the Consolidated Financial Statements

## // Ngā kupu tīpoka mō ngā Tauāki Pūtea Tōpū

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2023

### 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.

#### 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 2023 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.

The Three Waters Project Funding is an agreement between LGNZ and the Department of Internal Affairs to enable LGNZ to support the Local Government Sector through the Government's Three Waters Reform Programme.

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%
» Governance Workshop	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 \$370,605 (2022: \$500,000) for strategic matters.

#### Three Waters Reform

The National Council decided it was no longer necessary to have a Three Waters Reform reserve due to receiving DIA funding during the year and that it should be returned to general accumulated revenue and expenses - \$Nil (2022: \$Nil).

#### Other Reserves

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

Funding expected March 2023 deficits for LGNZ and Equip - \$478,480 (2022 deficits: \$845,646)

» Operational / Potential Organisational ceasing - \$764,724 (2022: \$543,895)

### 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

	<b>2023</b>	<b>2022</b>
Annual Conference Revenue	1,044,136	981,855
Annual Conference Expenditure	(783,455)	(780,759)
Staff Remuneration and Overheads	(180,092)	(143,259)
<b>Net Annual Conference Profit</b>	<b>80,589</b>	<b>57,837</b>

The figures shown are for the 2022 Conference held in June 2022.

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 2023 Conference is scheduled to be held on 26-28 July 2023 and final income and expenditure will be recorded in the financial statements dated 31 March 2024. Income and expenses as at 31 March 2023 relating to this conference are recorded as income in advance and prepayments on the Consolidated Statement of Financial Position.

## 6. CouncilMARK Programme

	2023	2022
<b>CouncilMARK Assessment Income</b>		
CouncilMARK Assessment Income	58,460	64,750
<b>Total CouncilMARK Assessment Income</b>	<b>58,460</b>	<b>64,750</b>
<b>CouncilMARK Expenditure</b>		
CouncilMARK Assessment Disbursements	1,914	(2,744)
CouncilMARK Assessment Fees	(56,960)	(85,200)
<b>Total CouncilMARK Expenditure</b>	<b>(55,046)</b>	<b>(87,944)</b>
<b>CouncilMARK LGNZ Contribution</b>		
CouncilMARK Board Expenses	(101,000)	(83,500)
CouncilMark Development Costs	(41,246)	(52,951)
CouncilMark Travel Expenses	(46,291)	(31,600)
CouncilMARK Expenses Other	(464)	(13,059)
<b>Total CouncilMARK LGNZ Contribution</b>	<b>(189,001)</b>	<b>(181,110)</b>
<b>Total CouncilMARK Programme</b>	<b>(185,587)</b>	<b>(204,304)</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. Strategic Review

A strategic review was completed in the 2022 financial year. It included insights research with the membership, leading to a refreshed vision and purpose, updated value proposition and revised strategy, and support for the organisational review. In the 2023 financial year, the Strategic Review incurred total costs of \$nil (2022: \$159,055).

## 8. Three Waters Reform

Three Waters Reform funding of \$925,557 (2022: \$2,205,264) was received from the DIA in the 2023 year to support LGNZ's response to the Government's proposed Three Waters Reforms. Funding was received in separate instalments under the agreement with DIA and costs have been apportioned accordingly. Staff remuneration and Three Waters expenditure for the year have been recorded in the Consolidated Statement of Comprehensive Revenue and Expenses. The existing contracts to 30 June 2022 and to 31 December 2022 has been fully delivered and the relating funding has been recognised as income in the 2023 year.

Central Government was reviewing its own position regarding the Three Waters Reform in the first quarter of 2023.

This meant there was uncertainty that the related costs incurred in January to March 2023 by LGNZ would be able to be recovered from DIA as not all the conditions were complete.

The table below summarises revenue and costs for the year:

<b>DIA Contract Period</b>	<b>Oct 21 - Jun 22</b>	<b>Jul 22 - Dec 22</b>	
<b>Actual 2023 Financial Reporting Period</b>	<b>Apr 22 - Jun 22</b>	<b>Jul 22 - Dec 22</b>	<b>Jan 23 - Mar 23</b>
Three Waters Revenue	\$300,557	\$625,000	\$0
Three Waters Expenditure	\$57,088	\$252,646	\$171,525
Staff Remuneration	\$45,000	\$372,511	\$122,789



## 9. Ratepayer Financing Scheme

Ratepayer Financing Scheme Revenue \$217,953 (2022: \$320,622) is a funding tool that supports affordability of local authority charges by providing ratepayers with very attractive financing terms while keeping councils whole.

The revenue, which was funded by five councils in the 2023 year is recognised as the costs are incurred, with the balance of the funds recorded as income in advance on the Statement of Financial Position. In 2022 expenses exceeded revenue by \$50,000, being the agreed contribution from LGNZ. The income in advance balance of \$229,378 as at 31 March 2022 was recognised in 2023 and the remaining \$11,425 will be recognised in 2024 when the Business Case is completed.

In the 2023 financial year, total costs of \$217,953 (2022: \$370,622) were incurred relating to the Ratepayer Financing Scheme.

## 10. Sector Engagement Projects

Sector Engagement Projects are special purpose projects involving focused engagement with the sector and public for the benefit of the sector. In the 2023 year projects included:

- » Development and delivery of the Vote 22 campaign, Mayoral and Elected Member Inductions
- » Development and delivery of a sector wide wellbeing programme that supports elected members
- » Response to the independent panel's review on the Future of Local Government and sector consultation
- » Development and delivery of a new LGNZ Learning and Development offering to meet the needs of all elected members and the sector

In the 2023 financial year, total costs of \$771,825 (2022: \$198,798) were incurred relating to the Sector Engagement Projects.

## 11. Libraries Partnership Programme

The Libraries Partnership Programme (NZLPP) is funded by the DIA. In the 2023 year LGNZ used \$280,678 (2022: \$60,016) of total funding available of \$450,000 to cover the employment of a Libraries Advisor and associated costs for the period 01 November 2021 to 31 December 2023. The key objective of the Libraries Advisor is to promote the value of investing in public libraries to local government decision-makers, and to demonstrate the value that libraries contribute to communities' wellbeing. The revenue is recognised as the costs are incurred, with the balance of the funds \$109,307 (2022: \$289,984) recorded as income in advance on the Statement of Financial Position. Recognised as revenue in the 2023 year is \$88,000 (showing as surplus over expenses), being the management and administration costs of the programme.

In June 2022 a variation to the contract was signed. It was agreed to extend the contract to June 2024 and further funding of \$112,500 will be paid by the DIA in the 2024 financial year.

## 12. Professional Development Income

	2023	2022
Professional Development Income	352,028	11,240
<b>Total Professional Development Income</b>	<b>352,028</b>	<b>11,240</b>

The Professional Development Income activity was transferred from Equip Limited Partnership to New Zealand Local Government Association Incorporated in the year ended 31 March 2022.

## 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.

## 13. Equip Limited Partnership

	2023	2022
Consultancy Services Income	1,820,599	1,787,155
Professional Development Income	-	48,627
Interest Received	1,346	89
<b>Total Equip Limited Partnership Income</b>	<b>1,821,945</b>	<b>1,835,871</b>

## 14. Equip Limited Partnership Operating Expenses

	2023	2022
Accountancy Fees	7,446	9,637
Audit Fees	17,885	13,720
IT Outsourcing	5,366	11,509
Legal Expenses	-	11,301
Professional Development Costs	-	13,950
Staff Remuneration	376,540	514,793
Consultancy Services Costs	1,307,260	1,256,339
Webinar Costs	-	2,990
Other Operating Expenses	107,801	36,057
<b>Total Equip Limited Partnership Operating Expenses</b>	<b>1,822,298</b>	<b>1,870,296</b>

## 15. Other Expenses

	2023	2022
Emerging Issues	129,395	10,000
Depreciation/Amortisation	123,152	98,667
The Aotearoa Circle	-	10,000
Transparency International	-	40,000
Membership Professional Advice	-	2,680
<b>Total Other Expenses</b>	<b>252,547</b>	<b>161,347</b>

**16. Cash and Cash Equivalents**

	<b>2023</b>	<b>2022</b>
<b>Cash and Cash Equivalents</b>		
Bank	3,907,589	4,772,004
Monies held for Mayors Taskforce For Jobs	2,388,315	570,151
Pacific Technical Assistance Bank Account	731,797	1,090,465
Petty Cash	700	167
<b>Total Cash and Cash Equivalents</b>	<b>7,028,401</b>	<b>6,432,787</b>

**17. Receivables from Exchange Transactions**

	<b>2023</b>	<b>2022</b>
Annual Conference Debtors	285,590	296,831
Pacific Technical Assistance Debtors	9,216	4,223
Sundry Debtors	249,183	653,594
<b>Total Receivables from Exchange Transactions</b>	<b>543,989</b>	<b>954,648</b>

**18. Investments**

	<b>2023</b>	<b>2022</b>
Paintings/Artwork	1,475	1,475
<b>Total Investments</b>	<b>1,475</b>	<b>1,475</b>

## 19. Intangibles

	2023	2022
<b>Computer Software</b>		
Computer Software at Cost	337,039	205,104
Less Accumulated Amortisation	(193,799)	(182,493)
<b>Total Computer Software</b>	<b>143,240</b>	<b>22,611</b>
<b>Governance Workshop</b>		
Governance Workshop at Cost	415	416
Less Accumulated Amortisation	(415)	(416)
<b>Total Governance Workshop</b>	<b>-</b>	<b>-</b>
<b>Other Intangible Assets</b>		
Other Intangible Assets at Costs	71,044	71,044
Less Accumulated Amortisation	(19,452)	(3,065)
<b>Total Other Intangible Assets</b>	<b>51,592</b>	<b>67,979</b>
<b>Total Intangibles</b>	<b>194,832</b>	<b>90,590</b>

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

	2023	2022
<b>Intangibles Reconciliation</b>		
<b>Computer Software</b>		
Opening Balance	22,611	42,746
Additions	131,935	11,648
Disposals	-	(15,967)
LGNZ Amortisation	(11,242)	(15,689)
Equip Amortisation	(63)	(127)
<b>Total Computer Software</b>	<b>143,240</b>	<b>22,611</b>
<b>Governance Workshop</b>		
Opening	-	14,559
Additions/Transfers from WIP	-	-
Disposals	-	(14,559)
Equip Amortisation	-	-
<b>Total Governance Workshop</b>	<b>-</b>	<b>-</b>
<b>Other Intangible Assets</b>		
Opening	67,979	-
Additions	-	71,044
LGNZ Amortisation	(4,180)	(2,022)
Equip Amortisation	(12,207)	(1,043)
Total Other Intangible Assets	51,592	67,979
<b>Total Intangibles</b>	<b>194,832</b>	<b>90,590</b>

## 20. Property, Plant and Equipment

	2023	2022
<b>Furniture &amp; Fittings</b>		
Furniture & Fittings at Cost	668,652	622,472
Less Accumulated Depreciation	(495,992)	(420,237)
<b>Total Furniture &amp; Fittings</b>	<b>172,660</b>	<b>202,235</b>
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	410,143	410,143
Less Accumulated Depreciation	(234,453)	(214,748)
<b>Total Leasehold Improvements</b>	<b>175,690</b>	<b>195,395</b>
<b>Total Property, Plant and Equipment</b>	<b>348,350</b>	<b>397,630</b>

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

	2023	2022
<b>Property, Plant and Equipment Reconciliation</b>		
<b>Furniture and fittings</b>		
Opening Balance	202,235	144,615
Additions	49,139	153,118
Disposals	(2,958)	(37,200)
LGNZ Depreciation	(74,368)	(55,914)
Equip Depreciation	(1,388)	(2,384)
<b>Total Furniture and fittings</b>	<b>172,660</b>	<b>202,235</b>
<b>Leasehold Improvements</b>		
Opening Balance	195,395	209,136
Additions	-	7,750
LGNZ Depreciation	(19,705)	(21,491)
<b>Total Leasehold Improvements</b>	<b>175,690</b>	<b>195,395</b>
<b>Total Property, plant and equipment</b>	<b>348,350</b>	<b>397,630</b>

## 21. Mayor's Taskforce For Jobs

The Mayor's Taskforce For Jobs ("the MTFJ") is separately funded and 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 16, in the Consolidated Statement of Financial Position along with the corresponding liability.

MTFJ is grouped with LGNZ for GST purposes and LGNZ employs the Programme Manager and Administrator.

In July 2022 LGNZ signed another contract to continue the successful partnership between MTFJ and 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 continued post-COVID response. In the 2023 year the programme was renamed the Community Resilience Programme.

	2023	2022
<b>Mayor's Taskforce for Jobs</b>		
Mayor's Taskforce for Jobs	2,388,315	570,151
<b>Total Mayor's Taskforce for Jobs</b>	<b>2,388,315</b>	<b>570,151</b>

## 22. Pacific Technical Assistance

The Pacific Technical Assistance is in its 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.

The programme has two dedicated full-time staff members, the costs of which are recorded in PacificTA Expenditure.

	2023	2022
<b>Opening Balance</b>	<b>\$1,087,723</b>	<b>\$843,922</b>
Funds Received	\$609,000	\$806,000
<b>Total Funds Received</b>	<b>\$1,696,723</b>	<b>\$1,649,922</b>
<b>Funds Used</b>		
LGNZ Assistance	\$346,000	\$346,000
Business Case	\$38,884	\$0
Cook Islands	\$141,164	\$73,178
Fiji	\$179,714	\$7,709
Solomon Islands	\$59,311	\$4,424
Tokelau	\$0	\$6,494
Vanuatu	\$237,737	\$125,974
<b>Total Funds Used</b>	<b>\$1,002,810</b>	<b>\$562,199</b>
<b>Closing Balance</b>	<b>\$693,913</b>	<b>\$1,087,723</b>

## 23. Loans

	2023	2022
<b>Current Portion of Loans</b>		
Current Portion of Fit-Out Robt. Jones Holdings Limited	12,526	28,515
<b>Total Current Portion of Loans</b>	<b>12,526</b>	<b>28,515</b>
<b>Non-Current Portion of Loans</b>		
Loan Fit-Out Robt. Jones Holdings Limited	-	12,526
<b>Total Non-Current Portion of Loans</b>	<b>-</b>	<b>12,526</b>
<b>Total Loans</b>	<b>12,526</b>	<b>41,041</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.

## 24. Lease Incentive

	2023	2022
Lease Incentive	9,375	31,875
<b>Total Lease Incentive</b>	<b>9,375</b>	<b>31,875</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.

## 25. Leases

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

	2023	2022
<b>Leases</b>		
Later than one year	131,978	316,325
Later than one year and no later than five years	-	131,978
Later than five years	-	-
<b>Total Leases</b>	<b>131,978</b>	<b>448,303</b>

## 26. Related Parties

### Equip Limited Partnership

Local Government New Zealand received Accommodation fees of \$3,521 (2022: \$6,602) and Services Agreement fees of \$11,680 (2022: \$21,900) from Equip Limited Partnership.

There is net \$2,441 outstanding to/(from) Equip Limited Partnership at balance date (2022: (\$22,944)).

These transactions are eliminated on consolidation.

### The Mayor's Taskforce for Jobs

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

Management Fees of \$208,000 (2022: \$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, two Deputy Chief Executives, Director of Advocacy 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:

	2023	2022
<b>Key Management Remuneration</b>		
Total Remuneration	1,234,839	1,399,421
Number of persons	5	6

### Honoraria

Honoraria of \$98,568 (2022: \$98,568) and \$27,106 (2022: \$29,570) were paid to the President and Vice President respectively during the year ended 31 March 2023.

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

## 27. 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:

### Financial Assets

	2023	2022
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	7,028,401	6,432,787
Accounts Receivable	543,989	954,648
<b>Total Loans and Receivables</b>	<b>7,572,390</b>	<b>7,387,435</b>

	2023	2022
<b>Financial Liabilities</b>		
Accounts Payable	944,125	889,000
Loans and borrowings	12,526	41,041
<b>Total Financial Liabilities</b>	<b>956,651</b>	<b>930,04</b>

## 28. Income Tax Expense

	2023	2022
<b>Components of tax expense</b>		
Adjustments to current tax in prior years	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus before tax	(577,719)	341,007
<b>Tax at 28%</b>	<b>(161,761)</b>	<b>95,482</b>
<b>Plus / (less) tax effect of:</b>		
Non-deductible expenditure	1,269,652	1,294,906
Non-taxable revenue	(1,404,376)	(1,736,973)
Deferred tax not recorded	296,485	346,586
<b>Tax expense</b>	<b>-</b>	<b>-</b>
Deferred tax assets / (liabilities)	-	-
Opening balance	-	-
Charged to surplus or deficit	-	-
<b>Closing balance</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 \$10,602,577 (2022: \$9,390,854). Tax losses are subject to Inland Revenue confirmation.

No deferred tax asset has been recognised for an amount of \$2,968,722 (2022: \$2,629,439) due to uncertainty that Local Government New Zealand will report taxable profits in the future to offset against accumulated tax losses.

## 29. Capital Commitments

There are no capital commitments at the reporting date (2022: \$nil).

## 30. Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date (2022: \$nil).

## 31. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Auditor-General is the auditor of New Zealand Local Government Association Incorporated (the Association). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Association on his behalf.

#### Opinion

We have audited the consolidated financial statements of the Association on pages 4 to 24, that comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in net assets and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Association:

- present fairly, in all material respects:
  - its financial position as at 31 March 2023; 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 3 July 2023. 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 consolidated 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 consolidated financial statements

The National Council is responsible on behalf of the Association for preparing consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The National Council is responsible for the other information. The other information comprises the information included on page 3, but does not include the consolidated financial statements, and our auditor's report thereon.

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

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

### **Independence**

We are independent of the Association in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *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.

A handwritten signature in black ink that reads "Pam Thompson".

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

# National Council and LT Kaunihera ā-Motu me te Rōpū Ārahi

## **National Council 2019-22** // Kaunihera ā-Motu 2019-22

- » President: Stuart Crosby
- » Vice President: Mayor Hamish McDouall (Provincial sector representative)
- » Zone 1: Mayor John Carter
- » Zone 2: Mayor Jim Mylchreest
- » Zone 3: Mayor Don Cameron
- » Zone 4: Wayne Guppy
- » Zone 5: Mayor Sam Broughton
- » Zone 6: Mayor Gary Kircher
- » Auckland Zone: Mayor Phil Goff
- » Auckland Zone: Pippa Coom
- » Auckland Zone: Richard Northey
- » Metro sector: Mayor Aaron Hawkins, Mayor Andy Foster, Mayor Grant Smith.
- » Regional sector: Chair Doug Leeder, Mayor Rachel Reese
- » Rural sector: Mayor Alex Walker
- » Te Maruata: Bonita Bigham
- » Young Elected Members: Tamzin Letele, Lan Pham
- » Co-opted: Mayor Lianne Dalziel

## **National Council 2022-25** // Kaunihera ā-Motu 2022-25

- » President: Stuart Crosby
- » Vice President: Mayor Sam Broughton (Provincial sector representative)
- » Zone 1: Mayor Moko Tepania
- » Zone 2: Mayor Toby Adams
- » Zone 3: Mayor Craig Little
- » Zone 4: Mayor Campbell Barry
- » Zone 5: Mayor Dan Gordon
- » Zone 6: Mayor Tim Cadogan
- » Metro sector: Mayor Phil Mauger, Mayor Paula Southgate, Mayor Tory Whanau
- » Rural sector: Mayor Alex Walker
- » Regional sector: Mayor Rehette Stoltz, Chair Rachel Keedwell
- » Te Maruata: Bonita Bigham, Iaeen Cranwell
- » Young Elected Members: Alex Crackett

## **Leadership Team** // Rōpu Ārahi

- » Chief Executive: Susan Freeman-Greene
- » Deputy Chief Executive: Scott Necklen
- » Deputy Chief Executive: Bridgit Sissons
- » Director Policy and Advocacy: Grace Hall

