

We deliver. Innovative solutions in a changing world.

Local Government New Zealand | Te Kāhui Kaunihera o Aotearoa
Annual Report
2018/19

We are.
LGNZ.

Te Kāhui Kaunihera o Aotearoa.

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

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

From the President



Tena koutou katoa.
The last 12 months has seen a marked increase in LGNZ's face-to-face advocacy with central government politicians and departments.

LGNZ exists as the voice of the sector, and as such have ensured that local government is embedding itself in the conversation at the highest levels to government, to positively shape New Zealand.

If the first year of my Presidency was marked by the development of the LGNZ Manifesto and an advocacy campaign to promote our policies to central government, then the second year has been focused on ensuring the meaningful delivery of these policies; fighting for local choice and appropriate funding every step of the way.

In many ways, we have reset our relationship with central government to achieve this. While a number of LGNZ policy positions were initially picked up by the coalition government, in other areas the job of ensuring local government is represented in key policy discussions has been more challenging. Under the new Coalition Government, our focus has increasingly been to show that central government cannot meaningfully deliver on its policy outcomes without partnering with local government, and that we have the same goal – to improve the well-being of every New Zealander.

Where there have been positive policy developments, LGNZ has supported the Government and continued to work with officials to help improve existing processes to deliver better outcomes. Conversely, where there has been a lack of consideration for and engagement with our communities, we have called out Government and national-level stakeholders alike.

The relationship between central and local government has ebbed and flowed throughout the year. It started well with strong alignment in the areas of tourism, waste and recycling and civil defence, as well as through the Introduction of the Local Government (Community Well-being) Amendment Bill.

In these areas, central government has recognised that the best chances of success lay with increased regional decision-making and resourcing. Policy wins included the development of a local government chaired Responsible Camping Working Group and additional Tourism Infrastructure Fund grants for councils. On Waste, the adoption of a number

of remits in the form of the Waste Work Programme and the single use plastic bag ban was pleasing, as was the increased support for council emergency management, which has been borne out with a number of recent natural disasters.

LGNZ has also been willing to state loud and clear when the relationships and decision-making have needed improvement, and we have seen the benefits of this strong approach. Where appropriate, we have been vocal in calling out the Government's moves to further centralise decision-making across, for example, the three waters, vocational education, and transport policy. In both our engagement with ministers, officials, and in our media advocacy, our position is clear on these issues – a constant default to a one-size-fits-all policy is holding our communities back.

This message is supported by a substantive evidence base developed across LGNZ's flagship projects and policy priorities, which has included a range of quality publications, submissions and events that you will find detailed in this annual report.

It is upon this base that we will continue to engage with both central government and New Zealand's communities to promote the policy settings that will enable stronger outcomes across all four well-beings.

Nāku noa, nā



Dave Cull
President
Local Government New Zealand

From the Chief Executive



In 2018/19 LGNZ has stood against the coalition government's pursuit of greater centralisation, which has sought to remove local choice and regress further into one-size-fits-all policy-making.

As we are living in one of the most centralised countries in the OECD, LGNZ has continued to advocate for greater localism and the right for New Zealand's diverse communities to have a meaningful say in the matters that affect their everyday lives.

The foundation of LGNZ's advocacy over the last 12 months has been high-quality, data-driven reports, publications and submissions. These include our sea level rise report, climate change stocktakes and submissions, the Local Government Position Statement on Three Waters, and our Localism and Water 2050 discussion papers.

This work earned LGNZ a place in many conversations being held at the highest levels of government. In the year of delivery for central government, policy is being implemented rapidly, which means we have to be well connected, and this has rightly been a focus of our advocacy team. Our work has enabled more robust conversations with both politicians and officials. It has also further strengthened our alliances across the political and media spectrum, positioning LGNZ as a respected voice for our sector.

This was evidenced in central government's announcement of broad terms of reference on the Productivity Commission's review of local government funding. We have been firm in our view that a wider review is needed and it was pleasing to see the Government respond so positively. We were also pleased to see the Government move on a raft of positive changes in tourism and responsible camping infrastructure funding, the consideration of wider RMA reform, a positive Waste Work Programme, and, in particular, the return of the four well-beings to the Local Government Act 2002.

That said, these successes have been achieved against a current of greater centralised policy-making in other spheres over the last year, particularly in the area of three waters reform. The Havelock North Drinking-Water Inquiry was clear – we need to focus on improving drinking-water by lifting both the standards and the quality of the regulatory framework. Unfortunately, the events at Havelock North seem to have been used to drive a reform programme that moves beyond the drinking water issue to the far more problematic and complex area of environmental water quality when the evidence clearly shows that the chief drivers of our water quality issues are the natural environment and land use.

Poorly targeted regulatory reform arising from poor problem definition therefore risks: mandatorily removing local

communities' direct ownership of their drinking, storm and wastewater assets; limiting local choices on service-delivery options; and potentially risks wasting significant ratepayer investment capital on projects that fail to move the dial on water quality outcomes in the receiving environment. We remain of the view that the role of central government is to specify the required regulatory outcomes, and the role of assets owners is to respond in the manner appropriate to their areas, accepting that the required regulatory standards must be achieved. In other words the regulatory objective creates the incentive for constructive change but in a manner that preserves innovation in service delivery and appropriate local choice.

Accordingly, we have strongly opposed any suggestion of mandatory amalgamation of councils' three waters assets, and will continue to advocate for councils on this matter.

While we continue to advocate for local choice, as a collective it is vital that local government demonstrates a commitment to value, transparency and continuous improvement. Not doing so opens the door for central government policy making to "correct" matters. The CouncilMARK™ programme is the means to incentivise, achieve, and communicate this value commitment to communities. Thirty councils now have undergone assessments, with a number scheduled over the next year. I commend the leadership of those councils who are involved, and encourage those who have yet to sign up, to do so. CouncilMARK™ now has achieved critical mass. Accordingly, in the coming year the intention is to step up the marketing of this programme to the general public.

Our ability to argue for the devolution of decision-making across a range of issues relies on our ability to show that we are capable, accountable, and responsible stewards of our roles and functions. This is what LGNZ, Equip and CouncilMARK™ are here for – to help councils deliver for their communities.

Ngā mihi nui



Malcolm Alexander
Chief Executive
Local Government New Zealand

LGNZ by the numbers



100%

of New Zealand councils are LGNZ members



974

Mentions in the media



8

CouncilMARK™ reports released



597

Conference attendees



88

Media releases



75

Policy and Sector briefs



3,794

Facebook page likes



3,859

Twitter followers



21

EquiP webinars



75

LGNZ EXCELLENCE Awards entries



16

Submissions



19

Publications

Key publications issued to members

- Good practice guide for freedom camping – *April 2018*
- Natural hazards information on LIMS – *May 2018*
- Development in natural hazard areas – *May 2018*
- Provision of services infrastructure in areas affected by climate change – *May 2018*
- Climate change and natural hazards decision making toolkit – *May 2018*
- Draft sector position on mitigation – *July 2018*
- Local government position statement on localism – *July 2018*
- Local government position statement on three waters – *November 2018*
- Improving local government investment into economic development services in New Zealand – *December 2018*
- Vulnerable: the quantum of local government infrastructure exposed to sea level rise – *January 2019*
- Localism: Discussion papers – *February 2019*
- Climate change litigation - Who's afraid of creative judges? - *March 2019*

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Advocacy

LGNZ has rebalanced its focus to place a greater emphasis on advocacy and less emphasis on policy development. This recognises that local government has to convince central government of the merits of an idea in order to enable it. The shift has started to deliver results in 2018/19, ensuring that central government sees the value of inviting LGNZ to policy discussions to ensure that the voice of communities is retained in the matters that affect their daily lives.

Leading on local choice

On the big issues, LGNZ is increasingly reviewing policy proposals through the lens of localism. This is a school of thought that is built on the principle of subsidiarity: that decisions should be made by the level of government closest to the people they affect. In 2018/19, that belief has been at the heart of our advocacy for communities to retain their diversity and freedom of choice.

This position is often at odds with central government, where there is a strong tendency to concentrate decision-making power in the Beehive, and under the Coalition Government this tendency has strengthened. Across a number of fronts central government has signalled its will to make decisions - large and small - for the country as a whole and ignore the spill-over effects.



LGNZ stated its opposition to this tendency by ramping up relationship management, central government engagement, submissions, publications and media advocacy. Utilising a broad array of levers, LGNZ ensured that the voices of councils and elected members were heard nationwide, and are feeding into central government policy.

The aim behind this is to ensure that the policy frameworks put in place are flexible enough to recognise the diversity of New Zealand's communities, geography and natural capital. And by working together, and not in opposition, local and central government can meaningfully improve the well-being of ordinary citizens.

The foundation of LGNZ's advocacy over the previous 12 months has been the release of ground-breaking publications. The *Vulnerable...* report on sea level rise, the Localism Discussion Paper, as well as the Water 2050 discussion papers and Local Government Position Statement on Three Waters have set the agenda on these issues, providing an enduring database on which to build informed discussion.

Throughout the year LGNZ also continued to provide councils with best practice on local issues, producing guidance across

freedom camping, climate change, housing and economic development.

Guiding the Government towards regional solutions

Recognising a range of issues emerging in tourism, New Zealand's biggest export earner, LGNZ has led a strong advocacy campaign to ensure this vital sector operates on a sustainable basis by financially contributing to the local infrastructure that enables it.

An early meeting between LGNZ members and the Minister of Tourism led to the formation of a Responsible Camping Working Group, consisting of mayors and tourism industry leaders, chaired by Rotorua Lakes District Mayor Steve Chadwick.

This was followed by the LGNZ Responsible Camping Symposium in Nelson, where the Working Group were joined by over 50 delegates including mayors, elected members, central and local government officials and tourism organisations for the release of LGNZ's Good Practice Guide for Freedom Camping.

<This continued advocacy paved the way for the announcement of an International Visitor & Conservation Tourism Levy.>

Taking on feedback from the Symposium, the Working Group ushered in an additional \$8.5 million in funding for tourism infrastructure in hotspot regions ahead of the 2018/19 peak season. That was followed by further collaboration between central and local government in the form of a Tourism Infrastructure Fund review, where nine recommendations from the working group were made to improve access to the \$100 million fund.

This work resulted in a much smoother peak tourism season

than previous years – a credit to the cooperation between central and local government.

Throughout the year, LGNZ continued to advocate for a regional visitor levy, in submissions, media and in engagement with officials. This continued advocacy paved the way for the announcement of an International Visitor & Conservation Tourism Levy, as well as Queenstown’s announcement of a referendum on a visitor levy – a major step towards regional policy making.

Flagship projects

LGNZ continues to deliver advocacy and resources across four flagship projects: Water 2050, Climate Change, Housing 2030 and Revitalising Democracy: Going Local.

Water 2050

The Water 2050 project kicked up a gear in 2018, with a bigger emphasis on media and relationship-based advocacy around the Government’s review of three waters services.

Discussion papers on governance, quality and cost and funding were the focus of the LGNZ Water Summit, where over 170 local government delegates, industry experts and central government officials explored the three waters. The summit drew out a number of issues and positions, including the Government’s preference for mandatory aggregation, and served to further hone LGNZ’s advocacy of local choice for three waters service delivery.

In the wake of the LGNZ Conference and AGM, LGNZ launched a vigorous campaign to address the Government’s signals. A series of speeches at major conferences from both President Dave Cull and Vice-President Stuart Crosby were supported by a social media video campaign, followed by the *Local Government Position Statement on Three Waters* being published in November ahead of the Government’s Three Waters ‘roadmap’ cabinet paper. The position statement laid out local government’s key principles which LGNZ is advocating for ahead of the government’s reform of both three waters regulation and service delivery options.

LGNZ’s position is clear – there is a clear case for the regulatory reform of drinking water and this should be prioritised. The case has not been made for regulatory reform of wastewater and stormwater. We also argue that regulatory change and strong enforcement will drive the changes needed, including innovative models of service delivery, without the need for mandatory amalgamation.

Climate Change

Councils are on the frontline of climate change, and many of our communities are already dealing with its impacts, particularly sea level rise and coastal and inland flooding. With the urgency of responding to the changing climate in mind, LGNZ’s Climate Change Project increased output in 2018/19 through guidance for councils and advocacy to central government.

LGNZ took the climate change battle onto the headlines of newspapers and social media in early 2019 with the release of the *Vulnerable: The Quantum of local government infrastructure exposed to sea level rise* report. Setting the agenda on the need for greater progress on climate change adaptation, the report made four recommendations, including for a national master plan, establishing a Local Government Risk Agency and the need for an adaptation fund, addressing recent member remits.

<Positioning local government as a leading voice in the climate change conversation.>

LGNZ also released seven publications on climate change, to both assist councils with their decision making, and advocate for stronger central government support. Among the publications were Jack Hodder QC’s paper *Climate Change Litigation: Who’s afraid of creative judges?*, the *Climate Change and Natural Hazards Decision Making Toolkit* and the *Stocktake of Local Government Mitigation Activity*, which positioned local government as a leading voice in the climate change conversation.

Housing 2030

For a second year, LGNZ has addressed key issues for housing including issues underpinning supply, social and community housing needs and the importance of healthy homes.

This work has included engagement with central government, raising issues in the media and delivering guidance products to councils across the country. Key to the Housing 2030 Project has been coordination with Treasury for finance and funding resources, advocacy for alternative insurance liability frameworks, engagement with the new Ministry for Housing and Urban Development, advocacy around the proposed



Urban Development Authorities, and advocating for appropriate funding for social housing, including access to IRR and capital seed funding.

The deliverables and resources for councils include the creation of the www.lgnz.co.nz/housing2030 page which contains a comprehensive social housing toolkit for councils, a healthy homes webinar and the Housing 2030 Symposium.

Localism

In 2018/19 Localism emerged as LGNZ's cornerstone flagship project, providing a lens through which to view the wider policy landscape.

That lens asked policymakers a simple question – does any given policy strengthen self-government at a local level and provide better community wellbeing through local and regional solutions?

While clearly advocating for local government through that lens, LGNZ set out to further establish the concept of Localism and bring it to life in the mainstream – using New Zealand's stifling centralism as a counterpoint.

After launching the draft discussion paper at the 2018 LGNZ Conference, the sold out LGNZ Localism Symposium held in early 2019 gathered over 130 delegates across business, social services, iwi, parliament, ministries and local government, to road test the ideas and provide a constructive critique. In a sign of Localism's fundamental strengths, even the most ardent critics from the media, business and economic consultancy sectors had praise for the draft discussion paper, recognising that devolving decision making and power to our communities could have huge benefits for New Zealand.



Bringing local government together

Membership engagement

LGNZ continued a tradition of strong local government events in 2018/19, holding a range of sector and zone meetings, the LGNZ Conference, as well as industry leading symposiums on water, responsible camping, housing, climate change and localism.

The LGNZ Conference, held in Christchurch, was once again the premier event in the 2018 calendar, providing an opportunity to hear from international speakers, and celebrate a year of outstanding achievements through the EXCELLENCE Awards.

Sector meetings across the Rural and Provincial, Regional and Metro sectors enabled mayors, chairs and chief executives from around the country to meet and engage with national leaders, ministers and experts. Well-received by LGNZ members, the 10 sector meetings held in 2018/19 facilitated robust discussion, attracted leading speakers from New Zealand's most important industries and helped to hone LGNZ's advocacy on behalf of the sector.

< Sector meetings... enabled mayors, chairs and chief executives from around the country to meet and engage with national leaders, ministers and experts. >

LGNZ's ambitious symposium schedule kicked off in 2018 with responsible camping. The newly formed Responsible Camping Working Group was joined by Ministers Mahuta and Sage, as well as a range of mayors, tourism and business leaders, working towards resolution of a nationwide issue.

This was followed by the LGNZ Water Symposium in May, where over 170 attendees heard national and international speakers explore solutions to New Zealand's three waters issues, while the Housing Symposium in June brought together central and local government housing experts to address housing issues and share best practice.

< Over 170 attendees heard national and international speakers explore solutions to New Zealand's three waters issues. >

The Climate Change Symposium followed in September, where 24 speakers explored the challenges of adaptation and mitigation, feeding into the LGNZ Climate Change Project. It was only fitting then that the last symposium of the financial year was the Localism Symposium, which provided a rallying call against centralisation supported by councils, business, media and social sectors. It also put the mainstream media spotlight on a bold new proposition to devolve decision making and resourcing back to our communities.

2018 LGNZ EXCELLENCE Award winners



EXCELLENCE Award for Best Practice in Governance, Leadership and Strategy: Palmerston North City Council – Framing the Big Picture



EXCELLENCE Award for Service Delivery and Asset Management: Rotorua Lakes Council – Te Aka Mauri Library and Children’s Health Hub



Air New Zealand EXCELLENCE Award for Environmental Impact: Wellington City Council – Our Natural Capital



EXCELLENCE Award for Best Practice Contribution to Local Economic Development: Rotorua Lakes Council – The Revitalisation of the Rotorua Inner City



Fulton Hogan EXCELLENCE Award for Community Engagement: Waipa District Council – Out of the Shadows



Creative New Zealand EXCELLENCE Award Best Creative Place: Palmerston North City Council – Public Art Programme



MartinJenkins Judges’ Choice Award for Performance Excellence & Community Outcomes: Palmerston North City Council and Rotorua Lakes Council

Performance excellence

Lifting the performance and reputation of local government remains a priority for the sector, and our work through CouncilMARK™, local government's excellence programme, continues to go from strength to strength.

CouncilMARK™ not only offers individual councils the chance to show how they're tracking locally, but it also demonstrates to the national community that as a sector we are committed to delivering high quality services and outcomes for our communities.

To date, 30 councils have completed CouncilMARK™ assessments, with many more signalling their interest to participate in the programme.

Now that CouncilMARK™ has reached critical mass, it is important that the programme continues to grow and develop in order to meet the demands of the councils who have gone through the programme. Further, many councils have been open in saying the programme is a key component of their continuous improvement plan, and that it lays a strong foundation to identify councils' strengths and opportunities to lift performance.



LGNZ is broadening the scope of CouncilMARK™ to be much more about the support it can lend to councils, especially once results are released, to ensure councils are able to use the report to its benefit.

LGNZ sees CouncilMARK™ as a key tool for councils to track their performance, and assist in building their reputation in the communities they serve and collectively as a sector. The programme will continue to expand to more councils throughout New Zealand as we head into a new triennium.



Participating Councils	
Bay of Plenty Regional Council - <i>Report due for release</i>	
Central Hawke's Bay District Council	BB
Dunedin City Council	A
Environment Canterbury	BBB
Far North District Council	B
Greater Wellington Regional Council	AA
Hastings District Council	A
Hauraki District Council	A
Horowhenua District Council	B
Mackenzie District Council	B
Manawatu District Council - <i>Report due for release</i>	
Masterton District Council	BB
Matamata-Piako District Council	BBB
Napier City Council	A
Nelson City Council	BB
New Plymouth District Council	BBB
Northland Regional Council - <i>Report due for release</i>	
Porirua City Council	BBB
Queenstown Lakes District Council	BBB
Rangitikei District Council	BB
Ruapehu District Council	BB
South Taranaki District Council	BBB
Tararua District Council	BB
Taupō District Council	BBB
Upper Hutt City Council	BB
Waikato Regional Council	A
Waimakariri District Council	AA
Wairoa District Council	CCC
Whakatane District Council	BB
Whanganui District Council - <i>Report due for release</i>	

Stronger governance

Te Maruata

In the first year of implementation of a strategic plan developed to provide a stronger role for Te Maruata and tikanga Māori, Te Maruata has played a greater role in ensuring Māori viewpoints are reflected in LGNZ policy.

Following an internal review of LGNZ's policy development processes and Māori responsiveness, National Council approved the appointment of a Senior Māori Advisor to LGNZ staff, and work is now underway to recruit a suitable candidate. Te Maruata continue to directly advise National Council, with Te Maruata Chair Bonita Bigham sitting at the National Council table in an ex-officio capacity.

Governance Development Programme

The first year of the Governance Development Programme was a success, with a Young Elected Member sitting at the LGNZ board table for 12 months in an ex-officio capacity, contributing to the strategic matters and policy issues that LGNZ's key governing body deals with. Melanie Tavendale of Waitaki District Council recently finished this first term, and has been succeeded by Hillary Humphrey of Manawatu District Council.



Policy priorities

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

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.

The announcement of a Productivity Commission review of Local Government Funding and Financing was warmly welcomed by LGNZ to address a number of funding issues across the full range of LGNZ's policy flagship projects. Housing has been a particular focus and through government engagement, submissions and media advocacy, LGNZ has called out the lack of funding incentives for councils to grow and the increasing burden placed on ratepayers through the many unfunded mandates which amount to a "free regulatory lunch" for central government.

< LGNZ has called out the lack of funding incentives for councils to grow and the increasing burden placed on ratepayers. >

A key plank to LGNZ's advocacy, particularly at the Housing and Localism Symposiums, has been to highlight the need for a direct link between council revenues and economic performance in a region, to incentivise councils to embrace growth.

This approach has paid off in the Tourism space, where continuing advocacy to alleviate the burden on ratepayers to provide tourism infrastructure has led to the tacit support from central government for a regional tourism levy. An announced referendum in Queenstown for the bed tax is welcomed by LGNZ and will provide further indication of support.

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.

The *Vulnerable...* report on sea level rise and the legal opinion of Jack Hodder QC have both served to emphasise the need for a Local Government Risk Agency, and strengthened LGNZ's lobbying for central government support to enable this. The



Advocating for strong local democracy.

extensive work needed to address climate change adaptation in particular has highlighted the need for a dedicated risk agency that can increase capability and capacity in local authorities to understand and manage a wide range of risks.

LGNZ's input into the Emergency Management Technical Advisory Group also resulted in a number of improvements, including professionalising the controller positions and recognising that mayors should have primary authority to declare states of emergency.

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.

Collaboration has continued between the LGNZ Regional Sector and the government across a number of work programmes. The Regional Sector has provided advice to the Government on the proposed freshwater reform and staff have been seconded to work directly with the Government on the work programme. The Regional Sector has also been closely involved with the Biodiversity NPS and the Sector is supporting this work through a direct staff secondment.

LGNZ has voiced a strong commitment to our environment through the Local Government Leader's Declaration on Climate Change, which now has 80% of councils signed up, and the Stocktake of Local Government Mitigation Activity. No other major sector, from central government to business, has displayed a similar level of leadership on this global issue.

Continued advocacy from LGNZ contributed to the Government's Waste Work Programme, which has seen the government commit to widening the waste levy and investigating a container deposit scheme. A letter from 65 mayors calling for action on plastic bags has also supported the phasing out of single use plastic bags.

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.

LGNZ understands that many social issues are closely interlinked, and have supported the Government (Community Well-being) Amendment Bill which recognises local government's role in delivering social, economic, environmental and cultural outcomes for communities.

Recognising our communities have unique challenges, LGNZ have also supported reform of both the Sales and Supply of Alcohol Act, and the Strategy to Prevent and Minimise

Gambling Harm. At the heart of our work is the belief that communities should have the right to develop and apply solutions to the issues they face.

In the area of social housing, LGNZ has sought to enable councils to focus their resources where they can make the biggest differences. Submissions on the Healthy Homes Standards and Reform of the Residential Tenancies Act have fed into government policy, and there is continuing advocacy in this area to enable greater council access to subsidies and incentives for social housing.

Underpinning LGNZ's advocacy for greater community wellbeing was the launch of the Localism Discussion Paper at the Localism Symposium, which seeks to devolve decision-making and resources to our communities, so that communities can drive better social outcomes at a grassroots level.

5. Economic

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

LGNZ were pleased to see several policies emerge aimed at stimulating economic growth in the regions. Co-funding for extensive 3D LiDAR mapping will allow councils to more efficiently plan and develop housing and roading infrastructure, while a revamped Heritage EQUIP programme will breathe life into regional town centres by funding the strengthening for heritage buildings.

The findings from a series of eight LGNZ workshops on economic development were also released in a report on improving investment into economic development services, which presents a pathway for councils to more effectively grow their local economies.

<Underpinning LGNZ's advocacy for greater community wellbeing is the Localism Discussion Paper, which seeks to devolve decision-making and resources to our communities, so that communities can drive better social outcomes at a grassroots level.>

Other key initiatives and projects

PacificTA

The Local Government Technical Assistance Facility for Pacific Island Countries (PacificTA) is now two years into a second five-year contract with Ministry of Foreign Affairs and Trade. Phase 2 of this programme has introduced targeted in-depth assistance to a number of Pacific partners and this work is progressing well with Infrastructure Cook Islands and Port Vila Municipal Council.

Work with Infrastructure Cook Islands and Port Vila Municipal Council includes HR, financial management, asset management, project and event planning. Both organisations have also implemented many improvements to financial management and are well on the way to achieving audit compliance.

In January 2019, MFAT advised that the programme in Kiribati will be discontinued due to a lack of commitment from the government of Kiribati.

Short-term assignments have included advice on spray painting activity in Samoa, records management in the Cook Islands and building inspection and procurement training for Tokelau Taupulega (Council) administration staff.



Mayors' Taskforce For Jobs

The Mayors Taskforce for Jobs (MTFJ) continues to provide a network for Mayors around New Zealand to work together towards zero youth unemployment.

At the LGNZ Conference in July MTFJ and the Government signed a memorandum of understanding, solidifying a joint intention to create better employment outcomes between local and central government.

< The Mayors Taskforce for Jobs continues to provide a network for Mayors around New Zealand to work together towards zero youth unemployment. >

Throughout the year, MTFJ brokered 55 Outward Bound scholarships across 25 councils, worth over \$225,000, allowing mayors to promote the development of soft skill acquisition within their region.

Limited access to a driver license and/or legal vehicle remains a major barrier for many young people entering the work force. Continued advocacy on youth driver licensing contributed to a new scheme for vulnerable young people, however MTFJ will continue to advocate for a free and truly accessible universal driver licencing programme for all young people.



Healthy homes for rental tenants.

Remits

LGNZ's advocacy for remits saw a number of good results for councils over the last year.

Preservation of Earthquake Prone Heritage Buildings

Members voted for LGNZ to lobby for greater support for, and protection of, heritage buildings through a number of mechanisms.

LGNZ leadership discussed this issue with central government ministers throughout the year, resulting in a revamped Heritage EQUIP programme to provide new co-funding for building owners to pay for services such as seismic assessments as well as architectural and structural engineering plans. LGNZ continue to advocate for changes to the Building (Earthquake-Prone Buildings) Amendment Act, to raise the threshold that triggers the need for earthquake strengthening.

Reducing the Waste stream

At the 2018 AGM, members requested LGNZ to lobby central government to address the China National Sword issue and implement the local government waste manifesto.

LGNZ engaged with the Associate Minister for the Environment as well as the Ministry for the Environment, resulting in the Waste Work Programme which addresses a number of key issues from the remit, namely to expand the waste disposal levy, improve waste data, invest in local processing capacity for recyclables and implement a greater mix of voluntary and mandatory product stewardship schemes. The programme addresses the remit passed by members in 2018, that LGNZ request the Government to urgently implement a mandatory product stewardship programme for tyres.

Litter Act

A remit to have LGNZ advocate for the ability of local authorities to legally issue infringement notices where there is evidence of an offence gained traction in 2018 through a Litter Amendment Bill. Although the bill was subsequently withdrawn by the MP in charge, in the select committee stage the Minister of Local Government raised the need for a more comprehensive review of the Litter Act, which LGNZ will continue to lobby for.

Driver Licencing

Members voted for LGNZ to advocate for a driver licencing programme for all students at NCEA Level Two. Advocacy has

been conducted under the Mayors' Taskforce for Job's Driver Licencing Programme, which has engaged with a number of key central government agencies to encourage such a programme.

The first tangible results of this were seen in early 2019 with the Government announcing that it will fund the costs of getting a driver licence for young people on youth benefits such as the Youth payment, Young Parent Payment or those in Oranga Tamariki care.

Walking the talk - single use plastics

Members voted in 2018 for LGNZ to advocate to central government to urgently develop and implement a plan to eliminate the use of single-use plastic bags and straws, which supported a petition led by Mayors and councillors that collected 65,000 signatures.

LGNZ has advocated for this since 2015, and supported the Ministry for the Environment with their plans, so were pleased to see an announcement last year on a mandatory phase-out of single-use plastic bags that will come into effect this year.

Minimum standards for Rental Housing

Members asked LGNZ to engage with the Government on ways to strengthen the minimum standards for rental housing to ensure that all rental homes are warm, dry and healthy to live in. LGNZ have actively advocated to strengthen these standards, and in 2018 the Government approved and enacted its Healthy Homes Standards.

LGNZ is continuing to advocate for resources and funding to assist councils manage their own stock in addition to supporting our communities to create healthy, warm and dry homes, most recently through a series of recent Housing 2030 webinars.

Local alcohol policies

Members voted for LGNZ to advocate for amendments to the Sale and Supply of Alcohol Act 2012 so that Local Alcohol Policies can more accurately reflect local community views and preferences. LGNZ have been active in advocating for this change, writing to Hon Andrew Little asking for both changes and a meeting to discuss this issue, and engaging in media advocacy through opinion editorials and commentary.

Our year in review



April 2018

- Zone 2, 3, 5 & 6 meetings
- LGNZ Responsible Camping Symposium held in Nelson, where mayors and tourism industry leaders were joined by central government ministers for the release of the *Good Practice guide for freedom camping*.
- First Water 2050 discussion paper released, *Governance - A better framework for drinking water regulation*.

June 2018

- Housing 2030 Symposium
 - Zone 2 & 4 meetings
 - Rural and Provincial Sector meeting
 - 22 LGNZ EXCELLENCE Awards finalist are named.
- First LGNZ Housing 2030 working group meetings, for Supply, and Social and Community Housing.
- Third Water 2050 discussion paper released, *Cost and funding - Meeting the costs of water infrastructure*.

August 2018

- Metro & Regional sector meetings
- Zone 1 meeting
- CouncilMARK™ reports issued for Upper Hutt City Council and Environment Canterbury
- Quarterly Media Briefing
- \$8.5 million in additional funding for responsible camping infrastructure and initiatives announced.
- LGNZ welcomes government's Waste Work Programme and phasing out of single use plastic bags.

May 2018

- LGNZ Water Symposium
- Regional & Metro Sector meetings held
- Central and Local Government Forum
- CouncilMARK™ report issued for Mackenzie District Council
- Quarterly Media Briefing
- Four key climate change guidance documents released to councils: Climate change and natural hazards decision making toolkit, provision of services infrastructure in areas affected by climate change, development in natural hazard areas and natural hazards information LIMs.
- Second Water 2050 discussion paper released, *Quality - Review of the framework for water quality*.

July 2018

- LGNZ Conference: 597 Local Government members and stakeholders gather in Christchurch
- LGNZ Excellence Awards winners named.
- LGNZ votes in favour of 12 remits at the 2018 LGNZ AGM.
- LGNZ launches Project Localism and the Local Government position statement on localism.
- Stocktake of local government climate change mitigation activity released.

September 2018

- Zone 2 meeting
- Vice-President Stuart Crosby delivers speech at Water NZ conference, urging central government to keep policy options open and to work collaboratively with local government.
- LGNZ Climate Change Symposium delivers preliminary sea level rise survey results.
- LGNZ welcome Productivity Commission's *Transition to a low-emissions economy* report and recommendation for councils to pursue higher-density development.



October 2018

- Zone 4, 5 & 6 meeting
- **CouncilMARK™ reports issued for Taranua District Council and Central Hawke's Bay District Council**
- LGNZ hosts announcement of \$19 million in co-funding for LiDAR 3D elevation mapping of regions.
- Central government wastewater report highlights the need for a targeted policy response to assist small councils with infrastructure upgrades.



December 2018

- Drinking-Water Standards for New Zealand 2005 (Revised 2018) implemented
- Partnership between LGNZ and NZTA results in over \$700 to \$800 million in additional funding for local road blackspots.
- LGNZ issues report on local government investment into Economic Development Services in New Zealand.



February 2019

- **Regional and Metro sector meetings held**
- **CouncilMARK™ report issued for Dunedin City Council.**
- LGNZ's annual stakeholder function in Wellington attended by more than 200 stakeholders.
- LGNZ makes submission on Local government funding and financing issues paper.

November 2018

- Local government position statement on three waters released, urging the Government to adopt four good public policy principles on three waters reform.
- Local Government welcomes the *Local Governance for Community Wellbeing* Cabinet paper.
- Tiaki – Care for New Zealand launched, with LGNZ joining seven key organisations calling for greater guardianship of New Zealand's environment and travel safety.
- LGNZ welcomes single use plastic bag phase out.
- Local government led Tourism Infrastructure Fund review results in nine positive changes to fund.

January 2019

- The LGNZ report *Vulnerable: The quantum of local government infrastructure at risk from sea level rise*, is released, generating news headlines across the country.
- Dave Cull op-ed on proposed Urban Development Authorities - *Don't leave councils with the claw hammer* - syndicated across national media.



March 2019

- **CouncilMARK™ reports issued for New Plymouth District Council and Hauraki District Council.**
- Vote 2019 campaign launched.
- Queenstown visitor levy referendum announced.
- LGNZ releases report from Jack Hodder QC, *Who's afraid of creative judges?*

2

Equip

EquipP, Local Government New Zealand's Centre of Excellence, expanded its services, launching new consultancy services and maturing its professional development digital capability.

Greater sector value has been realised by supporting strategy development and governance practices, building sector capability in asset management partnering with REG, and business case development for strategic investment.

These included:

- The consolidation of the new commercial framework underpinning the professional development business, expanding EquipP's digital capability offering both live production quality webinars, on-demand options for greater flexibility and providing services to third parties;
- Expanded EquipP's asset management and procurement services through the Road Transport Unit (RTU) continuing the engagement with REG and NZTA; and
- Enhanced governance capability across strategy and leadership, organisational development diagnostics and frameworks, service level reviews, recruitment and selection of key leadership roles for Chief Executives and CCO Directors.

EquipP Consultancy

EquipP has delivered increased support at both Governance and Management levels by:

- Supporting business cases to the Provincial Growth Fund, with a focus on key infrastructure to unlock growth potential. Applying insights from the RTU learnings with council asset managers, and supporting the delivery of evidence-based business cases.
- Working with key partners to enhance the value of EquipP's organisational diagnostic services, alongside governance assessment tools, to support organisational design and serviced based cultures;
- Expanding the reach of EquipP's fee for service offerings leveraging the RTU experience and intellectual property to support procurement reviews and practices, contract management activity, and asset management support services; and
- Facilitating the recruitment and selection of key sector leaders, including council CEOs and CCO Directors, enabling alignment of values and strategic aspirations, and supporting critical relationships with a strengths-based approach to executive performance.

EquipP professional development

Following the implementation of a new business model, embedding robust adult learning principles and customer centric design, the professional development team have expanded their digital capability, delivering over 20 webinars, providing on-demand content, and producing short videos as part of its learning suite.

During the year EquipP enjoyed an increase in demand from third parties wanting to engage with the local government sector and avail themselves of EquipP's digital capability, as well as providing business-to-business services to third parties.

2018 Professional development programme

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

EquipP ran a total of 19 workshops with over 200 participants, and produced 22 webinars as well as a number of digital assets and building an on-demand content library of best practice.

EquipP's pre-election, digital candidate briefing guide proved popular and is the initiation of the 2019/20 elected member development and induction programme. The digital guide is designed to educate potential candidates on what to expect should they be elected, it outlines the rigours of the role and gives insight into the respective governance and management functions as identified by the CouncilMARK™ programme.

Summary of RTU consultancy offerings

2016/17	2017/18	2018/19
98% draft business cases	98.5% AMPS submitted	93% AMPS improvement activity
36 councils supported	38 councils supported	40 councils supported
87.9% attendance REG workshops	91.2% attendance REG workshops	93% attendance REG workshops

Summary of professional development offerings

2016/17	2017/18	2018/19
13 webinars held	15 webinars held	22 webinars held
42 workshops held	21 workshops held	19 workshops held*
743 workshop attendees	225 workshop attendees	208 workshop attendees*

* As expected, following the induction programme post the 2016 local government elections, workshop attendance has reduced, however we are enjoying an increased interest in digital content.

3

Financial Statements

Consolidated Statement of Comprehensive Revenue and Expenses

Local Government New Zealand (LGNZ)
For the year ended 31 March 2019

	Notes	2019 \$	2018 \$
Income			
Annual Subscription Income		3,927,516	3,858,079
Annual Conference Income		901,479	1,011,453
CouncilMARK Assessment Income	6	100,000	179,006
Equip Limited Partnership Income	7	1,609,650	1,504,303
Interest Earned		80,695	44,204
MTFJ Income		18,000	18,000
Pacific TA Income		731,375	651,124
Sundry Income		13,137	70,316
Symposium and Event Income	9	136,457	400,983
Transparency International Income		20,000	20,000
Total Income		7,538,309	7,757,468
Total Income			
		7,538,309	7,757,468
Less Direct Costs			
Annual Conference Expenditure	5	661,517	700,735
Committees and Advisory Boards Expenditure		198,477	119,957
Communications Expenditure		31,363	56,302
Equip Limited Partnership Expenditure	8	1,439,598	1,496,693
Governance Expenditure		134,489	132,108
Pacific TA Expenditure		574,863	488,868
Staff Remuneration		2,040,754	1,996,851
Policy Expenditure		436,624	377,258
Symposium and Event Expenditure		158,581	398,262
Total Less Direct Costs		5,676,266	5,780,507
Less Other Expenses			
CouncilMARK Expenses		100,592	83,502
CouncilMARK Assessment Fees	6	98,750	98,065
Transparency International Expenses		40,000	40,000
Total Less Other Expenses		239,342	221,567
Less Operating Expenses			
Accommodation/Occupancy		304,468	309,753
Advisory		85,025	98,363
Financial		13,931	11,191
Honoraria		116,667	115,474
Insurance		44,884	41,980
Information Technology		155,079	169,726
Library		35,427	37,000
Office		179,548	167,705

	Notes	2019	2018
Other Staff Costs		100,022	46,722
Depreciation and Amortisation		108,801	133,400
Total Less Operating Expenses		1,143,852	1,131,314
Total Expenses		7,059,460	7,133,388
Net Surplus before Tax		478,849	624,080
Taxation			
Taxation Expense	24	-	579,780
Total Taxation		-	579,780
Total Surplus after Tax		478,849	44,300
Total Comprehensive Revenue and Expense		478,849	44,300
Total Surplus attributable to the Group		478,849	44,300

Consolidated Statement of Changes in Net Assets

Local Government New Zealand (LGNZ)
For the year ended 31 March 2019

	2019	2018
Accumulated Comprehensive Revenue and Expenses		
Opening Balance	1,798,997	1,916,977
Comprehensive Revenue and Expenses		
Surplus for the Year	478,849	44,300
Total Comprehensive Revenue and Expenses	478,849	44,300
Transfers		
Transfers to / (from) other Reserves	166,628	(162,280)
Total Transfers	166,628	(162,280)
Total Accumulated Comprehensive Revenue and Expenses	2,444,473	1,798,997
Annual Conference Reserve		
Opening Balance	666,628	504,348
Transfers		
Transfers to / (from) accumulated comprehensive revenue and expenses	(666,628)	162,280
Total Transfers	(666,628)	162,280
Total Annual Conference Reserve	-	666,628
Emerging Issues Reserve		
Opening Balance	-	-
Transfer in from accumulated comprehensive revenue and expenses	500,000	-
Total Emerging Issues Reserve	500,000	-
Total Equity	2,944,473	2,465,625

Consolidated Statement of Financial Position

Local Government New Zealand (LGNZ)
For the year ended 31 March 2019

	Notes	2019	2018
Assets			
Current Assets			
Cash and Cash Equivalents	11	2,352,198	3,233,813
Short Term Deposits		1,500,000	-
Receivables from Exchange Transactions	12	483,660	525,145
GST Receivable		48,548	70,218
Income Tax Receivable		40,796	40,638
Accrued Interest		15,369	304
Prepayments		205,319	134,747
Total Current Assets		4,645,891	4,004,865
Non-Current Assets			
Property, Plant and Equipment	15	398,021	432,335
Intangibles	14	58,655	68,006
Investments	13	1,475	1,475
Work in Progress - Governance Development		5,500	-
Total Non-Current Assets		463,651	501,816
Total Assets		5,109,542	4,506,681
Liabilities			
Current Liabilities			
Trade and Other Payables		650,566	706,362
Provision for Annual Leave		111,186	117,973
Loans and Borrowings	19	22,786	21,144
Community Board Executive Committee Levy		42,640	30,853
Lease Incentive	20	99,375	121,875
Mayors Taskforce for Jobs	16	236,680	190,124
Annual Conference Sponsorship and Deposits Received in Advance		338,911	369,878
Pacific Technical Assistance Income in Advance	17	415,938	224,800
CouncilMARK Income in Advance		16,500	4,775
Local Government Risk Agency Income in Advance	18	138,431	138,431
Total Current Liabilities		2,073,013	1,926,215
Non-Current Liabilities			
Loans and Borrowings	19	92,056	114,842
Total Non-Current Liabilities		92,056	114,842
Total Liabilities		2,165,069	2,041,057
Net Assets		2,944,473	2,465,625
Net Assets Attributable to the Owners of the Controlling Entity			
Retained Earnings		2,444,473	1,798,997
Annual Conference Reserve		-	666,628
Emerging Issues Reserve		500,000	-
Total Net Assets Attributable to the Owners of the Controlling Entity		2,944,473	2,465,625

For and on behalf of the National Council:


D Cull, President
10 June 2019


M Alexander, Chief Executive
10 June 2019

Statement of Cashflows

Local Government New Zealand (LGNZ)
For the year ended 31 March 2019

	Notes	2019 \$	2018 \$
Cashflow			
Cash from Operating Activities			
Cash was Provided from:			
Receipts from Members & Stakeholders		7,499,099	8,234,160
Interest and Dividends Received		53,079	34,722
Tax Refunds Received		12,393	-
Total Cash was Provided from:		7,564,571	8,268,882
Cash was Applied to:			
Payments to Suppliers & Employees		(6,844,886)	(7,822,378)
Interest Paid		(9,482)	-
Total Cash was Applied to:		(6,854,368)	(7,822,378)
Total Cash from Operating Activities		710,203	446,504
Cashflow from Investing Activities			
Cash was Provided from:			
Proceeds from Sale of Property, Plant & Equipment		-	334
Total Cash was Provided from:		-	334
Cash was Applied to:			
Purchase of Property, Plant & Equipment		(70,674)	(44,322)
Purchase of Investments		(1,500,000)	-
Total Cash was Applied to:		(1,570,674)	(44,322)
Total Cashflow from Investing Activities		(1,570,674)	(43,988)
Cashflow from Financing Activities			
Cash was Applied to:			
Repayment of Loans & Borrowings		(21,144)	(19,621)
Total Cash was Applied to:		(21,144)	(19,621)
Total Cashflow from Financing Activities		(21,144)	(19,621)
Net Increase / (Decrease) in Cash Held		881,615	382,895
Add Opening Cash Brought Forward		3,233,813	2,850,918
Bank and Cash			
Bank and Cash		2,352,198	3,233,813
Total Bank and Cash		2,352,198	3,233,813

Notes to the Financial Statements

Local Government New Zealand (LGNZ)
For the year ended 31 March 2019

1. REPORTING ENTITY

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

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

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

These financial statements have been approved and were authorised for issue by the 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 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 Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements. Certain accounts 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 and land and buildings which are measured at fair value.

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

3.2 Functional and Presentation Currency

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

3.3 Basis of Consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the the Group and have a 31 March 2019 reporting date.

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

3.4 Revenue

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

Revenue from exchange transactions

Membership fees

Subscriptions received in exchange for annual access to members' activities are invoiced in April for the year it relates 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 except for financial liabilities at fair value through surplus or deficit.

3.6 Cash and Cash Equivalents

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

3.7 Short Term Investments

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

3.8 Property, Plant, Equipment and Depreciation

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

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

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

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

3.9 Intangible Assets

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

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

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

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

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

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

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

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

- Website 50%
- Computer Software 50%
- Workshop Development 50%

3.10 Leases

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

Lease Incentives

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

3.11 Borrowing costs

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

3.12 Employee Benefits

Wages, salaries, annual leave

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

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

3.13 Income Tax

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

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

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

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

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

3.14 Goods and Services Tax (GST)

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

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

3.15 Equity

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

Accumulated comprehensive revenue and expense

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

Annual Conference reserve

Historically, the National Council has approved the setting aside of accumulated surpluses generated from the annual conference which is to be used to reduce the cost of meeting any deficit of future annual conferences. In recent years the conferences have been generated surpluses and so the reason for this reserve has now passed. In 2019, all the reserves balances has been reallocated to Total Accumulated Comprehensive Revenue and Expenses (General Equity).

Emerging Issues Reserve

The National Council has approved creating a reserve of \$500,000 for strategic matters including three waters.

4. Significant Accounting Judgements, Estimates and Assumptions

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

Income Tax Expense

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

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

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

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

Judgements

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

Operating lease commitments

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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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

5. ANNUAL CONFERENCE	2019	2018
Annual Conference Revenue	901,479	1,011,453
Annual Conference Expenditure	(661,517)	(700,735)
Staff Remuneration and Overheads	(148,461)	(152,356)
Net Annual Conference Profit	91,501	158,362

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.

6. COUNCILMARK PROGRAMME	2019	2018
CouncilMARK Assessment		
CouncilMARK Assessment Income	100,000	179,006
CouncilMARK Assessment (Disbursements)/Recoveries	2,430	24,323
CouncilMARK Assessment Fees	(98,750)	(98,065)
Total CouncilMARK Assessment	3,680	105,264
CouncilMARK Expenses		
CouncilMARK Development Costs	(13,892)	-
CouncilMARK Expenses	(14,817)	(33,586)
CouncilMARK Travel Expenses	(3,440)	-
Total CouncilMARK Expenses	(32,149)	(33,586)
CouncilMARK Board Expenses	(70,873)	(74,239)
Total CouncilMARK Programme	(99,342)	(2,561)

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

LGNZ contributed funds to set up the programme and continues to fund the programme manager, Board expenses and any development expenses to enhance the programme.

EquiP Limited Partnership

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

7. EquiP LIMITED PARTNERSHIP INCOME	2019	2018
Support Service (Income)	1,362,051	1,279,780
Professional Development Income	85,856	122,340
Webinar Income	95,015	70,340
Film/Video Production	50,500	-
Other Income	16,228	31,843
Total EquiP Limited Partnership Income	1,609,650	1,504,303

8. EquiP LIMITED PARTNERSHIP OPERATING EXPENSES	2019	2018
Accountancy Fees	4,436	12,163
Audit Fees	19,451	19,450
IT Outsourcing	31,190	47,428
Professional Development Expenses	53,650	60,190
Staff Remuneration	440,173	448,515
Support Service (Expenses)	842,786	836,852
Webinar Costs	20,313	7,416
Other Operating Expenses	27,599	64,679
Total EquiP Limited Partnership Operating Expenses	1,439,598	1,496,693

9. SYMPOSIUM AND EVENT INCOME	2019	2018
China Mayoral Forum Income	-	356,152
Climate Change Symposium Income	14,435	-
Freedom Camping Symposium Income	4,000	-
Housing Symposium Income	6,000	-
Localism Summit Income	5,000	-
Regional Sector Study Tour Income	47,826	-
Water Symposium Income	37,528	26,957
YEM Retreat	21,668	17,874
Total	136,457	400,983

10. CHINA MAYORAL FORUM	2019	2018
China Mayoral Forum Income	-	356,152
China Mayoral Forum Expenses	-	(349,444)
Total China Mayoral Forum	-	6,708

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

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components;

Cash and Cash Equivalents	2019	2018
Bank	1,540,974	1,156,586
Local Government Risk Agency Bank Account	138,430	140,894
Monies held for Mayors Taskforce For Jobs	236,680	190,124
Pacific Technical Assistance Bank Account	436,031	246,209
Petty Cash	83	-
Term Deposits	-	1,500,000
Total Cash and Cash Equivalents	2,352,198	3,233,813

12. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019	2018
Annual Conference Debtors	175,885	247,178
Local Government Risk Agency Debtors	-	369
Pacific Technical Assistance Debtors	1,531	4,427
Sundry Debtors	306,244	273,171
Total Receivables from Exchange Transactions	483,660	525,145

13. INVESTMENTS

	2019	2018
Paintings/Artwork	1,475	1,475
Total Investments	1,475	1,475

14. INTANGIBLES

Other Intangibles	2019	2018
Computer Software		
Computer Software at Cost	93,458	69,241
Transfer (to)/from Website Development	56,409	-
Transfer (to)/from Furniture & Fittings	2,889	-
Less Accumulated Amortisation	(94,101)	(57,643)
Total Computer Software	58,655	11,598
Website Development		
Website Development at Cost	154,576	154,576
Less Accumulated Amortisation	(98,168)	(98,168)
Transfer (to)/from Computer Software	(56,408)	-
Total Website Development	-	56,408
Total Intangibles	58,655	68,006

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

Intangibles Reconciliation	2019	2018
Software		
Opening Balance	11,598	23,202
Additions	24,217	-
Transfer (to)/from Website Development	56,408	-
Transfer (to)/from Furniture & Fittings	2,889	-
Amortisation	(36,458)	(11,604)
Total Software	58,655	11,598
Website		
Opening Balance	56,408	94,101
Other Additions	-	-
Transfer (to)/from Computer Software	(56,408)	-
Amortisation	-	(37,693)
Total Website	-	56,408
Total Intangibles	58,655	68,006

15. PROPERTY, PLANT AND EQUIPMENT	2019	2018
Furniture & Fittings		
Furniture & Fittings at Cost	412,891	377,083
Less Accumulated Depreciation	(271,296)	(233,971)
Transfer (to)/from Computer Software	(2,889)	-
Less Loss on Disposal	(38)	-
Total Furniture & Fittings	138,668	143,112
Leasehold Improvements		
Leasehold Improvements at Cost	402,392	402,392
Less Accumulated Depreciation	(143,039)	(113,169)
Total Leasehold Improvements	259,353	289,223
Total Property, Plant and Equipment	398,021	432,335

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

Property, Plant and Equipment Reconciliation	2019	2018
Furniture and fittings		
Opening Balance	143,112	155,308
Additions	40,958	38,253
Disposals	(5,153)	(330)
Depreciation	(37,359)	(50,119)
Transfer (to)/from Computer Software	(2,889)	-
Total Furniture and fittings	138,669	143,112
Leasehold Improvements		
Opening Balance	289,223	317,138
Additions	-	6,069
Depreciation	(29,870)	(33,984)
Total Leasehold Improvements	259,353	289,223
Total Property, plant and equipment	398,021	432,335

16. MAYOR'S TASKFORCE FOR JOBS

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

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

MTFJ is grouped with LGNZ for GST purposes and LGNZ employ the Taskforce Coordinator.

Mayor's Taskforce for Jobs	2019	2018
Mayors Taskforce for Jobs (MTFJ)	236,680	190,124
Total Mayor's Taskforce for Jobs	236,680	190,124

17. 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.

	2019	2018
Opening Balance	\$224,800	\$401,763
Funds Received	\$766,000	\$311,905
Total Funds Received	\$990,800	\$713,668
Funds Used		
LGNZ Assistance	\$346,024	\$293,668
Organisational Assessment Framework	\$0	\$19,566
Cook Islands	\$46,321	\$63,985
Fiji	\$3,567	\$19,641
Kiribati	\$42,948	\$14,830
Samoa	\$11,583	\$24,352
Tokelau	\$33,081	\$0
Vanuatu	\$91,338	\$52,826
Total Funds Used	\$574,863	\$488,868
Closing Balance	\$415,937	\$224,800

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.

18. LOCAL GOVERNMENT RISK AGENCY

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

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

19. LOANS	2019	2018
Current Portion of Loans		
Current Portion of Fit-Out Robt. Jones Holdings Limited	22,786	21,144
Total Current Portion of Loans	22,786	21,144
Non-Current Portion of Loans		
Loan Fit-Out Robt. Jones Holdings Limited	92,056	114,842
Total Non-Current Portion of Loans	92,056	114,842
Total Loans	114,842	135,986

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.

20. LEASE INCENTIVE	2019	2018
Lease Incentive	99,375	121,875
Total Lease Incentive	99,375	121,875

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.

21. LEASES

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

Leases	2019	2018
Later than one year	270,025	270,025
Later than one year and no later than five years	922,585	1,080,100
Later than five years	-	112,510
Total Leases	1,192,610	1,462,635

22. RELATED PARTIES

Equip Limited Partnership

Local Government New Zealand received Accommodation fees of \$8,803 (2018: \$8,803) & Services Agreement fees of \$29,200 (2018: \$29,200) from Equip Limited Partnership.

There is \$485,381 outstanding from Equip Limited Partnership at balance date (2018: \$485,403).

These transactions are eliminated on consolidation.

The Mayor's Taskforce for Jobs

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

Management Fees of \$18,000 (2018: \$18,000) were paid from MTFJ.

Key Management Personnel

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

Key Management Remuneration	2019	2018
Total Remuneration	911,564	808,761
Number of persons	4	4

Honoraria

Honoraria of \$89,744 (2018: \$88,826) and \$26,923 (2018: \$26,648) were paid to the President and Vice President respectively during the year ended 31 March 2019.

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

23. 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	2019	2018
Loans and Receivables		
Accounts Receivable	483,660	525,145
Term Deposits	-	1,500,000
Bank	1,540,974	1,156,586
Total Loans and Receivables	2,024,634	3,181,731
Financial Liabilities	2019	2018
Annual Conference Sponsorship and Deposits Received in Advance	338,911	369,878
Loans and borrowings	114,842	135,986
Provision for Annual Leave	111,186	117,973
Total Financial Liabilities	564,939	623,837

24. INCOME TAX EXPENSE	2019	2018
Components of tax expense		
Adjustments to current tax in prior years	-	-
Deferred tax asset written-off	-	579,780
Tax expense	-	579,980
Relationship between tax expense and accounting surplus		
Surplus / (deficit) before tax	478,849	624,080
Tax at 28%	134,078	174,743
Plus / (less) tax effect of:		
Non-deductible expenditure	613,547	733,917
Non-taxable revenue	(1,099,705)	(1,179,982)
Prior year adjustment	-	-
Deferred tax asset written-off	-	579,780
Deferred tax not recorded	352,080	271,623
Tax expense	-	579,780
Deferred tax assets / (liabilities)		
Opening balance	-	579,780
Charged to surplus or deficit	-	(579,980)
Total	-	-

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 \$5,741,289 (2018: \$4,483,862).

No deferred tax asset has been recognised for an amount of \$352,080 (2018: \$271,623) due to uncertainty that Local Government New Zealand will report taxable profits in the future to offset against accumulated tax losses.

25. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date (2018:\$nil).

26. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2018:\$nil).

27. EVENTS AFTER THE REPORTING DATE

The Council and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Local Government New Zealand (2018: Nil).

Independent Auditor's Report

TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Opinion

We have audited the financial statements of the Association on pages 22 to 36, that comprise the consolidated statement of financial position as at 31 March 2019, 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 2019; and
 - its financial performance and cash flows for the year then ended; and
- comply with general accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards (Reduced Disclosure Regime).

Our audit was completed on 10 June 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the National Council for the financial statements

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are 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.

Other information

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

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

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

Independence

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

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



Trevor Deed

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

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**National
Council
and staff**



National Council

Dave Cull | President | Mayor, Dunedin City Council

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

Hon Phil Goff | Metro Sector | Mayor, Auckland Council

Justin Lester | Metro Sector | Mayor, Wellington City Council

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

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

Rachel Reese | Regional Sector | Mayor, Nelson City Council

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

Brian Hanna | Rural Sector | Mayor, Waitomo District Council

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

Penny Hulse | Zone One | Councillor, Auckland Council

Don Cameron | Zone Three | Mayor, Ruapehu District Council

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

Richard Kempthorne | Zone Five | Mayor, Tasman District Council

Tracy Hicks | Zone Six | Mayor, Gore District Council

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

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

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

LGNZ staff (as at 31 March 2019)

Malcolm Alexander | Chief Executive
Jason Krupp | Deputy Chief Executive Advocacy
Leanne Brockelbank | Deputy Chief Executive Operations
Scott Necklen | Deputy Chief Executive Commercial
Dr Mike Reid | Principal Policy Advisor
Clare Wooding | Principal Policy Advisor
Philip Shackleton | Principal Policy Advisor
Tom Simonson | Principal Regulatory Advisor
Grace Hall | Senior Policy Advisor
Dan Henderson | Programme Manager CouncilMARK™
Amanda Boyd | Senior Communications Advisor
Daniel Webster | Senior Communications Advisor
Frances Sullivan | Programme Manager PacificTA
Tom McDonald | Pacific TA Administrator
Noa Woolloff | MTFJ Taskforce Coordinator
Trudi Mackay | Accounts Officer
Lisa Milnes | Team Support
Stephane Mino-Vercellio | Team Support

Equip staff (as at 31 March 2019)

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



We are. LGNZ.

Te Kāhui Kaunihera o Aotearoa.

PO Box 1214
Wellington 6140
New Zealand

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www.lgnz.co.nz

We are.

Ashburton.	Gisborne.	Kaikōura.	Otago.	Southland Region.	Waimate.
Auckland.	Gore.	Kaipara.	Otorohanga.	Stratford.	Waipa.
Bay of Plenty.	Greater Wellington.	Kāpiti Coast.	Palmerston North.	Taranaki.	Wairoa.
Buller.	Grey.	Kawerau.	Porirua.	Taranaki.	Waitaki.
Canterbury.	Hamilton.	Mackenzie.	Queenstown- Lakes.	Tasman.	Waitomo.
Carterton.	Hastings.	Manawatu.	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.