

# It's time. For communities to choose for themselves.

Local Government New Zealand | Te Kāhui Kaunihera o Aotearoa

Annual Report

2019/20

**We are.  
LGNZ.**

Te Kāhui Kaunihera o Aotearoa.

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

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

## From the President



Tēnā koutou katoa.

This foreword was largely written just as New Zealanders were grappling with the Covid-19 pandemic.

During this period local councils played a critical role keeping essential services running and ensured vulnerable households got the critical support they needed through the regional Civil Defence and Emergency Management groups.

I paid tribute to the hard work of the sector in a joint opinion piece with Society of Local Government Managers (SOLGM) President Phil Wilson, titled *'When the going gets tough, councils get going'*.

This wasn't boastful – it was a statement of facts.

With almost five million Kiwis furloughed to their homes to stop the spread of the virus, councils have in a very real way shown just how resilient they are, and that when it comes to a crisis both elected members and local government staff can be relied upon to do their part.

LGNZ played a critical role during the response, in partnership with the Department of Internal Affairs, SOLGM and the National Emergency Management Agency to coordinate local government's efforts and actions and to provide advice in a highly changeable environment.

It may seem odd to talk about this work since most of it took place outside of the twelve month period covered in this annual report - New Zealand went into lockdown on 25 March, just six days before the conclusion of the 2019/20 financial year.

But look at it another way. It is difficult to see how LGNZ could have played this role without the hard yards put in over the preceding twelve months. This work enabled the central-local government partnership to operate effectively, where robust relationships, mutual trust and deep policy knowledge were nurtured and leveraged for the good of New Zealanders.

We have shown the value strong local voices bring when they're at the table, and dare I say the Covid-19 response has given central government officials a glimpse into the challenging environment that councils operate in.

That close working relationship holds great potential for the future when we look to the challenges facing us in the post Covid-19 environment. In many respects these challenges may look the same as they did before the pandemic, but our ability to respond to them at a central and local level is more limited because of the economic and social effects of the lockdown.

That makes it imperative for central and local government to pool their efforts and strategically target investment to get the best outcomes for our nation, cities, provincial centres, rural areas, and for communities in general.

Of course, seeing the potential for partnership and actually grasping it can be two different things. To do so will take compromise on both sides. We know that cure for the ills of centralisation is not more centralisation, but equally we know collective action is eviscerated by parochialism and patch protection.

In writing this, my last annual report foreword as President of LGNZ, the challenge I put to the local government sector is to strike this balance by putting the long-term well-being of communities ahead of the perceived interests of council organisations and members. Our role is to serve our communities. I am confident LGNZ and the organisation's new leadership will step up and deliver on that responsibility.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'Dave Cull'. The signature is fluid and cursive, written over a light grey background.

Dave Cull  
President  
Local Government New Zealand

## From the Chief Executive



This will be the eighth time that I have written the LGNZ CEO's introduction to the annual report, and I dare say it will be my most important because it is the last time I will do so before stepping down from the helm.

My departure affords me the luxury of not only looking back at the performance of LGNZ and its work on behalf of members over the last 12-months, but over a period of time just short of a decade.

In that time LGNZ, at the direction of its membership, has transformed from a largely policy focused unit into the policy and advocacy organisation it is today. What this means in practice is driving policy thought leadership in the areas that matter for councils and communities, and responding to central government led initiatives as they arise. Key to this has been our relationships, be they with key figures in the machinery of central government, iwi, business, and NGOs, as well as with senior policy makers on points of the political spectrum.

The Government's engagement with LGNZ and councils, policy development timelines, and delivery of funding and resource has sped up considerably. No longer is it tenable to wait for those inside the Beehive to bring us up to speed with what is happening – we must be there, in the room, or at least knocking on the door, to put us in the position to advocate for our communities.

The results of this approach can be seen in the work we do on your behalf.

In the climate change policy space, we have broadened the focus from mitigation to include mitigation and adaptation. As a result communities are starting to engage in the real conversations around how we deal with the most pressing local impacts of climate change that are affecting all New Zealanders, and to identify the tools they'll need to ensure their wellbeing into the future.

Housing remains a key focus for all councils, big and small, and has been an area where LGNZ has been pushing hard for sensible policy reform. We have supported the Government's approach to urban development and independent funding and financing, but have been a strong advocate for the voice of communities in this process. Councils and communities cannot continue to work under policy that makes them liable for the mistakes of others.

Our transport networks are the arteries of our economy, and play key roles in the social, economic and environmental well-being of our communities. We have worked hard to invest

in critical relationships with the Ministry of Transport and New Zealand Transport Agency, and this has paid dividends in the form of early and direct engagement with these agencies.

On the environment, water has remained a primary focus over the last year. In both the three waters and freshwater space we have clearly demonstrated the value that local operational know how brings to the legislative process. The way we engaged in evidence debate and engagement now stands as a baseline for how to undertake meaningful policy reform - even if we didn't start in the manner in which we are now proceeding.

Over the past year we have continued to work on our Localism project, which makes the case for democratising decision making in our highly centralised political system. Localism is more than just a stand-alone project - it's the lens through which we view all our policies. Particularly as we head into the 2020 General Election, the principles of Localism provide a litmus test for central government policies; does any given policy deliver communities' more choice, or less choice?

I also want to acknowledge the gains we have made in expanding the opportunities for greater and more diverse membership input into LGNZ policy-making and advocacy. A particular highlight for me was last year seeing the membership vote to award Te Maruata full membership of National Council.

In reflecting on what LGNZ has achieved over the past eight years, it is fitting to pay tribute to those who enabled it: the body of elected members who steered our strategy, the technical and professional staff who helped shape our thinking, and communities who enabled them to do so. I thank you for your support.

I wish all of our members, and LGNZ, all the best for the future.

Local democracy matters. Never step back from fighting for it.

Regards,

Malcolm Alexander  
Chief Executive  
Local Government New Zealand

## LGNZ by the numbers



**100%**

of New Zealand councils are LGNZ members



**1,071**

Mentions in the media



**2**

CouncilMARK™ reports released



**597**

Conference attendees



**58**

Media releases



**59**

Policy and Sector briefs



**4,794**

Facebook followers, up 20%



**4,274**

Twitter followers



**20**

EquiP webinars and workshops



**47**

LGNZ EXCELLENCE Awards entries



**17**

Submissions



**5**

Publications

## Key publications issued to members

- Guide for central government engagement with local government – *June 2019*
- Analysis of the National Policy Statement on Urban Development Capacity – *July 2019*
- Exposed: Guidance for councils on climate change and infrastructure – *August 2019*
- Local Government Funding and Financing – LGNZ's view of the Productivity Commission's report – *April 2020*
- Independent Analysis of the 2017/18 Compliance Monitoring and Enforcement Metrics for the Regional Sector – *May 2019*

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# Advocacy



Advocating for strong local democracy.

A focus on direct and engaging advocacy has seen LGNZ maintain its strong position in policy and decision-making conversations at the highest levels. In a year characterised by fast moving debate across areas including housing, three waters, climate change and transport, LGNZ's close ties to both central government and councils and solution orientated advocacy has ensured that a strong voice for local democracy continues to be heard.

## Uniting local government for a post-Covid world

Over the last year LGNZ has worked towards a shared vision of greater local autonomy, decision-making and resourcing for councils under localism, or strong local democracy. Local democracy posits that rather than relying on central government to decide what is good for our communities, that it is time to empower councils and communities and to strengthen self-government at a local level.

And in the wake of the global Covid crisis, the need for local democracy has never been stronger.

While there is a need for central direction on national issues, for example border controls and lockdown measures, across any other number of policy issues, New Zealand's communities need targeted solutions to the issues facing them, not top down, one-size-fits-all policies that fit no one. In fact, we think New Zealand needs to go further than that – we need to incentivise authentic local solutions across a range of policy discussions.

This is why so many of the policy positions that LGNZ has been advocating for are even more relevant for New Zealand's success in our post-Covid world.

The Government has signalled that New Zealand's economic recovery will be led by local government infrastructure projects. LGNZ welcomes this, but over the last year we have been vocal in submissions, and through the Productivity Commission's Local Government Funding and Financing inquiry, that councils need broader funding tools that are better linked to the economic performance of our regions.

While the economic landscape has changed considerably, it's clear that we still have an infrastructure deficit and a housing crisis. To that end, LGNZ's advocacy for RMA reform, and changes to the current joint and several liability settings, are more important than ever.

Targeted solutions in response to New Zealand's environmental issues are also needed more than ever. Throughout 2019, LGNZ has been clear in our position on Essential Freshwater reform, that we need to target our resources to where the problems actually are, rather than spread our limited resources across areas where they are not needed, or at best will make little real impact. Now, as we grapple with the impacts of Covid, we need to focus our resources on where they're needed most. Pleasingly, the Government has shown they are listening to those on the ground with their most recent policy developments.

And those on the ground are more diverse than ever. The 2019 Local Elections saw a record number of new mayors, under 40s and women elected. Anecdotally, because only age and gender information is collected from candidates, it is believed there is more ethnic diversity around local government tables than ever before.

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## Flagship projects

In 2019 LGNZ added Transport to its flagship projects, alongside Water 2050, Climate Change, Housing 2030 and Localism.

### Water 2050

Three Waters Reform has been perhaps the most pressing issue for local government over the last triennium. Having clearly laid out the sector's position through the LGNZ Position Statement on Three Waters, the last year has been focused on guiding government policy.



LGNZ played a principle role in shaping the legislation that led to the introduction of Taumata Arowai – Water Services Regulator Bill, which will establish a fit for purpose drinking water regulator with some waste water and stormwater duties.

LGNZ has long advocated for practical and effective regulation of drinking water – even before the Havelock water contamination incident – and the formation of a regulator marks a significant milestone in this flagship project policy area.

Throughout the three waters policy discussion and in the media LGNZ set four clear principles in the debate – drinking water first, let existing regulations run their course, take mandatory aggregation off the table, and that incentives matter. Strong quality standards across all three waters are needed alongside rigorous enforcement.

LGNZ are pleased to see the introduction of the regulator in answer to this last principle, and look forward to working with the Government on delivering three waters solutions that meet the expectations of our communities.

### Climate Change



Councils are on the frontline of climate change. The release of the 'Vulnerable' report, which revealed up to \$14 billion in local government infrastructure is at risk of up to 3m of sea level rise set the tone of the conversation that LGNZ carried on in its 2019/20 climate change advocacy.

LGNZ's advocacy team followed that report up with 'Exposed: Climate change and infrastructure,' a guidance document providing councils with support, and a consistent approach for assessing the exposure of their infrastructure to sea level rise and inland flood risk.

This work has further helped position local government and councils as key stakeholders in the climate change conversation, both nationally and in their respective communities.

Throughout the year, LGNZ has made it clear in both policy discussions and the media that the lack of a framework providing clear direction on adaptation decision-making and engagement with communities poses a major threat to New Zealand's stability.

To further that conversation, LGNZ worked with councils to develop a set of climate change case studies. Focusing on Christchurch City Council, Dunedin City Council and Kaipara District Council, the case studies revealed a number of common challenges faced by each of the three councils, despite each being at a different stage of their community engagement. What is clear is that the lack of an overarching legislative, regulatory and policy framework for climate change adaptation is holding back the substantive decision-making that their communities desire.

Working alongside central government and other NGOs has resulted in continued partnerships with the National Science Challenges, membership in the Joint Community Resilience Work Programme and participation in the National Climate Change Risk Assessment, enabling LGNZ to deliver a local government perspective at the highest levels.

## Housing 2030

In 2019 LGNZ continued work under the three areas of supply, social and community housing, and healthy homes, culminating with the Housing 2030

Symposium, held in Wellington in

February 2020. A huge success, the symposium was attended by central and local government, private sector and NGO delegates, with addresses by the Minister for Building and Construction and the Associate Minister of Housing.

Recognising that housing is one of the biggest policy reform areas for the coalition government, and that local government is vital to success in this area, LGNZ has kept in close contact with the Ministry for Housing and Urban Development and Treasury, to ensure local government has a strong voice in the policy discussions surrounding the recently formed Urban Development Authority, Kāinga Ora, as well as the Infrastructure Commission.

Providing councils with resources to help utilise and navigate the government's housing departments and tools has been a focus for the Housing 2030 project. In response to the sector's need in this area, LGNZ released an Affordable Housing Toolkit. This consists of a range of webinars and reports analysing all the tools available, and where they can be best utilised, to stimulate affordable housing in our communities.

Ensuring that councils aren't overburdened by central government red tape has been an aim of Housing 2030's land availability workstream. A strong submission highlighting issues with the NPS-Urban Development Capacity was based on a survey of councils, highlighting the significant cost and duplication of work imposed on them in having to provide information to central government, that they should be working to gather themselves.

Reflecting the Government's pursuit of reform in the housing space, LGNZ has made more submissions on housing than any other area, including those on Building System Legislative reform, where LGNZ pointed out the need to reform Joint and Several Liability settings, as well as submissions on the Infrastructure Commission and Kāinga Ora.



## Transport

As LGNZ's newest Flagship Project, Transport has been a focus in 2019/20. Initial work included setting up a new Technical Advisory Group to inform LGNZ's policy positions and building stronger relationships with both the Ministry of Transport (MOT) and the New Zealand Transport Agency (NZTA).

Given the well-covered internal issues at NZTA, developing a stronger relationship with the agency has been a key goal. Throughout the course of the year LGNZ has worked alongside the agency to ensure councils are being listened to. As a result, the first major consultation of the year on the Government's Road Safety Strategy served as a chance to reset the relationship, and given LGNZ supported the direction of the strategy, it provided a pathway to strengthen relationships with both NZTA and MOT.

By forming the Technical Advisory Group, LGNZ has sought to pull in knowledge from across the local government sector, including the Society of Local Government Managers. This approach led to a strong submission from the wider sector on the second major transport consultation of the year, the draft Government Policy Statement on land transport 2021, for which LGNZ provided overall support, highlighting the importance of strong co-investment partnerships between councils and NZTA.

As e-bikes and scooters proliferate across our urban areas, micro-mobility policy has become a new focus over the last year, particularly for metro councils. A request from LGNZ that the Government investigate strengthened rules to govern the safe use of these devices was met with an Accessibility Streets Regulatory Package 2020, which addresses the sector's desire for more safety and accessibility for people using footpaths and cycle paths.

## Localism

The 2019/20 financial year was a landmark one for localism.

Following the Localism

Symposium held in early 2019,

LGNZ launched localism's cornerstone discussion document; 'Reinvigorating Local Democracy' at the 2019 LGNZ Conference and AGM.

Under the theme - 'Riding the localism wave: Putting communities in charge' - elected members heard a wide range of speakers discuss the merits of localism, generating positive front page coverage in The Dominion Post and on the major 6pm news channels for consecutive nights, surely catching the eye of central government's decision makers.

More importantly, the conversations around 'Reinvigorating Local Democracy' reverberated strongly among elected members and councils, and combined with the localism.nz website and subsequent social media campaigns, had communities around New Zealand asking how devolution of power could enable better outcomes in their communities.

Capitalising on this groundswell of discussion, LGNZ was invited to make a number of presentations on localism to conferences and organisations throughout the country. This helped elicit over 40 submissions on the discussion document. These were made by councils large and small, as well as NGOs and community organisations, representing a variety of viewpoints.

Localism has been incorporated into nearly every submission and draft policy paper distributed by LGNZ, and underpinned local government's view on forthcoming policy issues, across all flagship projects and policy priorities.



## Connecting all forms of governance

### Membership engagement

Throughout 2019/20 LGNZ held a wide range of sector and zone meetings, as well as the LGNZ Conference, Te Maruata Hui and Housing Symposium, providing a vital connection between local government elected members and key private sector decision-makers, independent experts, commentators and central government politicians.

The LGNZ Conference, held in Wellington, was once again the premier event of the 2019 calendar, and drawing excellent feedback from elected members and chief executives alike. Focusing on localism, just under 600 attendees met over three days and heard from speakers including Prime Minister Ardern, Dame Tariana Turia, Paralympic champion Liam Malone, Iron Duke's Phil O'Reilly and Reserve Bank Governor Adrian Orr.

Sector meetings across the Rural and Provincial, Regional and Metro sectors enabled mayors and chief executives from around the country to meet and engage with national leaders, ministers and experts. Well-received by LGNZ members, the 11 sector meetings held in 2019/20 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.

The Housing Symposium, held in February 2020, saw representatives from local and central government, the building sector, housing NGOs and Maori housing converge to discuss solutions to challenges in infrastructure planning, public and affordable housing, and building and construction.

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

## 2019 LGNZ EXCELLENCE Award winners



**Creative New Zealand EXCELLENCE Award for Cultural Well-being:** Wellington City Council: Visa Wellington on a Plate (Visa WOAP)



**MartinJenkins EXCELLENCE Award for Economic Well-being:** Wellington City Council: Wellington Waterfront



**Air New Zealand EXCELLENCE Award for Environmental Well-being:** Taranaki Regional Council: Riparian Management Programme



**LGNZ EXCELLENCE Award for Social Well-being:** Palmerston North City Council: Festival of Cultures



**Fulton Hogan Local EXCELLENCE Award:** Gisborne District Council: Tupapa - Our Stand. Our Story.

## Performance excellence

LGNZ continues to strengthen the scope of CouncilMARK™, ensuring councils have a high value and consistent experience going through the programme. CouncilMARK™ over the last 12 months has developed mechanisms to deliver on this, ensuring that councils are supported through the programme, and that they are able to maximise learning opportunities which in turn informs their continuous improvement plans.

In addition to assessment reports, CouncilMARK™ has moved to developing best practice case studies that provide the sector with an insight into those councils that display excellence which is identified through the programme, and more importantly provide other councils with an opportunity to learn from their peers on “what good looks like”.

The end of the 2019/20 financial year also signals the beginning of councils embarking on their second CouncilMARK™ assessments. These second assessments form a vital component of the programme; providing a clearly defined road map in their continuous improvement journey, whilst ensuring councils can track their progress against best practice.

To date, 33 councils are participating in the CouncilMARK Programme, many of whom are due to go through their second assessment. In 2020/21, the programme welcomed Gisborne District Council, Ōtorohanga District Council and Waitaki District Council to be assessed as CouncilMARK™ continues to grow within the sector.

A list of those participating, their current rating, and a timeline for their participation can be seen in the following table.

Now that CouncilMARK™ has reached critical mass, LGNZ sees this programme as a key tool to assist in building the sector's reputation in individual communities, and throughout New Zealand.



Assessments upcoming in 2020/21	Rating	Assessment due
Environment Canterbury	BBB	Feb 2021
Far North District Council	B	Sep 2020
Gisborne District Council*	N/A	July 2020
Greater Wellington Regional Council	AA	Nov 2020
Hastings District Council	A	Nov 2020
Horowhenua District Council	B	Oct 2020
Mackenzie District Council	B	Mar 2021
Masterton District Council	BB	Sep 2020
Matamata-Piako District Council	BBB	Oct 2020
Napier City Council	A	Nov 2020
Nelson City Council	BB	July 2020
Ōtorohanga District Council*	N/A	Aug 2020
Porirua City Council	BBB	Oct 2019
Queenstown Lakes District Council	BBB	Oct 2019
Rangitikei District Council	BB	Sep 2020
Ruapehu District Council	BB	Aug 2020
South Taranaki District Council	BBB	Aug 2020
Taupō District Council	BBB	Nov 2020
Waikato Regional Council	A	Sep 2020
Waimakariri District Council	AA	Second report due for release
Wairoa District Council	CCC	Nov 2020
Waitaki District Council*	N/A	Aug 2020
Whakatāne District Council	BB	Mar 2020

\* Represents councils new to the programme and due to be assessed for the first time.

Assessments due 2021-2023	Rating	Assessment due
Bay of Plenty Regional Council	Report due for release	June 2022
Central Hawke's Bay District Council	BB	July 2021
Dunedin City Council	A	Nov 2021
Hauraki District Council	A	Oct 2021
Manawatu District Council	BBB	Apr 2022
New Plymouth District Council	BBB	Nov 2021
Northland Regional Council	Report due for release	May 2022
Tararua District Council	BB	Apr 2021
Upper Hutt City Council	BB	May 2021
Whanganui District Council	BB	June 2022

# Stronger governance: Te Maruata and Young Elected members

## Te Maruata

During the year LGNZ worked on strengthening its responsiveness to Māori by providing additional support to Te Maruata and Te Roopu Whakahaere (the Te Maruata Committee) and ensuring that members of Te Roopu Whakahaere and Te Maruata were represented on National Council Committees to provide a Māori voice during proceedings. Also during the year the rules governing LGNZ were amended by the annual general meeting to provide a seat, as of right, for the chair of Te Maruata on the National Council itself.

LGNZ also officially adopted a Māori name: Te Kāhui Kaunihera ō Aotearoa. The election of 2019 resulted in a significant increase in the number of Māori elected members to almost 14 per cent, and also a doubling of members aged under 40 years, many of whom are Māori, resulting in many new members on Te Maruata and Te Roopu Whakahaere.

## Governance Development Programme

In its third year, the Governance Development Programme has continued to promote the inclusion of young people at the highest levels of LGNZ. The Young Elected Member (YEM) Committee has gone from strength to strength, both in supporting the influx of young YEMs who joined the sector in the 2019 local elections, as well as those on LGNZ's committees and advisory groups, including the Community Board Executive Committee and both the Policy Advisory and Governance and Strategy Advisory groups.

Hillary Humphrey of Manawatu District Council concluded her term as an ex-officio member of National Council, and has been succeeded by Tamzin Letele of the Whangamata Community Board.

## Policy priorities

### 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.**

Throughout 2019, LGNZ advocated hard for a broader array of funding tools to address New Zealand's infrastructure deficit exacerbated by limited funding streams for local government and central government policy enabling half a million new arrivals over the preceding half decade.

While the draft report from the Productivity Commission on local government funding and financing put the spotlight on a number of issues that LGNZ has been calling for central government action on, the final report released in December ultimately played it safe, and failed to acknowledge the unstable economic environment local government exists in, which has become even more apparent post-Covid.

Regardless, the report highlighted four key areas LGNZ has called for action on: climate change, unfunded mandates, growth infrastructure and tourism, and provided reasons why central government should co-fund some of these pressures. Prior to the Covid crisis, LGNZ had made significant progress in gaining central government support for tourism initiatives. Through submissions on Kainga Ora and the Infrastructure Commission, LGNZ has continued to seek equitable funding for development that can help relieve New Zealand's housing shortage.

A key part of the infrastructure and funding puzzle is the RMA. LGNZ has supported reform of the RMA, and as a key enabler of this important legislation, has maintained a strong position in this conversation throughout the past year.

### Risk and resilience

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

LGNZ's risk and resilience advocacy has been twofold - to provide councils with resources to assist with their decision making, as well as advocating more broadly for the development of a sound policy framework so that councils can actively help assist communities in making informed decisions.

On the resourcing front, LGNZ released the 'Exposed,' guidance document on climate change in August, providing councils with a consistent approach for regularly assessing the exposure of their infrastructure to sea level rise and inland flood risk. On the advocacy front, LGNZ made an extensive submission on the Government's Climate Change Response (Zero Carbon) Amendment Bill, supported by a range of media

commentary highlighting the need for a strong adaptation framework, as well as the mitigation efforts that have started.

LGNZ has been a key member of the Joint Community Resilience Work Programme, which was initiated following the Central and Local Government Forum in June 2019, aiming to improve community resilience and adaptation to natural hazards, including those exacerbated by climate change.

Having pushed for the programme to deliver tangible actions, a set of priorities is now being worked on, which includes improving information on LIM reports, developing a natural hazard information directory, and more importantly, pushing for central government co-investment in river management and flood protection schemes.

### 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.**

Outside of LGNZ's five flagship projects, Freshwater has quickly become one of the biggest policy discussion areas for local government. Working closely with the Regional Sector, LGNZ submitted a package of recommendations on the Government's Essential Freshwater proposals, backed by 13 case studies, which extensively examined the impact the proposed package would have on a variety of regions, from Northland to Southland. Alongside letters to Ministers Parker and O'Connor, LGNZ's submission has made a strong case for targeted solutions to the varying freshwater issues facing our regions.

Indigenous biodiversity also shaped up as a major issue for local government. Many councils support moves to protect indigenous biodiversity, but are concerned about the lack of central government resource signalled in the Government's proposed National Policy Statement for Indigenous Biodiversity (NPSIB). To give the sector a voice on this issue, LGNZ undertook a joint submission on the proposed statement across all of local government, resulting in 'council road testing' of the NPSIB, in real-world implementation scenarios.

Waste and recycling has continued to be a key issue for councils, with many of the world's major recycling markets closing. Having advocated for better funding for onshore recycling among a range of reforms, LGNZ has supported the Government's proposals to expand the waste disposal levy and has been working with the Ministry for the Environment on the formation of policy around this, as well as the implementation of container return schemes and greater onshore recycling facilities.

## 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 recognises that many social issues are closely interlinked, and was pleased to see the Government (Community Well-being) Amendment Bill passing, which recognises local government's role in delivering social, economic, environmental and cultural outcomes for communities.

Throughout 2019, LGNZ has called for reform of both the Sale and Supply of Alcohol act, and greater powers for councils to have a say on the number of gambling machines in their communities, both in media opeds and in discussion with Government agencies. The development of the Strategy to Prevent and Minimise Gambling Harm has been welcomed by LGNZ. LGNZ seeks a similar review of the Alcohol Act, and the outcome that councils will be able to effectively implement Local Alcohol Plans.

Better access to healthy, affordable housing is important in addressing a wider range of social issues. LGNZ has advocated strongly to central government for a better balance of legislation in the housing space, particular in regards to accommodation sharing. In collaboration with the National Science Challenge, LGNZ is researching the impact of the accommodation sharing services on the local rental market.

To further assist councils with the provision of affordable housing, LGNZ completed research on an Affordable Housing Toolkit, which for the first time provides an index of the range of affordable housing tools available to councils, as well as commentary on how and when these tools should be used.

## Economic

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

LGNZ has long called for a better balance of resourcing between local and central government, and the provision of a broader array of funding tools for councils.

Recognising the importance of good relationships between central and local government, to grow our regional economies, LGNZ worked with SOLGM and the government to develop a 'Guide for central government engagement with local government,' which was released at the most recent Central and Local Government Forum.

## Other key initiatives and projects

### PacificTA

The Local Government Technical Assistance Facility for Pacific Island Countries (PacificTA) is now three years into a second five-year contract with Ministry of Foreign Affairs and Trade.

New partnerships established in 2019/2020 include Suva City Council and two water authorities, To Tatou Vai (Cook Islands) and Water Authority Fiji. Infrastructure Cook Islands, including Pa Enua (Outer Islands) managers, were provided with asset management training through IPWEA, and are now developing an asset register to inform asset plans for the Pa Enua.

Improving senior management skills and back office systems will be the focus of work with Port Vila Municipal Council and Suva City Council in the upcoming year. These councils will pilot HR and financial management resources for use with other councils in Fiji and Vanuatu, and IT contactors will be used to review IT systems.

Travel to the Pacific was cancelled in March as a result of Covid-19. This provided a testing ground for remote work and by May, Pacific partners were engaging with advisors through Zoom. The forward work programme assumes that there will not be any travel until October 2020 with remote support provided in the interim.



### Mayors' Taskforce For Jobs

The Mayors Taskforce for Jobs (MTFJ) has had one of its strongest years of membership since its inception, with 66 of New Zealand's 67 mayors working together to achieve a shared target of zero youth unemployment.

Work with the Ministry of Youth Development led to MTFJ brokering a partnership for the Tuia programme, which has now received \$60,000 to target support for young Māori in building relationships with their respective mayors and attending wānanga across the country.

Throughout the year, MTFJ supported 25 councils to host or co-host an MTFJ Industry Training Graduation, in a nationwide effort to elevate the status of trade and service careers. The graduations were attended by hundreds of local graduates from across the country and the graduates also received a recorded video from the Prime Minister congratulating them on their achievements.

Covid has caused unprecedented challenges to our economy and unfortunately, young people will bear the brunt of many job losses to come. Work is underway with the Ministry of Social Development (MSD) to pilot a Community Recovery Programme with four rural councils to provide 'granular' level assistance to create employment outcomes for young people and those who have been displaced due to COVID. The intention is to expand the pilot nationally to include funding for all 23 rural councils to facilitate local employment outcomes by providing support to businesses by way of subsidies to take on young people and assist with training.

MTFJ is continuing its partnership with Outward Bound to provide mayors with the opportunity to nominate deserving young people in their district for an Outward Bound scholarship worth \$3,600. MTFJ has brokered over \$80,000 worth of Outward Bound scholarships to its members.

## Remits

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

LGNZ's successful advocacy on remits continued in 2019, with a number of good results, as well as a record number of remits being voted through at the 2019 AGM, which can be found at [lgnz.co.nz](http://lgnz.co.nz).

### Waste and recycling – reducing the waste stream

Throughout 2019 LGNZ has pushed hard on a number of waste and recycling remits which called for measures to reduce the overall waste stream. These included remits on expanding the waste disposal levy, implementing a container deposit scheme and mandatory product stewardship and gaining more funding for onshore recycling development. Activity included a number of letters to the relevant ministers, media advocacy and work on policy development with the Ministry for the Environment.

This work has resulted in significant progress, as in late 2019 the Government announced a consultation on product stewardship schemes, a plan to increase funding for onshore recycling through an expanded waste levy, and the introduction of a national recycling plan, made by the Minister of Conservation at LGNZ's offices, all of which address the LGNZ remits.

### Fireworks

Following a remit made at the 2019 AGM, calling for a ban on the sale of fireworks to the general public and end their private use, LGNZ made a submission and presented on this issue to the Governance and Administration select committee in September, alongside Auckland Council.

### Social housing

LGNZ has sought to build a case that would see a broader range of funding and financing tools available for councils to support community and social housing, including access to Income Related Rents for council tenants who are eligible. Multiple meetings have been held with Ministers' Woods and Faafoi along with ongoing correspondence in relation to the remit.

### Short-term guest accommodation

LGNZ made significant progress on a remit calling for more equitable outcomes for all accommodation providers by requiring registration of all guest accommodation providers. Throughout 2019, LGNZ surveyed councils and collected information on accommodation sharing, resulting in a report sent and letter sent to Minister Shaw in December 2019 requesting support and the budget to create a registry. This remit was endorsed by the Productivity Commission's report on funding and financing, following submissions made by LGNZ.

### Sale and supply of alcohol

LGNZ has advocated extensively for a central government review of the Sale and Supply of Alcohol Act 2012 in order to reduce alcohol harm and increase the ability of communities to implement Local Alcohol Policies, as well as for confirmation that local government will be involved in that review. Following media advocacy and discussion with the Minister of Justice, the Government have agreed to review the Act.

### Funding for museums and galleries

LGNZ members have called for central government funding to be made available for museums and galleries operated by territorial authorities that have nationally significant collections. Working with Museums Aotearoa, LGNZ has surveyed councils to gain clarity on what kind of assistance is required, and utilising this information, has sent a letter to the Prime Minister, who is the Arts, Culture and Heritage Minister, requesting assistance. In response the Government announced on May 28 that \$2m would be made available for the Museum Hardship Fund for regional museums to be administered by Te Papa.



Healthy homes  
for rental  
tenants.

## Building defects claims

LGNZ is advocating for changes to the current Joint and Several Liability settings, which make councils liable for building defects claims as the last stakeholder standing, regardless of their involvement in the process.

LGNZ has discussed this issue with both the Minister of Building and Construction Jenny Salesa, as well as the Ministry of Building, Innovation and Employment (MBIE), expressing the need for change. LGNZ has also engaged in extensive media commentary around this issue, ensuring the message is loud and clear that ratepayers should not be left to pick up the tab for cowboy builders.

The Government have signalled that any changes will come in phase 2 of the reforms from 2021 onwards.

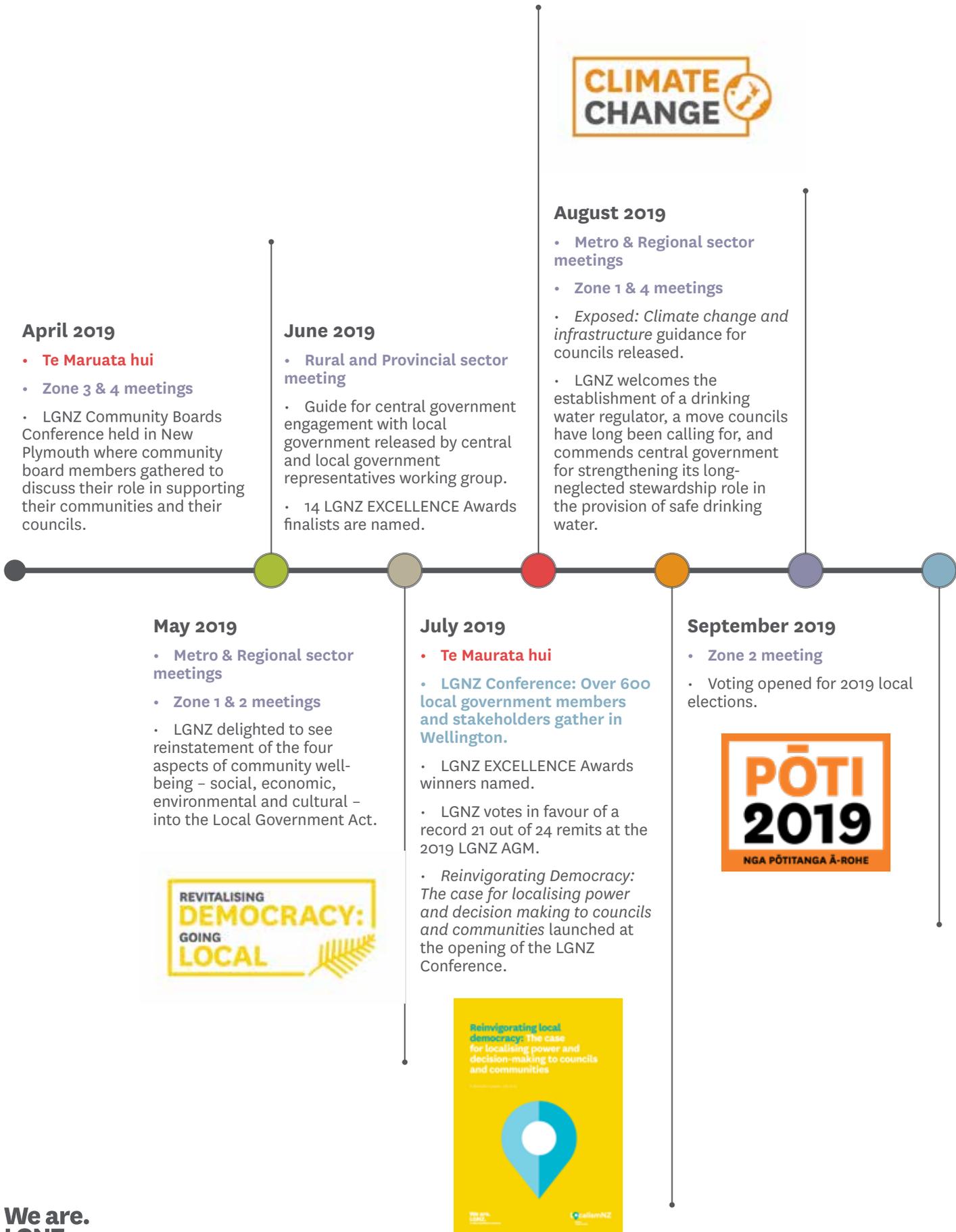
## LGOIMA improvements

LGNZ has progressed work to initiate a national review of the Local Government Official Information and Meetings Act (1987) by establishing a database of LGOIMA contacts in partnership with SOLGM and Hamilton City Council. As a result, a survey of all councils was undertaken with the assistance of Hamilton City and the results of that survey are currently being collated by SOLGM's Democracy and Governance Support Working Party and, once completed, will provide the basis for good practice guidance.

## Weed control

LGNZ is working to encourage member councils to use environmentally friendly weed control methods and is working with the Environmental Protection Agency to develop a guidance on environmentally safe weed control methods, which will be sent to councils in 2020.

# Our year in review





### October 2019

- 2019 local election: Voters elect record number of new mayors, youth and women.
- CouncilMARK™ reports issued for Manawatu District Council.

### December 2019

- LGNZ's media stakeholder function.

### February 2020

- Metro & Regional sector meetings
- Zone 2 & 4 meetings
- LGNZ 2020 Housing Symposium held in Wellington where local government and stakeholders discussed affordable, healthy housing and solutions to the constraints for achieving this for all New Zealanders.



### November 2019

- Metro, Regional, Rural and Provincial sector meetings
- Zone 1, 2, 3, 4, 5 & 6 meetings
- LGNZ backs Commissioner's call for better environmental reporting.



### January 2020

### March 2020

- Te Maruata hui
- Rural and Provincial sector meeting
- Zone 1, 5, 6 & Auckland meetings
- LGNZ's annual stakeholder function in Wellington attended by more than 200 stakeholders.
- COVID-19 pandemic sweeps the nation

2

**Equip**

Equip has continued to build on its role as strategic advisors to enable honest conversations at national, regional, and local levels, affirming its ability to support the sector, identify challenging issues and negotiate successful outcomes whilst maintaining a neutral, strengths based approach.

Equip has continued to build on its role as strategic advisors to enable honest conversations at national, regional, and local levels, affirming its ability to support the sector, identify challenging issues and negotiate successful outcomes whilst maintaining a neutral, strengths based approach.

Tangible sector value was delivered with a comprehensive national induction programme following the 2019 local government elections, enhancing governance capability; further support was provided with Equip's local government elected member skill matrix and self assessment, anchored in Equip's Foundations of Governance Excellence, and further supported by our governance diagnostic tools, strategic planning workshops and governance and organisational reviews.

While delivering sector benefit is the key driver for Equip, commercial goals were exceeded which allows for a greater level of investment into future Equip services to support sector improvement.

## Equip Consultancy

The partnership with REG has been extended and continues to build capability in asset management and business case development for strategic investment.

- Accessing Cabinet Ministers to secure multi-million dollar Provincial Growth Funding, building industry partnerships to develop and deliver evidence-based business cases;
- Facilitating both council and regional mayoral forum governance values, priorities and targets as part of council induction and regional mayoral forum strategy sessions;
- Delivering governance and management diagnostic tools and then developing targeted activities to build effective, measurable and robust governance management frameworks for success;
- Widening the REG and RTU offerings to support collaboration-centred contract management activity, and provide physical and digital asset management support services; and

- Facilitating the recruitment, selection and ongoing support 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 both governance decision making and executive delivery.

## Equip Elected Member Induction Programme

During the third year of the triennium the Equip Professional Development's focus was pre and post-election support. Equip's pre-election, digital candidate briefing guide was the initiation of the 2019 Elected Member Development and Induction Programme.

The digital guide educated potential candidates on what to expect should they be elected, outlined the rigours of the role and gave insight into the respective governance and management functions. It also reached those considering standing who may not be available to attend local council information events thus supporting increased diversity.

Equip partnered with governance professional staff to develop a local induction template to guide local council induction programmes. Best practice examples drawn from CouncilMARK assessments were included to link governance excellence to council performance.

This year an Ebook was provided as an alternative to the GROW handbook as part of the induction programme. A total of 23 councillor, community board, mayoral and regional chair induction workshops were provided regionally to 605 participants. In 2019 all induction products included additional emergency management instruction and information to ensure elected members were immediately able to respond to their community's crisis when required.

A skills and knowledge self-assessment provided councils with customised personal development plans which enabled effective training investment decisions. An 'Essentials' digital module series and a new Governance Excellence workshop programme provide training solutions to fill any individual or council gaps.

## Summary of RTU consultancy offerings

2017/18	2018/19	2019/20
<b>98.5%</b> AMPS submitted	<b>93%</b> AMPS improvement activity	<b>94.5%</b> AMPS improvement activity
<b>38</b> councils supported	<b>40</b> councils supported	<b>45</b> councils supported
<b>91.2%</b> attendance REG workshops	<b>93%</b> attendance REG workshops	<b>94%</b> attendance REG workshops

## Summary of professional development offerings

2017/18	2018/19	2019/20
<b>15</b> webinars held	<b>22</b> webinars held	<b>11 + 162</b> webinars + digital modules
<b>21</b> workshops held	<b>19</b> workshops held	<b>29</b> workshops held*
<b>225</b> workshop attendees	<b>208</b> workshop attendees	<b>605</b> workshop attendees

\* Includes 23 induction workshops.



**26**

Councils participated  
in the Candidate  
Preparation Framework



**504+19**

Grow Handbooks  
(Hard copies and Ebooks)

# 3

# Financial Statements

# Consolidated Statement of Comprehensive Revenue and Expenses

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Income</b>			
Annual Subscription Income		3,998,211	3,927,516
Annual Conference Income	5	871,476	901,479
CouncilMARK Assessment Income	6	86,500	100,000
EquiP Limited Partnership Income	7	2,137,647	1,609,650
Interest Earned		73,970	80,695
MTFJ Income		18,000	18,000
Pacific TA Income		994,224	731,375
Sundry Income		15,983	13,137
Symposium and Event Income	9	24,935	136,457
Transparency International Income		20,000	20,000
<b>Total Income</b>		<b>8,240,946</b>	<b>7,538,309</b>
<b>Total Income</b>		<b>8,240,946</b>	<b>7,538,309</b>
<b>Less Direct Costs</b>			
Annual Conference Expenditure	5	722,827	661,517
Annual Conference & Seminar - Sunk Costs		79,475	-
Committees and Advisory Boards Expenditure		162,855	198,477
Communications Expenditure		50,712	31,363
EquiP Limited Partnership Expenditure	8	1,741,987	1,439,598
Governance Expenditure		141,075	134,489
Pacific TA Expenditure		844,958	574,863
Staff Remuneration		2,132,911	2,040,754
Policy Expenditure		216,273	436,624
Symposium and Event Expenditure		30,323	158,581
<b>Total Less Direct Costs</b>		<b>6,123,396</b>	<b>5,676,266</b>
<b>Less Other Expenses</b>			
CouncilMARK Expenses		123,290	100,592
CouncilMARK Assessment Fees		69,375	98,750
Transparency International Expenses		40,000	40,000
New Zealand Transport Authority - One Network Road Classification		27,973	-
Emerging Issues		125,645	-
The Aotearoa Circle	10	10,000	-
<b>Total Less Other Expenses</b>		<b>396,283</b>	<b>239,342</b>
<b>Less Operating Expenses</b>			
Accommodation/Occupancy		302,584	304,468
Advisory		76,782	85,025
Financial		14,870	13,931
Honoraria		116,667	116,667

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

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

	Notes	2020	2019
		\$	\$
Insurance		50,808	44,884
Information Technology		134,830	155,079
Library		38,877	35,427
Office		178,597	179,548
Other Staff Costs		82,304	100,022
Depreciation and Amortisation		97,005	108,801
<b>Total Less Operating Expenses</b>		<b>1,093,324</b>	<b>1,143,852</b>
<b>Total Expenses</b>		<b>7,613,003</b>	<b>7,059,460</b>
<b>Net Surplus before Tax</b>		<b>627,943</b>	<b>478,849</b>
<b>Total Surplus after Tax</b>		<b>627,943</b>	<b>478,849</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>627,943</b>	<b>478,849</b>
<b>Total Surplus attributable to the Group</b>		<b>627,943</b>	<b>478,849</b>

# Consolidated Statement of Changes in Net Assets

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

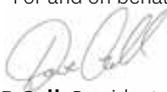
	2020	2019
<b>Accumulated Comprehensive Revenue and Expenses</b>	<b>\$</b>	<b>\$</b>
Opening Balance	2,444,473	1,798,997
<b>Comprehensive Revenue and Expenses</b>		
Surplus for the Year	627,943	478,849
<b>Total Comprehensive Revenue and Expenses</b>	<b>627,943</b>	<b>478,849</b>
<b>Transfers</b>		
Transfers to / (from) other Reserves	(1,483,557)	166,628
<b>Total Transfers</b>	<b>(1,483,557)</b>	<b>166,628</b>
<b>Total Accumulated Comprehensive Revenue and Expenses</b>	<b>1,588,859</b>	<b>2,444,473</b>
<b>Annual Conference Reserve</b>		
Opening Balance	-	666,628
<b>Transfers</b>		
Transfers from accumulated comprehensive revenue and expenses	-	(666,628)
<b>Total Transfers</b>	<b>-</b>	<b>(666,628)</b>
<b>Total Annual Conference Reserve</b>	<b>-</b>	<b>-</b>
<b>Emerging Issues Reserve</b>		
Opening Balance	500,000	-
Transfer in from accumulated comprehensive revenue and expenses	-	500,000
<b>Total Emerging Issues Reserve</b>	<b>500,000</b>	<b>500,000</b>
<b>Other Reserves</b>		
Opening Balance	-	-
Transfer in from accumulated comprehensive revenue and expenses	1,483,557	-
<b>Total Other Reserves</b>	<b>1,483,557</b>	<b>-</b>
<b>Total Equity</b>	<b>3,572,416</b>	<b>2,944,473</b>

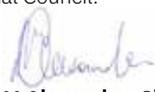
# Consolidated Statement of Financial Position

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	4,464,749	2,352,198
Short Term Deposits		-	1,500,000
Receivables from Exchange Transactions	12	309,911	483,660
GST Receivable		35,839	48,548
Income Tax Receivable		17,834	40,796
Accrued Interest		-	15,369
Prepayments		209,665	205,319
<b>Total Current Assets</b>		<b>5,037,998</b>	<b>4,645,891</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	346,409	398,021
Intangibles	14	77,548	58,655
Investments	13	1,475	1,475
Work in Progress - Governance Development		10,750	5,500
<b>Total Non-Current Assets</b>		<b>436,182</b>	<b>463,651</b>
<b>Total Assets</b>		<b>5,474,180</b>	<b>5,109,542</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		491,191	650,566
Provision for Annual Leave		129,998	111,186
Loans and Borrowings	19	24,552	22,786
Community Board Executive Committee Levy		57,247	42,640
Lease Incentive	20	76,875	99,375
Mayors Taskforce for Jobs	16	332,786	236,680
Annual Conference Sponsorship and Deposits Received in Advance		200,284	338,911
Pacific Technical Assistance Income in Advance	17	373,646	415,938
CouncilMARK Income in Advance		9250	16,500
Local Government Risk Agency Income in Advance	18	138,431	138,431
<b>Total Current Liabilities</b>		<b>1,834,260</b>	<b>2,073,013</b>
<b>Non-Current Liabilities</b>			
Loans and Borrowings	19	67,504	92,056
<b>Total Non-Current Liabilities</b>		<b>67,504</b>	<b>92,056</b>
<b>Total Liabilities</b>		<b>1,901,764</b>	<b>2,165,069</b>
<b>Net Assets</b>		<b>3,572,416</b>	<b>2,944,473</b>
<b>Net Assets Attributable to the Owners of the Controlling Entity</b>			
Retained Earnings		1,588,859	2,444,473
Other Reserves		1,483,557	-
Emerging Issues Reserve		500,000	500,000
<b>Total Net Assets Attributable to the Owners of the Controlling Entity</b>		<b>3,572,416</b>	<b>2,944,473</b>

For and on behalf of the National Council:

  
**D Cull**, President  
15 July 2020

  
**M Alexander**, Chief Executive  
15 July 2020

# Statement of Cashflows

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

	Notes	2020	2019
		\$	\$
<b>Cashflow</b>			
<b>Cash from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Members & Stakeholders		8,152,127	7,499,099
Interest and Dividends Received		71,849	53,079
Tax Refunds Received		41,646	12,393
<b>Total Cash was Provided from:</b>		<b>8,265,622</b>	<b>7,564,571</b>
<b>Cash was Applied to:</b>			
Payments to Suppliers & Employees		(7,560,715)	(6,844,886)
Interest Paid		-	(9,482)
<b>Total Cash was Applied to:</b>		<b>(7,560,715)</b>	<b>(6,854,368)</b>
<b>Total Cash from Operating Activities</b>		<b>704,907</b>	<b>710,203</b>
<b>Cashflow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds from Maturity of Term Deposits		1,500,000	-
<b>Total Cash was Provided from:</b>		<b>1,500,000</b>	<b>-</b>
<b>Cash was Applied to:</b>			
Purchase of Property, Plant & Equipment		(69,571)	(70,674)
Purchase of Investments		-	(1,500,000)
<b>Total Cash was Applied to:</b>		<b>(69,571)</b>	<b>(1,570,674)</b>
<b>Total Cashflow from Investing Activities</b>		<b>1,430,429</b>	<b>(1,570,674)</b>
<b>Cashflow from Financing Activities</b>			
<b>Cash was Applied to:</b>			
Repayment of Loans & Borrowings		(22,785)	(21,144)
<b>Total Cash was Applied to:</b>		<b>(22,785)</b>	<b>(21,144)</b>
<b>Total Cashflow from Financing Activities</b>		<b>(22,785)</b>	<b>(21,144)</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>2,112,551</b>	<b>(881,615)</b>
Add Opening Cash Brought Forward		2,352,198	3,233,813
<b>Bank and Cash</b>			
Bank and Cash		4,464,749	2,352,198
<b>Total Bank and Cash</b>		<b>4,464,749</b>	<b>2,352,198</b>

# Notes to the Financial Statements

Local Government New Zealand (LGNZ)  
For the year ended 31 March 2020

## 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 sector entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it is not defined as large.

The Group has elected to report in accordance with Tier 2 Public Sector PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

## 3. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these 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 2020 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.

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

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

### **3.7 Short Term Investments**

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

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

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

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

Furniture, 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 was reallocated to Total Accumulated Comprehensive Revenue and Expenses (General Equity).

## Emerging Issues Reserve

The National Council has approved creating a reserve of \$500,000 (2019: \$500,000) for strategic matters including Three Waters.

## Other Reserves

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

- Funding expected March 2021 deficits for LGNZ and Equip - \$798,101
- Operational / Potential Organisational ceasing - \$685,456

## 3.16 Operating lease commitments

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

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

## 4. Significant Accounting Judgements, Estimates and Assumptions

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

### Income Tax Expense

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

### Judgements

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

### Estimates and assumptions

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

### Useful lives and residual values

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

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

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

## 5. ANNUAL CONFERENCE

	2020	2019
Annual Conference Revenue	871,476	901,479
Annual Conference Expenditure	(722,827)	(661,517)
Staff Remuneration and Overheads	(157,138)	(148,461)
<b>Net Annual Conference Profit</b>	<b>(8,489)</b>	<b>91,501</b>

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

The 2020 Annual Conference has been postponed due to the impacts of Covid-19. The sunk costs not recoverable have been reported separately in the Consolidated Statement of Comprehensive Revenue and Expenses.

6. COUNCILMARK PROGRAMME	2020	2019
<b>CouncilMARK Assessment</b>		
CouncilMARK Assessment Income	86,500	100,000
CouncilMARK Assessment (Disbursements)/Recoveries	(478)	2,430
CouncilMARK Assessment Fees	(69,375)	(98,750)
<b>Total CouncilMARK Assessment</b>	<b>16,647</b>	<b>3,680</b>
<b>CouncilMARK Expenses</b>		
CouncilMARK Development Costs	(35,770)	(13,892)
CouncilMARK Expenses	(1,359)	(14,817)
CouncilMARK Travel Expenses	(4,871)	(3,440)
CouncilMark Shadow Review Co-funding	(10,000)	-
<b>Total CouncilMARK Expenses</b>	<b>(52,000)</b>	<b>(32,149)</b>
CouncilMARK Board Expenses	(70,812)	(70,873)
<b>Total CouncilMARK Programme</b>	<b>(106,165)</b>	<b>(99,342)</b>

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

The CouncilMARK Assessments 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	2020	2019
Consultancy Services Income	1,523,092	1,362,051
Professional Development Workshop Income	335,753	85,856
Webinar Income	70,440	95,015
Film/Video Production	45,700	50,500
Other Income	162,662	16,228
<b>Total EquiP Limited Partnership Income</b>	<b>2,137,647</b>	<b>1,609,650</b>

8. EquiP LIMITED PARTNERSHIP OPERATING EXPENSES	2020	2019
Accountancy Fees	7,647	4,436
Audit Fees	13,257	19,451
IT Outsourcing	31,801	31,190
Professional Development Costs	190,044	53,650
Staff Remuneration	481,561	440,173
Consultancy Services Costs	957,816	842,786
Webinar Costs	5,580	20,313
Other Operating Expenses	54,281	27,599
<b>Total EquiP Limited Partnership Operating Expenses</b>	<b>1,741,987</b>	<b>1,439,598</b>

9. SYMPOSIUM AND EVENT INCOME	2020	2019
Climate Change Symposium Income	-	14,435
Freedom Camping Symposium Income	-	4,000
Housing Symposium Income	16,935	6,000
Localism Summit Income	-	5,000
Micro Mobility Symposium Income	8,000	-
Regional Sector Study Tour Income	-	47,826
Water Symposium Income	-	37,528
YEM Retreat	-	21,668
<b>Total</b>	<b>24,935</b>	<b>136,457</b>

<b>10. EMERGING ISSUES</b>	<b>2020</b>	<b>2019</b>
Three Waters Issues	70,539	-
Westland District Council	55,106	-
<b>Total China Mayoral Forum</b>	<b>125,645</b>	<b>-</b>

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

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

#### **11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components;

<b>Cash and Cash Equivalents</b>	<b>2020</b>	<b>2019</b>
Bank	3,622,130	1,540,974
Local Government Risk Agency Bank Account	138,430	138,430
Monies held for Mayors Taskforce For Jobs	332,786	236,680
Pacific Technical Assistance Bank Account	371,236	436,031
Petty Cash	167	83
<b>Total Cash and Cash Equivalents</b>	<b>4,464,749</b>	<b>2,352,198</b>

#### **12. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>2020</b>	<b>2019</b>
Annual Conference Debtors	75,077	175,885
Pacific Technical Assistance Debtors	4,935	1,531
Sundry Debtors	229,899	306,244
<b>Total Receivables from Exchange Transactions</b>	<b>309,911</b>	<b>483,660</b>

#### **13. INVESTMENTS**

	<b>2020</b>	<b>2019</b>
Paintings/Artwork	1,475	1,475
<b>Total Investments</b>	<b>1,475</b>	<b>1,475</b>

#### **14. INTANGIBLES**

<b>Other Intangibles</b>	<b>2020</b>	<b>2019</b>
<b>Computer Software</b>		
Computer Software at Cost	203,071	93,458
Transfer from Website Development	-	56,409
Transfer from Furniture & Fittings	-	2,889
Less Accumulated Amortisation	(125,523)	(94,101)
<b>Total Computer Software</b>	<b>77,548</b>	<b>58,655</b>
<b>Website Development</b>		
Website Development at Cost	-	154,576
Less Accumulated Amortisation	-	(98,168)
Transfer from Computer Software	-	(56,408)
<b>Total Website Development</b>	<b>-</b>	<b>-</b>
<b>Total Intangibles</b>	<b>77,548</b>	<b>58,655</b>

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

<b>Intangibles Reconciliation</b>	<b>2020</b>	<b>2019</b>
<b>Software</b>		
Opening Balance	58,655	11,598
Additions	50,315	24,217
Transfer from Website Development	-	56,408
Transfer from Furniture & Fittings	-	2,889
Amortisation	(31,422)	(36,458)
<b>Total Software</b>	<b>77,548</b>	<b>58,655</b>
<b>Website</b>		
Opening Balance	-	56,408
Transfer to Computer Software	-	(56,408)
<b>Total Website</b>	<b>-</b>	<b>-</b>
<b>Total Intangibles</b>	<b>77,548</b>	<b>58,655</b>

<b>15. PROPERTY, PLANT AND EQUIPMENT</b>	<b>2020</b>	<b>2019</b>
<b>Furniture &amp; Fittings</b>		
Furniture & Fittings at Cost	423,934	412,891
Less Accumulated Depreciation	(310,334)	(271,296)
Transfer to Computer Software	-	(2,889)
Less Loss on Disposal	-	(38)
<b>Total Furniture &amp; Fittings</b>	<b>113,600</b>	<b>138,668</b>
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	402,392	402,392
Less Accumulated Depreciation	(169,583)	(143,039)
<b>Total Leasehold Improvements</b>	<b>232,809</b>	<b>259,353</b>
<b>Total Property, Plant and Equipment</b>	<b>346,409</b>	<b>398,021</b>

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

<b>Property, Plant and Equipment Reconciliation</b>	<b>2020</b>	<b>2019</b>
<b>Furniture and fittings</b>		
Opening Balance	138,669	143,112
Additions	13,970	40,958
Disposals	-	(5,153)
Depreciation	(39,039)	(37,359)
Transfer to Computer Software	-	(2,889)
<b>Total Furniture and fittings</b>	<b>113,600</b>	<b>138,669</b>
<b>Leasehold Improvements</b>		
Opening Balance	259,353	289,223
Depreciation	(26,544)	(29,870)
<b>Total Leasehold Improvements</b>	<b>232,809</b>	<b>259,353</b>
<b>Total Property, plant and equipment</b>	<b>346,409</b>	<b>398,021</b>

## 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 employs the task force Coordinator.

<b>Mayor's Taskforce for Jobs</b>	<b>2020</b>	<b>2019</b>
Mayors Taskforce for Jobs (MTFJ)	332,786	236,680
<b>Total Mayor's Taskforce for Jobs</b>	<b>332,786</b>	<b>236,680</b>

## 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.

	<b>2020</b>	<b>2019</b>
<b>Opening Balance</b>	<b>415,938</b>	<b>224,800</b>
Funds Received	806,000	766,000
<b>Total Funds Received</b>	<b>1,221,938</b>	<b>990,800</b>
<b>Funds Used</b>		
LGNZ Assistance	342,672	346,024
Cook Islands	116,523	46,321
Fiji	149,818	3,568
Kiribati	-	42,948
Papua New Guinea	33,588	-
Samoa	-	11,583
Tokelau	18,814	33,081
Vanuatu	183,543	91,337
<b>Total Funds Used</b>	<b>844,958</b>	<b>574,862</b>
<b>Closing Balance</b>	<b>376,980</b>	<b>415,938</b>

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

## 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.

<b>19. LOANS</b>	<b>2020</b>	<b>2019</b>
<b>Current Portion of Loans</b>		
Current Portion of Fit-Out Robt. Jones Holdings Limited	24,552	22,786
<b>Total Current Portion of Loans</b>	<b>24,552</b>	<b>22,786</b>
<b>Non-Current Portion of Loans</b>		
Loan Fit-Out Robt. Jones Holdings Limited	67,504	92,056
<b>Total Non-Current Portion of Loans</b>	<b>67,504</b>	<b>92,056</b>
<b>Total Loans</b>	<b>92,056</b>	<b>114,842</b>

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

20. LEASE INCENTIVE	2020	2019
Lease Incentive	76,875	99,375
<b>Total Lease Incentive</b>	<b>76,875</b>	<b>99,375</b>

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

## 21. LEASES

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

Leases	2020	2019
Later than one year	270,025	270,025
Later than one year and no later than five years	652,560	922,585
Later than five years	-	-
<b>Total Leases</b>	<b>922,585</b>	<b>1,192,610</b>

## 22. RELATED PARTIES

### EquiP Limited Partnership

Local Government New Zealand received Accommodation fees of \$8,803 (2019: \$8,803) and Services Agreement fees of \$29,200 (2019: \$29,200) from EquiP Limited Partnership.

There is \$nil outstanding from EquiP Limited Partnership at balance date (2019: \$485,381).

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 (2019: \$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	2020	2019
Total Remuneration	1,298,446	911,564
Number of persons	6	4

### Honoraria

Honoraria of \$89,744 (2019: \$89,744) and \$26,923 (2019: \$26,923) were paid to the President and Vice President respectively during the year ended 31 March 2020.

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	2020	2019
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	4,464,749	2,352,198
Accounts Receivable	309,911	483,660
<b>Total Loans and Receivables</b>	<b>4,774,660</b>	<b>2,835,858</b>
<b>Financial Liabilities</b>	<b>2020</b>	<b>2019</b>
Accounts Payable	452,698	612,073
Annual Conference Sponsorship and Deposits Received in Advance	200,284	338,911
Loans and borrowings	92,056	114,842
Provision for Annual Leave	129,998	111,186
<b>Total Financial Liabilities</b>	<b>875,036</b>	<b>1,177,012</b>

<b>24. INCOME TAX EXPENSE</b>	<b>2020</b>	<b>2019</b>
<b>Components of tax expense</b>		
Adjustments to current tax in prior years	-	-
Deferred tax asset written-off	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus / (deficit) before tax	627,943	478,849
<b>Tax at 28%</b>	<b>175,824</b>	<b>134,078</b>
<b>Plus / (less) tax effect of:</b>		
Non-deductible expenditure	590,396	613,547
Non-taxable revenue	(1,119,499)	(1,099,705)
Prior year adjustment	-	-
Deferred tax asset written-off	-	-
Deferred tax not recorded	353,279	352,080
<b>Tax expense</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets / (liabilities)</b>		
Opening balance	-	-
Charged to surplus or deficit	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Income Tax Receivable on the Consolidated Statement of Financial Position refers to Resident Withholding Tax receivable at balance date. Local Government New Zealand has tax losses available to offset against future taxable income of \$6,954,386 (2019: \$5,692,675).

No deferred tax asset has been recognised for an amount of \$353,279 (2019: \$352,080) 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 (2019: \$nil).

## 26. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2019: \$nil).

## 27. EVENTS AFTER THE REPORTING DATE

On 11 March 2020, the WHO declared a pandemic in respect to the COVID-19 virus outbreak. Following establishment of a foothold within the New Zealand population, The New Zealand Government initiated a full societal lock-down with significant isolation requirements and movement restrictions imposed on citizens (with only essential services permitted to operate). The countrywide lock-down commenced on 26 March 2020.

As at the signing date, New Zealand has entered into level 1 of lock-down. The Group's annual conference for the financial year 2020 will be postponed until July 2020 as a result of restrictions on social gatherings and travel during lock-down.

The aftermath of the countrywide lock-down is expected to have a significant economic impact on New Zealand, with flow through to the organisation's financial result considered to be highly likely. The Group is expecting reduced activity and the economic impacts on it are expected to be managed by aligning the future costs with the future levels of revenue. Management forecast that the subscription income is unlikely to be impacted by COVID-19 given the nature of the income being annual subscriptions from local authorities and as such is likely to remain consistent with current year. The Group holds sufficient cash balances and has a strong current asset position whereby even if the subscription income decreases significantly the Group would be able to meet the fixed cost element of their annual expenses. On this basis the going concern assumption remains appropriate.

There were no other significant events after balance date requiring reporting or adjustment in these financial statements (2019: Nil).

## Independent Auditor's Report

### TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

#### Opinion

We have audited the financial statements of the association on pages 26 to 40, that comprise the consolidated statement of financial position as at 31 March 2020, 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 2020; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards (Reduced Disclosure Regime).

Our audit was completed on 15 July 2020. 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.

#### Emphasis of matter – Covid-19

Without modifying our opinion, we draw attention to note 27 to the financial statements, which explains the impact of the Covid-19 pandemic on the association.

#### 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.

### **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.



**Hamish Anton**

Deloitte Limited

On behalf of the Auditor-General

Wellington, New Zealand

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**National  
Council  
and staff**

## National Council

Dave Cull | President

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

Hon Phil Goff | Mayor, Auckland Council

Pippa Coom | Councillor, Auckland Council

Richard Northey | Local Board, Auckland Council

Aaron Hawkins | Metro Sector | Mayor, Dunedin City Council

Andy Foster | Metro Sector | Mayor, Wellington City Council

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

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

Rachel Reese | Regional Sector | Mayor, Nelson City Council

Hamish McDouall | Provincial Sector | Mayor, Whanganui District Council

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

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

Don Cameron | Zone Three | Mayor, Ruapehu District Council

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

Sam Broughton | Zone Five | Mayor, Selwyn District Council

Gary Kircher | Zone Six | Mayor, Waitaki District Council

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

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

## **LGNZ staff** (as at 31 March 2020)

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  
Dan Henderson | Programme Manager CouncilMARK™  
Amanda Boyd | Senior Advisor - Marketing and Communications  
Daniel Webster | Senior Communications Advisor  
Frances Sullivan | Programme Manager PacificTA  
Stephane Mino-Vercellio | Programme Administrator PacificTA  
Noa Woolloff | MTFJ Taskforce Coordinator  
Trudi Mackay | Accounts Officer  
Raquel Brandt-Partridge | Team Support  
Sarah Reddington | Team Support  
Claudia Pope | Team Support

## **Equip staff** (as at 31 March 2020)

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







# We are. LGNZ.

Te Kāhui Kaunihera o Aotearoa.

PO Box 1214  
Wellington 6140  
New Zealand

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

## We are.

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