

*Annual Report
2008/09*



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President's Foreword

The quantum of work described in this report is all the more amazing when you remember that the year saw policy paralysis during the last half of 2008 as the parties prepared for the national election and, in the early part of 2009, as the new Government, nine years out of office, found its feet and began working through its own policies.

The period also saw the end of another era, as I took over the reins from outgoing President Basil Morrison. I must acknowledge Basil's huge contribution to the sector and to our organisation, which has been recognised in his nomination to Life Membership at this year's Annual General Meeting.

You will see from this report that, in the social area, we bedded in a new model of engagement between council managers and senior staff with the justice and social service agencies. The aim was to raise awareness of how social issues impact on different areas in different ways. It should be noted that Budget 2008 saw a \$450 million increase over three years to more fully fund third-sector and local community service delivery.

In the environmental area we focused on the implications of the previous government's climate change policy, particularly in the area of adaptation – both to climate change itself and the policy. The new priorities of the incoming Government are to streamline and simplify the Resource Management Act, including the creation of an environmental protection authority, and new proposals to share the management of natural resources under various Treaty settlements. These are our two current focuses.

In the economic development area our focus was on broadband and also on preparing for the Rugby World Cup 2011. While it looked like the considerable effort councils spent developing relations and proposals with private sector providers under the

broadband investment fund would be wasted with the change of government, *Local Government New Zealand* lobbied hard and it looks like some good work will still go ahead.

In the transport area I personally spent a lot of time on two successive government versions of a land transport policy strategy.

To assist your professional development we turned previous Government's generous funding into an elected member professional development programme. The first courses on financial decision-making have been well received.

I led a successful mission of 30 representatives to Queensland in September to study at first hand the effects of large-scale amalgamation.

In the regulatory area we shifted our normal large load of regulatory submissions, particularly in the National Policy Statement and National Environmental Standard areas, and we continued to get kudos from central government politicians and officials about the quality of our submissions and our advocacy.

We face a time of considerable economic and policy uncertainty and as I have repeatedly said, the need for a single unified voice for local government has never been greater. This report demonstrates that your confidence and your investment in us have been justified.

Lawrence Yule
President

Chief Executive's Introduction

I fully endorse the President's message that 2008/09 was a sea-change period, where we had the unusual experience of having to develop policy in response to two quite different approaches, from successive governments, in the areas of climate change, transport and roading, and the environment.

In its last days the Labour-led Government drove hard on Treaty settlement issues, and enshrined its environmental values in an unprecedented number of draft National Policy Statements (NPS) and National Environment Standards (NES).

Our memorable achievements in the policy area included the work on a sea level NES and a workable compromise on waste management. In our advocacy on your behalf, the good working relationship with the Labour-led Government persisted and following the election we established good working relationships with a Minister and Cabinet new to local government.

May I record my appreciation of the long hours worked up to, during and after the 2008 general election, and to all of our staff for their versatility, responsiveness and professionalism during times of significantly increased uncertainty.

On the financial side, we recorded a sufficiently good surplus to enable us to hold our 2009/10 subscriptions to the previous year's level, and commission three pieces of unscheduled research on rates capping, infrastructure ownership and further development of tools to measure the cost burden on councils of legislation.

Total income was 2 percent over budget, thanks mainly to high-interest income in the first half of the financial year and an unscheduled shareholder dividend. Total expenditure was 6 percent under budget.

For the items directly under our control, such as overheads, we actively looked for economies, although there has been a 25 percent increase in our office rental following a review.

The largest area of savings was project expenditure, where a number of activities in the tourism area did not eventuate before the change in government.

Thank you all for your continued support and contribution to the activities of *Local Government New Zealand*.

Eugene Bowen
Chief Executive

Sector Goals

1. Supporting community well-being

Outcomes

- councils are supported to promote the social, economic, environmental and cultural well-being of communities, in the present and for the future
- effective collaboration between central government and local communities occurs across the range of community well-beings, including civil defence and emergency management, bridging the digital divide
- councils' contribution to community well-being is acknowledged and enhanced through sharing good practice
- councils are supported in their application of a sustainable development approach in their work with and on behalf of communities.

Activities

- contributed to a range of youth-related activities through the Mayors Taskforce for Jobs. This included funding for youth transition services, youth fora, graduations and careers projects
- successfully advocated to refocus a review of the fire and rescue service
- coordinated local government input into a range of civil defence and emergency planning reviews. Helped coordinate local government guidance and workshops on civil defence and climate change
- contributed to finalisation of a New Zealand Standard for flood risk management and to the drafting of a proposed NPS for flood risk management

- provided input into a range of central government projects on sustainable urban development via steering groups, working groups and submissions, and advocated for coordination across the workstreams
- advocated for local government interests via the Social Issues Forum on graffiti, street racers, domestic violence, housing and gangs
- advocated for greater community control of liquor licensing decisions, contributing submissions to reviews and draft legislation
- provided councils with an opportunity to share strategies for dealing with the effects of gangs via a workshop to highlight the Ministry of Social Development's kit on youth gangs
- facilitated and enhanced ongoing engagement between local government and Housing New Zealand Corporation.

2. Enhancing environmental outcomes

Outcomes

- councils are supported by central government and *Local Government New Zealand* to enhance environmental outcomes in their communities
- local government works collaboratively with central government and communities to enhance the natural and built environment
- the contribution made by councils to environmental well-being is recognised by both central government and communities.

Activities

- helped develop a range of responses to address the environmental impacts of freedom camping, including: a policy framework for councils, signage, information material, a freedom camping website and progress on a self-containment identification regime
- advocated for local government interests in the development of central government policy on climate change. This included:
 - submission and comment on the proposed Emissions Trading Scheme
 - successfully advocating for a National Environmental Standard (NES) on sea level rise to be developed
 - supporting local government representatives taking part in a variety of central government working groups as well as those on the National Council sub-committee
 - provided input into the future of the International Council for Local Government Initiatives Climate Change Programme
 - maintained ongoing communication with councils on climate change matters
- advocated for local government interests in the development of central government policy on biosecurity. This included:
 - developing information packs for local councils
 - coordinating input into central government policy groups in preparation for upcoming legislative review
- involvement in development of central government policy on waste management and its implementation. This included:
 - advocacy in finalising the new Waste Minimisation Act and contributing to implementation measures such as the Waste Management Plan guidelines
 - participation in the LoveNZ (recycling in public places) steering group
 - providing input into central government's policy work on waste industry health and safety issues
 - helping to develop proposals for a review of the New Zealand Waste Strategy targets
 - advocating for local government interests through membership of the Packaging Accord Governing Board and providing local government input to future Accord options after June 2009
 - attending various workshops and fora and providing feedback and updates for councils on waste management activity
- continued involvement in the development of central government policy on the Sustainable Water Programme of Action, including:
 - preparing an issues and options paper and submission on central government's proposed NPS, and drafting an alternative NPS
 - preparing submissions and participating in developing a number of water NES
 - input into review of the Clean Streams Accord, the Accord annual report and enhancing relationships between Accord parties
 - input into water demand management project and Demand Management publication by Water New Zealand
- collaborated with the Energy Efficiency and Conservation Authority and local councils to develop programmes relevant to their communities
- worked alongside government agencies to support implementation of the New Zealand Energy Strategy
- commissioned a legal research paper on the implications for local government of Treaty settlements
- prepared a submission to the Waikato Tainui Raupatu Claims (Waikato River) Settlement Bill.

3. Supporting regional growth

Outcomes

- councils are supported in making sustainable economic development and planning interventions for the benefit of their local communities
- local government is able to work collaboratively with government agencies and others to maintain influential participation in developing and delivering sustainable economic development interventions and policy.

Activities

- worked with the Rugby World Cup 2011 (RWC) office and Rugby New Zealand 2011 on activities associated with hosting and supporting the RWC, such as contracts for host regions, major events regulations, communications strategies and environmental requirements
- promoted high-speed broadband as an economic enabler through regional workshops; supported applications to funding programmes and the provision of resource material. Presented submissions on government investment initiatives and the Next Generation Network review
- responded to the government's Economic Stimulus and Jobs Summit programme by promoting regional interests and ready-to-go capital works programmes. This resulted in the Mayors Taskforce for Jobs taking on a broader role, regulatory streamlining initiatives and investigation of new finance provisions for councils
- began reviewing tourism marketing structures and funding to better leverage economic opportunities and develop more equitable funding mechanisms for visitor facilities, infrastructure and services.

4. Sustaining transport and other infrastructure

Outcomes

- councils are supported to provide a safe, efficient, sustainable and adequately funded transport system for their local communities
- local government, through collaboration with government agencies and others, continues to influence achievement of the New Zealand Transport Strategy objectives
- local government, through collaboration with government agencies and others, delivers to communities cost-effective and sustainable asset management of services and utilities
- local government is able to work collaboratively with government agencies and each other in the delivery of the e-local government strategy across all of local government.

Activities

- worked with the New Zealand Geospacial Office, Land Information New Zealand and the Ministry of Economic Development on a range of telecommunications infrastructure initiatives and technology applications for councils; contributed to several geographic information system projects promoting and supporting local government interests in broadband and digital strategy issues
- supported local government interests in the development of the Land Transport Management Amendment Act 2009; facilitated sector understanding of the Act and its implementation
- collaborated with government agencies on the New Zealand Transport Strategy and the Government Policy Statement, including the setting and regionalisation of targets
- made submissions to the select committee on the Public Transport Management Act



- represented local government transport interests via various funding reviews, the National Road Safety Committee, the Road Controlling Authorities Forum, and a broad range of inter-agency working groups
- collaborated with the New Zealand Utilities Advisory Group, developing a code of practice for the management of the road corridor
- successfully advocated for additional funding for sanitary waste and drinking water subsidies, resulting in the allocation of an additional \$43 million towards sanitary waste subsidies in the May 2008 Budget
- contributed to the Sanitary Works Technical Advisory Committee with the allocation of sanitary waste and drinking water subsidies.

5. Maintain and enhance the framework for local governance and democratic participation

Outcomes

- the statutory framework for local governance meets the needs of councils and communities
- elected members are aware of their responsibilities and provided with the information to undertake effective governance
- informed citizens exercise their democratic franchise in local authority elections.

Activities

- convened an inter-agency group of officials to promote active citizenship and contributed to the publication of a young person's guide to citizens' juries
- provided ongoing support for the inter-agency Kids Voting initiative
- made submissions to reviews of the Local Government Act 2002, Local Electoral Act 2001, and the 2007 local authority elections review
- responded to enquiries from member authorities and the public on questions of local government process and procedures.

6. Strengthening local government finances and capacity

Outcomes

- councils have access to the necessary funds and funding tools to meet statutory and community expectations
- councils are fully aware of their statutory responsibilities and act innovatively and effectively to meet them
- national organisations and academic institutions are mobilised to assist local authorities to enhance capacity and performance.

Activities

- developed a range of resources – a Digital Communities Action Plan, BroadBand Know How Guide, e-govt stocktake of councils, and the Broadband Friendly Protocols, with the telecommunications sector, to support council activities in the digital age
- supported funding programmes such as free internet access in public libraries (APN) and Community Partnerships
- delivered the agreed Standards New Zealand work programme, completing Onsite Domestic Waste Water Management, Concrete Pavers and Pool Water Quality and commencing work on Fire Hydrants, Land Development and Subdivision Engineering, and Self Containment for Motor Caravans
- contributed to the Ministry of Transport's Know How Guide to Understanding the Land Transport Management Amendment Act 2008
- provided local government perspective on the Independent Inquiry into Rates recommendations
- published research report on local government funding – An Analysis of Transfers and Taxes in Local Government: Options and Recommendations for New Zealand
- commissioned PricewaterhouseCoopers to develop a standard template for councils to determine legislation and national regulations costs.

7. Building local government capability

Outcomes

- elected members have the opportunity to undertake training and development appropriate to their needs
- excellence in local authority practice is recognised locally, nationally and internationally
- councils are aware of and understand good practice in the relationship between local government and Iwi/Māori.

Activities

- worked alongside Department of Internal Affairs and the Society of Local Government Managers to devise a professional development programme for elected members (Local Government KnowHow). First training modules on financial governance developed in association with Victoria University
- undertook a range of training workshops for community board members
- published a research report on community board functions and relationships with councils
- led a best-practice tour of local authorities in Queensland for 30 representatives, which included presentations on infrastructure planning and economic development.

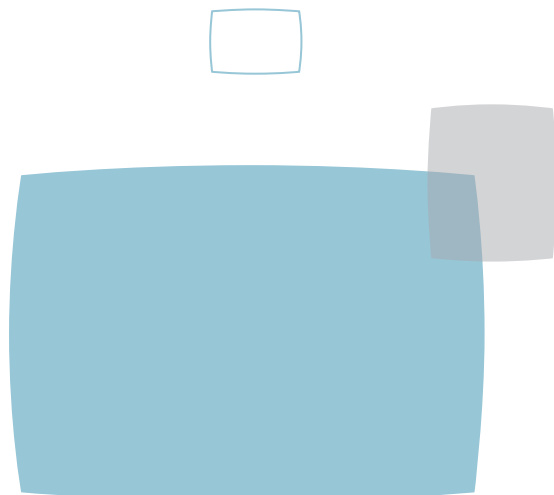
8. Delivering good regulatory outcomes

Outcomes

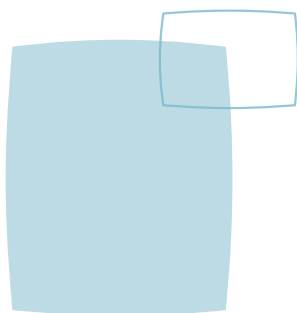
- central government agencies work collaboratively and effectively with local government with full awareness of the implications of regulatory matters on local government
- local government provides high quality input into the development of regulation to ensure it meets the needs of local communities with minimised compliance costs
- programmes for the implementation of local government regulatory responsibilities are effective and workable.

Activities

- successfully advocated for a central government review of approaches to resolve weathertight homes issues, including considering the alternative local government model
- advocated for a coordinated NPS/NES government work programme and monitoring regime, and developed a list of council priorities for future NPS/NES; commented on policy papers, prepared submissions to discussion documents and proposed NPS/NES, appeared at Board of Inquiry hearings, advocated and commented on implementation proposals and issues relating to: proposed New Zealand Coastal Policy Statement, renewable energy NPS, transmission activities NES, air quality NES, urban design NPS, telecommunications NES, contaminated land NES and various water-related NES
- prepared a submission and appeared at a select committee hearing on the Walking Access Bill and advocated for involvement in its implementation; advocated for a review of unformed legal roads



- provided ongoing input into the Food Safety Review and developed a partnership agreement with the New Zealand Food Safety Authority
- participated in Aquaculture Implementation Taskforce; provided comment and submissions on Aquaculture Amendment Bills 1 and 2
- presented submissions on the Building Amendment Bill and owner-builder exemption regime; provided input into monitoring the building consent authority accreditation scheme and input into new qualifications for building officials
- prepared a submission and appeared at the select committee hearing on Phase 1 of the Resource Management Act and provided support for a range of implementation tools, including a Quality Planning website and the Making Good Decisions programme
- prepared a submission on a review of the Fencing of Swimming Pools Act; monitoring of Water Safety New Zealand activity.



9. Connecting with our members

Outcomes

- the member councils of *Local Government New Zealand* are well informed on the organisation's activities and of all regulatory and policy developments likely to affect them, and their input is accurately captured in representations to Government.

Activities

- held a successful *Local Government New Zealand* conference and Annual General Meeting in Rotorua in 2008. The conference offered an excellent mix of keynote speakers, networking opportunities and celebrity debate – all of which returned very positive evaluation reports
- published and distributed the 2007/08 Annual Report, Priorities for 2008/09 and Strengthening Communities: A Briefing for the New Government
- produced publications to inform policy debate or provide guidance information for councils on new legislation requirements
- held workshops for Community Board members in Auckland, Palmerston North, Christchurch and Alexandra
- maintained good relationships with the media to ensure a continuing high profile for *Local Government New Zealand*, issuing 24 media releases and responding to more than 160 enquiries
- re-developed the *Local Government New Zealand* website, making the most-accessed items easier to find
- introduced a new, six-weekly electronic newsletter – e-News – to alert users to new items on the website
- continued to service member inquiries and requests for information and publications via the Information Centre.

Financial Statements

for the year ended 31 March 2009

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*To the readers of Local Government New Zealand
Association Incorporated's Financial Statements for
the year ended 31 March 2009*

The Auditor-General is the auditor of Local Government New Zealand Association Incorporated ('the Association'). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Association, on his behalf, for the year ended 31 March 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Association on pages 12 to 24:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect:
 - the Association's financial position as at 31 March 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- Based on our examination the Association kept proper accounting records.

The audit was completed on 5 June 2009 and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the National Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the National Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the National Council and the Auditor

The National Council is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Association as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date. The National Council's responsibilities arise from the Incorporated Societies Act 1908.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and the provision of taxation advice, we have no relationship with or interests in the Association.



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

Statement of Financial Performance

for the year ended 31 March 2009

	Note	2009 Core Activities \$	2009 LGITO + Funds \$	2009 Local Govt.NZ \$	2008 Core Activities \$	2008 LGITO + Funds \$	2008 Local Govt.NZ \$
Income							
Subscriptions		3,162,361	83,378	3,245,739	3,111,281	80,834	3,192,115
Grants Received		–	452,047	452,047	–	368,911	368,911
Project Income		807,785	2,749	810,534	1,140,566	4,366	1,144,932
Conference Income	8	568,711	–	568,711	528,003	–	528,003
Interest		169,913	41,083	210,996	134,199	45,026	179,225
<i>Total Income</i>		4,708,770	579,257	5,288,027	4,914,049	499,137	5,413,186
Expenditure							
Administration Expenses	3	638,476	110,823	749,299	664,974	78,200	743,174
Travel and Accommodation		288,182	11,255	299,437	243,300	15,984	259,284
Grant/Expenses – NZLGA Funds	11	–	94,560	94,560	–	11,350	11,350
Legal Fees		46,742	–	46,742	219,713	–	219,713
Consultants Fees		699,192	5,201	704,393	685,424	3,920	689,344
Audit Fees		11,500	3,750	15,250	14,200	4,063	18,263
Depreciation	5	80,043	4,323	84,366	120,106	4,698	124,804
Printing Stationery & Photocopying		122,625	5,145	127,770	202,640	6,419	209,059
Other Operating Expenditure		268,819	175,460	444,279	256,738	79,910	336,648
Conference Expenditure	8	432,244	–	432,244	514,941	–	514,941
National Council Remuneration		107,101	–	107,101	102,991	–	102,991
Staff Remuneration		1,658,532	254,572	1,913,104	1,753,562	263,157	2,016,719
<i>Total Expenditure</i>		4,353,456	665,089	5,018,545	4,778,589	467,701	5,246,290
<i>Operating Surplus/(Deficit) Before Taxation</i>		355,314	(85,832)	269,482	135,460	31,436	166,896
Less Taxation Expense	4(b), 11 & 12	47,997	11,392	59,389	41,500	13,752	55,252
Net Surplus/(Deficit) after Taxation		307,317	(97,224)	210,093	93,960	17,684	111,644

The Notes to the Financial Statements form part of, and should be read in conjunction with these statements.

Statement of Movements in Equity

for the year ended 31 March 2009

	Note	2009 Core Activities \$	2009 LGITO + Funds \$	2009 Local Govt.NZ \$	2008 Core Activities \$	2008 LGITO + Funds \$	2008 Local Govt.NZ \$
<i>Accumulated Funds as at 1 April</i>		499,571	661,881	1,161,452	318,673	644,197	962,870
Net Surplus/(Deficit) After Taxation		307,317	(97,224)	210,093	93,960	17,684	111,644
Total Recognised Revenue and Expenses		307,317	(97,224)	210,093	93,960	17,684	111,644
Movement (to) / from Conference Reserves	13	(36,467)	–	(36,467)	86,938	–	86,938
Accumulated Funds as at 31 March		770,421	564,657	1,335,078	499,571	661,881	1,161,452
Conference Reserves	13	121,529	–	121,529	85,062	–	85,062
Total Equity		891,950	564,657	1,456,607	584,633	661,881	1,246,514

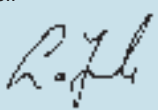
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Statement of Financial Position

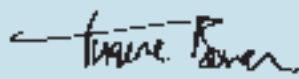
as at 31 March 2009

Note	2009 Core Activities \$	2009 LGITO + Funds \$	2009 Local Govt.NZ \$	2008 Core Activities \$	2008 LGITO + Funds \$	2008 Local Govt.NZ \$
Total Accumulated Funds	891,950	564,657	1,456,607	584,633	661,881	1,246,514
<i>Represented By:</i>						
<i>Current Assets</i>						
Petty Cash	250	50	300	250	50	300
Bank	572,173	214,366	786,539	404,221	315,101	719,322
Accrued Interest	7,652	2,745	10,397	3,999	3,864	7,863
Prepayments	13,373	2,784	16,157	28,509	625	29,134
Sundry Debtors	158,466	18,351	176,817	419,099	31,488	450,587
Provision for Doubtful Debts	–	–	–	(1,913)	–	(1,913)
Tax Refund Due	4(a) 4,361	–	4,361	618	–	618
	756,275	238,296	994,571	854,783	351,128	1,205,911
Investments						
Term Deposits	1,130,000	405,000	1,535,000	625,000	385,000	1,010,000
Shares in Local Government Online Ltd	30,000	–	30,000	30,000	–	30,000
Paintings/Artwork	6,449	–	6,449	6,449	–	6,449
	1,166,449	405,000	1,571,449	661,449	385,000	1,046,449
Total Current Assets	1,922,724	643,296	2,566,020	1,516,232	736,128	2,252,360
<i>Fixed Assets</i>						
	5					
Furniture, Fittings, Office Equipment	214,581	5,088	219,669	237,525	7,807	245,332
Total Fixed Assets	214,581	5,088	219,669	237,525	7,807	245,332
Total Assets	2,137,305	648,384	2,785,689	1,753,757	743,935	2,497,692
<i>Current Liabilities</i>						
Sundry Creditors	508,194	55,737	563,931	650,008	54,470	704,478
Mayors Taskforce for Jobs	15 190,765	–	190,765	243,244	–	243,244
Utilities Advisory Group	73,530	–	73,530	114,577	–	114,577
Provision for Holiday Leave	107,320	18,254	125,574	86,045	14,515	100,560
Deferred Income	365,546	–	365,546	75,250	–	75,250
Tax Payable	–	9,736	9,736	–	13,069	13,069
Total Current Liabilities	1,245,355	83,727	1,329,082	1,169,124	82,054	1,251,178
Total Liabilities	1,245,355	83,727	1,329,082	1,169,124	82,054	1,251,178
Excess of Assets over Liabilities	891,950	564,657	1,456,607	584,633	661,881	1,246,514

For and on behalf of the National Council


L Yule – President

Date: 5 June 2009


E Bowen – Chief Executive

Date: 5 June 2009

The Notes to the Financial Statements form part of, and should be read in conjunction with these statements.

Statement of Cash Flows

for the year ended 31 March 2009

Note	2009 Core Activities \$	2009 LGITO + Funds \$	2009 Local Govt.NZ \$	2008 Core Activities \$	2008 LGITO + Funds \$	2008 Local Govt.NZ \$	
<i>Cash Flows from Operating Activities</i>							
<i>Cash was Provided from:</i>							
Subscriptions and Cost Recoveries Received	5,035,813	549,854	5,585,667	4,627,992	498,074	5,126,066	
Interest Received	166,260	42,202	208,462	133,564	42,428	175,992	
GST Received/(Paid)	45,323	(6,076)	39,247	36,984	16,497	53,481	
	5,247,396	585,980	5,833,376	4,798,540	556,999	5,355,539	
<i>Cash was Applied to:</i>							
Payments to Suppliers and Employees	4,465,605	650,386	5,115,991	4,539,897	450,854	4,990,751	
Income Tax Paid	51,740	14,725	66,465	35,460	8,029	43,489	
	4,517,345	665,111	5,182,456	4,575,357	458,883	5,034,240	
<i>Net Cash Inflow/(Outflow from Operating Activities)</i>	7	730,051	(79,131)	650,920	223,183	98,116	321,299
<i>Cash Flows from Investing Activities</i>							
<i>Cash was Applied to:</i>							
Purchase of Fixed Assets	57,099	1,604	58,703	32,733	8,792	41,525	
	57,099	1,604	58,703	32,733	8,792	41,525	
<i>Net Cash (Outflow) from Investing Activities</i>		(57,099)	(1,604)	(58,703)	(32,733)	(8,792)	(41,525)
Net Increase/(Decrease) in Cash Held	672,952	(80,735)	592,217	190,450	89,324	279,774	
Opening Cash Balance as at 1 April	1,029,471	700,151	1,729,622	839,021	610,827	1,449,848	
Closing Cash Balance as at 31 March	1,702,423	619,416	2,321,839	1,029,471	700,151	1,729,622	
Being:							
Petty Cash	250	50	300	250	50	300	
Bank	572,173	214,366	786,539	404,221	315,101	719,322	
Term Deposits	1,130,000	405,000	1,535,000	625,000	385,000	1,010,000	
	1,702,423	619,416	2,321,839	1,029,471	700,151	1,729,622	

The Notes to the Financial Statements form part of, and should be read in conjunction with these statements.

Notes to the Financial Statements

for the year ended 31 March 2009

Note 1

Nature of Activities

The New Zealand Local Government Association Incorporated trades as *Local Government New Zealand*. *Local Government New Zealand* represents local authorities in promoting the national interests of local government. These financial statements have been presented to show the day to day operations of *Local Government New Zealand* ("Core Activities") together with the activities of Local Government Industry Training Organisation ("LGITO"), a division of *Local Government New Zealand*, and various specific funds that are held by *Local Government New Zealand* for specific purposes ("LGITO and Funds").

Note 2

Statement of Accounting Policies

General Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting practice and the Incorporated Societies Act 1908. Accrual accounting is used to match expenses and revenue. The measurement system adopted is that of historical cost.

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

- (a) Investment Income is accounted for on an accrual basis.
- (b) Fixed Assets are shown at cost less accumulated depreciation.

These assets have been depreciated on a straight line and diminishing value basis at rates which are anticipated to write them off over their estimated useful lives.

Telephone System	3 years Straight Line
Furniture, Fittings, Office Equipment	3 to 9 years Straight Line
Computer Software	40% Diminishing Value

- (c) Sundry Debtors have been valued at expected net realisable value.
- (d) Taxation The liability method of accounting for taxation is applied on a comprehensive basis. *Local Government New Zealand* is exempt from tax for all income except interest.
- (e) The Conference hosted by Local Government New Zealand is disclosed on a gross basis in the Statement of Financial Performance (refer Note 8).
- (f) Funding received for special projects is not recognised in the Statement of Financial Performance until the requirements of the funding agreement have been met. Funding received for which the requirements have not been met at balance date is shown as Deferred Income in the Statement of Financial Position.
- (g) Investments are stated at cost price.
- (h) The Cash Flow Statement is prepared exclusive of GST which is consistent with the rest of the financial statements except for receivables and payables which are stated inclusive of GST. Term deposits are included as “cash” due to their short term nature.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on bases consistent with last year.

Note 3

Expenditure

Included in the Administration Expenses are the following expenses:

	2009 Core Activities	2009 LGITO + Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
Rental Expense	153,203	28,403	181,606	133,704	24,067	157,771
Telephone and Tolls	56,217	5,878	62,095	65,297	4,647	69,944
Maintenance	14,699	649	15,348	13,362	151	13,513
Computer Outsourcing	94,975	–	94,975	84,422	–	84,422
Staff Recruitment & Training	63,946	800	64,746	97,883	–	97,883
Bad Debts	–	13,383	13,383	1,700	–	1,700
Temporary Staff	1,010	–	1,010	10,599	–	10,599
Insurance	28,293	257	28,550	29,937	257	30,194
Subscriptions – Local Organisations	12,325	–	12,325	11,477	–	11,477
Other	213,808	61,453	275,261	216,593	49,078	265,671
Total	638,476	110,823	749,299	664,974	78,200	743,174

Note 4

Taxation

(a) The tax refund is a result of the tax provision for the current year being less than the provisional tax paid.

(b) Taxation Expense

	2009 Core Activities	2009 LGITO + Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
Interest Income Earned	169,913	41,083	210,996	134,199	45,026	179,225
Less Deductions						
Standard Exemption	(944)	(1,055)	(1,999)	(897)	(1,103)	(2,000)
Deduction on Interest Income	(8,979)	(2,054)	(11,033)	(7,544)	(2,251)	(9,795)
Total Taxable Income	159,990	37,974	197,964	125,758	41,672	167,430
Taxation Expense @ 30% (2008: 33%)	47,997	11,392	59,389	41,500	13,752	55,252

The tax rate used for current year tax provisioning, in the above reconciliation, is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law since 1 April 2008 (33% up until that date).

Note 5

Fixed Assets

	2009 Core Activities	2009 LGITO + Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
Fixed Assets at Cost	1,169,902	26,661	1,196,563	1,112,803	25,057	1,137,860
Less Accumulated Depreciation	(875,278)	(17,250)	(892,528)	(755,172)	(12,552)	(767,724)
	294,624	9,411	304,035	357,631	12,505	370,136
Less Depreciation	(80,043)	(4,323)	(84,366)	(120,106)	(4,698)	(124,804)
Net Book Value	214,581	5,088	219,669	237,525	7,807	245,332
Total Fixed Assets	214,581	5,088	219,669	237,525	7,807	245,332

Note 6

Operating Lease Commitments

The future minimum rental payments not provided for in these financial statements are as follows:

	2009 Core Activities	2009 LGITO + Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
Not later than one year	203,118	6,000	209,118	151,100	6,000	157,100
Later than one year but not later than two years	203,118	–	203,118	135,154	–	135,154
Later than two years but not later than five years	156,609	–	156,609	189,414	–	189,414
Later than five years	–	–	–	–	–	–
	562,845	6,000	568,845	475,668	6,000	481,668

There is a right of renewal on the office rental to August 2011.

Note 7

Reconciliation of Statement of Cash Flows to Operating Surplus/(Deficit)

	2009 Core Activities	2009 LGITO + Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
<i>Reported Surplus/(Deficit) after Taxation</i>	307,317	(97,224)	210,093	93,960	17,684	111,644
<i>Add Non-Cash Items</i>						
Depreciation	80,043	4,323	84,366	120,106	4,698	124,804
<i>Add/(Less) movements in other working capital items</i>						
Sundry Debtors, Prepayments	248,354	10,978	259,332	(274,460)	49,572	(224,888)
Sundry Creditors, Deferred Income and other items	76,231	9,751	85,982	250,169	14,386	264,555
Accrued Interest	(3,653)	1,119	(2,534)	(635)	(2,598)	(3,233)
Taxation (Receivable)/Payable	(3,743)	(3,333)	(7,076)	6,040	5,723	11,763
GST Payable / (Receivable)	25,502	(4,745)	20,757	28,003	8,651	36,654
	342,691	13,770	356,461	9,117	75,734	84,851
Net Cash Inflow/(Outflow) from Operating Activities	730,051	(79,131)	650,920	223,183	98,116	321,299

Note 8

Conference

	2009 Core Activities	2009 Funds	2009 Local Govt.NZ	2008 Core Activities	2008 LGITO + Funds	2008 Local Govt.NZ
Registration and Sponsorship Income	568,711	–	568,711	528,003	–	528,003
Less: Direct Expenses	432,244	–	432,244	514,941	–	514,941
	136,467	–	136,467	13,062	–	13,062
Less: Staff Salaries and Overheads*	100,000	–	100,000	100,000	–	100,000
Net Surplus / (Deficit)	36,467	–	36,467	(86,938)	–	(86,938)

* Staff Salaries and Overheads have been recorded in Administrative Expenses in the Statement of Financial Performance. These relate to costs directly paid by *Local Government New Zealand* as part of its operation.

Note 9

Financial Instruments

Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities in the Statement of Financial Position are considered to be equivalent to their fair value.

Credit Risk

Financial instruments which potentially subject *Local Government New Zealand* to a credit risk consist principally of cash and interest bearing deposits.

Local Government New Zealand does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by *Local Government New Zealand*. The maximum credit risk exposure is the carrying amount of the individual investments and receivables.

Local Government New Zealand has placed interest bearing deposits with Financial Institutions of high credit worthiness.

Interest Rate Risk

Local Government New Zealand is exposed to interest rate risk in that interest rate movements will affect cash flows and the market value of fixed interest investments.

The effective interest rate and maturities of financial instruments are as follows:

	Effective Interest Rate 2009	Maturity Date 2009	Maturity Value 2009	Effective Interest Rate 2008	Maturity Date 2008	Maturity Value 2008
Bank & Term Deposits						
Term Cash Deposits: ANZ Banking Group	3.66%	01/04/2009	\$225,000	8.28%	02/04/2008	\$215,000
Term Cash Deposits: ANZ Banking Group	5.75%	15/04/2009	\$180,000	8.56%	02/04/2008	\$95,000
Term Cash Deposits: ANZ Banking Group	3.71%	13/05/2009	\$315,000	–	–	–
Term Cash Deposits: BNZ	3.08%	08/04/2009	\$250,000	8.45%	10/04/2008	\$155,000
Term Cash Deposits: Westpac	4.92%	15/04/2009	\$160,000	8.30%	09/04/2008	\$80,000
Term Cash Deposits: Westpac	–	–	–	8.59%	16/04/2008	\$80,000
Bank: ANZ Banking Group	0-7.75%	Call	\$476,846	0-8.00%	Call	\$344,529
Multiple Deposit Account: Westpac	4.90%	Call	\$152,635	4.90%	Call	\$228,040
Bank: Westpac	0-1.75%	Call	\$3,646	0-1.75%	Call	\$3,696
Bank: National	0-1.75%	Call	\$95,327	0-1.75%	Call	\$59,693

Note 10

Honoraria of National Council Members

Honoraria paid to National Council Members during the year ended 31 March 2009 amounted to \$107,101 (2008: \$102,991). This was made up of the Honoraria paid to the President \$82,539 (2008: \$78,710) and the Vice-President \$24,562 (2008: \$24,281). No other monetary remuneration was paid to members of the National Council for their services.

Honoraria paid by LGITO during the year ended 31 March 2009 amounted to \$18,071 (2008: \$16,477).

No other remuneration was paid to board members.

Note 11

New Zealand Local Government Association Funds

Description of Funds' Activities

The following funds are managed by *Local Government New Zealand*:

- **Regional Government Association Fund**

At the meeting of the Regional Government Association ("the Association") on 1 December 1995 it was resolved the funds of the Association be transferred to the New Zealand Local Government Association to facilitate the winding up of the Association and in anticipation of a decision on the use of the funds.

- **Bertlesmann Award Fund**

Funds were received from Christchurch City Council being a portion of their Bertlesmann Award received from the Bertlesmann Foundation in 1993. It is intended that these funds go towards supporting and funding research into innovative approaches to local government that enhance effective governance and encourage best practice.

Statement of Financial Performance for the year ended 31 March 2009

Funds	2009				2008			
	Interest Income \$	Grants/ Expenses \$	Taxation Expense \$	Deficit \$	Interest Income \$	Grants/ Expenses \$	Taxation Expense \$	Surplus/ (Deficit) \$
Regional Government Association Fund	8,483	(89,720)	(2,403)	(83,640)	12,001	(100)	(3,736)	8,165
Bertlesmann Award Fund	1,491	(4,840)	(422)	(3,771)	3,452	(11,250)	(1,075)	(8,873)
	9,974	(94,560)	(2,825)	(87,411)	15,453	(11,350)	(4,811)	(708)

Statement of Movements In Funds for the year ended 31 March 2009

	2009			2008		
	Opening Funds	Deficit After Tax	Closing Funds	Opening Funds	Surplus / (Deficit) After Tax	Closing Funds
Regional Government Association Fund	190,850	(83,640)	107,210	182,685	8,165	190,850
Bertlesmann Award Fund	32,375	(3,771)	28,604	41,248	(8,873)	32,375
	223,225	(87,411)	135,814	223,933	(708)	223,225

Statement of Financial Position as at 31 March 2009

Funds	2009	2008
Regional Government Association Fund	107,210	190,850
Bertlesmann Award Fund	28,604	32,375
Accumulated Funds	135,814	223,225
<i>Represented by:</i>		
Current Assets		
Bank – Westpac	156,282	231,737
Sundry Debtors	2,738	2,763
Total Assets	159,020	234,500
Current Liabilities		
Sundry Creditors	24,270	11,250
Tax Payable	(1,064)	25
Total Liabilities	23,206	11,275
Excess of Assets over Liabilities	135,814	223,225

Note 12

Local Government Industry Training Organisation

The primary objective of the LGITO is to develop and implement training and qualification needs for the sector.

Statement of Financial Performance for the year ended 31 March 2009

	2009	2008
Income	569,282	483,685
Less: Expenditure	570,529	456,350
<i>Net (Deficit)/Surplus before Taxation</i>	<i>(1,247)</i>	<i>27,335</i>
Taxation	8,566	8,941
Net Surplus/(Deficit)	(9,813)	18,394

Statement of Movements in Equity for the year ended 31 March 2009

	2009	2008
Opening Equity	438,659	420,265
Net (Deficit)/Surplus for the year	(9,813)	18,394
Closing Equity	428,846	438,659

Statement of Financial Position as at 31 March 2009

	2009	2008
Total Equity	428,846	438,659
Represented by:		
Assets	487,659	502,983
Less: Liabilities	58,813	64,324
Excess of Assets over Liabilities	428,846	438,659

Note 13

Conference Retained Earnings

National Council has approved the setting aside of accumulated surpluses generated from the Conference which is to be used to reduce the cost of future Conferences.

	2009	2008
Opening Balance	85,062	172,000
Contribution to Conference	36,467	–
Conference (Deficit)	–	(86,938)
Closing Balance	121,529	85,062

Note 14

Related Parties

Local Government New Zealand received an administration fee of \$9,000 (2008: \$9,000) from the Local Government Rural Trust for administrative services provided.

Note 15

Mayors Taskforce for Jobs

Mayors Taskforce for Jobs is a separately funded operation which uses *Local Government New Zealand's* financial human resources for its accounting. All receipt of income and payment of expenses and grants, although separately accounted for, are recorded through *Local Government New Zealand's* bank account.

At balance date, a total of \$190,765 (2008: \$243,244) was held on account of the entity, in a Westpac term deposit and in *Local Government New Zealand's* ANZ current account.

	2009	2008
Opening Balance	243,244	300,377
Grants Received from The Tindall Foundation	–	100,000
Other Income	463,562	334,255
Total Income	463,562	434,255
Grants Paid for Employment Projects	(114,344)	(220,000)
Other Expenses	(401,697)	(271,387)
Total Expenditure	(516,041)	(491,387)
Closing Balance	190,765	243,244

Local Government New Zealand Staff

(as at 31 March 2009)

Eugene Bowen Chief Executive

Chief Executive's Team

Jan Horan Personal Assistant to the
Chief Executive / Office Manager

Sandra Scrimshaw Internal Governance /
Events Coordinator

Vickie Paterson Human Resources Manager*

Liz Quaye Receptionist

Governance Team

Mike Reid Manager

Victoria Owen Senior Policy Analyst

Chrissy MacDonald Personal Assistant

Development and Infrastructure Team

Geoff Swainson Manager

Colin Drew Senior Policy Analyst

Phillip Eyles Policy Analyst**

Carla Krejcisz Personal Assistant

Environment and Regulatory Team

Irene Clarke Manager

Kate Barker Senior Policy Analyst

Frances Sullivan Senior Policy Analyst

Natasha Bava Personal Assistant

Communications Team

Kirsty Anderson Manager

Charlotte Brown Communications Advisor

Sam Hou Communications Assistant

Srimathi Mathavan Information Centre Manager

Catherine Hodder Information Centre Assistant*

* part time

** Shared staff member with the Environment and Regulatory Team

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