

*Annual Report  
2005/06*





# Contents

President's Foreword	2	Water and Wastewater	12
Chief Executive's Introduction	4	e-Local Government	13
<b>Achievements by Work Area</b>	<b>5</b>	Standards and Codes of Practice	13
Local Democracy and Legislative Framework	5	Emergency Management and Emergency Services	13
Local Government Funding and Performance	5	Ready Response	14
Local Government KnowHow	6	Internal Governance	14
Sustainable Development	6	Communications	14
Environment Wellbeing	7	International	15
Economic Wellbeing	8	Conference	15
Cultural Wellbeing	8	<b>Office Holders</b>	<b>16</b>
Social Wellbeing	9	<b>Local Government New Zealand Staff</b>	<b>17</b>
Regulation	10	<b>New Zealand Local Government Association Incorporated (trading as Local Government New Zealand) Financial Statements for the Year ended 31 March 2006</b>	<b>18</b>
Transport	11		
Utilities	12		

*For New Zealand's communities to flourish they need a positive political and economic climate. They need a healthy and safe environment, social cohesion and a vibrant culture and identity. As the national voice of local government, Local Government New Zealand is committed to representing all of its member councils – urban and rural, territorial and regional – with a clear focus on effective local governance.*





## President's Foreword

*I am delighted to present the 2005/06  
Local Government New Zealand Annual Report.*

I am departing slightly from tradition this year in using this opportunity to dwell less on the achievements of the past year, which are adequately detailed in the body of the report, and taking this space to give my perspective on some of the issues currently facing our sector and the way in which they impact on *Local Government New Zealand*.

From the perspective of both councils and *Local Government New Zealand*, the most important political event in the period was the 2005 general election. This saw a Labour-led Government returned for a third term, but with a significantly reduced majority in a changed political landscape. Among the consequences of this for local government are the additional complexity for Government in passing new legislation in a balanced voting environment in Parliament, and a new urgency to transforming New Zealand's economic performance to more closely reflect our potential as a nation. Since the election the Central/Local Government Forum has met again and further strengthened an already strong working relationship. We have also increased our activities to engage with the range of political parties in our Parliament.

Underpinning our political engagement is the shared necessity for Government and local government to act in partnership, with clarity about their respective roles, and with both sides possessing the necessary resources and tools to fulfill their responsibilities, both assumed and assigned. In the lead-up to the election, *Local Government New Zealand* consulted across its membership to assemble first, a pre-election

manifesto for the sector, and then a series of briefings for incoming Ministers, to state specifically what local government hopes to receive from Government and achieve with Government over the next three years.

The important goals for *Local Government New Zealand* in the 2005/06 year were: progress on the joint funding review; completion of the review of the Financial Assistance Rate; urgent attention to community safety concerns and police resourcing levels; further attention and resources to address New Zealand's infrastructure problems, especially council-owned and operated infrastructure; and progress on the framework under which Government and local government engage with each other, the regulatory framework.

The outcomes of some of these efforts were confirmed in the 2006 Budget in May – more funding for roads, funding for council drinking water structures, an increased allocation to front-line policing, more attention to address the biosecurity concerns of regional councils and significant additional funding for the Rates Rebate Scheme. The Financial Assistance Rate review, sadly, remains unfinished business, along with a greater recognition by Government that all councils, and especially smaller and poorer councils, are facing additional costs and charges as a result of shifted and additional responsibilities, making extra demands on often constrained rating bases.



For councils, the focus has been on consultation with their communities over their draft Long Term Council Community Plans (LTCCPs). The auditing of these LTCCPs by the Office of the Auditor-General has been thorough and expensive, particularly so for small councils but I am proud of the extent to which virtually all of these LTCCPs passed

muster, usually with flying colors. The process by which local government captures and responds to the wishes of its communities has been subjected to a level of future-focused scrutiny unique in any level of government in this country. At Government's insistence, we have demonstrated by third-party scrutiny that our systems for community planning and financing are robust to a degree that justifies a greater role for the LTCCP in determining the allocation of all our country's resources.

I would like to add a note of caution, amidst the current national enthusiasm for "consistency" as the most effective response to energising our economy. In all of our activities we advocate to Government for the tools for councils to respond to local needs, and for a regulatory framework that minimises compliance and ensures the flexibility for councils to address the widely differing and specific needs of their communities. Remember that the overwhelming majority of our companies are local, and in many cases focused first on customers in their own communities. National standards, while attractive to many in central government, often end up imposing solutions on localities where no problem exists. As was the case again last year, *Local Government New Zealand* will continue to advocate for mutually agreed solutions between local government and Government, to ensure in all cases that the costs of the remedy are justified by the benefits conferred.

My final request to our membership is that they be sure to use the range of tools and information that *Local Government New Zealand* has prepared for them. While it is sometimes difficult for us to stay on top of the ever-increasing flow of information, our communications to you are carefully chosen and important to both the elected members and the employees of local government. Informed debate is productive debate.

In closing, I would like to thank the National Council and the staff of *Local Government New Zealand* for their contributions to our organisation's success. Firstly, the National Council has made some resolute and consistent decisions on a wide range of issues, one or two of which have been highly divisive among our members. Our National Council has been carefully structured to achieve inclusiveness and a balanced weighting of views across our membership. The range of issues it addresses is truly daunting, and we are consistently driven by the national interest of local government, which may not always coincide with the political preferences of some of our members.

Informing the decision-making of the National Council are our staff, and the breadth of their engagement with government departments and with our membership still amazes me, after six years as President. On behalf of our membership, I thank them for their efforts and I commend them for their success.

**Basil Morrison**

*President*





## Chief Executive's Introduction

From the beginning of the reporting period, March 2005, the task of assembling and promoting a list of local government demands, in the shape of our pre-election manifesto and the post-election ministerial briefings to the incoming government, consumed a considerable amount of *Local Government New Zealand's* resources during the reporting year.

The major tasks for the 2005/06 year were set out in the President's Foreword. In explaining the range of our activities, it is extremely difficult to summarise the diversity of tasks set out in the following report.

*Local Government New Zealand* represents and promotes the interest of its members through four broad categories of activity; publications; the organisation of forums, seminars and training sessions for our members; the preparation of submissions on behalf of the sector relating to new and proposed legislation; and involvement with departments and organisations on initiatives and projects affecting local government.

In a local government election year, such as 2004, there is a high ratio of member-focussed publications and events. In a central government election year, such as 2005, there is a higher ratio of meetings and participation on committees, consultation and steering groups. While we produced eight publications and held nine events during the reported year, *Local Government New Zealand* participated on no less than 190 committees, project groups or consultative teams organised by government departments, organisations and non-government organisations (NGOs). *Local Government New Zealand* has a robust system for allocating its limited resources and determining the extent of its involvement in initiatives – it is after applying these criteria that we arrived at this daunting number!

On a more general note, it is instructive to review the extent of the resources allocated by *Local Government New Zealand* to consulting and communicating with our membership in 2005/06, as in every year. In addition to our annual conference, which consumes around \$100,000 in staff time in the preparation of

workshops, materials and organisation (conference management is outsourced to a third-party contractor), over 100 days a year of staff time are involved in attending zone meetings, and in supporting and attending an increasing number of sector meetings. Add to this 14 newsletters, the weekly mail-out of briefings and draft submissions to mayors/chairs and chief executives and the maintenance of our website, and the communication budget becomes the largest single component of our activity expenditure.

The growth of the Wellington bureaucracy and the increasingly detailed engagement between government departments and *Local Government New Zealand*, while good news for local government, is creating significant additional pressure on the staff of the organisation. We have no option but to respond, as selectively as possible, to these requests for involvement, but as a result it is likely that the personnel costs will continue to grow as a proportion of our total expenditure.

With reference to our finances, our 2005/06 net surplus after taxation was \$129,505, which has been added to our reserves. This will contribute towards funding the refurbishment of our offices, which is currently underway. The major factors in the surplus were non-projected revenue from a project assisting discussions around the North Island grid-upgrade, under-expenditure due to the deferment of projects dependent on Government policy decisions, and some protracted senior staff vacancies during 2005. One innovation in 2005 was the creation of a separate reserve for retained conference earnings, which we have used to reduce the cost of registrations for the 2006 Conference by approximately \$100.

On the expenditure side, supplier and service costs, particularly IT and legal advice, continue to rise steadily, and increasing activity by the four sector groupings has driven our domestic travel and meeting budget upwards. Overall, expenditure and income were within margins of 3% of budget for 2005/06.

**Eugene Bowen**  
*Chief Executive*



## Achievements by Work Area

### Local Democracy and Legislative Framework

A vibrant local democracy, high levels of citizen engagement and a modern legislation framework.

#### Outputs

- Prepared guidelines to assist regional councils apply for an exemption to the +/-10% formula as part of their representation reviews for the 2007 elections. Additional guidelines were also prepared to assist councils assess the need for community boards
- Undertook presentations to all zone meetings on the requirements of the representation review process leading up to the 2007 elections. Sessions were also held with individual councils on request
- Contributed to the cost of a legal opinion commissioned by Gore District on the legality of using citizen's panels to undertake representation reviews
- Contributed to the Justice and Electoral Committee's review into the running of the 2004 local authority elections
- Published an analysis of elected members based on replies to the elected member surveys conducted after the last three local government elections
- Established an inter-departmental working party to consider options for establishing a programme of citizenship education in New Zealand schools.

### Local Government Funding and Performance

The local government sector with access to appropriate funding tools to enable it to achieve excellence in performance.

#### Outputs

- Actively contributed to the Joint Officials' Funding Project team which provided an interim report to the July Central/Local Government Forum. During 2005 the Project Team undertook a range of research into funding pressures facing councils and the general financial sustainability of councils
- Commissioned a project to assess optimal arrangements for local government structures and efficiency. Including an international literature review and a number of case studies examining shared service arrangements, publication is expected late in 2007
- Held a focus group with the Remuneration Authority involving elected members and officials with a view to identifying areas of improvement for the remuneration model. The Authority's questions and answers were published as a stand-alone document
- Successfully argued for additional funding for the Rates Rebate Scheme
- Supported the Australia New Zealand School of Government Scholarship together with the Society of Local Government Managers.



## Local Government KnowHow

A sector equipped with information and resources to enable it to achieve good practice in meeting community expectations, promote wellbeing and comply with its statutory obligations.

### Outputs

- Organised a refresher workshop for new mayors in Wellington in February 2006. Attended by 25 new mayors the workshop provided an opportunity to share experiences and receive briefings on current issues
- Participated in the Local Futures research into local government strategic decision making. Funded by the Foundation for Research into Science and Technology and led by Victoria University the project has held a number of seminars and published a range of working papers
- Commissioned two professional development modules on the subjects of community board roles and responsibilities as well as building good relationships between councils and their community boards
- Ran six seminars and practitioner workshops on integrated monitoring in January 2006
- Initiated a KnowHow approach on sustainable development
- Initiated KnowHow Guides on Integrated Monitoring Strategy and Beat Graffiti
- Commenced work with the Department of Internal Affairs to assess options for a local government awards scheme
- Established an inter-departmental working party to support the development of guidance materials and workshops around Maori participation in local government and commenced initial consultation on the proposal
- Participated in the Ministry for the Environment Maori/Local Government Chief Executives Forum, National Iwi Liaison Officers gathering, and other forums involving sharing information and developing best practice around Maori and local government engagement

- Developed a publication on co-management of sites by Maori and local government, to be published in 2006/07.

## Sustainable Development

A sector that has embraced sustainable development principles.

### Outputs

- Provided support for and coordination of the local government sustainable development project team
- Contributed to the work on sustainable cities initiatives including urban design, and shared the learnings from the Auckland Sustainable Cities Programme with other cities in New Zealand
- Prepared a periodical Sustainable Cities Newsletter and distributed it to local authority officers and other interested parties
- Participated in ongoing work to draft the urban affairs statement of strategic priority and co-hosted workshops in April 2005 with the Ministry for the Environment on the vision for our cities, priority urban issues and how to address the issues
- Actively participated in projects to support the implementation of a sustainable development approach by government departments, and in the Linked Indicators Project
- Participated in the Government 3 Programme, promoting sustainable practice in government with a view to extending the programme to local authorities
- Prepared a *Local Government New Zealand* Action Plan to fulfill our obligations as a signatory under the Urban Design Protocol and delivered or initiated projects under that action plan including Priority Urban Issues Workshops, Connecting Research and Practice Workshops, and the Beat Graffiti Guide
- Prepared submissions on behalf of the local government sector on Water Programme of Action and Sustainable Energy discussion documents released under the umbrella of the Sustainable Development for New Zealand

Programme of Action, and contributed to various policy developments, including comments on Cabinet papers relating to the cities, water, energy, and monitoring work streams

- Participated in the following research initiatives:
  - low impacts urban design and development
  - Local Futures Research Project
  - Planning Under a Cooperative Mandate
  - scenarios for urban sustainability
  - research into the shortage of Resource Management Act (RMA) practitioners and sharing best practice in recruitment and retention of planners
  - realising the potential of community outcomes.

## Environment Wellbeing

Environmental legislation, policy and programmes that recognise and optimise the role that local government may play in contributing to:

- High levels of energy efficiency
- Reduced volumes of waste
- Effective protection of historic heritage
- More efficient use of resources
- A reversal of the rate of decline of biodiversity
- Reduced greenhouse gas emissions
- An effective biosecurity strategy for New Zealand
- Reserves, recreation and open space provisions that meet the needs of New Zealanders
- A revised framework for managing the oceans of New Zealand
- Quality urban design.

### Outputs

- Worked with the Climate Change Office of the Ministry for the Environment on a range of initiatives and communications with the local government sector relating to mitigation of greenhouse gas emissions and adaptation to the impacts of climate change

- Worked with the Energy Efficiency Conservation Authority on the EnergyWise councils programme
- Worked with the Ministry for the Environment on the Warm Homes Project, designed to improve home insulation and reduce emissions from home heating
- Worked with the Ministry for the Environment to implement the Packaging Accord 2004, including being represented on the Packaging Accord Governing Body, commencing implementation of the local government sector action plan under the Accord, and working on specific waste issues e.g. disposal of used tyres, glass recycling issues
- Participated in the ongoing work on the National Policy Statement for Biodiversity on private land and sought funding for and managed the Action BioCommunity project to enhance local government capacity to carry out biodiversity activities
- Contributed to the communications on Year of the Built Environment
- Worked with the Ministry of Agriculture and Forestry and Biosecurity New Zealand on biosecurity matters
- Provided input into the proposal to review local government performance under the Resource Management Act being led by the Ministry for the Environment
- Provided support for heritage planners in local authorities by maintaining a database of heritage planners and through making information available on the *Local Government New Zealand* website
- Provided support for the metro planners in local authorities
- Participated in the Chief Executives Environment Forum, Metro Planners Group and other forums involving sharing information and developing best practice
- Participated in the Keep New Zealand Beautiful Board and Litter Roundtable, Hazardous Substances and New Organisms implementation, the Enforcement Agencies Liaison Group, the Professional Bodies



Liaison Group, and the Substances  
Technical Liaison Committee

- Contributed to Hazardous Substances and New Organisms Act reforms and assisted in resolving implementation issues
- Provided input into the Ministry of Transport Vehicle Emissions Work Programme including advocating policy initiatives for effective reduction of emission levels in the short term.

## Economic Wellbeing

Councils aware of the importance of economic wellbeing and economic development, and the promotion of councils being business-friendly.

### Outputs

- Completion of the series of workshops on sustainable tourism development and planning
- Continued promotion of the Film Friendly protocols and revision of agreement
- Policy, project planning, administrative and funding support to the Mayors Taskforce for Jobs
- Input into the development of a Geographical Information Systems based tourism flows model and data tool for local government
- Continued support on the application of the Tourism Demand Subsidy Scheme funding
- Progression of a joint project to develop a range of economic development measures and evaluation resources, including a workshop on causality and attribution
- Input into projects arising from the national Tourism-Conservation Forum, including the development of a new Care Code, Tourism Conservation Accord Agreement, dump station

guide, recycling practices and surveys of waste management practices by visitors

- Policy input into national regional economic development framework for the next 5-10 years
- Participated in various working groups within the Economic Impacts of Immigration research project initiated by the Department of Labour
- Input into the development of a regional gross domestic product by Statistics New Zealand
- Input into the revision of the Business Demographic Data being carried out by Statistics New Zealand.

## Cultural Wellbeing

Councils' contributions to cultural wellbeing recognised and enhanced through sharing of good practice.

### Outputs

- Delivered a series of national cultural wellbeing workshops jointly with Creative New Zealand, Te Papa, and the Ministry of Culture and Heritage
- Organised a series of regional workshops on cultural wellbeing by a visiting Australian expert
- Worked with Museums Aotearoa and Te Papa to promulgate the Museum Standards Scheme within the local government sector
- Participated in triennial review of National Services Te Paerangi at Te Papa
- Worked with the Ministry of Culture and Heritage to implement Phase II of their cultural wellbeing strategy including work around regional councils and financial reporting
- Participated in Te Papa-led working group developing a Graduates in Museums Scheme



- Participated in the Reference Group for Sport and Recreation New Zealand’s review of sport and recreation initiatives for youth 13–18 years
- Participated in the reference group relating to the campground review led by the Department of Conservation
- Provided support to Museums Aotearoa in the development of their national conference
- Worked with a range of agencies in the cultural wellbeing sector including New Zealand Historic Places Trust, Sport and Recreation New Zealand, Te Papa, Creative New Zealand, Ministry of Culture and Heritage, and Museums Aotearoa to provide a local government perspective and ensure that national policy and programme frameworks support local community and cultural wellbeing
- Participated in National Services Te Paerangi Regional Cultural Heritage Symposia and other forums involving sharing information and developing best practice.
- Provided secretariat support to both the National Taskforce for the Reduction of Community Violence Leaders and Officials Groups
- Supported the development, dissemination and communications around the National Guidelines for Crime Prevention Through Environmental Design in New Zealand and contributed towards *Local Government New Zealand’s* commitments to the implementation of the National Urban Design Protocol
- Commissioned a national evaluation of the use of Crime Prevention Through Environmental Design by local government in New Zealand to support future implementation
- Participated in an inter-agency working group developing an internet based toolkit for reducing alcohol related harm
- Participated in the Crime Prevention Unit’s annual funding round to local government
- Contributed to the development of Alcohol and Liquor Advisory Council’s Alcohol Toolkit for local government

## Social Wellbeing

Councils understanding the range of ways in which they contribute to social wellbeing. A local government perspective provided to central government to ensure social policy development meets community priorities.

### Outputs

- Initiated development of a National Anti-Graffiti Strategy, including development of an anti-graffiti guide for use by councils and other stakeholders
- Represented *Local Government New Zealand* on the National Taskforce for the Reduction of Community Violence Officials Group and contributed to the work of the Taskforce
- Participated in the officials’ working group on High Risk Offenders and the development of practices, procedures and information to support community safety and effective reintegration of offenders
- Supported the Human Rights Commission to build relationships with local government and to facilitate local government involvement in the implementation of the New Zealand Action Plan for Human Rights
- Worked with a range of agencies including the Human Rights Commission, Asia New Zealand and the Office of Ethnic Affairs to identify and implement initiatives to support councils’ contributions to building strong, diverse communities

- Liaised with the voluntary sector to strengthen relationships with local government through supporting their attendance at zone meetings and presenting at regional voluntary sector forums
- Supported Housing New Zealand Corporation to engage with local government in the implementation of the New Zealand Housing Strategy
- Participated in the inter-agency working group on Existing Building Requirements which addressed the issues of sub-standard housing and commercial premises in New Zealand
- Participated in the Youth Transition Services National reference group
- Worked with Mayors Taskforce for Jobs to support councils involved in Youth Transition Services and coordinate feedback and input to the reference group
- Provided advice to the Ministry of Youth Development on the establishment of the Youth Development Partnership Fund and participated in the grant allocation committee
- Participated in the Year of the Veteran Steering Committee, supporting communications to local government and as a member of the grant allocation committee
- Commenced planning and development of a Safer Communities Conference to be developed in August 2006
- Provided general policy advice on alcohol and gaming, and worked with a number of relevant agencies to ensure that the necessary frameworks and support are in place for local authorities to carry out their legislative obligations and provide for community wellbeing
- Participated as a member of the national Healthy Eating, Healthy Action Steering Group
- Participated in the national Health Impact Assessment reference group and supported the Public Health Advisory Committee to communicate with local government around Health Impact Assessment tools and training
- Co-commissioned research into data sources available to assist local government to monitor the effects of gaming policies
- Liaised with the Ministry of Social Development on a range of policy and programme initiatives, and supported engagement with local government
- Participated in the Steering Group for Ageing in Place research being undertaken by the Ministry of Social Development
- Organised a Rural Health and Community Safety Workshop.

## Regulation

Regulatory responsibilities of local government are developed and implemented in an efficient and effective way, with minimised compliance costs.

### Outputs

- Prepared a range of submissions, on discussion papers or amendments to legislation including:
  - the Domestic Food Review discussion document
  - Vehicle Emissions Screening Programme discussion document
  - Building Products Certification discussion document
  - Building Accreditation discussion document
  - Product Stewardship discussion document
  - Overseas Investment Bill
  - Hazardous Substances and New Organisms Bill (commonly referred to as Macropatch)
  - Climate Change Response Amendment Bill
  - proposed National Environmental Standard for Human Drinking Water
  - scoping report for a National Policy Statement on Electricity Transmission
  - draft rule for vehicle emissions
  - draft National Training Standard for Rural Fire Service discussion document
  - draft Rescue and Fire Services discussion document

- draft Civil Defence Emergency Management Plan and Guide
- Worked with government officials on implementing the recent amendments to the Resource Management Act and contributed to sharing local government best practice, including involvement in the Quality Planning Website
- Worked with the Ministry for the Environment on a programme to build the capacity of local government to implement the Resource Management Act, including the accreditation programme for hearing commissioners and councillors, and working towards a framework for practitioner training
- Contributed to work undertaken on the Review of the Unit Titles Act and the Residential Tenancies Act
- Worked with the Department of Building and Housing and councils on implementing the Building Act, including input on a number of implementation issues and proposals, and representation on the Local Government Governance Group and technical working groups
- Provided input into addressing the problems with building weather tightness
- Participated in a Public Health Amendment Bill reference group, the Public Health Workforce working group, and the Health Impact Assessment reference group, and submitted on various papers and discussion documents
- Worked with the Department of Internal Affairs on implementing the Dog Control Act and preparation for a National Dogs Database and micro-chipping
- Worked with the New Zealand Food Safety Authority on the Domestic Food Review, attended reference group meetings, and co-coordinated local government input into the Review
- Monitored implementation of the Prostitution Reform Act 2003
- Worked with the Department of Internal Affairs, the Society of Local Government Managers and other agencies on developing a regulatory

framework to be applied by central government agencies when developing policy or regulation relevant to the local government sector

- Contributed to guidance material prepared to assist government departments in developing policy for regulatory functions involving local government
- Provided views of the local government sector into the Walking Access Review
- Worked on the Department of Internal Affairs-led review of unformed legal roads
- Contributed to the work on a range of National Policy Statements and National Environmental Standards, including possible National Policy Statement Standards on Biodiversity on Private Land, Electricity Transmission, Electricity Generation, Drinking Water Catchments, Telecommunications, Contaminated Land and Land Transport Noise. Worked on implementation issues relating to the National Environmental Standards on Air Quality. Contributed to work on the review of the New Zealand Coastal Policy Statement
- Facilitated collaboration on consent processing between the local authorities affected by the Transpower 400 kV transmission grid-upgrade proposal from Taupo to Otahuhu
- Monitored water safety issues including advocating for legislative changes and clarity on the fencing of swimming pools
- Participated in an inter-agency working group considering development of requirements for quality of existing buildings.

## Transport

An integrated, safe and sustainable land transport system that meets the needs of communities.

### Outputs

- Advocated to the Minister and the Ministry of Transport the need for a range of tools to fund the increasing needs of transport infrastructure
- Advocated to the Minister and the Ministry of Transport the need to complete the review of the Financial Assistance Rate together with the issues and expectations of the local government sector. An announcement is still pending

- Advocated to Land Transport New Zealand in relation to "N", "R" and "C" funding issues, resulting in greater clarity of definition being released
- Represented the sector on the National Road Safety Committee, the National Road Safety Management Group and various workgroups in relation to road and transport safety issues
- Represented the sector on various work groups e.g. Getting There, in relation to the implementation of the New Zealand Transport Strategy
- Maintained support and liaison with key transport sector agencies and groups including the Ministry of Transport, Land Transport New Zealand, Transit New Zealand and the Road Controlling Authorities Forum including being part of the RCA Executive
- Promoted the roading and transport interests of the sector in terms of legislative and policy development with a range of agencies e.g. draft legislation on abandoned vehicles.

## Utilities

Local government, road controlling authorities and utility operators working together to achieve a corridor management regime that recognises the needs of all parties, within a robust legal framework.

### Outputs

- Supported and participated in the work of the New Zealand Utilities Advisory Group
- Through the New Zealand Utilities Advisory Group promoted the advantages of Partnering

Agreements between local authorities and utility providers at various forums

- Through the New Zealand Utilities Advisory Group promoted the adoption of the Code of Practice for Safe Working on the Road
- Monitored new legislation and policy to ensure sector advocacy on key issues was maintained
- Participated on the National Asset Management Group's Executive to ensure "best practice" guidelines for asset management are developed, maintained and implemented.

## Water and Wastewater

Water, wastewater and stormwater services delivered in an efficient and effective manner, and within a robust legislative framework.

### Outputs

- Advocated on behalf of the sector in relation to water and waste water issues
- Represented the sector on the Sanitary and Water Technical Advisory Committee to ensure equitable allocation of funds
- Advocated to the Ministry of Health to ensure they understood the views of the sector in relation to the proposed Health (Drinking Water) Amendment Bill
- Worked with Ministry of Health to ensure the proposed drinking water subsidy schemes incorporated the views of the sector



- Assisted the Ministry for the Environment in gathering data to support the proposed Environmental Works Sewerage Subsidy Scheme
- Monitored water service delivery, legislation and policy on behalf of the sector.

## e-Local Government

Implementation of the e-local government strategy across local government and related initiatives.

### Outputs

- Worked with the Ministry of Economic Development to ensure the effective participation of local government in the Government's Digital Strategy
- Represented the sector on the Digital Strategy Steering Group
- Worked with the Department of Internal Affairs on the development of the policy guidelines for the community partnership fund
- Represented the sector on the Officials Group for Geospatial Information
- Developed a local government response to the Government's e-government strategy
- Worked with Land Information New Zealand in the development of the National Geospatial Strategy to ensure that the sector's views were incorporated
- Worked with the National Library on the promotion and development of the Strategic Framework for Public Libraries.

## Standards and Codes of Practice

To promote consistency and best practice by the development of New Zealand standards, codes of practice and handbooks that meet the needs of the local government sector.

### Outputs

- Managed and monitored (through 3 monthly reports) the implementation of agreed 2005/06 Standards New Zealand Work Programme and in consultation with the sector developed and finalised the 2006/07 Work Programme
- Supported the work of Standards New Zealand and maintained sector involvement in the development of standards through the appointment of sector representatives onto Standards New Zealand committees.

## Emergency Management and Emergency Services

Clear understanding and full implementation of local government's civil defence emergency management and river/flood control responsibilities.

### Outputs

- Monitored the work on implementing the Civil Defence Emergency Management Act and contributed as required, including commenting on the proposed National Civil Defence Emergency Management Plan and Guide to the Plan



- Worked with the Department of Internal Affairs on the Fire Service Review, including input into the discussion documents, and establishing a local government project team
- participated in meetings of the regional council governance group developing a protocol for flood risk management and monitored the work of the inter-departmental flood review group led by the Ministry for the Environment
- Worked on issues relating to the funding of helicopter rescue services
- Worked with the Ministry of Civil Defence and Emergency Management on pandemic planning, and ran a workshop on pandemic planning for all Civil Defence Emergency Management Groups in February 2006.

## Ready Response

From time to time legal challenges arise which may be of critical national and generic importance to the sector and require *Local Government New Zealand* to become involved in, extend support to, or act on behalf of a council or councils.

This budget area is reserved to handle a quick response to these requests.

### Outputs

- A contribution of \$10,000 for the preparation of a legal opinion on liability issues arising from the requirement for councils to prepare a policy on Earthquake-prone buildings
- A contribution of \$10,000 to support Environment Waikato with its legal expenses incurred during the Waitangi Tribunal's Central North Island Inquiry
- Ongoing work in support of the Marlborough District Council seeking a declaratory judgment to clarify the council's right to rate marine farms
- Allocated \$10,000 to assist the Auckland City Council in their appeal on the Declaratory Judgment on the ratability of land owned by the Royal New Zealand Foundation for the Blind that is leased to commercial enterprises.

## Internal Governance

Effective governance and sound management of *Local Government New Zealand*.

### Outputs

- Successfully managed five National Council meetings
- Contributed, coordinated, and participated in the Central/Local Government Forum – July 2005 and March 2006
- Managed Sector meetings and Annual General Meetings for all Sector Groups
- Effectively participated and coordinated Zone meetings throughout the country
- Successfully hosted the *Local Government New Zealand* Annual General Meeting
- Held elections for Vice President and regional representative following the retirement of long standing National Councillor, Hon Margaret Shields
- Coordinated the annual meeting schedule for *Local Government New Zealand*.

## Communications

Credible, effective and outstanding communications and information services for the sector and for *Local Government New Zealand*.

### Outputs

- Supported effective policy development and implementation with particular commitments to Climate Change and Sustainable Cities projects
- As part of the general election process, produced the local government manifesto prior to the elections and held briefings with the political parties. Following the election produced the briefing for the incoming cabinet Ministers and held briefings with relevant Ministers
- Supported *Local Government New Zealand's* input into the Select Committee enquiry into local elections
- Undertook Department of Internal Affairs liaison for *Local Government New Zealand* and the local government sector

- Produced a number of publications for the local government sector including a Report on Community Outcomes, a new sustainable development newsletter and updating of the Tourism Planning Toolkit
- Produced 14 newsletters (4 *LGNewz* plus 10 *ENewz*)
- Held a number of workshops or seminars for elected members including covering Urban Affairs, Hiring and Managing Chief Executives, National Connecting Research to Local Government Practice, Monitoring and Reporting workshops, New Mayors' Refresher, Climate Change workshops, worked with Library and Information Association New Zealand on the Getting Value From Your Library seminar and supported the development of the professional development programme
- Continued to enhance the *Local Government New Zealand* website to ensure that it is an effective communication tool
- Implemented a new customer relationship system (Microsoft CRM) to more effectively maintain *Local Government New Zealand's* member and stakeholder information
- Maintained effective operation of the records, library and archives information, and began a project to review procedures and policies for records management.

## International

New Zealand local government participating in relevant international networks to contribute to the world-wide growth in recognition of the importance of local government.

New Zealand local government contributing to the building of capacity in local government in the Pacific, in partnership with Ministry of Foreign Affairs and Trade and the Commonwealth.

### Outputs

- Contributed to the fact finding mission to Honiara City to assess the city's administrative needs and develop a strategy for rebuilding the capacity of the council
- Successfully supported the placement of the Chief Executive of Kapiti Coast District Council



with the Honiara City Council (Solomons) to provide mentoring assistance to the council's new chief executive

- Worked with the Suva office of the Commonwealth Local Government Forum including participating in the development of their three year work programme (funded by NZAID), an assessment of the governance needs of councils in Fiji as well as responding to specific requests, e.g. for elected member training in Vanuatu
- Participated as a member of the board of the Commonwealth Local Government Forum – the President of *Local Government New Zealand* is a board member
- Assisted with the planning of the 2007 Commonwealth Local Government Forum Conference to be held in Auckland, March 2007. *Local Government New Zealand* has members on three committees – the coordinating committee, programme committee and marketing committee.

## Conference

That a successful conference will be held in Christchurch and that preparatory work and planning to ensure that a successful conference is held in 2006.

### Outputs

- Held a successful 2005 Conference in Christchurch 24-27 July, with 687 delegates in attendance
- Planning started for the 2006 Conference, to be held at the Wellington Convention Centre, 16-19 July 2006
- Feasibility work was completed on Dunedin as the host for the 2007 conference and National Council confirmed this venue at its December meeting.



## Office Holders

(as at 31 March 2006)

### President

**Basil Morrison** *Councillor, Environment Waikato*

### Vice President

**Kerry Prendergast** *Mayor, Wellington City*

### Zone Representation

#### ZONE 1

**Dianne Hale** *Deputy Mayor, North Shore City*

**Yvonne Sharp** *Mayor, Far North District*

#### ZONE 2

**Graeme Weld** *Mayor, Western Bay of Plenty District*

#### ZONE 3

**Mary Bourke** *Mayor, South Taranaki District*

#### ZONE 4

**Jenny Brash** *Mayor, Porirua City*

#### ZONE 5

**Michael McEvedy** *Mayor, Selwyn District*

#### ZONE 6

**Frana Cardno** *Mayor, Southland District*

### Sector Group Representation

#### METROPOLITAN

**Bob Harvey** *Mayor, Waitakere City*

**Dr Bruce Hucker** *Deputy Mayor, Auckland City*

**Kerry Prendergast** *Mayor, Wellington City*

#### PROVINCIAL

**Lawrence Yule** *Mayor, Hastings District*

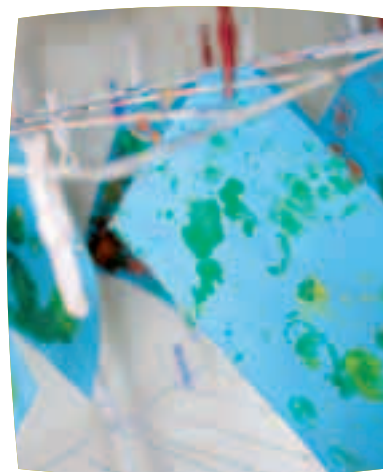
#### RURAL

**John Forbes** *Mayor, Opotiki District*

#### REGIONAL

**David Walter** *Chair, Taranaki Regional*

**Ian Buchanan** *Chair, Greater Wellington*



# Local Government New Zealand Staff

(as at 31 March 2006)

**Eugene Bowen** Chief Executive

## Chief Executive's Team

**Kylie Williamson** Executive Assistant and  
Internal Governance

**Leeanne Brewerton** Human Resources

**Linda Turnbull** Office Manager

**Chrissy MacDonald** Receptionist

## Governance Team

**Mike Reid** Manager

**Victoria Owen** Senior Policy Analyst

**Doreen Leacock**<sup>+</sup> Personal Assistant

## Development and Infrastructure Team

**Geoff Swainson** Manager

**Colin Drew** Policy Analyst,  
Economic Development \*

**Christine Makumbe** Policy Analyst

## Environment and Regulatory Team

**Susan Edwards** Manager

**Irene Clarke** Senior Policy Analyst

**Jane Johnston** Senior Policy Analyst

**Natasha Bava** Personal Assistant

## Communications Team

**Kirsty Anderson** Manager

**Meredith Barker** Senior Communications Advisor

**Sandra Scrimshaw** Communications Assistant

**June Lewis** Records, Library and  
Information Officer

**Sam Hou** Library Assistant \*

---

\* part time

<sup>+</sup> PA to both Governance and Development and Infrastructure Teams





## Financial Statements

for the year ended 31 March 2006

<i>Contents</i>	<i>Pages</i>
Auditor's Report	4-6
Statement of Financial Performance	7
Statement of Movements in Equity	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-20



## Audit Report

### *To the readers of New Zealand Local Government Association Incorporated's Financial Statements for the year ended 31 March 2006*

The Auditor-General is the auditor of New Zealand Local Government Association Incorporated ("*Local Government New Zealand*"). The Auditor-General has appointed me, G R Mitchell, using the staff and resources of Deloitte, to carry out the audit of the financial statements of *Local Government New Zealand*, on his behalf, for the year ended 31 March 2006.

#### **Unqualified Opinion**

In our opinion the financial statements of *Local Government New Zealand* on pages 23 to 36:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - *Local Government New Zealand's* financial position as at 31 March 2006;
  - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 16 June 2006, and is the date at which our opinion is expressed.

The basis of our 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 the 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 our 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 *Local Government New Zealand*;
- 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**

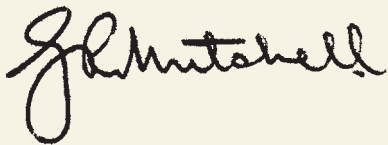
The National Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of *Local Government New Zealand* as at 31 March 2006. They must also fairly reflect the 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 Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in *Local Government New Zealand*.

A handwritten signature in black ink that reads "G R Mitchell". The signature is written in a cursive, flowing style.

**G R Mitchell**  
**Deloitte**  
**On behalf of the Auditor-General**  
**Wellington, New Zealand**

## Statement of Financial Performance

for the year ended 31 March 2006

	Note	2006 Core Activities \$	2006 LGITO + Funds \$	2006 Local Govt NZ \$	2005 Core Activities \$	2005 LGITO + Funds \$	2005 Local Govt. NZ \$
<b>Income</b>							
Subscriptions		2,743,637	77,814	2,821,451	2,743,636	59,020	2,802,656
Grants Received		–	265,475	265,475	–	258,080	258,080
Project Income		911,727	3,150	914,877	1,497,698	3,822	1,501,520
Conference Income	8	559,897	–	559,897	588,679	–	588,679
Interest		132,446	39,562	172,008	103,376	32,347	135,723
<b>Total Income</b>		<b>4,347,707</b>	<b>386,001</b>	<b>4,733,708</b>	<b>4,933,389</b>	<b>353,269</b>	<b>5,286,658</b>
<b>Expenditure</b>							
Administration Expenses	3	698,057	66,493	764,550	652,520	48,194	700,714
Travel and Accommodation		245,116	17,815	262,931	226,842	10,772	237,614
Grant/Expenses – NZLGA Funds	11	–	50	50	–	50	50
Legal Fees		102,262	–	102,262	179,586	–	179,586
Consultants Fees		840,562	9,770	850,332	888,801	426	889,227
Audit Fees							
Statutory Audit		12,900	2,500	15,400	14,050	2,500	16,550
Depreciation	5	83,196	1,794	84,990	64,435	537	64,972
Printing Stationery & Photocopying	13	148,087	4,881	152,968	185,581	3,280	188,861
Other Operating Expenditure		204,071	93,733	297,804	402,950	44,125	447,075
Conference Expenditure	8	433,039	–	433,039	381,228	–	381,228
National Council Remuneration		64,806	–	64,806	62,716	–	62,716
Staff Remuneration		1,351,950	169,202	1,521,152	1,364,161	124,661	1,488,822
<b>Total Expenditure</b>		<b>4,184,046</b>	<b>366,238</b>	<b>4,550,284</b>	<b>4,422,870</b>	<b>234,545</b>	<b>4,657,415</b>
<b>Operating Surplus/ (Deficit) Before Taxation</b>		<b>163,661</b>	<b>19,763</b>	<b>183,424</b>	<b>510,519</b>	<b>118,724</b>	<b>629,243</b>
Less Taxation Expense	4(b), 11 & 12	40,830	12,043	52,873	32,109	9,780	41,889
<b>Net Surplus (Deficit) after Taxation</b>		<b>122,831</b>	<b>7,720</b>	<b>130,551</b>	<b>478,410</b>	<b>108,944</b>	<b>587,354</b>

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 2006

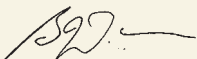
	Note	2006 Core Activities \$	2006 LGITO + Funds \$	2006 Local Govt NZ \$	2005 Core Activities \$	2005 LGITO + Funds \$	2005 Local Govt. NZ \$
Accumulated Funds as at 1 April		858,885	682,189	1,541,074	566,475	573,245	1,139,720
Net Surplus/(Deficit) After Taxation		122,831	7,720	130,551	478,410	108,944	587,354
Total Recognised Revenue and Expenses		122,831	7,720	130,551	478,410	108,944	587,354
Movement to Conference Reserves	14	–	–	–	(186,000)	–	(186,000)
Accumulated Funds as at 31 March		981,716	689,909	1,671,625	858,885	682,189	1,541,074
Conference Reserves		186,000	–	186,000	186,000	–	186,000
<b>Total Equity</b>		<b>1,167,716</b>	<b>689,909</b>	<b>1,857,625</b>	<b>1,044,885</b>	<b>682,189</b>	<b>1,727,074</b>

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

## Statement of Financial Position

for the year ended 31 March 2006

Note	2006	2006	2006	2005	2005	2005
	Core Activities \$	LGITO + Funds \$	Local Govt NZ \$	Core Activities \$	LGITO + Funds \$	Local Govt. NZ \$
<b>Total Accumulated Funds</b>	<b>1,167,716</b>	<b>689,909</b>	<b>1,857,625</b>	<b>1,044,885</b>	<b>682,189</b>	<b>1,727,074</b>
<i>Represented By:</i>						
<i>Current Assets</i>						
Petty Cash	250	50	300	250	–	250
Bank	108,588	300,958	409,546	195,256	281,756	477,012
Accrued Interest	7,865	3,458	11,323	4,744	2,346	7,090
Prepayments	30,201	625	30,826	–	625	625
Sundry Debtors	355,450	68,688	424,138	227,933	60,763	288,696
Provision for Doubtful Debts	(16,481)	–	(16,481)	(8,972)	–	(8,972)
Tax Refund Due	4(a) 1,175	–	1,175	8,246	–	8,246
	487,048	373,779	860,827	427,457	345,490	772,947
<b>Investments</b>						
Term Deposits	1,205,000	350,000	1,555,000	1,715,000	375,000	2,090,000
Shares in Local Government Online Ltd	30,000	–	30,000	–	–	–
Paintings/Artwork	6,449	–	6,449	6,449	–	6,449
	1,241,449	350,000	1,591,449	1,721,449	375,000	2,096,449
<b>Total Current Assets</b>	<b>1,728,497</b>	<b>723,779</b>	<b>2,452,276</b>	<b>2,148,906</b>	<b>720,490</b>	<b>2,869,396</b>
<i>Fixed Assets</i>						
	5					
Furniture, Fittings, Office Equipment	256,113	6,414	262,527	174,955	257	175,212
<b>Total Fixed Assets</b>	<b>256,113</b>	<b>6,414</b>	<b>262,527</b>	<b>174,955</b>	<b>257</b>	<b>175,212</b>
<b>Total Assets</b>	<b>1,984,610</b>	<b>730,193</b>	<b>2,714,803</b>	<b>2,323,861</b>	<b>720,747</b>	<b>3,044,608</b>
<i>Current Liabilities</i>						
Sundry Creditors	567,568	23,910	591,478	501,772	24,800	526,572
Mayors Taskforce for Jobs	16 81,909	–	81,909	698,536	–	698,536
Utilities Advisory Group	59,706	–	59,706	5,299	–	5,299
Provision for Holiday Leave	82,200	9,579	91,779	73,369	9,440	82,809
Deferred Income	25,511	–	25,511	–	–	–
Tax payable	–	6,795	6,795	–	4,318	4,318
<b>Total Current Liabilities</b>	<b>816,894</b>	<b>40,284</b>	<b>857,178</b>	<b>1,278,976</b>	<b>38,558</b>	<b>1,317,534</b>
<b>Total Liabilities</b>	<b>816,894</b>	<b>40,284</b>	<b>857,178</b>	<b>1,278,976</b>	<b>38,558</b>	<b>1,317,534</b>
<b>Excess of Assets over Liabilities</b>	<b>1,167,716</b>	<b>689,909</b>	<b>1,857,625</b>	<b>1,044,885</b>	<b>682,189</b>	<b>1,727,074</b>

  
B Morrison – President

Date: 16 June 2006

  
E Bowen – Chief Executive

Date: 16 June 2006

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 2006

	Note	2006 Core Activities \$	2006 LGITO + Funds \$	2006 Local Govt NZ \$	2005 Core Activities \$	2005 LGITO + Funds \$	2005 Local Govt. NZ \$
<i>Cash Flows from Operating Activities</i>							
<i>Cash was Provided from:</i>							
Subscriptions and Cost Recoveries Received		4,172,747	341,794	4,514,541	4,757,146	280,481	5,037,627
Interest Received		129,325	38,450	167,775	99,600	31,451	131,051
GST Received/(Paid)		(40,199)	(3,805)	(44,004)	19,940	(4,138)	15,802
		4,261,873	376,439	4,638,312	4,876,686	307,794	5,184,480
<i>Cash was Applied to:</i>							
Payments to Suppliers and Employees		4,630,428	364,670	4,995,098	3,601,285	235,916	3,837,201
Income Tax Paid		33,759	9,566	43,325	34,877	8,267	43,144
		4,664,187	374,236	5,038,423	3,636,162	244,183	3,880,345
<i>Net Cash Inflow/(Outflow) from Operating Activities</i>	7	(402,314)	2,203	(400,111)	1,240,524	63,611	1,304,135
<i>Cash Flows from Investing Activities</i>							
<i>Cash was Applied to:</i>							
Purchase of Fixed Assets		164,354	7,951	172,305	58,111	–	58,111
Purchase of Shares		30,000	–	30,000	–	–	–
		194,354	7,951	202,305	58,111	–	58,111
<i>Net Cash (Outflow) from Investing Activities</i>		(194,354)	(7,951)	(202,305)	(58,111)	–	(58,111)
Net Increase/(Decrease) in Cash Held		(596,668)	(5,748)	(602,416)	1,182,413	63,611	1,246,024
Opening Cash Balance as at 1 April		1,910,506	656,756	2,567,262	728,093	593,145	1,321,238
<b>Closing Cash Balance as at 31 March</b>		<b>1,313,838</b>	<b>651,008</b>	<b>1,964,846</b>	<b>1,910,506</b>	<b>656,756</b>	<b>2,567,262</b>
<i>Being:</i>							
Petty Cash		250	50	300	250	–	250
Bank		108,588	300,958	409,546	195,256	281,756	477,012
Term Deposits		1,205,000	350,000	1,555,000	1,715,000	375,000	2,090,000
		<b>1,313,838</b>	<b>651,008</b>	<b>1,964,846</b>	<b>1,910,506</b>	<b>656,756</b>	<b>2,567,262</b>

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 2006

### 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 for *Local Government New Zealand* 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
Furniture, Fittings, Office Equipment	3 to 9 years
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.

#### **Comparative Information**

Certain comparatives within note 5 have been amended to ensure comparability with current year disclosures. These changes do not have an effect on reported surplus.

#### **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:

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
Rental Expense	138,815	13,974	152,789	145,971	6,477	152,448
Telephone and Tolls	47,617	3,614	51,231	50,292	2,754	53,046
Maintenance	14,176	47	14,223	28,307	–	28,307
Computer Outsourcing	57,360	–	57,360	79,244	–	79,244
Staff Recruitment & Training	148,976	–	148,976	57,970	538	58,508
Bad Debts	13,957	–	13,957	4,573	–	4,573
Temporary Staff	25,192	–	25,192	36,823	–	36,823
Insurance	30,201	257	30,458	29,437	237	29,674
Subscriptions – Local Organisations	22,643	–	22,643	18,281	–	18,281
Other	199,120	48,601	247,721	201,622	38,188	239,810
<b>Total</b>	<b>698,057</b>	<b>66,493</b>	<b>764,550</b>	<b>652,520</b>	<b>48,194</b>	<b>700,714</b>

### 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 for 2005/06.

(b) Taxation Expense

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
Interest Income Earned	132,446	39,562	172,008	103,376	32,347	135,723
Less Deductions						
Standard Exemption	(913)	(1,087)	(2,000)	(905)	(1,095)	(2,000)
Deduction on Interest Income	(7,804)	(1,982)	(9,786)	(5,169)	(1,617)	(6,786)
Total Taxable Income	123,729	36,493	160,222	97,302	29,635	126,937
<b>Taxation Expense @ 33%</b>	<b>40,830</b>	<b>12,043</b>	<b>52,873</b>	<b>32,109</b>	<b>9,780</b>	<b>41,889</b>
Prior Period Adjustment	–	–	–	–	–	–
<b>Taxation Expense @ 33%</b>	<b>40,830</b>	<b>12,043</b>	<b>52,873</b>	<b>32,109</b>	<b>9,780</b>	<b>41,889</b>

## Note 5

### Fixed Assets

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
Furniture, Fittings, Office Equipment at cost	906,481	16,265	922,746	750,886	8,314	759,200
less Accumulated Depreciation at 31/03/05	(567,172)	(8,057)	(575,229)	(511,496)	(7,520)	(519,016)
	339,309	8,208	347,517	239,390	794	240,184
less Depreciation for 2005/06	(83,196)	(1,794)	(84,990)	(64,435)	(537)	(64,972)
Book Value	256,113	6,414	262,527	174,955	257	175,212
<b>Total Fixed Assets</b>	<b>256,113</b>	<b>6,414</b>	<b>262,527</b>	<b>174,955</b>	<b>257</b>	<b>175,212</b>

## Note 6

### Operating Lease Commitments

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

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
not later than one year	179,146	6,000	185,146	106,263	–	106,263
later than one year but not later than two years	174,472	–	174,472	45,442	–	45,442
later than two years but not later than five years	419,958	–	419,958	59,614	–	59,614
later than five years	55,710	–	55,710	–	–	–
	<b>829,286</b>	<b>6,000</b>	<b>835,286</b>	<b>211,319</b>	<b>–</b>	<b>211,319</b>

## Note 7

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

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
<i>Reported Surplus/(Deficit) after Taxation</i>	122,831	7,720	130,551	478,410	108,944	587,354
<i>Add non-cash items</i>						
<i>Depreciation</i>	83,196	1,794	84,990	64,435	537	64,972
<i>Add/(Less) movements in other working capital items</i>						
Sundry debtors, prepayments	(106,438)	(5,225)	(111,663)	(53,289)	(41,405)	(94,694)
Sundry creditors, deferred income and other items	(462,082)	(751)	(462,833)	738,724	(1,783)	736,941
Accrued Interest	(3,121)	(1,112)	(4,233)	(3,776)	(896)	(4,672)
Taxation (Receivable)/ Payable	7,071	2,477	9,548	(2,768)	1,513	(1,255)
GST	(43,771)	(2,700)	(46,471)	18,788	(3,299)	15,489
	(608,341)	(7,311)	(615,652)	697,679	(45,870)	651,809
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(402,314)</b>	<b>2,203</b>	<b>(400,111)</b>	<b>1,240,524</b>	<b>63,611</b>	<b>1,304,135</b>

## Note 8

### Conference

	2006	2006	2006	2005	2005	2005
	Core Activities	LGITO +	Local Govt NZ	Core Activities	LGITO +	Local Govt. NZ
	\$	Funds	\$	\$	Funds	\$
Registration and Sponsorship Income	559,897	–	559,897	588,679	–	588,679
Less: Direct Expenses	433,039	–	433,039	381,228	–	381,228
	126,858	–	126,858	207,451	–	207,451
Less: Staff Salaries and Overheads*	100,000	–	100,000	100,000	–	100,000
<b>Surplus</b>	<b>26,858</b>	<b>–</b>	<b>26,858</b>	<b>107,451</b>	<b>–</b>	<b>107,451</b>

\* 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 balance sheet financial assets and liabilities 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.

*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 as at 31 March 2006 are as follows:

Asset	Effective Interest Rate 2006	Maturity Date 2006	Maturity Value 2006	Effective Interest Rate 2005	Maturity Date 2005	Maturity Value 2005
Term Cash Deposits: ANZ Banking Group	7.20%	05/04/2006	\$205,000	6.64–6.70%	06/04/2005	\$805,000
Term Cash Deposits: ANZ Banking Group	7.35%	12/04/2006	\$120,000	6.74%	04/05/2005	\$240,000
Term Cash Deposits: ANZ Banking Group	7.48%	19/04/2006	\$350,000	6.76%	11/05/2005	\$65,000
Term Cash Deposits: ANZ Banking Group	7.42%	03/05/2006	\$110,000	6.75%	01/06/2005	\$110,000
Term Cash Deposits: ANZ Banking Group	–	–	–	6.98%	03/08/2005	\$65,000
Term Cash Deposits: BNZ	7.30%	05/04/2006	\$410,000	6.75%	06/04/2005	\$60,000
Term Cash Deposits: BNZ	7.63%	19/04/2006	\$60,000	6.72%	06/04/2005	\$75,000
Term Cash Deposits: BNZ	7.53%	14/06/2006	\$60,000	–	–	–
Term Cash Deposits: NBNZ	–	–	–	6.73%	20/04/2005	\$140,000
Term Cash Deposits: Westpac	7.40%	19/04/2006	\$240,000	6.78%	13/04/2005	\$280,000
Term Cash Deposits: Westpac	–	–	–	6.69%	20/04/2005	\$250,000
Bank: ANZ Banking Group	0–1.75%	Call	\$124,510	0–1.75%	Call	\$161,658
Multiple Deposit Account: WestpacTrust	4.90%	Call	\$281,184	4.05%	Call	\$273,106
Bank: WestpacTrust	0–1.75%	Call	\$3,852	0–1.75%	Call	\$3,902
Bank: National	–	–	–	0–1.75%	Call	\$38,346

## Note 10

### Honoraria of National Council Members

Honoraria paid to National Council Members during the year ended 31 March 2006 amounted to \$64,806 (2005: \$62,715). This was made up of the Honoraria paid to the President \$49,780 (2005:\$48,233) and the Vice-President \$15,026 (2005:\$14,482). 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 2006 amounted to \$10,000 (2005: \$10,000).

No other remuneration was paid to board members.

## Note 11

### New Zealand Local Government Association Funds

#### Statement of Financial Performance for the year ended 31 March 2006

Funds	2006	2006	2006	2006	2005	2005	2005	2005
	Interest Income \$	Grants/ Expenses \$	Taxation Expenses \$	Surplus \$	Interest Income \$	Grants/ Expenses \$	Taxation Expenses \$	Surplus \$
Regional Government Association Fund	8,166	(50)	(2,541)	5,575	7,139	(50)	(2,218)	4,871
Bertlesmann Award Fund	4,339	–	(1,350)	2,989	3,777	–	(1,173)	2,604
	12,505	(50)	(3,891)	8,564	10,916	(50)	(3,391)	7,475

#### Statement of Movements in Funds for the year ended 31 March 2006

	Funds	Surplus	Funds
	1 April 2005	after tax	31 March 2006
Regional Government Association Fund	171,002	5,575	176,577
Bertlesmann Award Fund	89,905	2,989	92,894
	260,907	8,564	269,471

## Statement of Financial Position as at 31 March 2006

Funds	2006	2005
Regional Government Association Fund	176,577	171,002
Bertlesmann Award Fund	92,894	89,905
<b>Accumulated Funds</b>	<b>269,471</b>	<b>260,907</b>
<i>Represented by:</i>		
<i>Current Assets</i>		
Bank – WestpacTrust	267,619	260,040
Sundry Debtors	867	–
<b>Total Assets</b>	<b>268,486</b>	<b>260,040</b>
<i>Current Liabilities</i>		
Sundry Creditors	–	–
Tax Payable	(985)	(867)
<b>Total Liabilities</b>	<b>(985)</b>	<b>(867)</b>
<b>Excess of Assets over Liabilities</b>	<b>269,471</b>	<b>260,907</b>

## Description of Funds' Activities

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

### > New Zealand Counties Association History Fund & Municipal Association of New Zealand History Fund

These funds were, following resolution of the National Council, amalgamated into the Core Activities of *Local Government New Zealand*. Comparative figures have been adjusted to reflect this change.

### > Regional Government Association Fund

At the meeting of the Regional Government 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.

### 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 2006

	2006	2005
Income	373,496	342,353
Less: Expenditure	366,188	234,495
<i>Net Surplus/(Deficit) before Taxation</i>	7,308	107,858
Taxation	8,152	6,389
<b>Net Surplus (Deficit)</b>	<b>(844)</b>	<b>101,469</b>

#### Statement of Movements in Equity for the year ended 31 March 2006

	2006	2005
Opening Balance	421,282	319,813
Net Surplus/(Deficit) for the year	(844)	101,469
<b>Equity as at 31 March</b>	<b>420,438</b>	<b>421,282</b>

#### Statement of Financial Position as at 31 March 2006

	2006	2005
<b>Total Equity</b>	<b>420,438</b>	<b>421,282</b>
Represented by:		
Assets	461,707	460,707
Less: Liabilities	41,269	39,425
<b>Excess of Assets over Liabilities</b>	<b>420,438</b>	<b>421,282</b>

## Note 13

### Explanation of Significant Decreases in Expenditure

*Legal:* The difference for this expenditure is due to work carried out in 2004/05 on the Building Bill, Foreshore and Seabed Bill, Trade Mark Portfolio and Constitutional Changes.

*Other Operating Expenditure:* This expenditure in 2004/05 relates to the Eight Cities and Knowhow projects. The Eight Cities expenses were largely offset by funding received which is reported as income.

## Note 14

### Conference Retained Earnings

Due to the Conference generating unbudgeted surpluses over the last three years, National Council has approved the setting aside from the accumulated reserves \$186,000 to reduce the cost of future Conferences (after 2005).

## Note 15

### Related Parties

*Local Government New Zealand* received an administration fee of \$9,000.00 (2005: \$9,000.00) from the Local Government Rural Trust.

## Note 16

### 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 \$81,909 (2005 \$698,536) was held on account of the entity, in an ANZ bank term deposit and in *Local Government New Zealand's* ANZ current account.

Opening Balance		698,536
Grants Received from The Tindall Foundation	110,000	
Other Income	280,596	
Total Income		390,596
Grants Paid for employment projects	(664,000)	
Other Expenses	(343,224)	
Total Expenditure		(1,007,224)
<b>Closing Balance</b>		<b>81,909</b>

114 Lambton Quay  
PO Box 1214  
Wellington  
New Zealand

P: 64 4 9241200  
F: 64 4 9241230

[www.lgnz.co.nz](http://www.lgnz.co.nz)



**Local Government New Zealand**  
te pūtahi matakōkiri