

Glossary

Definitions of some of the terms used in the council profiles and supplementary materials are given below.

Term	Definition
Annual plan	A local authority must prepare and adopt an annual plan for each financial year. This plan includes the annual budget and funding impact statement for the year, and identifies any variations from the financial statements included in the long-term plan (LTP).
Annual report	A local authority must prepare and adopt an annual report for each financial year. This report compares the actual activities and performance of the local authority in the year, with those set out in the long-term or annual plan. The annual report is subject to audit.
Balanced budget	The balanced budget measure is the revenue of a local authority divided by its operating expenses. It is required by the Local Government (Financial Reporting and Prudence) Regulations 2014. A local authority meets the balanced budget benchmark if revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year, exceeds operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
Building consent processing	A building consent is a formal document permitting the construction, alteration or removal of a building. The data presented is the median timeframes (in days) for Building Consent Authorities (BCA) to process a building consent for the year ended 30 June 2025. BCAs have a statutory obligation to process a consent within 20 days of receipt of an application. Data is sourced from https://www.mbie.govt.nz/building-and-energy .
Capital expenditure	Capital expenditure is used to fund asset renewals and the ongoing development of infrastructure and other assets. Total capital expenditure is sourced from funding impact statements in either annual reports, annual plans or long-term plans: • Actual capital expenditure is collected from the annual report. • Forecast or planned capital expenditure is collected from an annual plan or long-term plan.
Capital expenditure (by activity)	Capital expenditure by activity is collected from funding impact statements (actual or planned). Selected activities are required to have a separate funding statement. These are: • Roading – capital expenditure on roads and footpaths. • Flood protection – activities related to flood protection and control works, including flood control systems, stop banks, sea walls. • Water – <i>activities related to drinking water, including treatment and other assets such as pipes and pumps.</i>

	• Wastewater – activities related to wastewater, including treatment and other assets such as pipes and pumps. • Stormwater – activities related to stormwater drainage. In the future, local authorities will no longer be required to report on water services. This will be undertaken by water organisations under the Local Government (Water Services) Act 2025. Other capital - capital expenditure remaining after the values for the required categories (above) are removed from the whole of council funding impact statement. It includes expenditure on assets such as community facilities, parks and reserves, libraries and sport and recreational facilities.
Capital expenditure (by application)	Capital expenditure by application is collected from the funding impact statement (actual or planned). Councils are required to report the amount of capital expenditure applied to: • Meet additional demand for an activity; • Improve the level of service; and • Replace existing assets.
Council groups	To enable better comparison between councils, they have been grouped into the following categories: • Large metro – territorial authorities with populations usually greater than 100,000. This includes city and district councils. • Small metro large provincial – territorial authorities with populations between 100,000 and 30,000. This includes city and district councils. • Small provincial rural – territorial authorities with populations less than 30,000. This includes district councils. • Regional – regional councils as defined in Schedule 1 of the Local Government Act 2002. These councils are primarily responsible for managing natural resources, regional transport, biosecurity, flood protection and control, and regional civil defence emergency management. • Unitary – territorial authorities with the powers and roles of a regional council. Due to their significant differences in size compared to (all) other councils, the Auckland Council (Group) and the Chatham Islands Council have been placed in their own council groups.
Covenant	Financial covenants are debt limits set by the Local Government Funding Agency (LGFA) based on criteria approved by its board and shareholders. Local authorities will have different debt limits based on their credit rating and growth projections. Councils with a credit rating have higher debt limits, and high-growth councils within this cohort may apply for higher debt limits in special circumstances.
Credit rating	A credit rating is an independent opinion of the capability and willingness of a financial institution to repay its debts. Rating agencies look at a range of measures when assessing an

	organisation's financial strength, including external industry-related issues and the quality of management and internal processes. They may also consider the system's regulatory framework and settings. Credit ratings are issued by independent rating agencies such as Standard & Poor's (S&P), Fitch Ratings, and Moody's Investors Services. Not all councils choose to have an external credit rating.
Debt	Debt is money owed by a local authority to another party. It is used by local authorities to spread the cost of an asset across its lifetime, so that all who benefit from a particular asset contribute to its cost. Councils usually raise debt to fund longer-life capital development. Most local government debt is sourced from the Local Government Funding Agency (LGFA).
Debt headroom	Debt headroom is the actual (not percentage) difference between a local authority's net debt/total revenue and the covenant set by the LGFA. The lower the headroom, the closer a local authority is to reaching its borrowing limit.
Estimated population	The number of people usually resident in each local authority area as at 30 June of that year. It is sourced from the Statistics New Zealand sub-national population estimates published annually (https://infoshare.stats.govt.nz/).
Financial statement	Financial statements record a local authority's financial performance and position. Councils are required to have these in their long-term plans, annual plans, and annual reports. The three key financial statements are: • a statement of comprehensive income and expenditure, summarises a local authority's (operating) revenues and expenses. • a balance sheet, summarises a local authority's assets and liabilities; and • a cash flow statement, summarises sources of cash inflows and the items the cash was expended on.
Funding impact statement	A funding impact statement records the actual (annual report) or planned (annual plan or long-term plan) operational and capital revenue and expenditure of a local authority. The format and activities to be recorded are set by the Local Government (Financial Reporting and Prudence) Regulations 2014.
Group median	The median value for each group of similar councils (see Council Groups). This is the middle value of the particular data set. The median is used rather than an average, as there is often a wide range of values for councils in a particular group.
Land area	The total surface area of land within the boundaries of a local authority. It is sourced from Statistics New Zealand (https://datafinder.stats.govt.nz/). Land area is used rather than total area, as it better reflects where the majority of council services and facilities are provided.
Local Government	The Local Government Funding Agency (LGFA) is a council-controlled organisation that specialises in financing the New

Funding Agency (LGFA)	Zealand local government sector. It provides more efficient and diversified financing for New Zealand local authorities and council-controlled organisations. The LGFA lends to most councils in New Zealand.
Long-term plan (LTP)	A local authority must prepare and adopt a 10-year long term plan (LTP) once every three years. The purpose of this plan is to describe the activities of the local authority and the community outcomes of the local authority's district or region, providing integrated decision-making and accountability. Councils are required to engage and consult with their communities in the preparation of LTPs. Subsequent annual plans and reports revolve around the direction set in the LTPs. Councils may amend their LTPs after undertaking formal consultation with their communities.
Net debt	Net debt represents a council's total debt obligations, minus readily available liquid assets (such as cash and investments). It provides a clearer picture of a council's true financial position and indicates how much debt would be left if the council used all its cash to pay down existing debt.
Operating expenditure	Operating expenditure is used to fund the direct operations of the council. It includes personnel costs, depreciation, and financing costs.
Personnel costs	Personnel costs are gross earnings of all paid employees of the local authority, including overtime, sick and holiday pay, severance and redundancy payments, ACC levies, and employer KiwiSaver contributions. The personnel cost figures in council profiles were sourced from annual reports (mainly from the statement of comprehensive income and expenditure). For Auckland Council, these numbers are for the Auckland Council Group, which includes council-controlled organisations such as Auckland Transport, Watercare and other entities.
Rates	Rates are a tax on property and services received by ratepayers. Rates can be set for general services, as well as targeted rates for specific services received by a property. Rates are often based on land value, capital value or land area and location. Rates may contain a fixed cost element up to 30% of the total (i.e., uniform annual general charges).
Rates revenue	Total rates revenue is the total income generated from both general and targeted rates. This does not usually include metered water revenue (considered to be more of a user charge) and includes growth and rates penalties and remissions. Forecast rates revenue figures in council profiles were sourced from statements of comprehensive revenue and expense in council annual plans and long-term plans. Statistics New Zealand also collects and publishes historical data on rates as part of their local authority financial statistics information releases (https://infoshare.stats.govt.nz/). The

	definitions may be slightly different to those used for rates values collected directly from council documents. The percentage changes in total rates revenue from one year to the next are unlikely to match actual rates increases for individual households and businesses. They are also unlikely to match data on “average” rates that may be reported by councils.
Revenue	Revenue (operational revenue) is the income generated from a range of sources. These include rates, user fees and charges, grants and subsidies, income from financing activities (interest and dividends) and other sources. Vested assets are not usually included in working definition of operating income.
Road condition and peer group	Road condition as defined by the Pavement Integrity Index (PII) which is a combined index of pavement faults on a sealed surface. The results are out of 100% with the higher number being a better road condition or ride quality. The PII uses peer groups to compare like councils. The peer groups are pre-set groups of Road Controlling Authorities with classification based on the urban proportion of One Network Road Classification (ONRC). They are different from the population-based groups used for the rest of the data in these profiles. The peer groups are: • Networks greater than 90% urban, with the ONRC more than 90% urban (2024/25 = 92.5) • Networks less than 90% urban, with the ONRC between 50-90% urban (2024/25 = 90.1) • Provincial centres, with the ONRC between 10-50% urban (2024/25 = 90.8) • Rural districts, with the ONRC less than 10% urban (2024/25 = 93.8) Data is published by the Transport Insights group (https://transportinsights.nz/performance/dashboard/)
Staff numbers and FTE	Staff numbers represent the full-time equivalent (FTE) number of local authority employees as at 30 June 2024. This includes full-time employees, and the FTE total for all other staff. It is sourced from the notes to the annual reports. In the case of Auckland Council, these numbers are for the Auckland Council (Group), which includes council-controlled organisations such as Auckland Transport and Watercare as well as some other commercial entities.
Vested assets	These are assets transferred to the ownership or control of assets by a third party to local authorities. They can include roads and land from developers, or special purpose (restricted use) transfers such as reserve land. Following transfer, councils generally become responsible for the operating costs of vested assets.