

Glossary

Please find the definitions of terms used in council profiles and supplementary materials below. More detailed descriptions of the sources for results are provided in the spreadsheet of raw data, also accessible via the landing page for council profiles on the Department website.

Term	Definition
Annual plan	<p>A local authority must prepare and adopt an annual plan for each financial year. The purpose of this plan is to propose the annual budget and funding impact statement for the year, and identify any variation from the financial and funding impact statements included in the long-term plan.</p> <p>If draft annual plans do not differ significantly from long-term plans for that financial year, councils are not required to consult publicly on them.</p>
Annual report	<p>A local authority must prepare and adopt an annual report for each financial year. The purpose of this report is to compare the actual activities and performance of the local authority in the year with those intended, as set out in the long-term and annual plan, to promote accountability.</p>
Balanced budget	<p>Balanced budget results are equal to the revenue of a local authority divided by its operating expenses. This measure is set out in the Local Government (Financial Reporting and Prudence) Regulations 2014.</p> <p>A local authority meets the balanced budget benchmark if its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year exceeds its operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).</p>
Capital expenditure	<p>Capital expenditure is used to fund renewals and the development of infrastructure and other assets. Total capital expenditure has been sourced from the relevant funding impact statements in either annual reports or annual or long-term plans:</p> <ul style="list-style-type: none"> • Actual is reported capital expenditure from the funding impact statement in the 2023/24 annual report. • Planned compares the difference between the forecast 2024 total capital expenditure from the funding impact statement (as reported in the long-term or annual plan), and the reported capital expenditure from the funding impact statement in the 2023/24 annual report. • Forecast is the cumulative change for 2025 to 2027 from the whole of council funding impact statements from the latest long-term and annual plans.
Council group	<p>A group of like local authorities, based on local authority type (territorial, regional, or unitary) and population size.</p>
Covenant	<p>A financial covenant is a debt limit set by the Local Government Funding Agency 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 a higher debt limit, and high-growth councils within this cohort can apply for an even higher debt limit in special circumstances.</p>
Credit rating	<p>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</p>

	<p>of financial measures when they assess an organisation's financial strength, as well as external industry-related issues and the quality of management and internal processes. They may also consider the system's regulatory framework and settings, and any changes to these.</p> <p>Credit ratings are issued by independent rating agencies, such as the internationally recognised Standard & Poor's (S&P), Fitch Ratings, and Moody's Investors Services. For example, at S&P Global, an organisation with a score of AA is considered to have a "very strong capacity to meet financial commitments."</p> <p>Not all councils choose to have a credit rating, especially those with lower levels of debt. Credit ratings in council profiles were as at 30 June 2025 and supplied by the Local Government Funding Agency.</p>
Debt	<p>Debt is money owed by a local authority to another party. Debt is used by local authorities to spread the cost of an asset across its lifetime, so that all who benefit from the asset contribute to its cost, e.g., councils can raise debt to fund longer-life (mainly) capital development programmes.</p> <p>Results for debt measures in council profiles were supplied by the Local Government Funding Agency. This improved the consistency of financial performance information, enabling direct comparisons between councils.</p>
Debt headroom	<p>Debt headroom is the actual (not percentage) difference between a local authority's net debt/total revenue and its financial covenant or debt limit with the Local Government Funding Agency. The lower the headroom, the closer a local authority is to reaching its borrowing limit.</p> <p>Figures in council profiles were as at 30 June 2024 and supplied by the Local Government Funding Agency.</p>
Financial statement	<p>A financial statement is a formal record that summarises a local authority's financial performance and position. The three key financial statements are the balance sheet, income statement, and cash flow statement.</p> <p>Councils are required to provide forecast financial statements and/or financial statements for the previous year in their long-term plans, annual plans, and annual reports.</p>
Flood protection	<p>This category of capital expenditure relates to the flood protection and control works group of activities and is defined in the regulations as being for flood control systems, stopbanks, and sea walls, etc.</p>
FTE	<p>In the personnel section of council profiles, this is the unit for staff numbers and includes full-time employees and other full-time equivalent (FTE) staff, sourced from notes to financial statements in annual reports.</p>
Funding impact statement	<p>A funding impact statement indicates the actual or planned operational and capital revenue and expenditure of a local authority. Councils are required to provide funding impact statements for whole of council and/or funding impact statements for groups of activities in their long-term plans, annual plans, and annual reports.</p>
Group median	<p>The median value for a group of like local authorities or 'council group.'</p> <p>The median is the middle value of the particular data set. It is used here rather than an average (based on a normal distribution) as there are a wide range of values for councils in each group.</p>
Land area	<p>Land area is the total surface area of land within the boundaries of a local authority. This data has been sourced from Statistics New Zealand</p>

	(https://datafinder.stats.govt.nz/) . Land area rather than total area was used to better reflect the majority of services and facilities provided by local authorities, which are land-based.
Large metro group	This council group includes councils with populations of more than 100,000, but excludes Auckland Council Group, and includes four councils (Palmerston North, Porirua, Upper Hutt, and Queenstown Lakes) with fewer than 100,000 but generally considered metros within the sector.
Local Government Funding Agency (LGFA)	The Local Government Funding Agency is a council-controlled organisation that specialises in financing the New Zealand local government sector. Its purpose is to provide more efficient and diversified financing for New Zealand local authorities and council-controlled organisations.
Long-term plan (LTP)	A local authority must prepare and adopt a long-term (10-year) plan 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 long-term plans, and to consider community preferences, and who pays for future investment. Subsequent annual plans and reports revolve around the long-term plan.
Net debt	Net debt represents a council's total debt obligations, minus its readily available liquid assets (like cash and investments). It provides a clearer picture of the council's true financial position, showing how much debt would be left if the council used all its cash to pay down debt.
Operating expenditure	Operational expenditure is used to fund the direct operations of the councils. It includes personnel costs, depreciation, and financing costs.
Other capital	This category of capital expenditure is what remains after the categories of roading, water, wastewater, stormwater, and flood protection. It is generally used for assets like community facilities, parks and reserves, libraries, and other community amenities.
Personnel costs	Personnel costs represent the 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. Personnel cost figures in council profiles were sourced from annual reports and excluded elected member remuneration to more accurately reflect the amount spent on council employees rather than governors. 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.
Population	Population figures indicate the number of people ordinarily resident in each local authority area. These were sourced from Statistics New Zealand (https://infoshare.stats.govt.nz/).
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, such as water or wastewater. Rates can be based on land, capital, or rental value, and contain a fixed cost of up to 30% (i.e., uniform annual general charges).
Rates revenue	Total rates revenue is the total income generated from general and targeted rates, more often than not including metered water revenue

	<p>(generally considered more of a user charge), and also including growth and penalties and remissions.</p> <p>Rates revenue figures in council profiles were sourced from statements of comprehensive revenue and expense in council annual reports and annual and long-term plans. Percentage changes in total rates revenue from one year to the next are unlikely to match real rates increases for individual households and businesses.</p>
Regional council	A regional council is primarily responsible for managing the natural resources of a particular region, including land, air, and water. It also plays a role in planning and funding regional transport, biosecurity (pest management), flood protection and control works, and civil defence emergency management.
Regional group	This council group comprises those councils defined as regional councils in Schedule 1 of the Local Government Act 2002.
Revenue	<p>Revenue is the income generated from a certain source, such as rates. Other revenue sources for councils include sales and other operating income, grants and subsidies, regulatory income, and income from interest and dividends in holdings such as ports and airports. The percentage of non-rates revenue each council receives can vary significantly.</p> <p>The Local Government Funding Agency defines total revenue as “cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g., developer contributions and vested assets).”</p>
Roading	This category of capital expenditure includes roads and footpaths as defined in the regulations.
Small metro and large provincial group	This council group is defined by councils with populations of between 100,000 and 30,000. It includes city and district councils.
Small provincial and rural group	This council group is defined by councils with populations of less than 30,000. It is comprised of district councils.
Staff numbers	<p>Staff numbers represent the full-time equivalent (FTE) number of local authority employees as at 30 June 2024. They were sourced from annual reports.</p> <p>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.</p>
Statement of income and expenditure	A statement of income and expenditure, often called an income statement or profit and loss statement, is a financial document that summarises a local authority’s revenues and expenses. It is one of three key financial statements, along with the balance sheet and cash flow statement.
Stormwater	This category of capital expenditure relates to the stormwater drainage group of activities and is defined in regulations as being for assets like reticulation systems.
Unitary authority	A unitary authority is a territorial authority that also has the powers and roles of a regional council.
Unitary group	There are six unitary authorities in New Zealand. However, two of those, Auckland the Chatham Islands, occupy their own council groups. Therefore, the unitary group consists of the remaining four: Gisborne

	District Council, Nelson City Council, Marlborough District Council, and Tasman District Council.
Vested assets	These involve the transfer of ownership or control of assets by a third party to local authorities, including the transfer of 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.
Wastewater	This category of capital expenditure is defined in the regulations as being for wastewater treatment plants and other assets like pipes and pumps.
Water	This category of capital expenditure relates to the water supply (drinking water) group of activities and is defined in the regulations as being for water treatment plants and other assets like pipes and pumps.