

Embargoed until 10:45am – 16 September 2009

Local Authority Statistics: June 2009 quarter

Highlights

For the June 2009 quarter compared with the March 2009 quarter:

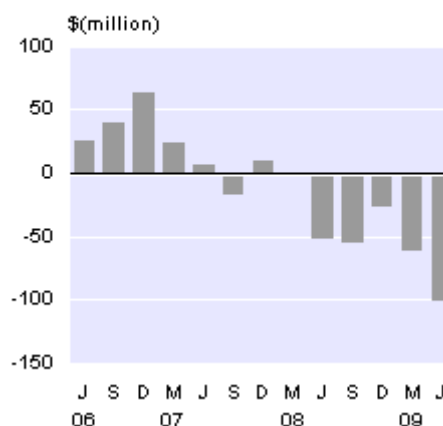
- Seasonally adjusted operating revenue increased 0.8 percent to \$1,661.1 million.
- Seasonally adjusted operating expenditure increased 3.2 percent to \$1,762.1 million.
- Local authorities recorded a seasonally adjusted operating deficit of \$101.0 million.

For the year ended June 2008 compared with the year ended June 2007:

- Operating revenue rose \$395.0 million to \$6,152.9 million.
- Operating expenditure increased \$575.1 million to \$6,209.1 million.
- Local authorities recorded an annual operating deficit of \$56.3 million.

Revised annual data has been incorporated into this release. For details see the commentary and tables section.

Operating Result
Seasonally adjusted, quarterly



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16 September 2009
ISSN 1178-0304

Commentary

The information in this Hot Off The Press is based on data from the Quarterly Local Authority Survey. Information for more recent quarters is provisional until the publication of the results from the annual Local Authority Census.

While rates, dividends, and depreciation are not seasonally adjusted, all other quarterly results are seasonally adjusted unless otherwise stated. Annual results are also not seasonally adjusted. Revenue and expenditure exclude non-operating and extraordinary transactions.

Final data for the year ended June 2008 is now available. Annual data, at a more detailed level than is available quarterly, has been incorporated as a benchmark into the quarterly statistics. Revisions to annual data have been made back to the year ended June 2004, which has resulted in revisions to some of the series in tables 1 to 9 and are shown in revision tables 10 and 11.

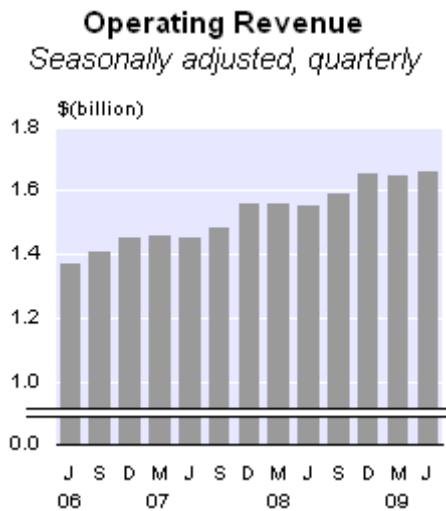
Quarterly operating results

Local authorities recorded a \$101.0 million deficit in operating expenditure over operating revenue in the June 2009 quarter. This is \$40.3 million larger than the March 2009 quarter deficit and \$49.7 million larger than the June 2008 quarter deficit.

Operating revenue

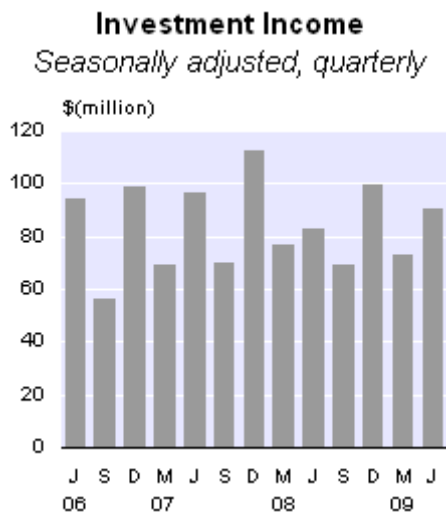
Total operating revenue for the June 2009 quarter was \$1,661.1 million, up \$13.8 million (0.8 percent) compared with the March 2009 quarter. The rise was mainly due to increases in investment income (up \$17.1 million or 23.4 percent), government grants and subsidies (up \$9.6 million or 4.4 percent), rates (up \$8.7 million or 0.9 percent), and regulatory income and petrol tax (up \$4.2 million or 4.1 percent). Sales of goods and services decreased \$25.8 million or 8.7 percent between the March 2009 quarter and June 2009 quarter.

Total operating revenue increased by \$109.9 million (7.1 percent) between the June 2008 quarter and June 2009 quarter.



Investment income

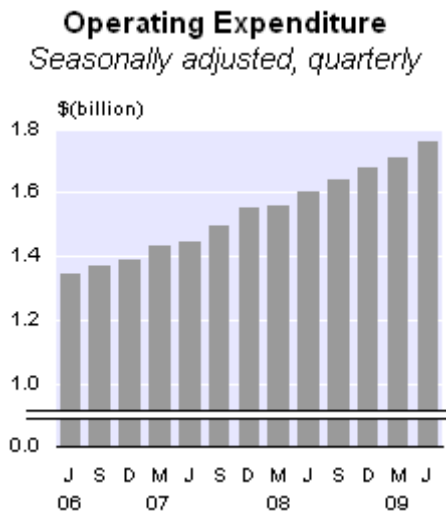
Investment income in the June 2009 quarter was \$90.2 million, up \$17.1 million (23.4 percent) from the March 2009 quarter. Income from dividends increased \$17.6 million while interest revenue fell \$0.5 million between the March 2009 quarter and the June 2009 quarter. Income from dividends revenue is not seasonally adjusted.



Operating expenditure

Total operating expenditure in the June 2009 quarter was \$1,762.1 million, up \$54.1 million (3.2 percent) compared with the March 2009 quarter. All expenditure categories increased this quarter, with the most significant contribution coming from depreciation (up \$22.5 million or 6.4 percent). This is followed by employee costs (up \$14.6 million or 3.8 percent), interest paid (up \$9.6 million or 10.7 percent), and purchases of goods and services (up \$7.2 million or 0.8 percent). Depreciation is not seasonally adjusted.

Total operating expenditure increased by \$159.6 million (10.0 percent) between the June 2008 quarter and June 2009 quarter.



Annual operating results

Final results for the year ended June 2008 have been incorporated into the quarterly series. Previous annual data has also been revised back to the year ended June 2004, which has resulted in revisions to a number of the quarterly series. The annual results show a combined operating deficit of \$56.3 million in the year ended June 2008 for New Zealand's 86 local authorities. This compares with an operating surplus of \$123.9 million for the year ended June 2007.

Operating revenue was \$6,152.9 million, while operating expenditure was \$6,209.1 million, for the year ended June 2008.

Operating revenue

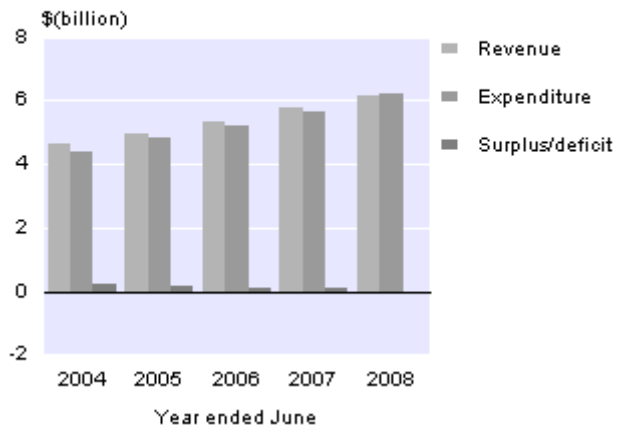
Annual operating revenue increased by \$395.0 million (6.9 percent) in the year ended June 2008. All income categories increased from the year ended June 2007, with the most significant contribution coming from general rates (up \$242.6 million or 7.9 percent). Sales and other income (up \$37.7 million or 3.8 percent), fees and fines (up \$34.3 million or 10.0 percent), and grants, subsidies and levies (up \$33.1 million or 4.3 percent) also contributed to the increase.

Operating expenditure

Annual operating expenditure increased by \$575.1 million (10.2 percent) in the year ended June 2008.

All expenditure items contributed to the annual expenditure increase. Expenditure increases were recorded for purchases and other expenses (up \$257.7 million or 8.8 percent), employee costs (up \$125.5 million or 9.7 percent), depreciation (up \$112.4 million or 9.7 percent), and interest paid (up \$79.6 million or 33.0 percent).

Annual Operating Results 2004-08



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Next release ...

Local Authority Statistics: September 2009 quarter will be released on 16 December 2009.

Technical notes

This Hot Off The Press contains data from the Quarterly Local Authority Survey. The series starts in the September 1992 quarter.

The Quarterly Local Authority Survey covers New Zealand's 12 regional councils and 74 territorial authorities.

The Quarterly Local Authority Survey covers the non-trading activities of local authorities, such as local government administration, provision of water supply, roading, parks and reserves, and planning and regulation. Data relating to Council Organisations (formerly called Local Authority Trading Enterprises) is not included in this release.

Accounting treatments currently vary among the local authorities, making it difficult to produce a set of strictly comparable statistics. These results are therefore subject to revision as more data become available.

The quarterly survey results are reconciled to the equivalent annual values provided by the annual Local Authority Census, which are validated against annual reports. All local authorities are included in the census, that is city councils, district councils, unitary authorities, and regional councils. Unitary authorities are city and district councils which also perform the functions of a regional council.

Statistics for recent periods are based on information available at 30 June 2009. Consequently, the quarterly movements presented are provisional and subject to revision as additional and improved data become available.

Revisions

Each quarter, revisions may be made to the previously published series. Changes resulting from the inclusion of new and revised annual information are generally limited to once a year, and are usually released with the March quarter statistics.

Seasonally adjusted estimates

The X-12-ARIMA package has been used to produce the seasonally adjusted estimates in tables 3 and 4. Seasonal adjustment aims to eliminate the impact of regular seasonal events (such as annual cycles in roading activity, winter or annual holidays) on the time series. This makes the data for adjacent periods more comparable. All seasonally adjusted figures are subject to revision each quarter.

Further information about [seasonal adjustment](#) is available on the Statistics New Zealand website: www.stats.govt.nz.

Definitions

Rates

All forms of rates are included in this category. Water rates are included, but rates collected on behalf of other local authorities (such as regional councils) are excluded. Water sold by meter is excluded. This series is not seasonally adjusted.

Regulatory income and petrol tax

Regulatory income includes fees and fines. Examples of fees and fines include parking fines, building consents and dog registration. Admission and parking charges are excluded from this category as they are treated as sales of goods and services.

Government grants and subsidies

Includes grants, subsidies and levies from central government, and other local authorities and organisations. Grants treated as equity contributions are excluded.

Investment income

This category predominantly consists of income from interest and dividends. From the beginning of the series until March 1996, both interest revenue and dividends were seasonally adjusted. After March 1996, dividends became quite volatile due to large and irregular payments of dividends to local authorities from Council Controlled Trading Organisations, and seasonal patterns were no longer apparent. Interest revenue continues to be seasonally adjusted and combined with actual dividends in the investment income category.

Sales and other income

Includes trading receipts such as admission charges, water sold by meter, and other miscellaneous operating income. Excluded are any sales of goods and services charges within the authority (such as overheads).

Employee costs

These are gross earnings of all paid employees in the authority. Included are such items as overtime, sick and holiday pay, benefit allowances, value of free supplies, and severance and redundancy payments. Levies paid to the Accident Compensation Corporation and employer contributions to superannuation schemes are also included in this category.

Interest paid

Interest paid on public debt and other liabilities.

Depreciation

Depreciation on fixed assets, including infrastructural assets, restricted assets, buildings, mobile equipment, other plant, machinery and office equipment. The value of depreciation has increased significantly over time as a result of increases in fixed asset values and legislative requirements for councils to fully fund depreciation (Local Government Amendment Act (No 3) 1996). This series is not seasonally adjusted.

Purchases and all other expenditure

Includes rent, insurance, fuel, postage, repairs and maintenance. Contracts for services from separate council trading enterprises are also included. Purchases of goods and services charged within the authority (overheads) are excluded. Also excluded are loan repayments, purchases of fixed assets, and contract payments for the construction and development of fixed or community assets. Other expenses include grants and donations to other organisations, bad debts and income tax.

Net gains from non-operating or extraordinary items (non-recurring items)

The statistics contained in this release exclude gains on items outside the normal course of local authority business. These include: the sale of assets above or below book value; gains or losses on the revaluation of capital assets; and gains or losses on extraordinary exchange transactions and infrequent transactions, as distinct from ordinary operations, which are beyond owner/manager control or influence.

More information

For more information, follow the [link](#) from the Technical notes of this release on the Statistics NZ website.

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Timing

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Local authority quarterly financial statistics, actual revenue
2. Local authority quarterly financial statistics, actual expenditure
3. Local authority quarterly financial statistics, seasonally adjusted revenue
4. Local authority quarterly financial statistics, seasonally adjusted expenditure
5. Local authority quarterly financial statistics, seasonally adjusted revenue, percentage change from previous quarter
6. Local authority quarterly financial statistics, seasonally adjusted expenditure, percentage change from previous quarter
7. Local authority quarterly financial statistics, seasonally adjusted revenue, percentage change from same quarter previous year
8. Local authority quarterly financial statistics, seasonally adjusted expenditure, percentage change from same quarter previous year
9. Local authority annual financial statistics, year ended June
10. Local authority quarterly financial statistics, actual revenue, revisions to previously published figures
11. Local authority quarterly financial statistics, actual expenditure, revisions to previously published figures