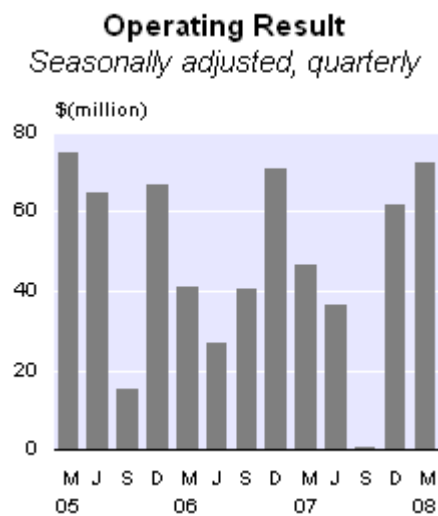


Embargoed until 10:45am – 16 June 2008

## Local Authority Statistics: March 2008 quarter

### Highlights

- Local authority operating revenue increased 1.0 percent to \$1,599.4 million in the March 2008 quarter from the previous quarter.
- Local authority operating expenditure increased 0.3 percent to \$1,527.1 million in the March 2008 quarter from the previous quarter.
- Local authorities recorded a surplus of \$72.3 million in the March 2008 quarter.



Dallas Welch (Mrs)  
Acting Government Statistician

16 June 2008  
ISSN 1178-0304

There is a companion Media Release published – [Local Authority Statistics: March 2008 quarter](#).

## Commentary

The information in this release is from the Quarterly Local Authority Survey. Information for the latest three quarters is provisional until the publication of the results from the annual Local Authority Census.

The quarterly results are seasonally adjusted unless otherwise stated. Quarterly revenue and expenditure exclude non-recurring (non-operating and extraordinary) transactions.

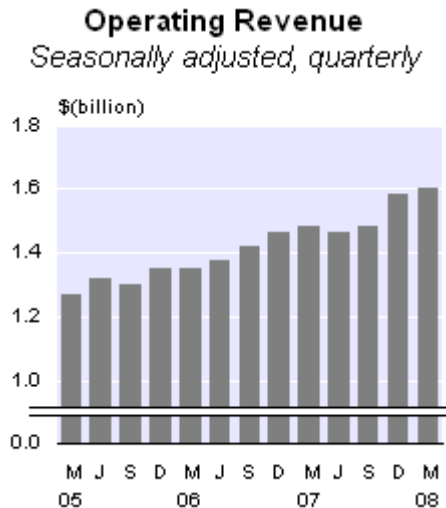
Final data for the year ended June 2007 is now available. Annual data, at a more detailed level than is available quarterly, has been incorporated as a benchmark into the quarterly statistics. Therefore, there are revisions to some of the series shown in tables 1 to 9.

## Quarterly results

Local authorities recorded a \$72.3 million surplus in operating revenue over operating expenditure in the March 2008 quarter. This was up \$10.8 million compared with the December 2007 quarter, when there was a surplus of \$61.5 million. The March 2008 quarter surplus was \$25.9 million higher than the \$46.4 million surplus for the March 2007 quarter.

## Operating revenue

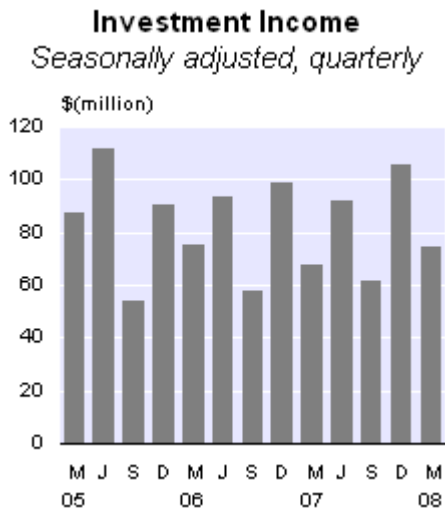
Total operating revenue for the March 2008 quarter was \$1,599.4 million, up \$15.8 million (1.0 percent) compared with the December 2007 quarter. The rise was mainly due to increases in government grants and subsidies (up 9.9 percent to \$213.4 million) and rates (up 1.6 percent to \$904.6 million). Increases also occurred in regulatory income and sales of goods and services and all other income while investment income declined.



The March 2008 quarter showed an increase of \$119.1 million (8.0 percent) in total operating revenue when compared with the March 2007 quarter.

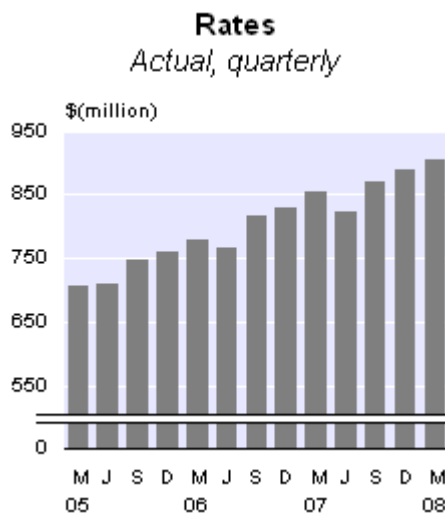
## Total investment income

Investment income in the March 2008 quarter was \$74.4 million, down \$31.1 million (29.4 percent) compared with the December 2007 quarter. A \$4.4 million increase in interest revenue was overshadowed by a \$35.5 million decline in dividends, which is typical for a March quarter. While interest revenue is seasonally adjusted, dividend revenue is not.



## Rates

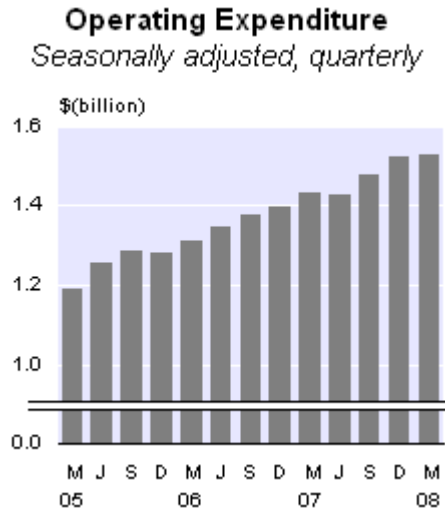
Revenue from rates increased by 1.6 percent to \$904.6 million in the March 2008 quarter from \$890.5 million in the December 2007 quarter. This represented an increase of 5.9 percent when compared with the March 2007 quarter. Revenue from rates is not seasonally adjusted.



## Operating expenditure

Total operating expenditure in the March 2008 quarter was \$1,527.1 million, up \$5.0 million (0.3 percent) on the December 2007 quarter. Employee costs rose \$14.8 million and depreciation rose by \$8.8 million, while interest costs and purchases both declined.

Total expenditure rose \$93.2 million compared with the same quarter in 2007. Employee costs and purchases were the main contributors, increasing \$35.1 million and \$28.1 million respectively.



## Annual results

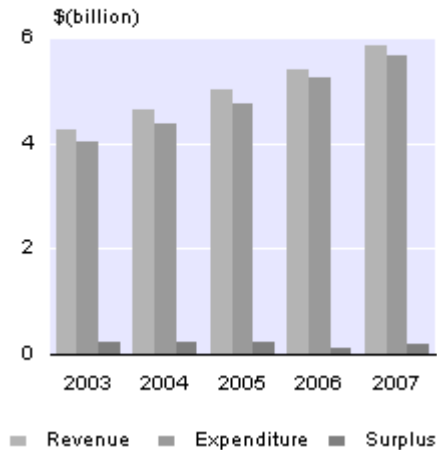
Final results for the year ended June 2007 have been incorporated into the quarterly results. These results show a combined operating surplus of \$187.9 million for New Zealand's 86 local authorities. This is up \$41.5 million from the year ended June 2006. Operating revenue was \$5,823.3 million, while operating expenditure was \$5,635.3 million for the year ended June 2007.

## Revenue

Annual operating revenue increased 8.3 percent in the year ended June 2007. Increases in general rates (up 8.4 percent to \$3,094.0 million), grants, subsidies and levies (up 10.7 percent to \$764.6 million) and fees and fines (up 21.8 percent to \$353.5 million) were the main contributors to the increase in operating revenue. Water rates (up 18.1 percent to \$230.8 million) and sales and other income (up 3.1 percent to \$1,035.0 million) also contributed to the increase.

### Annual Revenue and Expenditure

*Year ended June*



## Expenditure

Annual operating expenditure increased 7.7 percent in the year ended June 2007. All expenditure items contributed to this rise with the main contributors being purchases and other expenses and employee costs. Purchases and other expenses rose 5.2 percent to \$2,938.1 million while employee costs rose 10.1 percent to \$1,299.3 million.

For technical information contact:

Johan van der Schyff

Wellington 04 931 4600

Email: [info@stats.govt.nz](mailto:info@stats.govt.nz)

**Next release ...**

*Local Authority Statistics: June 2008 quarter will be released on 18 September 2008.*

## 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 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 Controlled Trading Organisations (formerly called Local Authority Trading Enterprises) are not included in this release.

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

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.

Statistics for recent periods are based on information available at 31 March 2008. 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](http://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.

## **Copyright**

Information obtained from Statistics NZ may be freely used, reproduced, or quoted unless otherwise specified. In all cases Statistics NZ must be acknowledged as the source.

## **Liability**

While care has been used in processing, analysing and extracting information, Statistics NZ gives no warranty that the information supplied is free from error. Statistics NZ shall not be liable for any loss suffered through the use, directly or indirectly, of any information, product or service.

## **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