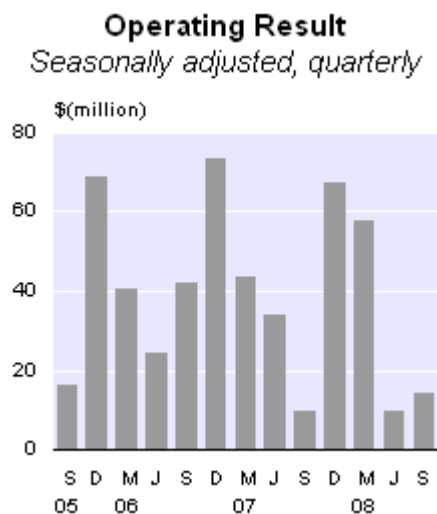


Embargoed until 10:45am – 16 December 2008

Local Authority Statistics: September 2008 quarter

Highlights

- Local authorities recorded a seasonally adjusted operating surplus of \$14.1 million in the September 2008 quarter.
- Seasonally adjusted operating revenue increased 2.3 percent to \$1,604.2 million in the September 2008 quarter.
- Seasonally adjusted operating expenditure increased 2.0 percent to \$1,590.1 million in the September 2008 quarter.



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Government Statistician

16 December 2008
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See also [Local Authority Statistics: September 2008 quarter](#) – Media release.

Commentary

The information in this Hot Off The Press is based on data from the Quarterly Local Authority Survey. Information for the latest five 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.

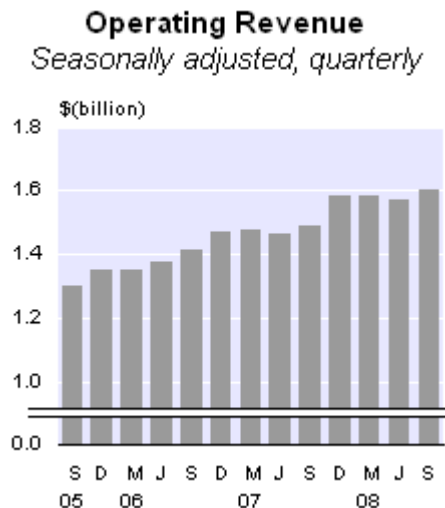
Quarterly operating surplus

Local authorities recorded a \$14.1 million surplus in operating revenue over operating expenditure in the September 2008 quarter. This surplus was \$4.2 million higher than the June 2008 quarter surplus, and \$4.4 million higher than the September 2007 quarter surplus.

Quarterly operating revenue

Total operating revenue for the September 2008 quarter was \$1,604.2 million, up \$35.4 million (2.3 percent) compared with the June 2008 quarter. The increase was due to an increase in rates (up \$44.0 million or 4.9 percent), government grants and subsidies (up \$19.2 million or 9.4 percent) and regulatory income and petrol tax (up \$1.6 million or 1.5 percent). Investment income was down \$16.6 million (21.3 percent) and sales of goods and services and all other income was down \$12.7 million (4.4 percent).

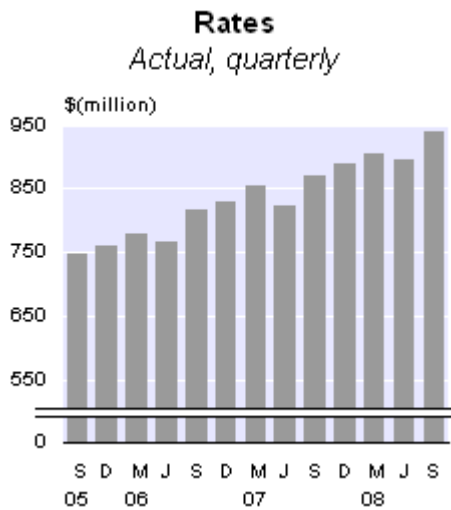
Total operating revenue increased \$112.2 million (7.5 percent) between the September 2007 and September 2008 quarters. This increase was mainly due to increases in rates (up \$70.6 million or 8.1 percent) and government grants and subsidies (up \$43.7 million or 24.4 percent). Regulatory income and petrol tax (up \$4.8 million or 4.7 percent) and sales of goods and services and all other income (up \$0.3 million or 0.1 percent) also increased. Investment income decreased \$7.1 million or 10.4 percent.



Rates

Rates increased \$44.0 million or 4.9 percent in the September 2008 quarter compared with the previous quarter. Traditionally, income from rates increases in September quarters as new rates are set for the fiscal year. The percentage increase in rates this quarter is the lowest for a September quarter since 2004.

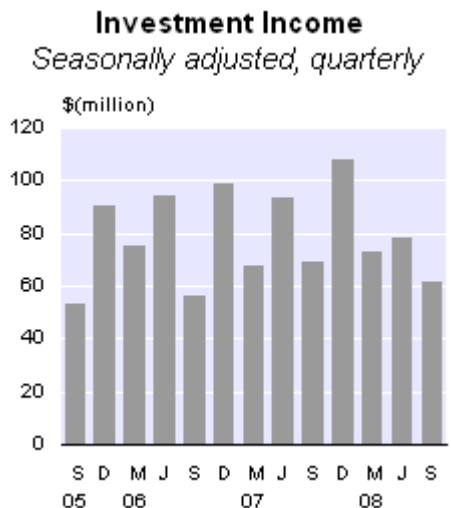
Rates were up \$70.6 million (or 8.1 percent) from \$869.8 million for the September 2007 quarter to reach \$940.4 million for the September 2008 quarter. Rates are not seasonally adjusted.



Total investment income

Investment income in the September 2008 quarter was \$61.6 million, down \$16.6 million (21.3 percent) compared with the previous quarter. This decrease was due to a \$16.5 million decrease in dividend revenue. Interest revenue also decreased marginally by \$0.2 million to \$43.2 million. Interest revenue is seasonally adjusted, while dividend revenue is not.

Investment income decreased \$7.1 million compared with the same quarter in 2007. Of this decrease, interest revenue was down \$5.2 million while dividend revenue was down \$1.9 million.



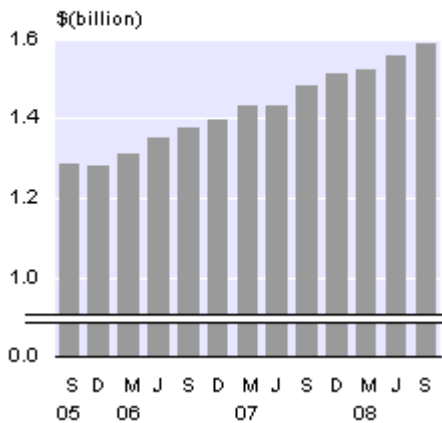
Quarterly operating expenditure

Total operating expenditure in the September 2008 quarter was \$1,590.1 million, up \$31.2 million (2.0 percent) compared with the June 2008 quarter. The increase was mainly due to an increase in purchases of goods and services, grants and donations, and all other expenditure (up \$12.9 million) and employee costs (up \$7.7 million). Interest paid (up \$5.7 million) and depreciation (up \$5.1 million) also contributed to the increase in total operating expenditure in the September 2008 quarter. Depreciation is not seasonally adjusted.

Total expenditure increased by \$107.7 million compared with the same quarter in 2007. The increase can be attributed to increases across all expenditure categories.

Operating Expenditure

Seasonally adjusted, quarterly

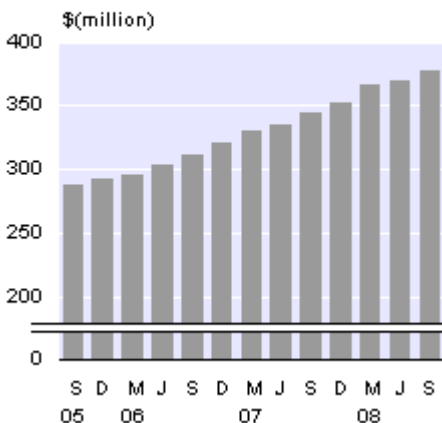


Employee costs

Employee costs in the September 2008 quarter were \$377.6 million, up \$7.7 million (2.1 percent) compared with the previous quarter. Compared with the September 2007 quarter employee costs increased \$33.0 million (9.6 percent).

Employee Costs

Seasonally adjusted, quarterly



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Next release ...

Local Authority Statistics: December 2008 quarter will be released on 16 March 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.

Statistics for recent periods are based on information available at 30 September 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.

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 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 as are grants and donations to other organisations, bad debts and income tax. 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.

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