

Local Authority Financial Statistics: Year ended June 2012

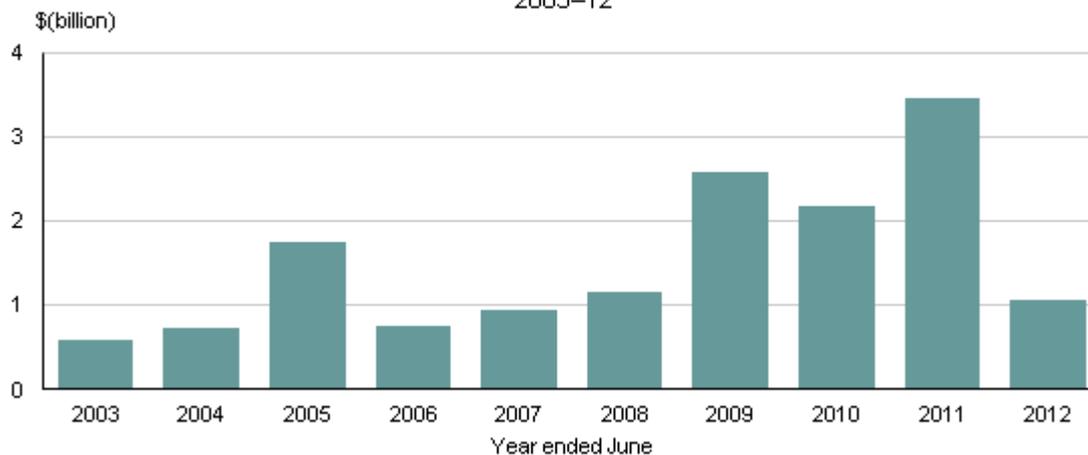
Embargoed until 10:45am – 24 July 2013

Key facts

In the year ended June 2012 compared with the year ended June 2011:

- Local authorities' operating deficit increased from \$0.6 billion to \$0.7 billion.
- Funding earned to provide core services (operating income) was up \$0.4 billion.
- Spending on core services (operating expenditure) was up \$0.5 billion.
- The surplus on all transactions (including valuation changes) was \$1.1 billion (down \$2.4 billion).
- Local authorities had assets worth \$124.2 billion at 30 June 2012 (up \$3.2 billion).

Local authorities' surplus including non-operating and capital transactions
2003–12



Source: Statistics New Zealand

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Commentary

- Overview for the year
- Income and spending both up
- Operating deficit worsens
- Non-operating income decreases while spending increases
- Financial position improves

Overview for the year

Local authorities increased both their operating income and spending in the year ended June 2012, with spending increasing more than income. Their operating balance worsened, from \$0.6 billion in 2011 to \$0.7 billion in 2012. The deficit increase over this period was \$98 million.

Once all transactions (eg valuation changes and capital transactions) are considered, local authorities ran a surplus of \$1.1 billion. This was \$2.4 billion less than the surplus in 2011.

These statistics include some earthquake-related spending in Canterbury, though this expenditure is not separately identifiable. We will include further spending in Canterbury when this information becomes available.

All figures are compared with the year ended June 2011.

Income and spending both up

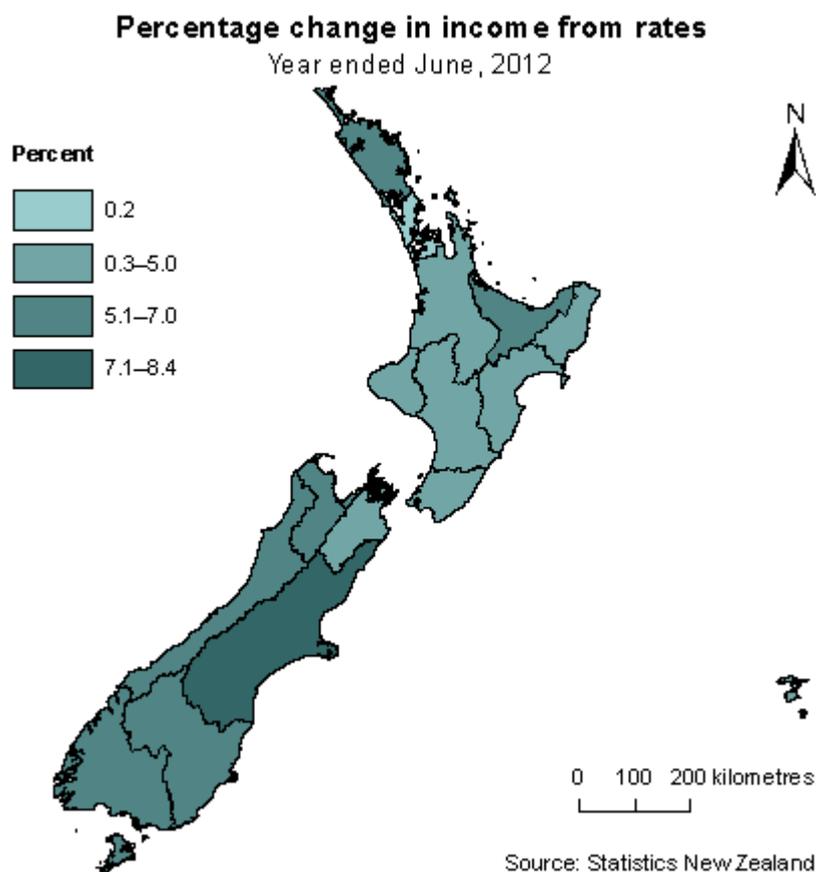
Operating income (funding earned to provide core services) increased \$438 million in the year ended June 2012. This increase was due to:

- rates increasing \$161.2 million
- sales and other operating income increasing \$155.3 million
- current grants, subsidies, and donations received increasing \$100.7 million
- dividend income rising \$28.7 million
- regulatory income and petrol tax collected rising \$8.1 million.

These increases were partly offset by a \$16.1 million decrease in interest income.

Local authorities earned \$7.8 billion in the year ended June 2012. The top contributing regions were:

- Auckland (32.5 percent of total)
- Canterbury (13.8 percent)
- Wellington (11.6 percent).



Operating expenditure (spending on core services) increased \$535 million in the year ended June 2012. These components of spending rose:

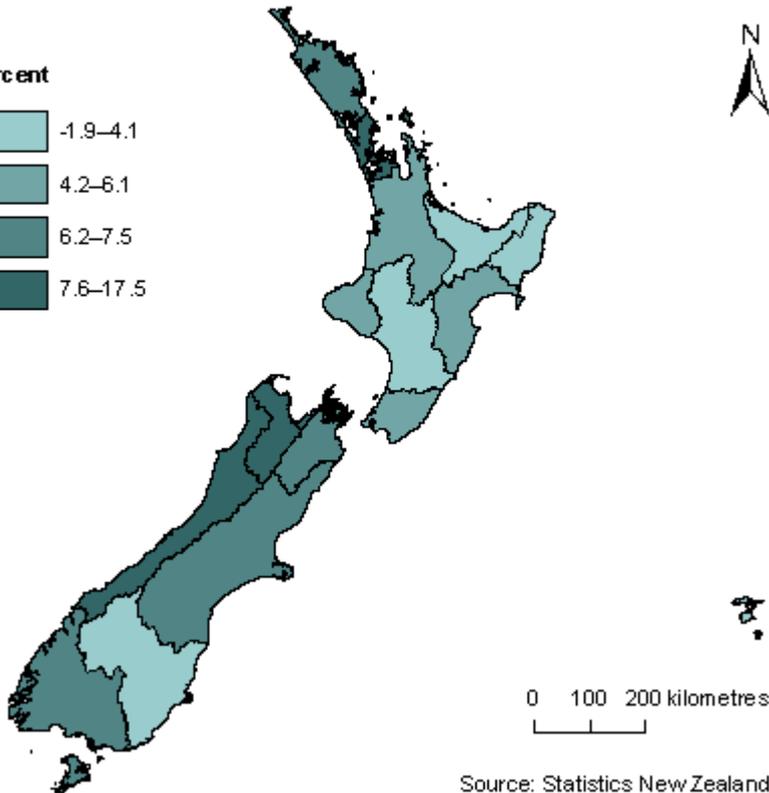
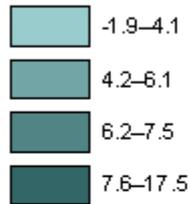
- purchases and other expenditure, up \$241.1 million
- current grants, subsidies, and donations paid, up \$222.8 million
- employee costs, up \$51.0 million
- depreciation and amortisation, up \$32.6 million.

These increases were partly offset by a \$11.9 million decrease in interest payments.

Local authorities spent \$8.4 billion in the year ended June 2012; 75 percent was spent by North Island local authorities.

Percentage change in operating expenditure Year ended June, 2012

Percent

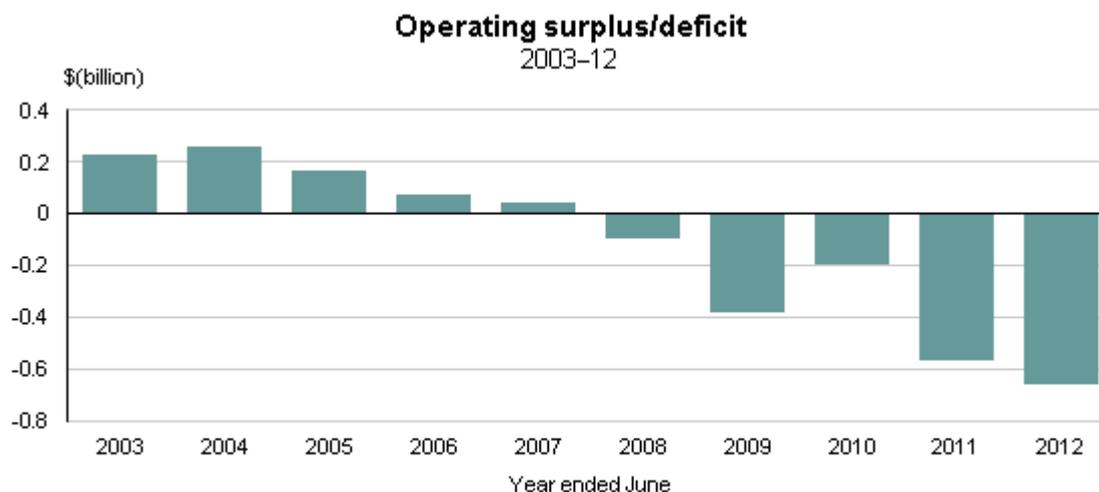


Operating deficit worsens

The **total operating deficit** (when operating spending exceeds operating income) worsened to \$0.7 billion in the year ended June 2012 (from \$0.6 billion in 2011). This is the largest operating deficit for local authorities since 1993, when we first recorded figures. Before June 2008, local authorities had successive operating surpluses (when operating income exceeded spending).

Auckland Transport had the largest operating deficit (\$217 million), followed by Auckland Council (\$114 million) and Christchurch City Council (\$108 million).

One quarter of local authorities had an operating surplus in the year ended June 2012. Tauranga City Council had the largest operating surplus (\$18.3 million), followed by Otago Regional Council (\$9.7 million) and Western Bay of Plenty (\$6.7 million).



Source: Statistics New Zealand

Non-operating income decreases while spending increases

Non-operating (eg valuation changes) and **capital** (eg vested assets) **transactions** also provide income to local authorities. Vested assets occur when ownership or control is passed to a council from a private party (eg a property developer transfers land to create a community park).

Income

Valuation changes contribute most to non-operating income. Local authorities earned \$2.0 billion from valuation changes in the year ended June 2012, down 52.4 percent. Auckland Transport had the biggest decrease – down to \$0.2 billion in 2012, from \$1.0 billion.

Income from vested assets was down \$40.5 million, mainly due to Tauranga City Council, Auckland Transport, and Tasman District Council.

For the year ended June 2012, the total value of local authorities' income from capital transactions increased \$271.3 million. The most-significant contribution came from capital grants, subsidies, and donations income (up 44.0 percent), with Christchurch City Council being the main contributor (up \$340.8 million).

Spending

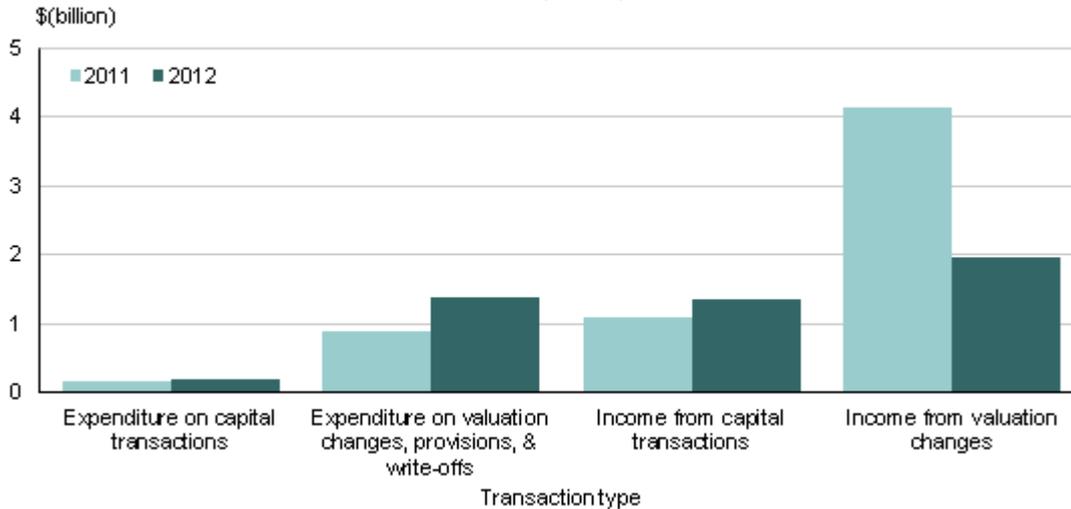
Spending on non-operating transactions increased 42.7 percent. Expenditure on valuation changes, provisions, and write-offs was up \$503.2 million. Large contributions came from:

- Hamilton City Council (up \$365 million)
- Tauranga City Council (up \$227 million)
- Christchurch City Council (up \$170 million).

Expenditure on capital transactions increased 8.6 percent in the year ended June 2012, to \$0.2 billion. Capital transactions include capital grants, subsidies, and donations made by local authorities.

Non-operating and capital transactions

Year ended June, 2011, and 2012



Source: Statistics New Zealand

Balance

When all income and spending is considered (non-operating and capital transactions and the operational budget), local authorities had a \$1.1 billion surplus in the year ended June 2012. This was \$2.4 billion lower than the surplus in 2011, and the lowest surplus in five years.

In 2012, 72 percent of local authorities had a surplus (81 percent in 2011). The largest were for:

- Christchurch City Council (\$188.3 million – due to more capital grants, subsidies, and donations income)
- Auckland Council (\$123.0 million – due to more income from valuation changes)
- Wellington City Council (\$110.1 million – due to more operating income).

Hamilton City Council and Tauranga City Council had the biggest deficits – \$372.2 million and \$231.3 million, respectively. Both had big increases in their expenditure on valuation changes, provisions, and write-offs.

Financial position improves

Local authorities' total equity (assets minus liabilities) improved in 2012, although at a much slower pace than in 2011.

Assets

Local authorities held assets worth \$124.2 billion at 30 June 2012 (up \$3.2 billion).

Current (short-term) assets made up 2.8 percent of total assets. Their value was up 20.4 percent (to \$3.4 billion) due to:

- cash and bank deposits rising 28.5 percent, to \$0.9 billion
- other current assets (eg government stock and investments) rising 17.9 percent, to \$2.6 billion.

The value of non-current (long-term and fixed) assets at 30 June 2012 was up 2.2 percent. Their total value was \$120.7 billion at June 2012. The increase was due to:

- fixed assets (eg infrastructure, land, buildings) rising \$1.9 billion
- investment assets rising \$0.7 billion
- other non-current assets (eg loans to related parties) rising \$0.1 billion.

Liabilities

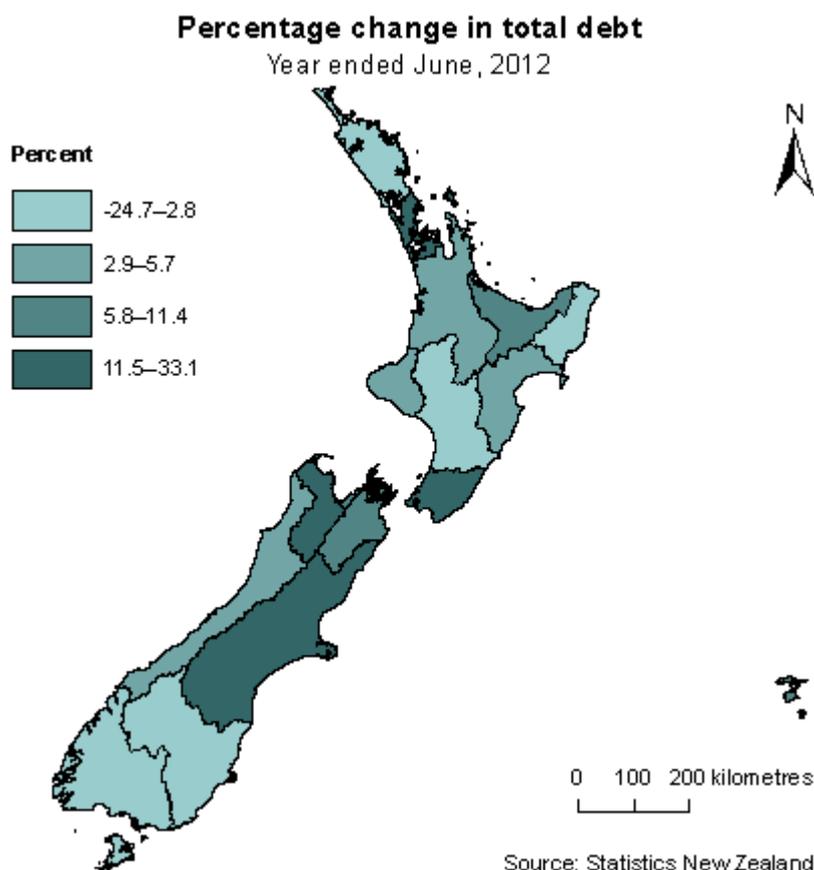
The value of accumulated total liabilities (obligations for payment) was \$12.3 billion at 30 June 2012, up 16.0 percent since June 2011.

The value of current (short-term) liabilities fell 0.9 percent, to \$3.8 billion.

The value of non-current (long-term) liabilities rose 25.7 percent, to \$8.5 billion:

- term debt (due in more than 12 months) rose \$1.4 billion
- other non-current liabilities rose \$0.4 billion.

Term debt makes up 83.6 percent of total non-current liabilities.



Total equity is the difference between the value of all assets and liabilities. At 30 June 2012, local authorities had total equity of \$111.9 billion, up 1.4 percent from June 2011.

For more detailed data see the Excel tables in the 'Downloads' box.

Definitions

About Local Authority Financial Statistics

This release presents annual accounting-based income, expenditure, and financial position information for each local authority in New Zealand. Its coverage is wider than the quarterly Local Authority Statistics release (in which statistics are only available at the national level). This release also provides income and expenditure estimates for non-operating and capital transactions as well as breakdowns by activity for individual local authorities.

More definitions

Amortisation: is the gradual writing-off of the value of an asset over time. It is charged on intangible assets such as software.

Assets: are what the local authorities own. Assets represent a store of value, and can be a source of income or generate economic benefit when used. Assets are either current or non-current.

Capital transactions: relate to establishing or owning an asset. Capital transactions must be linked to a particular purpose. For example, charges for development work (such as building new subdivisions or buildings) to cover additional infrastructure costs incurred by the local authority.

Current assets: are short-term assets or those readily converted to cash. Examples include: cash and bank deposits, stocks held, short-term accounts receivable, pre-payments, Treasury bills, and short-term loans.

Current liabilities: are short-term debts due to be paid within the next 12 months. These include short-term loans, short-term provision for employee entitlements, short-term accounts payable, short-term provision for landfill aftercare, and pre-payments.

Current operations: relate to the provision of core services by local authorities.

Depreciation: is the gradual writing-off over time of the value of a physical asset such as infrastructural assets, restricted assets, buildings, mobile equipment, and other plant, machinery and office equipment.

Development and financial contributions: development contributions are charges developers pay for development work (such as subdivisions or buildings) to cover additional infrastructure costs incurred by councils. Financial contributions are charges that fund local authorities' management of natural and physical resources.

Employee costs: are the gross earnings of all paid employees of the local authority. Includes overtime, sick and holiday pay, severance and redundancy payments, levies paid to the Accident Compensation Corporation, and employer contributions to superannuation schemes.

Liabilities: are debts that establish an obligation by local authorities to pay another party. Liabilities can be current or non-current.

Local authorities: are city councils, district councils, unitary authorities, and regional councils in New Zealand.

Non-current assets: can be fixed assets, such as infrastructure, land and buildings, or long-term investments, long-term accounts receivable, and long-term loans.

Non-current liabilities: are obligations to pay off debt due in more than 12 months. These include term debt and other non-current liabilities like long-term provision for employee entitlements, long-term accounts payable, and long-term provision for landfill aftercare.

Non-operating transactions: mainly arise from valuation changes. This means that local authorities have re-assessed the value of their assets and liabilities.

Net equity position: is the difference between the value of assets and liabilities.

Operating deficit: occurs because operating expenditure exceeds operating income.

Operating expenditure: is the amount spent on providing core services.

Operating income: is funding earned to provide core services.

Rates: includes all forms of rates, such as uniform annual general charges, water rates, and targeted rates. Targeted rates are those that enable a council to apply a special purpose rate to particular properties, such as a waste-water, sewerage, or town centre rates. Rates collected on behalf of other local authorities (such as regional councils) are not included.

When local authorities use water meter readings to charge for water usage, this is included in sales and other operating income (if such sales are shown as sales in the council's annual report).

Term debt: is debt due to be paid after the next 12 months.

Vested assets: involve the transfer of ownership or control of assets by a third party to local authorities. Includes the transfer of roads and land from developers, or special purpose (restricted use) transfers such as reserve land.

Related links

Upcoming releases

Local Authority Financial Statistics: Year ended June 2013 will be released in July 2014.

The [Release calendar](#) lists all our upcoming information releases by date of release.

To [subscribe to our information releases](#), including this one, please complete the online subscription form.

Past releases

See [Local Authority Financial Statistics](#) for links to past releases.

Related information

[Local Authority Statistics](#) provide information on the performance of core non-trading activities of New Zealand's territorial and regional councils.

[Government Finance Statistics \(Local Government\)](#) provide an economic representation of local general government's financial activity.

[Institutional Sector Accounts](#), which provide production, income and outlay, and capital accounts for six sectors of the economy, include government institutional sector accounts.

Data quality

Period-specific information

This section contains data information that has changed since the last release.

- [Reference period](#)
- [Accuracy of the data](#)

General information

This section contains information that does not change between releases.

- [Data source](#)
- [Accuracy of the data](#)
- [Consistency with other periods and datasets](#)
- [How the creation of the Auckland Council affected local authority statistics](#)
- [Timing of published data](#)
- [More information](#)

Period-specific information

Reference period

This information release presents data collected from local authorities for the year ended June 2012. Data for previous years may have been revised where misallocations became apparent.

General information

Data source

We collect data on local authorities' finances in the Local Authority Census, a comprehensive and detailed questionnaire. For most local authorities, the requested data will be based on their audited financial accounts, supplemented by information from individual local authority annual reports and subsequent enquires to councils.

Local authorities by region

Northland region: Far North District Council, Kaipara District Council, Northland Regional Council, and Whangarei District Council.

Auckland region: Auckland City Council, Auckland Council, Auckland Regional Council, Auckland Regional Transport Authority, Auckland Tourism, Events and Economic Development, Auckland Transport, Auckland Waterfront Development Agency Ltd, Franklin District Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council, and Waitakere City Council.

Waikato region: Otorohanga District Council, Thames-Coromandel District Council, Hamilton City Council, Waitomo District Council, Waipa District Council, Hauraki District Council, Waikato District Council, Taupo District Council, Matamata-Piako District Council, South Waikato District Council, and Waikato Regional Council.

Bay of Plenty region: Opotiki District Council, Whakatane District Council, Rotorua District Council, Kawerau District Council, Western Bay of Plenty District Council, Tauranga City Council, and Bay of Plenty Regional Council.

Gisborne region: Gisborne District Council.

Hawke's Bay region: Napier City Council, Wairoa District Council, Hastings District Council, Central Hawkes Bay District Council, and Hawkes Bay Regional Council.

Taranaki region: Stratford District Council, South Taranaki District Council, New Plymouth District Council, and Taranaki Regional Council.

Manawatu-Wanganui region: Tararua District Council, Palmerston North City Council, Rangitikei District Council, Wanganui District Council, Horowhenua District Council, Ruapehu District Council, Manawatu District Council, and Manawatu-Wanganui Regional Council.

Wellington region: Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council, Greater Wellington Regional Council, Masterton District Council, Carterton District Council, South Wairarapa District Council, and Kapiti Coast District Council.

Marlborough region: Marlborough District Council.

Nelson region: Nelson City Council.

Tasman region: Tasman District Council.

West Coast region: Buller District Council, Grey District Council, Westland District Council, and West Coast Regional Council.

Canterbury region: Christchurch City Council, Waimate District Council, Kaikoura District Council, Ashburton District Council, Mackenzie District Council, Timaru District Council, Selwyn District Council, Waimakariri District Council, Hurunui District Council, and Canterbury Regional Council.

Otago region: Queenstown Lakes District Council, Dunedin City Council, Central Otago District Council, Clutha District Council, Waitaki District Council, and Otago Regional Council.

Southland region: Invercargill City Council, Southland District Council, Gore District Council, and Southland Regional Council.

Area outside region: Chatham Islands Council.

Accuracy of the data

As local authorities have varying organisational structures and accounting systems, data for some council activities and data items is not always readily available. Therefore, it is sometimes estimated (by either the local authority or by Statistics NZ). We don't expect such estimation to materially affect any statistics produced.

Consistency with other periods or datasets

Most data items are consistent over time. However, there are breaks in the time series for some items, due to changes in the questionnaire used to collect the data.

Statistics in this release are consistent with other related economic statistics compiled by Statistics NZ, such as the Government Finance Statistics (Local Government), the Government Institutional Sector Accounts, and the Local Authority Statistics.

Interpreting the data

See [local councils](#) for more detailed information about local authorities.

Choose 'council profiles A-Z' to find your council.

See the 'financial profile' under 'key financial statistics'. The profile gives you more detail about council activities and the items used in this release (eg expenditure by activity).

How the creation of the Auckland Council affected local authority statistics

The data presented in this release are available for each local authority in New Zealand. The statistics are based on their financial accounts. The latest available figures are for the year ended June 2012. These statistics include data for the councils that combined to form Auckland Council on 1 November 2010, as well as data for the new council. The eight councils that were replaced by the new Auckland Council were Auckland City Council, Auckland Regional Council, Franklin District Council, Manukau District Council, North Shore City Council, Papakura District Council, Rodney District Council, and Waitakere District Council. We have made no attempt to show an aggregate response for what is now one Auckland council.

Timing of the published data

Local authority financial statistics are published 13 months after the end of the reference year. This is to allow for local authorities to complete their accounts, including auditors' approval and processing of questionnaires by Statistics NZ.

Our information releases are delivered electronically by third parties. Delivery may be delayed by circumstances outside our control. Statistics NZ does not accept responsibility for any such delay.

More information

See [local government](#) for more information.

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Tables

The following tables are available in Excel format from the Downloads box. If you have problems viewing the files, see [Opening files and PDFs](#).

1. Total income and expenditure, year ended June, 2007–12
2. Total operating income and expenditure by activity, year ended June, 2007–12
3. Total financial position, at 30 June 2007–12

Supplementary time-series tables

The following tables are available in Excel format from the Downloads box. They provide more detailed information than the tables above and include data on individual local authorities. Given the long time-series nature of the tables, they are not suitable for printing.

- 1.1 Total income and expenditure, year ended June, 1993–2012
- 1.2 Total income and expenditure by local authority, year ended June, 1993–2012
- 2.1 Total operating income and expenditure by activity, year ended June, 2003–12
- 2.2 Total operating income and expenditure by activity by local authority, year ended June, 2003–12
- 3.1 Total financial position, at 30 June, 2000–12
- 3.2 Total financial position by local authority, at 30 June, 2000–12

Access data on Infoshare

Use [Infoshare](#), a free, online tool to access time-series data specific to your needs.

To access the LAFS time series, select the following from the homepage:

Subject category: Government finance

Group: Local Authority Financial Statistics - LAF

The time series can be downloaded in Excel or comma delimited format.

More information about [Infoshare](#) can be found on our website.