

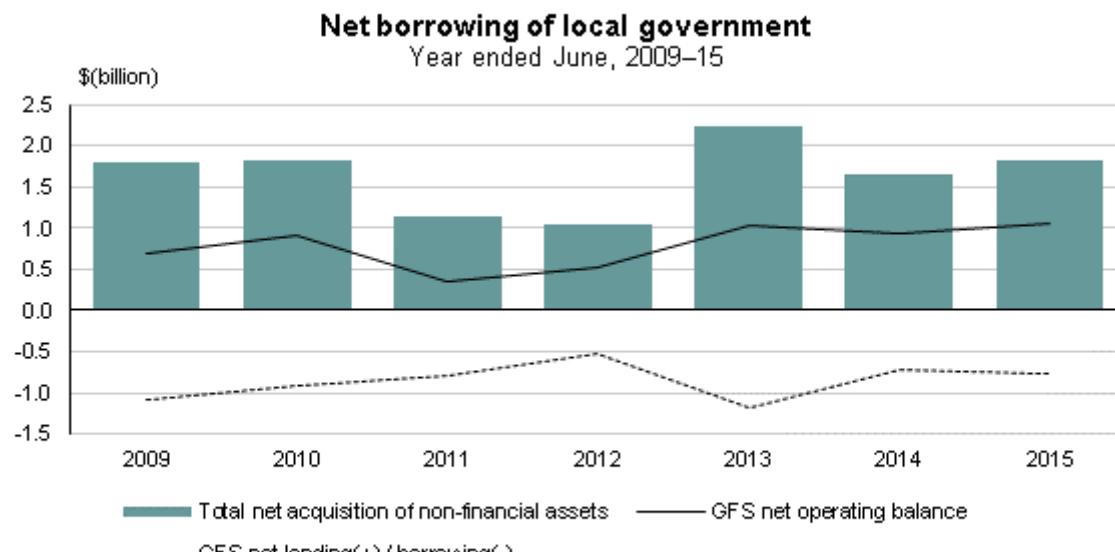
# Government Finance Statistics (Local Government): Year ended June 2015

Embargoed until 10:45am – 17 June 2016

## Key facts

In the year ended June 2015 compared with the year ended June 2014:

- GFS showed a net operating surplus of \$1.0 billion for local government.
- Operating income increased 6.6 percent to \$9.7 billion, and expenses increased 6.2 percent to \$8.7 billion.
- The net acquisition of non-financial assets, including infrastructure, totalled \$1.8 billion.
- Net borrowing was \$0.8 billion, up from \$0.7 billion in 2014.



**Note:** GFS = government finance statistics

**Source:** Statistics New Zealand

- Total assets increased \$5.5 billion, to \$125.9 billion, mostly due to upward revaluations.
- Total liabilities increased \$2.0 billion, to \$15.6 billion.
- Total net worth was \$110.3 billion, up from \$106.8 billion in 2014.

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## Commentary

- Surplus increases slightly when operating income growth outpaces expenditure increase
- Net investment in assets up from 2014
- Assets increase net worth

This release analyses local government finance in New Zealand, using government finance statistics (GFS) concepts and principles.

See [Introducing government finance statistics](#) (published 2011) for more GFS information.

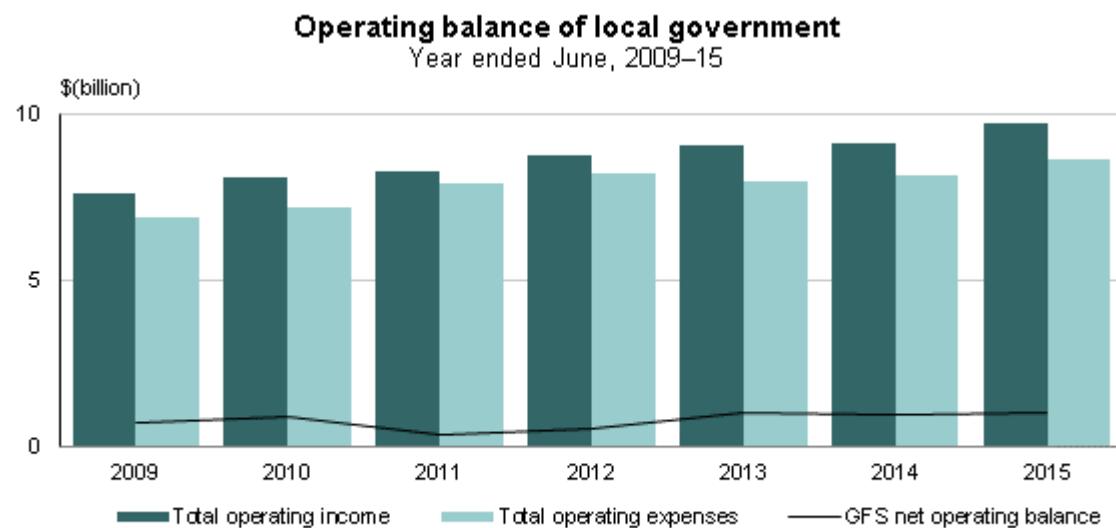
For detailed financial information on individual councils see the local authority financial statistics on [Infoshare](#):

**Subject category:** Government finance

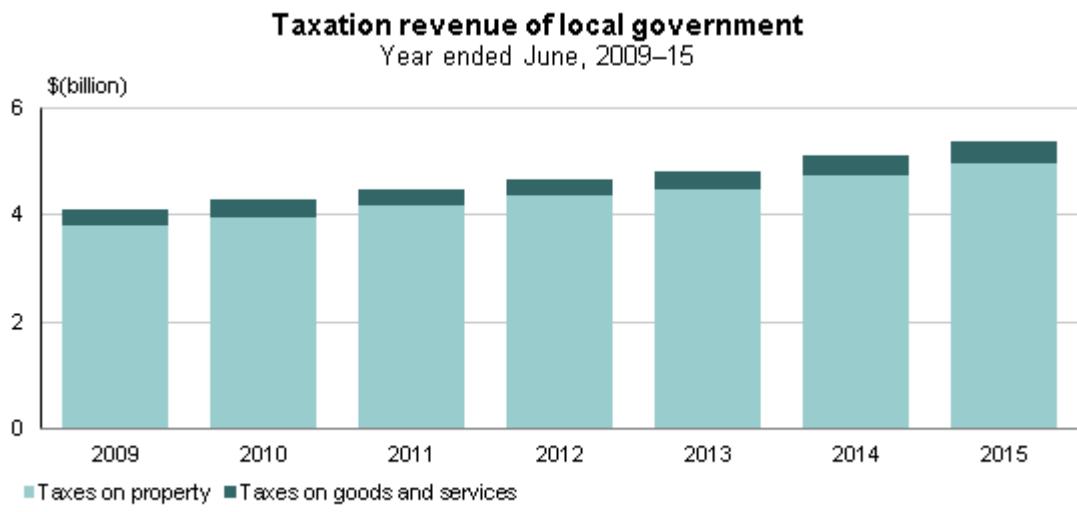
**Group:** Local authority financial statistics – LAF

### Surplus increases slightly when operating income growth outpaces expenditure increase

GFS net operating balance for local government was a surplus of \$1.0 billion for the year ended June 2015. The surplus was relatively consistent with 2014, showing a slight \$0.1 billion increase. The increase was driven by a large growth in operating income (up 6.6 percent from 2014) outpacing the increase in operating expenses (up 6.2 percent).



**Taxation revenue** was \$5.4 billion for the year ended June 2015, up \$0.3 billion (5.5 percent) from 2014. The majority of taxation revenue is from property rates – more than 92 percent annually. Auckland Council and Christchurch City Council made up more than half the growth in revenue from property rates. Water rates are treated as 'sales of goods and services' under the GFS framework.



The increase in taxation revenue was consistent with a 3.9 percent price increase for residential local authority rates in the June 2015 year.

See: Consumers Price Index: June 2015 quarter (corrected) – table 8.02

**Total operating expenses** increased 6.2 percent, to \$8.7 billion for the year ended June 2015. The large cumulative increase in total expenditure was spread across all expenditure types, with no key driver. Employee expenses and depreciation had a combined increase of \$0.2 billion in 2015, which was consistent with previous years.

## Net investment in assets up from 2014

**The net acquisition of non-financial assets** totalled \$1.8 billion for the year ended June 2015, up \$0.2 billion from 2014. Most councils reported an increase in the net acquisition of fixed assets.

**Net borrowing** was \$0.8 billion for the year ended June 2015, up \$0.1 billion from 2014. This showed the operating surplus was not enough to finance the net acquisition of non-financial assets, mainly additional infrastructure work (see 'net acquisition of fixed assets' in table 1 and 'additions in buildings and structures' in table 5). One way of financing large additions to assets is to borrow, which was reflected in increased loans on the balance sheet in 2015 (see table 2).

## Assets increase net worth

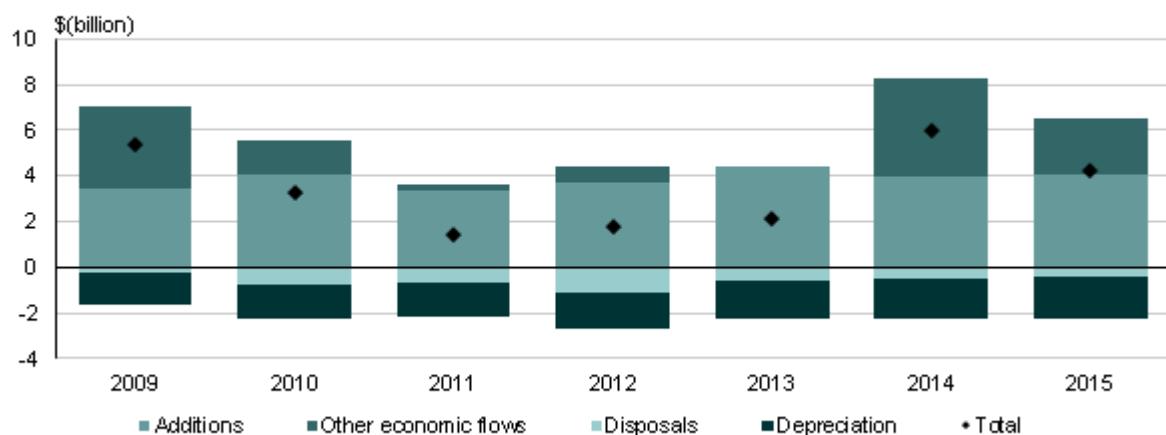
As total assets grew more than liabilities in the year ended June 2015, the **net worth** of local government increased 3.2 percent, to \$110.3 billion.

**Total assets** increased \$5.5 billion (4.5 percent), to \$125.9 billion in the year ended June 2015 – mainly due to a \$4.3 billion increase in non-financial assets.

**Non-financial assets** can largely be broken down to increases in:

- buildings and structures – up \$3.1 billion. Christchurch City Council was the biggest contributor, with a \$1.5 billion increase driven by both revaluations and new additions to roads, bridges, sewage, and wastewater infrastructure. Auckland Council was the other main contributor, with a \$0.6 billion increase. Most councils reported increases in buildings and structures in 2015.
- land – up \$0.9 billion. This can be largely attributed to the revaluation of both parks and the land under roads in Auckland.
- machinery and equipment – up \$0.2 billion, mainly due to the acquisition of electric trains for Auckland Transport.

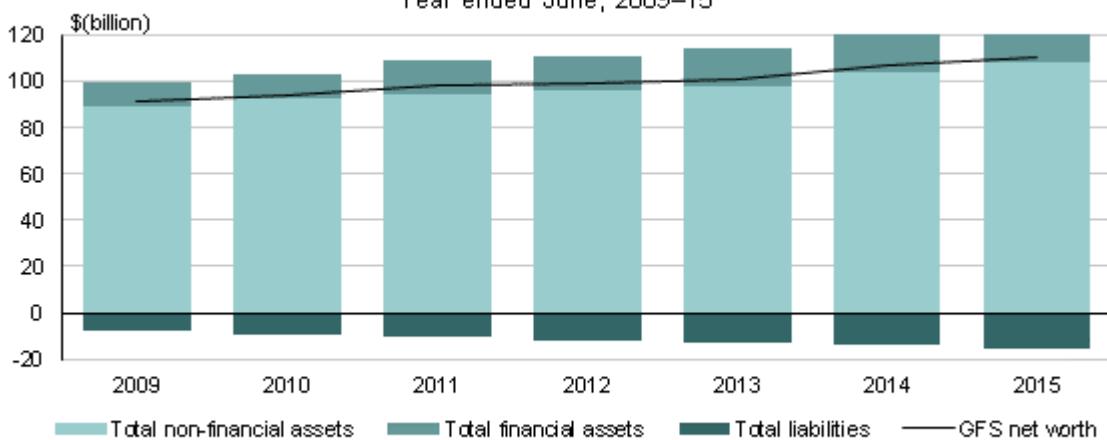
**Contributions to change in non-financial assets of local government**  
Year ended June, 2009–15



**Total liabilities** increased \$2.0 billion (14.8 percent) to \$15.6 billion in the year ended June 2015. This reflected an increase in loans raised, which has been increasing since 2009. More than one-third of local authorities reduced their loans in 2015, but total loans were mostly driven by increases of \$1.1 billion for Auckland Council and \$0.4 billion for Christchurch City Council.

**Assets and liabilities of local government**

Year ended June, 2009–15



Note: GFS = government finance statistics

Source: Statistics New Zealand

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

## **Related links**

### **Next releases**

*Government Finance Statistics (Local Government): Year ended June 2016* will be released in June 2017.

*Government Finance Statistics (Central Government): Year ended June 2016* will be released in May 2017.

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## **Data quality**

### **Period-specific information**

Government Finance Statistics (Local Government): June 2015 – DataInfo+  
Information on improvements and revisions made in this release.

### **General information**

Government Finance Statistics (Local Government): General information – DataInfo+  
General methodology used to produce this release, and other information on the data and tables.

Government Finance Statistics (Local Government): Concepts – DataInfo+  
Definitions of terms used in this release.

Government Finance Statistics (Local Government): Coverage – DataInfo+  
Coverage of population.

## **Related information**

Local Authority Statistics provides quarterly measures of the operating income and expenditure of local authorities.

Local Authority Financial Statistics presents the annual accounting-based income, expenditure, and financial position information on each of New Zealand's local authorities.

Institutional Sector Accounts provide production, income and outlay, and capital accounts for six sectors of the economy, include government institutional sector accounts.

## **Information about government finance statistics**

Government Finance Statistics Manual 2001 (GFSM 2001). This reference manual describes the GFS system. Retrieved from [www.imf.org](http://www.imf.org).

Introducing government finance statistics (published 2011) is an information paper that explains what GFS is and the statistics' relevance.

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## Tables

See the following Excel tables in the 'Downloads' box on this page. If you have problems viewing the files, see [opening files and PDFs](#).

1. Operating statement, local government, year ended June, 2009–15
2. Balance sheet, local government, year ended June, 2009–15
3. General government expenses by function, local government, year ended June, 2009–15
4. Taxation revenue, local government, year ended June, 2009–15
5. Non-financial assets reconciliation, local government, year ended June, 2009–15

## Access more data on Infoshare

Use [Infoshare](#) to access time-series data specific to your needs. For this release, select the following categories from the Infoshare homepage.

Subject category: **Government finance**

Group: **Government finance statistics - GFS**

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