

Local authorities' expenditure exceeds income

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Local authorities had an operating deficit in the June 2012 quarter, Statistics New Zealand said today. Expenditure exceeded income by \$145 million (after adjusting for seasonal effects).

"The operating deficit in the June 2012 quarter shows a small improvement of \$15 million from a year ago," local government statistics manager Peter Gardiner said.

Operating income (funding earned for core services) for the June 2012 quarter was \$2.2 billion, an increase of \$142 million (7.0 percent) from the March 2012 quarter. Operating expenditure (spending on core services) increased even more during the same period, up \$241 million (11.7 percent) to \$2.3 billion.

Investment income (up \$88 million) and current grants, subsidies, and donations income (up \$82 million) contributed most to the rise in operating income. There were smaller increases in regulatory income and petrol tax (up \$9 million) and sales and other operating income (up \$1 million). These rises were partly offset by a fall in rates income (down \$37 million).

The rise in operating expenditure was mainly due to increases in purchases and other operating expenditure (up \$221 million), employee costs (up \$13 million), and interest expenditure (up \$11 million). These increases were partly offset by a decrease in depreciation (down \$4 million).

Local authority statistics are quarterly accounting-based estimates of the money local authorities in New Zealand earn and spend on their core business. Audited income and expenditure for the year ended June 2011 have been included in these figures.

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