

Generally Accepted Accounting Practice (GAAP) Series Tables

Forecast Financial Statements

These forecasts have been prepared in accordance with the Fiscal Responsibility Act 1994.

They are based on the accounting policies and assumptions that follow on pages 98-111. As with all such assumptions, there is a degree of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The forecasts have been prepared in accordance with the Statement of Responsibility and reflect the judgements and information known at the time they were prepared. They reflect all Government decisions and circumstances communicated to 27 November 2000.

Finalisation Dates	
Fiscal forecasts	27 November
Tax revenue forecasts	14 November
Economic outlook	14 November
Government decisions and circumstances	27 November
Actual asset revaluations	31 October
Foreign-exchange rates	31 October
Specific fiscal risks	27 November
Contingent liabilities and commitments	31 October

Reporting Entity as at 27 November 2000

These Forecast Financial Statements are for the Crown reporting entity as specified in Part III of the Public Finance Act 1989. This comprises Ministers of the Crown and the following entities:

Offices of Parliament	Departments	State-owned enterprises
Audit Office Office of the Ombudsmen Parliamentary Commissioner for the Environment	Agriculture and Forestry Archives New Zealand Child, Youth and Family Services Conservation Corrections Courts Crown Law Culture and Heritage Customs Defence Economic Development Education Education Review Office Environment Fisheries Foreign Affairs and Trade Government Communications Security Bureau Health Housing Inland Revenue Internal Affairs Justice Labour Land Information New Zealand Māori Development National Library New Zealand Defence Force Office of the Clerk Pacific Island Affairs Parliamentary Counsel Office Parliamentary Service Police Prime Minister and Cabinet Research, Science and Technology Security Intelligence Service Serious Fraud Office Social Policy State Services Commission Statistics Transport Treasury Women's Affairs Work and Income Youth Affairs	Agriquality New Zealand Limited Airways Corporation of New Zealand Limited Asure New Zealand Limited Crown Forestry Management Limited Electricity Corporation of New Zealand Limited Genesis Power Limited Land Corporation Limited Meridian Energy Limited Meteorological Service of New Zealand Limited Mighty River Power Limited New Zealand Post Limited New Zealand Railways Corporation Solid Energy New Zealand Limited Television New Zealand Limited Terralink New Zealand Limited Timberlands West Coast Limited Trans Power New Zealand Limited

Crown Entities	
Accident Compensation Corporation	Museum of New Zealand Te Papa Tongarewa
Accounting Standards Review Board	New Zealand Antarctic Institute
Agriculture and Marketing Research and Development Trust	New Zealand Artificial Limb Board
Alcoholic Advisory Council of New Zealand	New Zealand Business Development Board
Animal Control Products Limited	New Zealand Film Commission
Arts Council of New Zealand Toi Aotearoa	New Zealand Fire Service Commission
Asia 2000 Foundation of New Zealand	New Zealand Fish and Game Council
Broadcasting Commission	New Zealand Game Bird Habitat Trust Board
Broadcasting Standards Authority	New Zealand Government Property Corporation
Building Industry Authority	New Zealand Lotteries Commission
Careers Service	New Zealand Lottery Grants Board
Casino Control Authority	New Zealand Qualifications Authority
Civil Aviation Authority of New Zealand	New Zealand Sports Drug Agency
Commerce Commission	New Zealand Symphony Orchestra Limited
Commissioner for Children	New Zealand Tourism Board
Crown research institutes (9)	New Zealand Trade Development Board
Early Childhood Development Board	Ngai Tahu Ancillary Claims Trust
Earthquake Commission	Office of Film and Literature Classification
Electoral Commission	Pacific Business Trust
Energy Efficiency and Conservation Authority	Police Complaints Authority
Environmental Risk Management Authority	Privacy Commissioner
Fish and game councils (13)	Quotable Value New Zealand Limited
Foundation for Research, Science and Technology	Race Relations Conciliator
Government Property Services Limited	Radio New Zealand Limited
Health and Disability Commissioner	Reserve boards (51)
Health Funding Authority	Residual Health Management Unit
Health Research Council of New Zealand	Retirement Commissioner
Health Sponsorship Council	Road Safety Trust
Hillary Commission for Sport, Fitness and Leisure	School boards of trustees (2,664)
Hospital and health services (24)	Securities Commission
Housing Corporation of New Zealand	Skill New Zealand (Education and Training Support Agency)
Housing New Zealand Limited	Specialist Education Services Board
Human Rights Commission	Standards Council
Industry New Zealand	Takeovers Panel
Land Transport Safety Authority of New Zealand	Te Reo Whakapuaki Irirangi (Te Mangai Paho)
Law Commission	Te Taura Whiri I Te Reo Māori (Māori Language Commission)
Learning Media Limited	Teacher Registration Board
Legal Services Board	Tertiary education institutions (39)
Management Development Centre Trust	Testing Laboratory Registration Council
Maritime Safety Authority of New Zealand	Transfund New Zealand
Mental Health Commission	Transit New Zealand
	Transport Accident Investigation Commission
	Trustees of the National Library
Reserve Bank of New Zealand	Public Trust Office

Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	2001						2005
		2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
Revenue								
Levied through the Crown's Sovereign Power								
Direct taxation	1	21,499	23,214	22,896	24,881	26,283	27,658	29,102
Indirect taxation	2	12,536	12,938	12,852	13,393	13,912	14,566	15,084
Total taxation revenue		34,035	36,152	35,748	38,274	40,195	42,224	44,186
Compulsory fees, fines, penalties and levies		376	338	353	379	387	399	409
Total Revenue Levied through the Crown's Sovereign Power		34,411	36,490	36,101	38,653	40,582	42,623	44,595
Earned through the Crown's Operations								
Investment income	3	1,157	985	1,073	1,126	1,243	1,463	1,690
Sales of goods and services		641	627	647	635	620	594	594
Other operational revenue	4	343	268	332	279	269	262	260
Unrealised losses arising from changes in the value of commercial forests		(26)	..	..	..	..	..	..
Total Revenue Earned through the Crown's Operations		2,115	1,880	2,052	2,040	2,132	2,319	2,544
Total Revenue		36,526	38,370	38,153	40,693	42,714	44,942	47,139
Expenses								
By functional classification								
Social security and welfare		12,896	13,215	13,264	13,789	14,259	14,757	15,237
GSF pension expenses		478	796	924	699	704	701	714
Health		6,874	7,236	7,288	7,275	7,400	7,520	7,623
Education		6,310	6,818	6,774	7,024	7,127	7,227	7,307
Core government services		1,710	1,529	1,540	1,519	1,505	1,482	1,491
Law and order		1,531	1,551	1,557	1,547	1,545	1,543	1,542
Defence		1,247	1,142	1,143	1,064	1,102	1,065	1,079
Transport and communications		1,036	1,103	1,048	1,069	1,117	1,163	1,205
Economic and industrial services		944	1,139	1,146	1,180	1,238	1,230	1,188
Primary services		265	278	298	278	274	264	264
Heritage, culture and recreation		456	427	444	426	438	445	449
Housing and community development		68	52	56	44	43	42	39
Other		45	112	85	94	93	93	93
Finance costs	5	2,373	2,479	2,527	2,588	2,512	2,446	2,285
Net foreign-exchange gains		(62)	..	(43)	..	..	..	..
Provision for future initiatives	5	..	180	60	670	1,240	2,040	2,840
Total Expenses	5	36,171	38,057	38,111	39,266	40,597	42,018	43,356
Revenue less Expenses		355	313	42	1,427	2,117	2,924	3,783
Surplus attributable to state-owned enterprises and Crown entities (excl. ACC liability valuation)	9	1,013	925	824	1,013	976	979	975
ACC outstanding claims liability valuation		519	..	165	..	..	..	..
Dividends and other distributions	9	(438)	(226)	(266)	(235)	(264)	(281)	(283)
Net surplus attributable to state-owned enterprises and Crown entities		1,094	699	723	778	712	698	692
Operating Balance		1,449	1,012	765	2,205	2,829	3,622	4,475

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2001						2005 Forecast
		2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
Assets								
Cash and bank balances		210	35	93	97	100	104	108
Marketable securities and deposits	6	10,440	9,234	11,279	9,929	9,473	9,654	9,255
Advances	7	3,995	4,541	4,768	5,519	6,032	6,548	7,010
New Zealand Super Fund		..	..	..	613	1,869	3,797	6,940
Receivables	8	5,520	5,458	5,490	5,559	5,593	5,620	5,642
Inventories		274	315	329	348	379	381	378
State-owned enterprises and Crown entities	9	14,392	14,773	15,204	16,102	16,930	17,585	18,277
Other investments		338	364	341	341	341	341	341
Physical assets	10	15,972	16,131	16,476	16,267	16,191	16,091	15,940
Commercial forests		369	395	370	369	369	368	368
State highways	11	8,911	8,938	9,015	9,151	9,291	9,435	9,585
Intangible assets		2	2	2	2	2	2	2
Capital contingency provision		..	148	300	828	1,320	1,550	1,801
Total Assets		60,423	60,334	63,667	65,125	67,890	71,476	75,647
Liabilities								
Payables and provisions	12	5,240	5,207	5,098	4,920	4,890	4,805	4,636
Currency issued		2,236	2,252	2,413	2,413	2,413	2,413	2,413
Borrowings		36,041	36,092	38,239	37,664	37,641	37,714	37,608
Pension liabilities		8,323	8,467	8,567	8,573	8,562	8,538	8,509
Total Liabilities		51,840	52,018	54,317	53,570	53,506	53,470	53,166
Total Assets less Total Liabilities		8,583	8,316	9,350	11,555	14,384	18,006	22,481
Crown Balance								
Accumulated operating balance		382	619	1,160	3,365	6,194	9,816	14,291
Revaluation reserve	13	8,201	7,697	8,190	8,190	8,190	8,190	8,190
Crown Balance		8,583	8,316	9,350	11,555	14,384	18,006	22,481

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Movements in Equity

for the years ending 30 June

(\$ million)	Note	2000	2001	2001	2002	2003	2004	2005
		Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Crown Balance		6,022	7,304	8,583	9,350	11,555	14,384	18,006
Operating balance for the year		1,449	1,012	765	2,205	2,829	3,622	4,475
Net revaluations	13	1,112	..	2	..	..	..	..
Total Recognised Revenues and Expenses		2,561	1,012	767	2,205	2,829	3,622	4,475
Closing Crown Balance		8,583	8,316	9,350	11,555	14,384	18,006	22,481

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows

for the years ending 30 June

(\$ million)	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
Cash Flows from Operations							
Cash was Provided From							
<i>Direct Taxation</i>							
Individuals							
Source deductions	12,920	13,756	13,575	14,430	15,280	16,085	16,882
Other persons	3,553	3,995	4,001	4,376	4,640	4,910	5,251
Refunds	(1,043)	(1,067)	(1,200)	(1,108)	(1,085)	(1,103)	(1,119)
Fringe benefit tax	306	310	291	294	331	323	323
Total Individuals	15,736	16,994	16,667	17,992	19,166	20,215	21,337
Companies							
Gross companies	4,726	5,126	5,147	5,641	5,878	6,087	6,406
Refunds	(618)	(601)	(617)	(641)	(703)	(631)	(649)
Total Companies	4,108	4,525	4,530	5,000	5,175	5,456	5,757
Withholding taxes	1,566	1,672	1,692	1,874	1,945	1,986	2,009
Other direct taxation	1	2	2	2	2	2	2
Total Direct Taxation	21,411	23,193	22,891	24,868	26,288	27,659	29,105
<i>Indirect Taxation</i>							
Goods and Services Tax							
Gross goods and services tax	13,664	13,987	14,336	14,685	15,249	16,008	16,724
Refunds	(4,852)	(4,836)	(5,292)	(5,194)	(5,313)	(5,503)	(5,738)
Total Goods and Services Tax	8,812	9,151	9,044	9,491	9,936	10,505	10,986
Excise duties	2,014	2,070	1,938	2,028	2,050	2,066	2,080
Other indirect taxation	1,627	1,699	1,756	1,817	1,867	1,935	1,958
Total Indirect Taxation	12,453	12,920	12,738	13,336	13,853	14,506	15,024
Total Taxation Receipts	33,864	36,113	35,629	38,204	40,141	42,165	44,129
Compulsory Fees, Fines, Penalties and Levies	308	330	351	367	377	390	400
Other Receipts							
Interest, profits and dividends	1,070	816	835	834	901	1,055	1,167
Sales of goods and services	621	596	623	606	600	574	574
Other operating receipts	341	257	265	289	279	273	271
Total Other Receipts	2,032	1,669	1,723	1,729	1,780	1,902	2,012
Total Cash Provided from Operations	36,204	38,112	37,703	40,300	42,298	44,457	46,541
Cash was Disbursed To							
Departmental outputs	4,447	4,632	4,634	4,468	4,456	4,484	4,486
Other outputs	15,303	16,238	16,286	16,380	16,711	16,898	17,129
Finance costs	2,507	2,561	2,516	2,561	2,502	2,468	2,304
Subsidies	131	167	178	165	191	187	141
Current transfers							
Social assistance grants	12,615	12,995	13,043	13,428	13,917	14,434	14,942
Other transfers	238	250	252	253	253	253	253
Provision for future initiatives	..	180	60	670	1,240	2,040	2,840
Total Cash Disbursed to Operations	35,241	37,023	36,969	37,925	39,270	40,764	42,095
Net Cash Flows from Operations	963	1,089	734	2,375	3,028	3,693	4,446

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
Subtotal (brought forward)	963	1,089	734	2,375	3,028	3,693	4,446
Cash Flows from Investing Activities							
Cash was Provided From							
Sale of physical assets	250	106	125	68	59	56	41
Total Cash Provided	250	106	125	68	59	56	41
Cash was Disbursed To							
Purchase of physical assets	1,160	1,232	1,479	949	998	900	973
Net increase in advances	309	585	680	731	491	490	444
Net purchase of investments	130	87	55	102	98	26	9
Net (sale)/purchase of marketable securities and deposits	(1,983)	(1,094)	(57)	(1,071)	(244)	363	(229)
Contribution to NZS Fund	..	..	..	600	1,200	1,800	2,900
Capital contingency provision	..	148	300	528	492	230	251
Total Cash Disbursed	(384)	958	2,457	1,839	3,035	3,809	4,348
Net Cash Flows from Investing Activities	634	(852)	(2,332)	(1,771)	(2,976)	(3,753)	(4,307)
Net Cash Flows from Operating and Investing Activities							
	1,597	237	(1,598)	604	52	(60)	139
Cash Flows from Financing Activities							
Cash was Provided From							
Issue of circulating currency	275	..	177	..	..	..	..
Total Cash Provided	275	..	177	..	..	..	..
Cash was Disbursed To							
Net repayment/(issue) of Government stock	438	17	(660)	(353)	(21)	457	143
Net repayment/(issue) of foreign- currency borrowing	635	158	(514)	811	105	(516)	(15)
Net repayment/(issue) of other New Zealand-dollar borrowing	827	56	(126)	142	(35)	(5)	7
Total Cash Disbursed	1,900	231	(1,300)	600	49	(64)	135
Net Cash Flows from Financing Activities	(1,625)	(231)	1,477	(600)	(49)	64	(135)
Net Movement in Cash	(28)	6	(121)	4	3	4	4
Opening Cash Balance	230	29	210	93	97	100	104
Foreign-exchange gains on opening cash balances	8	..	4	..	..	..	..
Closing Cash Balance	210	35	93	97	100	104	108

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
Reconciliation Between the Forecast Operating Balance and Forecast Net Cash Flows from Operations							
Operating Balance	1,449	1,012	765	2,205	2,829	3,622	4,475
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation changes							
Unrealised net foreign exchange gains	(92)	..	(87)	..	..	..	..
Unrealised losses arising from changes in the value of commercial forests	26	..	..	..	..	..	..
Total Valuation Changes	(66)	..	(87)	..	..	..	..
Physical Asset Movements							
Depreciation	791	877	872	918	926	916	913
(Gain)/loss on sale of assets	(7)	..	3	..	..	..	..
Total Physical Asset Movements	784	877	875	918	926	916	913
Other Non-cash Items							
Net surplus attributable to state-owned enterprises and Crown entities	(1,094)	(699)	(723)	(778)	(712)	(698)	(692)
Accrued Income from NZS Fund	..	..	..	(13)	(56)	(127)	(243)
Gain on sale of Vehicle Testing New Zealand Limited	(14)	..	..	..	..	..	..
Movements in pension liabilities	(201)	111	244	6	(11)	(24)	(29)
Other	208	15	..	..	..	..	..
Total Other Non-cash Items	(1,101)	(573)	(479)	(785)	(779)	(849)	(964)
Total Other Investing and Financing Items	(36)	(2)	..	..	..	..	..
Movements in Working Capital							
(Increase)/decrease in taxes receivable	(164)	(62)	(201)	(81)	(63)	(68)	(65)
Increase/(decrease) in payables	218	(63)	(315)	125	125	33	41
(Increase)/decrease in other receivables	(168)	(59)	231	12	21	41	43
Decrease/(increase) in inventories	47	(41)	(55)	(19)	(31)	(2)	3
Total Movements in Working Capital	(67)	(225)	(340)	37	52	4	22
Net Cash Flows from Operations	963	1,089	734	2,375	3,028	3,693	4,446

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
Reconciliation of Forecast Net Cash Flows from Operations with Forecast Net Cash Proceeds from Domestic Bonds							
Net Cash Flows from Operations	963	1,089	734	2,375	3,028	3,693	4,446
Net purchase of physical assets	(910)	(1,126)	(1,354)	(881)	(939)	(844)	(932)
Net increase in advances	(309)	(585)	(680)	(731)	(491)	(490)	(444)
Net sale/(purchase) of investments	(130)	(87)	(55)	(102)	(98)	(26)	(9)
Contribution to NZS Fund	..	..	..	(600)	(1,200)	(1,800)	(2,900)
Capital contingency provision	..	(148)	(300)	(528)	(492)	(230)	(251)
(Required to be financed)/Available to repay debt	(386)	(857)	(1,655)	(467)	(192)	303	(90)
Financed by:							
Net sale/(purchase) of marketable securities and deposits	1,983	1,094	57	1,071	244	(363)	229
Total Investing activities	1,597	237	(1,598)	604	52	(60)	139
Used in:							
Net (repayment)/issue of other New Zealand-dollar borrowing	(827)	(56)	126	(142)	35	5	(7)
Decrease/(increase) in cash	28	(6)	121	(4)	(3)	(4)	(4)
Issue of circulating currency	275	..	177	..	..	..	..
Net (repayment)/issue of foreign-currency borrowing	(635)	(158)	514	(811)	(105)	516	15
	(1,159)	(220)	938	(957)	(73)	517	4
Net Cash Inflow/(Outflow) to be Offset by Domestic Bonds	438	17	(660)	(353)	(21)	457	143
Gross Cash Proceeds from Domestic Bonds							
Domestic bonds (market)	1,924	2,633	3,529	3,473	3,269	2,587	2,807
Domestic bonds (non-market)	598	516	297	..	35	466	..
Inflation bonds	345	..	..	..	..	..	..
Total Gross Cash Proceeds from Domestic Bonds	2,867	3,149	3,826	3,473	3,304	3,053	2,807
Repayment of domestic bonds (market)	(3,011)	(2,650)	(2,650)	(2,582)	(2,973)	(3,044)	(2,950)
Repayment of domestic bonds (non-market)	(294)	(516)	(516)	(538)	(310)	(466)	..
Net (Repayments of)/Cash Proceeds from Domestic Bonds	(438)	(17)	660	353	21	(457)	(143)

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Borrowings

as at 30 June

(\$ million)	Note	2001						
		2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
Outstanding Debt								
New Zealand-Dollar Debt								
Government stock		22,239	22,086	22,834	23,211	23,259	22,810	22,697
Treasury bills		5,370	5,854	5,885	5,819	5,903	5,913	5,924
Loans and foreign-exchange contracts		230	(246)	(159)	(232)	(282)	(287)	(306)
Retail stock		474	482	474	471	472	472	473
Total New Zealand-Dollar Debt		28,313	28,176	29,034	29,269	29,352	28,908	28,788
Foreign-Currency Debt								
United States dollars		4,329	4,949	4,153	3,740	3,624	4,127	4,126
Japanese yen		2,054	1,816	3,215	2,808	2,808	2,808	2,809
European and other currencies		1,345	1,151	1,837	1,847	1,857	1,871	1,885
Total Foreign-Currency Debt		7,728	7,916	9,205	8,395	8,289	8,806	8,820
Total Outstanding Debt		36,041	36,092	38,239	37,664	37,641	37,714	37,608
Less								
Financial Assets								
Marketable Securities and Deposits								
New Zealand dollars		2,324	850	1,816	1,216	894	575	165
United States dollars		4,467	5,411	4,360	3,975	3,847	4,341	4,340
Japanese yen		2,277	1,816	3,217	2,833	2,821	2,815	2,814
European and other currencies		1,372	1,157	1,886	1,905	1,911	1,923	1,936
Total Marketable Securities and Deposits	6	10,440	9,234	11,279	9,929	9,473	9,654	9,255
Advances and Cash								
Advances to state-owned enterprises and Crown entities	7	259	258	442	686	695	705	715
Student loans	7	3,523	4,063	4,104	4,676	5,227	5,724	6,174
Other advances		213	220	222	157	110	119	121
Cash		210	35	93	97	100	104	108
Total Advances and Cash		4,205	4,576	4,861	5,616	6,132	6,652	7,118
Total Financial Assets		14,645	13,810	16,140	15,545	15,605	16,306	16,373
Net Crown Debt		21,396	22,282	22,099	22,119	22,036	21,408	21,235
Net New Zealand-dollar debt		21,870	22,750	22,357	22,437	22,326	21,681	21,505
Net foreign-currency debt		(474)	(468)	(258)	(318)	(290)	(273)	(270)
Net Crown Debt		21,396	22,282	22,099	22,119	22,036	21,408	21,235

The accompanying Notes are an integral part of these Statements.

Statement of Actual Commitments

as at 31 October 2000

(\$ million)	As at 31 October 2000	As at 30 June 2000
By Type		
Capital Commitments		
Specialist military equipment	275	321
Land and buildings	94	87
Other plant and equipment	75	63
Investments	12	17
Commitments of state-owned enterprises and Crown entities	<u>1,065</u>	<u>1,016</u>
Total Capital Commitments	1,521	1,504
Operating Commitments		
Non-cancellable accommodation leases	757	789
Other non-cancellable leases	1,874	1,858
Non-cancellable contracts for the supply of goods and services	424	432
Other operating commitments	1,163	1,071
Commitments of state-owned enterprises and Crown entities	<u>2,697</u>	<u>2,713</u>
Total Operating Commitments	6,915	6,863
Total Commitments	8,436	8,367
By Term		
One year or less	3,409	3,566
From one to two years	1,260	1,262
From two to five years	1,530	1,434
Over five years	<u>2,237</u>	<u>2,105</u>
Total Commitments	8,436	8,367

The Statement of Actual Commitments includes commitments which are also included in the Forecast Statements of Financial Performance and Financial Position.

The accompanying Notes are an integral part of these Statements.

Statement of Actual Specific Fiscal Risks

Quantifiable contingent liabilities

(\$ million)	As at 31 October 2000	As at 30 June 2000
Guarantees and indemnities	429	592
Uncalled capital	3,764	3,210
Legal proceedings and disputes	500	542
Other contingent liabilities	<u>2,191</u>	<u>1,983</u>
Total Quantifiable Contingent Liabilities	<u>6,884</u>	<u>6,327</u>

Contingent liabilities of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in quantifiable contingent liabilities. Contingent liabilities to sub-entities are excluded.

Non-quantifiable contingent liabilities

This part of the Statement lists those contingent liabilities of the Crown which cannot be quantified.

Institutional Guarantees

Commerce Commission - indemnity for damages
 District Court Judges and Justices of the Peace
 Earthquake Commission
 Fletcher Challenge Limited
 Maori Trustee
 National Provident Fund
 Persons exercising investigating powers
 Public Trust Office
 Reserve Bank of New Zealand

Other Unquantifiable Contingent Liabilities

Alkylammonium compound compensation
 Bank of New Zealand
 Contaminated sites
 Crown research institutes
 Development Finance Corporation New Zealand Limited (under statutory management)
 Electricity Corporation of New Zealand Limited
 Hospital and health services
 Housing Corporation of New Zealand
 Housing New Zealand Limited
 Pharmaceutical Management Agency Limited
 Purchasers of Crown operations
 Sale of Crown assets
 Tax liabilities
 Treaty of Waitangi claims
 Treaty of Waitangi claims - settlement relativity payments
 Works Civil Construction
 Works Consultancy Services

Actual Contingent Liabilities are discussed in detail in Chapter 4.

Statement of Actual Specific Fiscal Risks (continued)

Quantified risks

	(\$ million)
Accident Insurance - medical misadventure account	up to 7 in 2001/02, 14 in 2002/03, 2003/04 and 16 in 2004/05
Accident Insurance - treatment cost review	(11) from 2001/02 and subsequent outyears
Agriculture and Forestry - food regulation and administrative structural options	up to (20) one off
Agriculture and Forestry - TB vector control	up to (35) in 2001/02
Child Youth and Family Services - residential services strategy	up to (25) one off capital and (12) operating for 2001/02 and subsequent outyears
Corrections - capital projects	(141) capital and (122) operating across the outyears
Defence - capital injections	(58) in 2001/02 and (49) in 2002/03
Defence - East Timor	(14) in 2000/01 and (52) in 2001/02
Defence - operating pressures	(40) in 2000/01
Education - school property	(200) in 2001/02, (150) in 2002/03 and (150) to (175) in subsequent outyears for capital and (5) in 2001/02, (14) in 2002/03, (22) in 2003/04 and (29) in 2004/05 for operating
Government Superannuation Fund - diversification	14 to 44 in each year from 2000/01
Health - sewage treatment subsidy scheme	(10) from 2001/02 and subsequent outyears
Housing New Zealand - increase in level of owned stock	(42) in 2001/02, (20) in 2002/03 and (30) in 2003/04
Maori Trustee - payment of services	(32) one off

Many of these risks, if they crystallise, are covered by the provisions for future initiatives and therefore, have no impact on the forecasts.

Unquantified risks

Agriculture and Forestry - South Island landless Maori forest
 Agriculture and Forestry - Southern Saltmarsh mosquito
 Conservation - asset maintenance
 Defence - pay review
 Earthquake Commission - diversification
 Economic Development - sale of spectrum licences
 Education - collective employment contract
 Education - early childhood funding
 Education - review of school staffing
 Education - school operating funding
 Education - school property code
 Education - stabilisation of tertiary fees
 Education - tertiary education institutions capital injections
 Education - Wananga capital injections
 Environment - climate change policy
 Government Superannuation Fund - change in policy
 Health - asset testing
 Health - elective surgery
 Health - sector restructuring
 Health - Sustainable Funding Path
 Housing New Zealand - debt refinancing
 Inland Revenue - financial and imported services review
 Inland Revenue - Trans-Tasman triangular tax relief
 New Zealand Post Limited - expansion into banking
 Public Trust Office - modernisation
 State-owned enterprises - refinancing debt position
 TVNZ - change of direction
 Work and Income - Australian social security agreement

Risks are stated as at 27 November 2000.

Actual Specific Fiscal Risks are discussed in detail in Chapter 4.

Statement of Accounting Policies and Forecast Assumptions

General Accounting Policies and Forecast Assumptions

General Accounting Policies

Accounting policy

These Forecast Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of physical assets (where appropriate), state highways, commercial forests and marketable securities and deposits held for trading purposes.

Revaluations are made to reflect the forecast service potential or economic benefit obtained through control of the assets. The accrual basis of accounting has been used.

Forecast assumptions

For forecast purposes, no revaluations are projected.

General Forecast Assumptions

Finalisation dates

The Forecast Financial Statements were finalised on 27 November 2000 and incorporate all government decisions and circumstances communicated up to 27 November 2000.

Macroeconomic assumptions

A summary of the economic assumptions that are particularly relevant to the fiscal forecasts (along with the 2000/01 assumptions used in the 2000 *Budget Economic and Fiscal Update*) are provided in the following table:

Key economic assumptions

	2000/01	2001/02	2002/03	2003/04	2004/05
June years	Previous Budget	DEFU	DEFU	DEFU	DEFU
Real GDP (production based measure)					
(annual average % change)	3.0	1.9	3.7	2.3	2.7
Nominal GDP (\$ million)	110,987	109337	117213	122656	128191
Consumers Price Index					
(annual average % change)	2.3	3.8	2.3	2.0	1.8
Interest rates					
<i>Government 10-year bonds</i>					
(quarterly average %)	7.6	6.9	7.1	6.8	6.8
90-day bill rate					
(quarterly average %)	7.8	7.3	7.5	7.5	6.8
Household Labour Force					
Survey unemployment rate					
(annual average %)	5.8	6.1	5.9	6.0	5.9
Full-time equivalent employment					
(annual average % change)	1.7	1.5	1.3	1.2	1.4
Wages – hourly earnings					
(annual average % change)	3.5	2.3	3.8	3.9	3.4
Trade Weighted Index					
(quarterly average)	57.6	50.6	56.5	58.1	56.8

Source: The Treasury

For the purposes of calculating net debt, the projections assume that the nominal exchange rate remains fixed at 31 October 2000 exchange rates. Projected exchange rate losses or gains are not included in the forecasts.

Specific Accounting Policies and Forecast Assumptions

Forecast periods

Accounting policy

The reporting periods covered by these Forecast Financial Statements are the years ending 30 June 2001, 30 June 2002, 30 June 2003, 30 June 2004 and 30 June 2005.

Certain state-owned enterprises and Crown entities have different reporting periods from the Crown. These entities have been combined on the basis of the balance dates outlined in Note 9.

Forecast assumption

The forecasts for 30 June 2001 have been prepared using actual data to 31 October 2000. Transactions for the remainder of the year are forecast in accordance with these accounting policies and forecast assumptions.

Basis of Combination

Accounting policy

Ministers of the Crown, departments, offices of Parliament and the Reserve Bank of New Zealand are combined using the purchase method of combination. Corresponding assets, liabilities, revenues and expenses are added together line by line. Transactions and balances between these sub-entities are eliminated on combination.

State-owned enterprises and Crown entities are combined using the modified equity method of combination. This records the Crown's share of these entities' forecast net assets, including their surpluses and deficits. Unrealised surpluses and deficits on inter-entity transactions and balances not carried out on an arm's-length basis are eliminated. Other inter-entity transactions and balances are not eliminated.

Commitments and contingent liabilities of state-owned enterprises and Crown entities are reported in the Statement of Commitments and the Statement of Specific Fiscal Risks.

Revenue

Revenue levied through the Crown's sovereign power

Accounting policy

The Crown provides many services and benefits that do not give rise to revenue. Further, payment of tax does not of itself entitle a taxpayer to an equivalent value of services or benefits, as there is no direct relationship between paying tax and receiving Crown services and transfers.

Such revenue is received through the exercise of the Crown's sovereign power.

Where possible, revenue is recognised at the time the debt to the Crown arises, as identified in the following table:

Revenue Type	Revenue Recognition Point
Source deductions (PAYE)	When an individual is forecast to earn income that is subject to PAYE
Residents' withholding taxes ¹	When an individual is forecast to receive interest or dividends subject to deduction at source
Fringe benefit tax (FBT)	When forecast benefits are provided that give rise to FBT
Provisional tax ²	Forecast payment due date
Terminal tax ²	Forecast assessment filed date
Goods and services tax	When the liability to the Crown is forecast to be incurred
Excise duty	When goods are forecast to be subject to duty
Road user charges and motor vehicle fees	When payment for the fee or charge is forecast to be made
Stamp, cheque and credit card duties	When the liability to the Crown is forecast to be incurred
Other indirect taxes	When the debt to the Crown is forecast to arise
¹ Corresponds to forecast withholding taxes on residents' interest and dividend income in Note 1 to the Forecast Financial Statements.	
² Provisional and terminal taxes are paid by "other persons" and companies (refer to Note 1 to the Forecast Financial Statements).	

Revenue earned through operations

Accounting policy

Where revenue will be earned by the Crown in exchange for the provision of outputs (products or services) to third parties, the Crown earns its revenue through operations. This revenue is recognised when it is forecast to be earned.

Investment income

Accounting policy

Investment income is recognised in the period in which it is forecast to be earned.

Premiums

Accounting policy

Premiums arising on the issue of a debt instrument, up to the forecast finalisation date, are treated as a reduction in the cost of borrowing. Premiums are recognised in the Forecast Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Premiums on forecast bond sales with the same maturity date and coupon rate as bonds already on issue are calculated using the same maturity and coupon rate information. These premiums are treated on issue as a reduction in the cost of borrowing, and in general are amortised over the period of the instrument on a yield-to-maturity basis.

The forward margin associated with forward foreign-exchange contracts is amortised over the period of the contract on a straight-line basis.

Forecast assumption

Forecast bond sales with new maturity dates are assumed to be issued at par value, and therefore no premiums are forecast for these instruments.

Gains

General

Accounting policy

Realised gains arising from the sale of assets or the early repurchase of liabilities are recognised in the Forecast Statement of Financial Performance in the period in which the transactions are forecast to occur.

Foreign-currency monetary assets and liabilities

Accounting policy

Unrealised gains are recognised in the Forecast Statement of Financial Performance.

Forecast assumption

Forecasts of foreign-currency monetary assets and liabilities for the year ending 30 June 2001 and the other forecast periods use the exchange rates prevailing on 31 October 2000. As a consequence, no realised or unrealised exchange gains are forecast for the entire forecast period.

Physical assets

Accounting policy

To the extent that a forecast gain reverses a loss previously charged to the Statement of Financial Performance, the gain is credited to the Forecast Statement of Financial Performance.

Forecast assumption

The 30 June 2001 forecasts for the value of physical assets use the valuations as recorded in the Crown Financial Statements for the year ended 30 June 2000 and any additional actual valuations that have occurred up to 31 October 2000.

The value of physical assets for the other forecast periods is forecast using the same valuation as that used for the 30 June 2001 forecasts. As a consequence, no realised or unrealised gains are forecast for the entire forecast period.

Investments and marketable securities held for investment

Forecast assumption

All investments and marketable securities held for investment that are forecast to be held after the forecast finalisation date are assumed to be held to maturity. Therefore, no gains are forecast for these assets.

Expenses

General

Accounting policy

Expenses are recognised in the financial periods to which they are forecast to relate.

Welfare benefits

Accounting policy

Welfare benefits are recognised in the reporting periods during which it is forecast an application for a benefit will be accepted and the eligibility criteria met.

Grants and subsidies

Accounting policy

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is forecast to be made. Otherwise, the expense is recognised when it is forecast that the specific criteria will be fulfilled and notice given to the Crown.

Treaty of Waitangi settlements

Forecast assumption

There is a multi-year appropriation (MYA) established for the payment of claims associated with Treaty of Waitangi settlements. The actual amount expensed in any one year may be greater or less than the amount forecast for that particular year, since actual expenses depend on the settlements reached.

Discounts

Accounting policy

Discounts arising on the issue of debt instruments up to the forecast finalisation date are treated as an increase in the cost of borrowings. Discounts are recognised in the Forecast Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Discounts on forecast bond sales with the same maturity date and coupon rate as bonds already on issue are calculated using the same maturity and coupon rate information. These discounts are treated on issue as an increase in the cost of borrowing, and in general are amortised over the period of the instrument on a yield-to-maturity basis.

Forecast assumption

Forecast bond sales with new maturity dates are assumed to be issued at par value, and therefore no discounts are forecast for these instruments.

Losses

General

Accounting policy

Forecast realised losses arising from the sale of assets or the early repurchase of liabilities are recognised in the Forecast Statement of Financial Performance in the period in which the transaction is forecast to occur.

Foreign-currency monetary assets and liabilities

Accounting policy

Unrealised losses are recognised in the Forecast Statement of Financial Performance.

Forecast assumption

The 30 June 2001 forecasts for foreign-currency monetary assets and liabilities use the exchange rates prevailing on 31 October 2000.

Forecasts of foreign-currency monetary assets and liabilities for the other forecast periods are based on the exchange rates used for the 30 June 2001 forecasts. As a consequence, no realised or unrealised exchange losses are forecast for these years.

*Physical assets and liabilities*Accounting policy

Unrealised losses are first applied against the revaluation reserve for that class of asset. The balance, if any, is charged to the Forecast Statement of Financial Performance.

Forecast assumption

The 30 June 2001 forecasts for the value of physical assets use valuations as recorded in the Crown Financial Statements for the year ended 30 June 2000, and any additional actual valuations that have occurred up to 31 October 2000.

The value of physical assets for the other forecast periods is forecast using the same valuation used for the 30 June 2001 forecasts. As a consequence, no realised or unrealised losses are forecast.

*Investments and marketable securities held for investment*Forecast assumption

All investments and marketable securities held for investment that are forecast to be held after the forecast finalisation date are assumed to be held to maturity. Therefore, no losses are forecast for these assets.

Foreign-currency transactions*Accounting policy*

Short-term transactions covered by forward exchange contracts are translated into New Zealand dollars using the forward rates specified in those contracts.

Other transactions in foreign currencies are translated into New Zealand dollars using the exchange rates prevailing on 31 October 2000. Forecast exchange gains or losses arising on translation of these transactions are recognised in the Forecast Statement of Financial Performance.

The resulting exchange gains or losses are included in the Forecast Statement of Financial Performance in the period in which they are forecast to arise. The forward margin associated with existing forward exchange contracts is amortised over the period of the contract on a straight-line basis.

Forecast assumption

Outstanding foreign-exchange contracts are translated using the exchange rate prevailing on 31 October 2000.

For forecasting purposes, the exchange rates prevailing on 31 October 2000 are assumed to prevail throughout the other forecast periods.

Depreciation

Accounting policy

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an asset, less any forecast residual value, over its estimated useful life. Typically, the estimated useful lives of different classes of assets are as follows:

Freehold buildings	25 to 60 years
Specialist military equipment	5 to 25 years
Other plant and equipment	3 to 25 years
State highways:	
Pavement	36 years
Bridges	90 years

Assets

Foreign monetary assets

Accounting policy

Foreign monetary assets existing at the forecast finalisation date and subject to forward exchange contracts are translated at the contract rate. Other foreign-currency monetary assets are translated at the exchange rates prevailing on 31 October 2000.

Forecast assumption

For forecasting purposes, the exchange rates on 31 October 2000 are assumed to prevail throughout the other forecast periods.

Receivables and advances

Accounting policy

Receivables and advances are recorded at the amounts forecast to be collected in cash.

Inventories

Accounting policy

Inventories, except for unissued currency stocks, existing at the forecast finalisation date are recorded at the lower of cost and net current value. Inventories forecast to be acquired after that date are recorded at the forecast cost.

Unissued currency stocks are recorded as inventory at the cost of acquisition and expensed when issued.

Investments

Marketable securities held for trading purposes

Accounting policy

Marketable securities held for trading purposes at the forecast finalisation date are recorded at net current value.

Marketable securities that are forecast to be acquired after that date and held for trading purposes are recorded at forecast cost of acquisition.

Equity investments

Accounting policy

Equity investments existing at the forecast finalisation date (other than those forming part of the reporting entity) are recorded at the lower of forecast cost and net current value.

Equity investments, which are forecast to be purchased after that date, are recorded at the forecast cost.

Other investments

Accounting policy

Other investments existing at the forecast finalisation date, including marketable securities held for investment, are recorded at the lower of cost and net current value.

Other investments that are forecast to be purchased after that date are valued at the forecast cost.

Investment sales

Forecast assumption

The proceeds from sales of investments or entities are only included in the forecasts when those sales have been contractually confirmed at the forecast finalisation date.

Physical assets

Accounting policy

Revaluations are made to reflect the service potential or economic benefit obtained through control of assets. Assets revalued to net current value are based on the market value of the asset less estimated disposal costs. Where an asset is recorded at its depreciated replacement cost, depreciated replacement cost is based on the estimated present cost of constructing the existing asset by the most appropriate method of construction, reduced by factors of age and deterioration of the asset.

Physical assets are revalued at least every three years where appropriate.

Land and buildings

Accounting policy

Holdings of land and buildings at the forecast finalisation date are recorded at the latest available valuation calculated on a net-current-value basis. In cases where valuations conducted in accordance with New Zealand Institute of Valuers' standards are not available, valuations conducted in accordance with the Valuation of Land Act 1951 have been used.

Land and buildings forecast to be purchased after the forecast finalisation date are valued at their forecast cost.

Forecast assumption

Valuations are assumed to remain constant over the forecast period.

Specialist military equipment

Accounting policy

Specialist military equipment existing at the forecast finalisation date is valued at depreciated replacement cost established through specialist assessment by New Zealand Defence Force advisers.

Specialist military equipment forecast to be purchased after that date is valued at forecast cost.

Other plant and equipment

Accounting policy

Other plant and equipment (including motor vehicles and office equipment) existing at forecast finalisation date is recorded at cost less accumulated depreciation.

Other plant and equipment forecast to be purchased after that date is recorded at forecast cost.

Other physical assets for which an objective estimate of market value is difficult to obtain

Accounting policy

Such assets (national parks, for example) existing at the forecast finalisation date are recorded at the best estimate of net current value.

Any such assets forecast to be acquired after that date are valued at forecast cost.

Forecast assumption

The value is assumed to be constant over the other forecast periods.

State highways

Accounting policy

State highways existing at the forecast finalisation date are recorded at depreciated replacement cost, based on the estimated present cost of constructing the existing asset

by the most appropriate method of construction. State highways forecast to be developed after that date are valued at forecast cost.

Land associated with the state highways is valued using an opportunity cost based on adjacent use, as an approximation of net current value.

Forecast assumption

The value is assumed to be constant over the other forecast periods.

Commercial forests

Accounting policy

Commercial forests are recorded at forecast net current value. This takes into account age, quality of timber, market expectations and the forest management plan.

Forecast assumption

Commercial forests are valued at an estimate of net current value using discounted cash flow techniques. Post-tax cash flows and three-year rolling average log prices have been used. Log prices are assumed to be constant over the forecast period.

Intangible assets

Accounting policy

Intangible assets that can be sold or acquired separately from other assets are recorded at forecast net current value if a foreseeable future benefit exists. Otherwise, intangible assets are not recognised.

Forecast assumption

The value is assumed to be constant over the other forecast periods.

Liabilities

Borrowings

Accounting policy

In the Forecast Statement of Financial Position, borrowings, including currency swaps existing at the forecast finalisation date, are recorded at nominal value adjusted for the unamortised portion of the premium or discount on issue.

Borrowings forecast to be raised after that date are recorded at forecast cost.

Forecast assumption

Forecasts of borrowings incorporate a number of technical assumptions regarding the use of the Crown's fiscal surplus for domestic debt reduction. These assumptions may not

reflect the actual future composition of the domestic debt programmes, as these decisions have yet to be made.

Foreign monetary liabilities

Accounting policy

Foreign monetary liabilities existing at the forecast finalisation date and subject to forward exchange contracts are translated at contract rates. Other foreign-currency monetary liabilities are translated at exchange rates prevailing on 31 October 2000.

Forecast assumption

For forecasting purposes, the exchange rates prevailing on 31 October 2000 are assumed to prevail throughout the other forecast periods.

Pension liabilities

Forecast assumption

Forecasts of Government Superannuation Fund pension liabilities in respect of the contributory service of superannuation scheme members are based on financial assumptions applied to the latest actuarial value of the Crown's liability for pension payments net of the scheme's assets, adjusted in future years for any projected changes in demographic assumptions.

Currency issued

Accounting policy

Currency (including demonetised currency) issued at the forecast finalisation date or forecast to be issued after that date is recognised at face value.

The face value of collectors' currency is recorded as a contingent liability.

Leases

Accounting policy

Finance leases transfer to the Crown as lessee substantially all the risks and rewards incident on the ownership of a leased asset. The obligations under such forecast leases are capitalised at the forecast present value of the minimum lease payments. The capitalised values are amortised over the period forecast for benefits from their use to arise.

Forecast operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the forecast term of the lease.

The cost of forecast leasehold improvements is capitalised and amortised over the forecast unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

Employee entitlements

Accounting policy

Forecast liabilities for annual leave are recognised as they are forecast to accrue to employees. Provision is also made for forecast long-service and retiring leave obligations to employees.

Other liabilities

Accounting policy

All other liabilities are recorded at the forecast obligation to pay.

Commitments

The commitments reported in these forecast financial statements are **actual** commitments at 31 October 2000.

Existing commitments include operating and capital commitments arising from non-cancellable contractual or statutory obligations. Interest commitments on debts and commitments relating to employment contracts are not included.

Specific Fiscal Risks

Accounting policy

The specific fiscal risks reported in these forecast financial statements are the **actual** risks **existing at 27 November 2000** and contingent liabilities as at 31 October 2000. They include existing contingent liabilities, which are recognised at the point the contingency is evident. The Statement of Specific Fiscal Risks has been prepared in accordance with sections 10(3)(b) and 11 of the Fiscal Responsibility Act 1994.

Changes in Accounting Policies

All policies have been applied on a consistent basis during the forecast period. There have been no changes in accounting policies during the period.

Changes in Forecast Assumptions

Changes to the forecast assumptions used for the last set of forecasts published in the 2000 *Budget Economic and Fiscal Update* are outlined on page 99.

Notes to the Forecast Financial Statements

(\$ million)	2001						
	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
Source deductions	12,972	13,756	13,575	14,430	15,280	16,085	16,882
Other persons	3,123	3,587	3,520	3,932	4,205	4,468	4,803
Refunds	(625)	(629)	(719)	(664)	(650)	(661)	(671)
Fringe benefit tax	306	299	292	309	327	322	323
Total Individuals	15,776	17,013	16,668	18,007	19,162	20,214	21,337
Companies							
Gross companies	4,270	4,726	4,647	5,121	5,298	5,587	5,886
Refunds	(112)	(201)	(117)	(121)	(123)	(131)	(129)
Total Companies	4,158	4,525	4,530	5,000	5,175	5,456	5,757
Withholding Taxes							
Residents' interest income	723	926	942	1,125	1,184	1,203	1,187
Non-residents' income	735	647	631	669	686	708	742
Residents' dividend income	47	43	47	42	38	39	41
Foreign-source dividends	58	58	76	36	36	36	36
Total Withholding Taxes	1,563	1,674	1,696	1,872	1,944	1,986	2,006
Total Income Tax	21,497	23,212	22,894	24,879	26,281	27,656	29,100
Other Direct Taxation							
Estate and gift duties	2	2	2	2	2	2	2
Total Other Direct Taxation	2	2	2	2	2	2	2
Total Direct Taxation	21,499	23,214	22,896	24,881	26,283	27,658	29,102

NOTE 2: Indirect Taxation

Goods and Services Tax							
Gross goods and services tax	14,085	14,252	14,746	15,095	15,659	16,418	17,134
Refunds	(5,214)	(5,086)	(5,642)	(5,544)	(5,663)	(5,853)	(6,088)
Total Goods and Services Tax	8,871	9,166	9,104	9,551	9,996	10,565	11,046
Excise Duties							
Petroleum fuels	808	825	816	804	812	819	827
Tobacco products	777	812	762	780	784	784	782
Alcoholic beverages	442	435	445	444	454	463	471
Total Excise Duties	2,027	2,072	2,023	2,028	2,050	2,066	2,080
Other Indirect Taxation							
Customs duty	612	611	633	657	667	692	708
Road user charges	507	565	545	595	626	659	659
Motor vehicle fees	177	183	176	180	186	191	196
Gaming duties	176	192	205	216	224	230	234
Energy resources levies	108	89	99	96	93	93	91
Stamp, cheque and credit card duties	58	60	67	70	70	70	70
Total Other Indirect Taxation	1,638	1,700	1,725	1,814	1,866	1,935	1,958
Total Indirect Taxation	12,536	12,938	12,852	13,393	13,912	14,566	15,084

Notes to the Forecast Financial Statements

(\$ million)	2000	2001	2001	2002	2003	2004	2005
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
NOTE 3: Investment Income							
Interest Income							
Marketable securities, deposits, mortgages and cash balances	426	398	431	397	366	402	405
Advances							
Contact Energy Limited	16	11	1	2	..	..	..
Student loans	249	320	301	400	463	516	568
Other entities	30	31	47	68	63	70	67
Total Interest Income	721	760	780	867	892	988	1,040
Dividend Income							
State-owned enterprises	334	221	266	226	232	244	247
Other	115	4	3	13	36	40	40
Total Dividend Income	449	225	269	239	268	284	287
Other Investment Income							
(Loss)/gains on marketable securities and deposits	(25)	..	20	..	..	..	..
NZS Fund investment income	..	..	..	20	83	191	363
Gain on sale of Vehicle Testing New Zealand Limited	14	..	..	..	..	..	..
Other	(2)	..	4	..	..	..	..
Total Other Investment Income	(13)	..	24	20	83	191	363
Total Investment Income	1,157	985	1,073	1,126	1,243	1,463	1,690

NOTE 4: Other Operational Revenue

Recoveries from the Accident Compensation Corporation	92	89	102	97	97	97	97
Petroleum royalties	46	24	60	32	25	24	24
Cost recovery income from Fisheries	27	27	29	27	27	27	27
Contributions to Government Superannuation Fund	25	22	22	21	17	13	9
Income from Earthquake Commission	10	10	10	10	10	10	10
Other	143	96	109	92	93	91	93
Total Other Operational Revenue	343	268	332	279	269	262	260

Notes to the Forecast Financial Statements

(\$ million)	2001						2005 Forecast
	2000 Actual	2001 Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
NOTE 5: Expenses by Input Type							
Subsidies and transfer payments (see analysis below)	12,960	13,344	13,363	13,975	14,504	15,027	15,490
Operating expenses (see analysis below)	16,792	17,446	17,467	17,510	17,820	17,998	18,222
Personnel							
Personnel expenses (excluding pension expenses)	2,527	2,631	2,630	2,604	2,595	2,596	2,598
GSF pension expenses	679	685	680	693	715	725	743
Movement in unfunded pension liability	(201)	111	244	6	(11)	(24)	(29)
Other pension expenses	57	53	53	53	53	53	53
Depreciation							
Physical assets	709	793	789	833	839	827	822
State highways	82	84	83	85	87	89	91
Rental and leasing costs	262	251	255	249	243	241	241
(Gain)/loss on sale of assets	(7)	..	3	..	..	..	..
Finance costs (see analysis below)	2,373	2,479	2,527	2,588	2,512	2,446	2,285
Net foreign-exchange losses on liabilities	997	..	972	..	..	..	..
Net foreign-exchange gains on assets	(1,059)	..	(1,015)	..	..	..	..
Provision for future initiatives (see analysis below)	..	180	60	670	1,240	2,040	2,840
Total Expenses	36,171	38,057	38,111	39,266	40,597	42,018	43,356
Analysis of Subsidies and Transfer Payments							
Social assistance grants							
New Zealand Superannuation	5,068	5,253	5,261	5,473	5,723	5,963	6,199
Community Wage	1,937	1,867	1,864	..	..	..	..
Unemployment Benefit	..	..	..	1,600	1,632	1,716	1,801
Domestic Purposes Benefit	1,433	1,425	1,437	1,495	1,544	1,588	1,619
Family Support	910	913	921	915	916	917	919
Student allowances	376	394	388	412	436	457	480
Other social assistance grants	2,863	3,085	3,107	3,693	3,837	3,971	4,097
Subsidies	136	159	136	135	163	162	122
Other transfer payments							
Official development assistance	219	227	227	227	227	227	227
Other	18	21	22	25	26	26	26
Total Subsidies and Transfer Payments	12,960	13,344	13,363	13,975	14,504	15,027	15,490
Analysis of Operating Expenses							
Education purchases							
Early childhood education	325	339	335	345	352	355	357
Primary and secondary education	3,405	3,598	3,545	3,625	3,647	3,681	3,691
Tertiary education and training	1,380	1,482	1,496	1,558	1,592	1,623	1,653
Health purchases	6,400	6,706	6,734	6,735	6,858	6,974	7,072
Science purchases	424	467	467	471	471	471	471
Other operating expenses	4,858	4,854	4,890	4,776	4,900	4,894	4,978
Total Operating Expenses	16,792	17,446	17,467	17,510	17,820	17,998	18,222
Analysis of Finance Costs							
Interest							
New Zealand dollars	1,993	2,107	2,105	2,174	2,133	2,094	1,965
Foreign currencies	355	349	380	391	356	329	297
Other finance costs	25	23	42	23	23	23	23
Total Finance Costs	2,373	2,479	2,527	2,588	2,512	2,446	2,285
Analysis of Provision for future initiatives							
2000/01 contingency provision	..	180	60	70	65	65	65
2001/02 Budget provision	..	..	..	600	600	600	600
2002/03 Budget provision	..	..	..	..	575	575	575
2003/04 technical provision	..	..	..	..	..	800	800
2004/05 technical provision	..	..	..	..	..	..	800
Total provision for future initiatives	..	180	60	670	1,240	2,040	2,840

Notes to the Forecast Financial Statements

(\$ million)	2001						
	2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
NOTE 6: Marketable Securities and Deposits							
Marketable securities held for trading purposes	4,071	2,645	4,001	4,011	3,987	3,961	3,924
Marketable securities held for investment purposes	2,216	1,759	2,252	1,423	1,325	1,849	1,882
Foreign-currency deposits	1,746	2,766	2,402	2,464	2,435	2,420	2,415
New Zealand-dollar deposits	1,600	1,166	1,790	1,187	872	557	153
Reserve position at the International Monetary Fund (IMF)	807	898	834	844	854	867	881
Total Marketable Securities and Deposits	10,440	9,234	11,279	9,929	9,473	9,654	9,255

NOTE 7: Advances

Advances to State-owned enterprises and Crown entities

Housing Corporation of New Zealand	137	201	174	181	190	200	210
Residual Health Management Unit	80	15	15	15	15	15	15
Hospital and health services	..	..	210	490	490	490	490
Other state-owned enterprises and Crown entities	42	42	43	..	..	..	..
Total Advances to state-owned enterprises and Crown entities	259	258	442	686	695	705	715

Other Advances

Student loans	3,523	4,063	4,104	4,676	5,227	5,724	6,174
Contact Energy Limited	117	117	117	48	..	..	..
Forestry encouragement loans	29	29	29	29	31	33	35
Maori development rural lending	36	48	49	58	61	71	75
Catchment authorities	7	6	6	5	4	3	2
Other	24	20	21	17	14	12	9
Total Other Advances	3,736	4,283	4,326	4,833	5,337	5,843	6,295
Total Advances	3,995	4,541	4,768	5,519	6,032	6,548	7,010

Analysis of Student Loans

Outstanding balance

Total loans outstanding (including interest)	4,004	4,643	4,592	5,237	5,857	6,420	6,937
Total provisions (capital and interest)	(481)	(580)	(488)	(561)	(630)	(696)	(763)
Total Student Loans	3,523	4,063	4,104	4,676	5,227	5,724	6,174

Movement during the year

Opening balance	3,002	3,506	3,523	4,104	4,676	5,227	5,724
Amount advanced in current year	702	837	822	858	906	948	989
Interest accrued on outstanding loan balances	249	320	301	400	463	516	568
Repayment of base capital	(174)	(217)	(233)	(290)	(369)	(460)	(542)
Repayment of accrued interest	(108)	(141)	(103)	(130)	(170)	(215)	(257)
Interest written off and movement in provision for interest write-offs and doubtful debts	(157)	(249)	(214)	(274)	(287)	(300)	(316)
Other movements	9	7	8	8	8	8	8
Closing balance	3,523	4,063	4,104	4,676	5,227	5,724	6,174

NOTE 8: Receivables

Taxes receivable	4,225	4,320	4,426	4,507	4,570	4,638	4,703
Accounts receivable	1,029	979	913	915	895	865	837
Receivable from the sale and purchase of Maui gas	175	95	95	82	73	62	48
Prepayments	91	64	56	55	55	55	54
Total Receivables	5,520	5,458	5,490	5,559	5,593	5,620	5,642

Notes to the Forecast Financial Statements

(\$ million)	2000	2001	2001	2002	2003	2004	2005
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
NOTE 9: Financial Interest in State-Owned Enterprises and Crown Entities							
Surplus							
State-owned enterprises	291	362	318	372	412	435	435
Crown entities	1,241	563	671	641	564	544	540
Total Surplus	1,532	925	989	1,013	976	979	975
Dividends and Other Distributions							
State-owned enterprises	334	221	266	226	232	244	247
Crown entities	104	5	..	9	32	37	36
Total Dividends and Other Distributions	438	226	266	235	264	281	283
Net Equity							
State-owned enterprises	5,507	5,177	5,505	5,651	5,831	6,022	6,210
Crown entities	8,885	9,596	9,699	10,451	11,099	11,563	12,067
Total Net Equity	14,392	14,773	15,204	16,102	16,930	17,585	18,277

Balance dates

All state-owned enterprises and significant Crown entities have a balance date of 30 June except for the following:

State-owned enterprises

Timberlands West Coast Limited 31 March

Significant Crown entities

Government Property Services Limited 31 March
 School boards of trustees 31 December
 Tertiary education institutions 31 December

Minority Interests

All state-owned enterprises and Crown entities are 100% owned by the Crown.

Notes to the Forecast Financial Statements

(\$ million)	2001						
	2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
NOTE 10: Physical Assets							
By Type							
Cost or Valuation							
Land	1,830	1,823	1,845	1,858	1,856	1,857	1,857
Properties intended for sale	441	444	420	420	420	420	420
Buildings	8,749	9,261	9,182	9,517	9,850	10,158	10,419
Specialist military equipment	2,753	2,993	3,034	3,056	3,270	3,467	3,637
Other assets	2,637	2,513	2,627	2,634	2,634	2,639	2,644
Other plant and equipment	2,097	2,504	2,395	2,617	2,803	2,976	3,146
Total Cost or Valuation	18,507	19,538	19,503	20,102	20,833	21,517	22,123
Accumulated Depreciation							
Buildings	866	1,231	1,136	1,519	1,885	2,267	2,608
Specialist military equipment	487	617	472	653	834	1,007	1,174
Other assets	..	2	2	5	7	9	11
Other plant and equipment	1,182	1,557	1,417	1,658	1,916	2,143	2,390
Total Accumulated Depreciation	2,535	3,407	3,027	3,835	4,642	5,426	6,183
Net Book Value							
Land	1,830	1,823	1,845	1,858	1,856	1,857	1,857
Properties intended for sale	441	444	420	420	420	420	420
Buildings	7,883	8,030	8,046	7,998	7,965	7,891	7,811
Specialist military equipment	2,266	2,376	2,562	2,403	2,436	2,460	2,463
Other assets	2,637	2,511	2,625	2,629	2,627	2,630	2,633
Other plant and equipment	915	947	978	959	887	833	756
Total Net Book Value	15,972	16,131	16,476	16,267	16,191	16,091	15,940
Movements							
Cost or Valuation							
Opening balance	17,467	18,382	18,507	19,503	20,102	20,833	21,517
Net additions	407	1,156	1,238	599	731	684	606
Revaluations	633	..	(242)	..	..	..	..
Total Cost or Valuation	18,507	19,538	19,503	20,102	20,833	21,517	22,123
Accumulated Depreciation							
Opening balance	2,209	2,688	2,535	3,027	3,835	4,642	5,426
Disposals	(194)	(74)	(56)	(25)	(32)	(43)	(65)
Depreciation charged for the period	709	793	789	833	839	827	822
Revaluations	(189)	..	(241)	..	..	..	..
Total Accumulated Depreciation	2,535	3,407	3,027	3,835	4,642	5,426	6,183
Net Physical Assets	15,972	16,131	16,476	16,267	16,191	16,091	15,940
By Holding							
Freehold assets	15,930	16,095	16,436	16,228	16,152	16,052	15,901
Leasehold assets	42	36	40	39	39	39	39
Net Physical Assets	15,972	16,131	16,476	16,267	16,191	16,091	15,940

Notes to the Forecast Financial Statements

(\$ million)	2001						
	2000 Actual	Previous Budget	2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast
NOTE 11: State Highways							
Cost or Valuation							
Opening balance	8,770	8,939	8,911	9,098	9,319	9,546	9,779
Net additions	201	165	187	221	227	233	241
Revaluations	(60)	..	..	..	..	..	..
Total Cost or Valuation	8,911	9,104	9,098	9,319	9,546	9,779	10,020
Accumulated Depreciation							
Opening balance	..	82	..	83	168	255	344
Depreciation charged for the period	82	84	83	85	87	89	91
Revaluations	(82)	..	..	..	..	..	..
Total Accumulated Depreciation	..	166	83	168	255	344	435
Total State Highways	8,911	8,938	9,015	9,151	9,291	9,435	9,585

NOTE 12: Payables and Provisions

Accounts payable	1,243	1,782	1,514	1,886	1,838	1,840	1,852
Accruals and provisions	1,363	844	1,015	472	495	410	233
Taxes repayable	1,714	1,720	1,711	1,711	1,711	1,711	1,711
National Provident Fund guarantee	433	423	433	433	433	433	433
National Provident Fund Board indemnity	105	..	..	..	..	..	..
Provisions for employee entitlements	382	438	425	418	413	411	407
Total Payables and Provisions	5,240	5,207	5,098	4,920	4,890	4,805	4,636

NOTE 13: Revaluation Reserve

Opening Balance	7,219	7,697	8,201	8,190	8,190	8,190	8,190
Net revaluations							
State-owned enterprises and Crown entities	268	..	3	..	..	..	..
Land and buildings	516	..	..	..	..	..	..
State highways	22	..	..	..	..	..	..
Specialist military equipment	195	..	..	..	..	..	..
Other assets	111	..	(1)	..	..	..	..
Total Net Revaluations	1,112	..	2	..	..	..	..
Transfer to accumulated operating balance	(130)	..	(13)	..	..	..	..
Closing Revaluation Reserve	8,201	7,697	8,190	8,190	8,190	8,190	8,190

Annex A: Tax Revenue Tables

Table A.1 – Treasury and Inland Revenue Forecasts of Tax Revenue

(\$ million)	1999/2000	2000/01		2001/02		2002/03		2003/04		2004/05	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
Direct Tax											
Individuals											
Source deductions	12,972	13,575	13,634	14,430	14,415	15,280	15,272	16,085	16,093	16,882	16,989
Other persons	3,123	3,520	3,450	3,932	3,820	4,205	4,080	4,468	4,310	4,803	4,595
Refunds	(625)	(719)	(705)	(664)	(685)	(650)	(690)	(661)	(700)	(671)	(705)
Fringe benefit tax	306	292	290	309	301	327	343	322	342	323	344
Subtotal: Individuals	15,776	16,668	16,669	18,007	17,851	19,162	19,005	20,214	20,045	21,337	21,223
Company Tax (net)	4,158	4,530	4,588	5,000	4,851	5,175	5,047	5,456	5,293	5,757	5,542
Withholding Tax											
Resident interest income	723	942	927	1,125	1,083	1,184	1,132	1,203	1,110	1,187	1,070
Non-resident income	735	631	647	669	659	686	682	708	704	742	728
Resident dividend income	47	47	47	42	50	38	50	39	50	41	50
Foreign-source dividends	58	76	76	36	47	36	50	36	50	36	50
Subtotal: Withholding Tax	1,563	1,696	1,697	1,872	1,839	1,944	1,914	1,986	1,914	2,006	1,898
Total Income Tax	21,497	22,894	22,954	24,879	24,541	26,281	25,966	27,656	27,252	29,100	28,663
Other Direct Tax											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	21,499	22,896	22,956	24,881	24,543	26,283	25,968	27,658	27,254	29,102	28,665
Indirect Tax											
GST											
GST (Customs)	3,650	4,180	4,112	4,027	3,955	4,055	4,046	4,350	4,361	4,514	4,542
GST (IRD)	5,221	4,924	4,949	5,524	5,528	5,941	5,890	6,215	6,103	6,532	6,377
Subtotal: GST	8,871	9,104	9,061	9,551	9,483	9,996	9,936	10,565	10,464	11,046	10,919
Excise duties on:											
Alcoholic drinks	442	445	455	444	442	454	452	463	460	471	467
Tobacco products	777	762	772	780	779	784	784	784	786	782	787
Petroleum fuels	808	816	821	804	816	812	823	819	831	827	838
Subtotal: Excise Duties	2,027	2,023	2,048	2,028	2,037	2,050	2,059	2,066	2,077	2,080	2,092
Other Indirect Tax											
Customs duty	612	633	672	657	672	667	693	692	729	708	767
Road user charges	507	545	539	595	575	626	603	659	630	659	661
Motor vehicle fees	177	176	178	180	182	186	184	191	186	196	189
Stamp and cheque duties	58	67	65	70	65	70	65	70	65	70	65
Gaming duties	176	205	204	216	214	224	222	230	228	234	230
Energy resources levy	108	99	103	96	107	93	108	93	109	91	110
Subtotal: Other Indirect Tax	1,638	1,725	1,761	1,814	1,815	1,866	1,875	1,935	1,947	1,958	2,022
Total Indirect Tax	12,536	12,852	12,870	13,393	13,335	13,912	13,870	14,566	14,488	15,084	15,033
Total Tax	34,035	35,748	35,826	38,274	37,878	40,195	39,838	42,224	41,742	44,186	43,698
Tax-to-GDP	32.4%	32.7%	32.8%	32.7%	32.3%	32.8%	32.5%	32.9%	32.6%	32.9%	32.5%
GDP	105,036	109,337	109,337	117,213	117,213	122,656	122,656	128,191	128,191	134,327	134,327

Sources: Inland Revenue, The Treasury

NOTE: Numbers are after elimination of GST on department outputs and tax paid on the income of the NZS Fund.

Table A.2 – Treasury and Inland Revenue Forecasts of Tax Receipts (Cash)

(\$ million)	1999/2000	1999/2000		2001/02		2002/03		2003/04		2004/05	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
Direct Tax											
Individuals											
Source deductions	12,920	13,575	13,634	14,430	14,415	15,280	15,272	16,085	16,093	16,882	16,989
Other persons	3,553	4,001	3,875	4,376	4,225	4,640	4,480	4,910	4,710	5,251	5,000
Refunds	(1,043)	(1,200)	(1,130)	(1,108)	(1,090)	(1,085)	(1,090)	(1,103)	(1,100)	(1,119)	(1,110)
Fringe benefit tax	306	291	294	294	302	331	343	323	342	323	344
Subtotal: Individuals	15,736	16,667	16,673	17,992	17,852	19,166	19,005	20,215	20,045	21,337	21,223
Company Tax (net)	4,108	4,530	4,550	5,000	4,851	5,175	5,047	5,456	5,293	5,757	5,542
Withholding Tax											
Resident interest income	725	938	929	1,127	1,085	1,185	1,134	1,203	1,108	1,190	1,068
Non-resident income	730	631	619	669	659	686	679	708	701	742	732
Resident dividend income	48	47	49	42	50	38	50	39	50	41	50
Foreign-source dividends	63	76	75	36	47	36	50	36	50	36	50
Subtotal: Withholding Tax	1,566	1,692	1,672	1,874	1,841	1,945	1,913	1,986	1,909	2,009	1,900
Total Income Tax	21,410	22,889	22,895	24,866	24,544	26,286	25,965	27,657	27,247	29,103	28,665
Other Direct Tax											
Estate and gift duties	1	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	21,411	22,891	22,897	24,868	24,546	26,288	25,967	27,659	27,249	29,105	28,667
Indirect Tax											
GST											
GST (Customs)	3,636	4,155	4,112	4,002	3,955	4,030	4,046	4,325	4,361	4,489	4,542
GST (IRD)	5,176	4,889	4,949	5,489	5,528	5,906	5,890	6,180	6,103	6,497	6,377
Subtotal: GST	8,812	9,044	9,061	9,491	9,483	9,936	9,936	10,505	10,464	10,986	10,919
Excise duties on:											
Alcoholic drinks	416	430	430	444	442	454	452	463	460	471	467
Tobacco products	804	702	717	780	779	784	784	784	786	782	787
Petroleum fuels	794	806	806	804	816	812	823	819	831	827	838
Subtotal: Excise Duties	2,014	1,938	1,953	2,028	2,037	2,050	2,059	2,066	2,077	2,080	2,092
Other Indirect Tax											
Customs duty	637	653	672	657	672	667	693	692	729	708	767
Road user charges	507	545	539	595	575	626	603	659	630	659	661
Motor vehicle fees	177	178	178	180	182	186	184	191	186	196	189
Stamp and cheque duties	22	67	65	70	65	70	65	70	65	70	65
Gaming duties	177	205	204	216	214	224	222	230	228	234	230
Energy resources levy	107	107	105	99	107	94	108	93	109	91	110
Subtotal: Other Indirect Tax	1,627	1,755	1,763	1,817	1,815	1,867	1,875	1,935	1,947	1,958	2,022
Total Indirect Tax	12,453	12,737	12,777	13,336	13,335	13,853	13,870	14,506	14,488	15,024	15,033
Total Tax	33,864	35,628	35,674	38,204	37,881	40,141	39,837	42,165	41,737	44,129	43,700
Tax-to-GDP	32.2%	32.6%	32.6%	32.6%	32.3%	32.7%	32.5%	32.9%	32.6%	32.9%	32.5%
GDP	105,036	109,337	109,337	117,213	117,213	122,656	122,656	128,191	128,191	134,327	134,327

Sources: Inland Revenue, The Treasury

NOTE: Numbers are after elimination of GST on department outputs and tax paid on the income of the NZS Fund.

Annex B: Expense Tables

Table B.1 – Expenses by category

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Social security and welfare	12,510	12,906	12,896	13,264	13,789	14,259	14,757	15,237
GSF Pension expense	493	1,132	478	924	699	704	701	714
Health	6,001	6,573	6,874	7,288	7,275	7,400	7,520	7,623
Education	5,714	5,899	6,310	6,774	7,024	7,127	7,227	7,307
Core government services	1,562	1,705	1,710	1,540	1,519	1,505	1,482	1,491
Law and order	1,345	1,499	1,531	1,557	1,547	1,545	1,543	1,542
Defence	1,065	1,030	1,247	1,143	1,064	1,102	1,065	1,079
Transport and communications	948	1,029	1,036	1,048	1,069	1,117	1,163	1,205
Economic and industrial services	840	858	944	1,146	1,180	1,238	1,230	1,188
Primary services	423	334	265	298	278	274	264	264
Heritage, culture and recreation	297	316	456	444	426	438	445	449
Housing and community	29	41	68	56	44	43	42	39
Other	167	34	45	85	94	93	93	93
Finance costs	2,804	2,516	2,373	2,527	2,588	2,512	2,446	2,285
Net foreign exchange losses/(gains)	13	(47)	(62)	..	..	..	..	..
Provision for future initiatives	..	..	..	60	670	1,240	2,040	2,840
Total Expenses	34,211	35,825	36,171	38,154	39,266	40,597	42,018	43,356
Less								
Foreign exchange (losses)/gains	(13)	47	62	..	..	..	..	..
Unfunded GSF liability revaluation	233	(429)	201	(244)	(6)	11	24	29
NPF revaluation	5	28	(10)	..	..	..	..	..
Adjusted Total Expenses	34,436	35,471	36,424	37,910	39,260	40,608	42,042	43,385

Source: The Treasury

Table B.2 – Social security and welfare

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Welfare benefits	11,730	12,006	12,072	12,455	13,033	13,501	13,997	14,475
Social rehabilitation & compensation	123	91	70	62	64	71	77	80
Departmental expenses	532	654	634	648	611	609	608	608
Other non-departmental expenses	125	155	120	99	81	78	75	74
Total Social Security and Welfare	12,510	12,906	12,896	13,264	13,789	14,259	14,757	15,237

Source: The Treasury

Table B.3 – New Zealand superannuation and welfare benefits

(\$ million)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,106	5,071	5,068	5,261	5,473	5,723	5,963	6,199
Domestic Purposes Benefit	1,501	1,451	1,433	1,437	1,495	1,544	1,588	1,619
Unemployment Benefit	1,436	369	..	..	1,600	1,632	1,716	1,801
Community Wage	..	1,486	1,937	1,864	..	..	..	..
Accommodation Supplement	793	843	867	809	795	836	887	941
Invalids Benefit	599	630	677	745	833	910	980	1,040
Sickness Benefit	400	97	..	..	360	382	397	405
Disability Allowance	198	204	204	208	224	241	258	274
Transitional Retirement Benefit	111	116	125	128	105	62	16	(1)
Income Related Rents	..	..	..	145	255	264	273	273
Family Support	874	912	899	914	907	908	909	911
Child Tax Credit	121	164	167	181	183	184	185	186
Special Benefit	60	44	35	44	61	65	65	65
Benefits paid in Australia	63	146	147	178	176	172	172	172
Other benefits	468	473	513	541	566	578	588	590
Total Welfare Benefits	11,730	12,006	12,072	12,455	13,033	13,501	13,997	14,475

Source: The Treasury

Table B.4 – Beneficiary numbers

(Thousands)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	470	464	456	448	449	456	463	472
Domestic Purposes Benefit	115	113	111	111	111	112	113	113
Unemployment Benefit	152	..	..	..	160	159	163	167
Community Wage	..	204	200	191	..	..	..	..
Accommodation Supplement	310	320	324	302	295	303	313	323
Invalids Benefit	48	50	53	58	62	66	69	72
Sickness Benefit	36	..	..	..	33	35	35	35

Source: The Treasury

Table B.5 – GSF pension expense

(\$ million)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Pension expenses	726	703	679	680	693	715	725	743
Plus revaluation of Unfunded Liability	(233)	429	(201)	244	6	(11)	(24)	(29)
Total GSF pension expense	493	1,132	478	924	699	704	701	714

Source: The Treasury

Table B.6 – Health

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Departmental outputs	58	58	59	88	59	58	58	58
Personal health, disability support and public health service purchasing	5,723	6,107	6,401	6,734	6,735	6,858	6,974	7,072
Other non-departmental outputs	18	135	121	145	161	160	159	159
Health payments to ACC	185	237	264	286	297	302	307	312
Other expenses	17	36	29	35	23	22	22	22
Total Health Expenses	6,001	6,573	6,874	7,288	7,275	7,400	7,520	7,623

Source: The Treasury

Table B.7 – Personal health, disability support and public health services

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Personal health services:								
Northern	1,337	1,452	1,582	1,623	1,621	1,650	1,678	1,700
Midland	844	890	936	987	978	996	1,013	1,026
Central	981	1,047	1,104	1,153	1,139	1,159	1,178	1,193
Southern	910	1,004	1,015	1,094	1,080	1,098	1,115	1,129
Additional elective services	96	70	..	..	..	..	..	..
Total Personal Health	4,168	4,463	4,637	4,857	4,818	4,903	4,984	5,048
Disability support services								
Northern	465	495	520	575	590	603	615	626
Midland	285	303	306	348	357	364	372	379
Central	361	383	411	428	435	444	452	461
Southern	343	355	410	399	406	414	422	430
Total Disability Support	1,454	1,536	1,647	1,750	1,788	1,825	1,861	1,896
Public Health Service Purchasing	101	108	117	127	129	130	129	128
Total	5,723	6,107	6,401	6,734	6,735	6,858	6,974	7,072

Source: The Treasury

Table B.8 – Health related payments to ACC

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Petrol excise	65	66	67	68	69	69	69	69
Medical treatment	120	171	197	218	228	233	238	243
Total	185	237	264	286	297	302	307	312

Source: The Treasury

Table B.9 – Education

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Early childhood education	277	294	325	335	345	352	355	357
Primary and secondary schools	2,978	3,147	3,405	3,545	3,625	3,647	3,681	3,691
Tertiary funding	1,871	1,843	1,913	2,098	2,244	2,315	2,380	2,449
Departmental expenses	316	360	396	441	429	423	423	423
Other education expenses	272	255	271	355	381	390	388	387
Total Education Expenses	5,714	5,899	6,310	6,774	7,024	7,127	7,227	7,307

Source: The Treasury

Table B.10 – Primary and secondary education

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Primary	1,515	1,624	1,731	1,787	1,844	1,839	1,835	1,824
Secondary	1,158	1,155	1,312	1,362	1,377	1,402	1,438	1,458
School transport	94	93	100	105	107	111	113	114
Special needs support	211	275	262	291	297	295	295	295
Total Schools Funding	2,978	3,147	3,405	3,545	3,625	3,647	3,681	3,691
Places (year)	1998	1999	2000	2001	2002	2003	2004	2005
Primary	466,460	466,500	468,000	467,600	466,400	463,000	458,100	457,300
Secondary	243,600	248,800	250,000	255,500	262,000	269,500	277,200	282,600

Sources: Ministry of Education, The Treasury

Table B.11 – Tertiary education

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Tuition	1,183	1,236	1,219	1,340	1,395	1,427	1,459	1,489
Other tertiary funding	258	128	161	156	163	165	164	164
Total Tertiary Education and Training	1,441	1,364	1,380	1,496	1,558	1,592	1,623	1,653
Tertiary student allowances	344	378	376	388	412	436	457	480
Student loan provision and write-offs	86	101	157	214	274	287	300	316
Total Tertiary Funding	1,871	1,843	1,913	2,098	2,244	2,315	2,380	2,449
Places (year)	1998	1999	2000	2001	2002	2003	2004	2005
EFT Students	148,978	169,469	174,930	182,601	187,605	192,524	197,258	201,244

Sources: Ministry of Education, The Treasury

Table B.12 – Core government services

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Official development assistance	195	204	219	227	227	227	227	227
Indemnity and guarantee expenses	(5)	(28)	10	..	..	..	..	..
Departmental expenses	888	892	867	969	924	917	900	894
Science expenses	389	405	424	247	252	252	252	252
Other expenses	95	232	190	97	116	109	103	118
Total Core Government Services	1,562	1,705	1,710	1,540	1,519	1,505	1,482	1,491

Source: The Treasury

Table B.13 – Law and order

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Departmental expenses:								
Police	611	708	762	718	735	735	735	735
Ministry of Justice	11	11	12	13	12	12	12	12
Department of Corrections	290	324	328	362	355	354	353	351
Department for Courts	194	206	174	181	177	176	176	176
Other departments	92	99	65	65	65	66	65	66
Total Departments	1,198	1,348	1,341	1,339	1,344	1,343	1,341	1,340
Non-departmental outputs	109	114	150	177	162	162	162	162
Other expenses	38	37	40	41	41	40	40	40
Total Law and Order Expenses	1,345	1,499	1,531	1,557	1,547	1,545	1,543	1,542

Source: The Treasury

Table B.14 – Defence

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
NZDF expenses	955	991	1,095	1,056	1,014	1,020	1,020	1,020
Other expenses	110	39	152	87	50	82	45	59
Total Defence Expenses	1,065	1,030	1,247	1,143	1,064	1,102	1,065	1,079

Source: The Treasury

Table B.15 – Transport and communications

(\$ million)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Transit New Zealand	..	..	..	..	..	..	..	..
Transfund	828	880	903	918	934	982	1,028	1,070
Departmental outputs	67	71	70	77	80	80	80	80
Other non-departmental expenses	52	61	57	52	54	54	54	54
Other expenses	1	17	6	1	1	1	1	1
Total Transport and Communications	948	1,029	1,036	1,048	1,069	1,117	1,163	1,205

Source: The Treasury

Table B.16 – Economic and industrial

(\$ million)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental outputs	293	450	374	403	376	373	370	370
Equiticorp judgment (92)	(92)	..	..	..	..	..	..	..
Employment initiatives	294	166	209	226	244	271	267	227
Non-departmental outputs	159	176	198	429	461	486	485	485
Other expenses	186	66	163	88	99	108	108	106
Total Economic and Industrial Services	840	858	944	1,146	1,180	1,238	1,230	1,188

Source: The Treasury

Table B.17 – Employment initiatives

(\$ million)	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Training benefit (including tax)	98	22	..	..	..	..	..	..
Training incentive allowance	34	30	35	38	43	43	43	43
Community employment projects	18	15	18	19	20	22	18	18
Subsidised work	124	77	103	112	122	150	150	110
Employment support for disabled	..	17	50	54	56	54	54	54
Other employment assistance schemes	20	5	3	3	3	2	2	2
Total Employment Initiative Expenses	294	166	209	226	244	271	267	227

Source: The Treasury

Table B.18 – Primary services

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Departmental expenses	281	233	182	196	186	183	183	183
Non-departmental outputs	51	68	63	69	60	59	61	61
Other expenses	91	33	20	33	32	32	20	20
Total Primary Services Expenses	423	334	265	298	278	274	264	264

Source: The Treasury

Table B.19 – Heritage, culture and recreation

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Community grants	20	20	18	18	18	18	18	18
Departmental outputs	199	208	199	215	209	213	216	220
Non-departmental outputs	58	70	158	188	180	186	190	190
Other expenses	20	18	81	23	19	21	21	21
Total Heritage, Culture and Recreation	297	316	456	444	426	438	445	449

Source: The Treasury

Table B.20 – Housing and community development

(\$ million)	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast
Housing subsidies	2	1	1	..	..	..	..	..
Departmental outputs	30	29	27	36	30	29	28	28
Other non-departmental expenses	(3)	11	40	20	14	14	14	11
Total Housing and Community Development	29	41	68	56	44	43	42	39

Source: The Treasury

Glossary of Terms

ACC unfunded liability

The future cost of past ACC claims, less the asset reserves held to meet these claims. The ACC outstanding claims obligation is the gross liability of the future cost of past ACC claims.

Baselines

The level of funding approved for any given spending area (e.g., Education). All amounts within baselines are included in the forecasts.

Capital provision

An amount provided in the forecasts to represent the balance sheet impact of capital initiatives expected to be introduced over the forecast period.

Contingent liability

Contingent liabilities are costs which the Crown will have to face if a particular event occurs. Typically, contingent liabilities consist of guarantees and indemnities, legal disputes and claims, and uncalled capital.

Corporate tax

The sum of net company tax, non-resident withholding tax (NRWT) and foreign dividend withholding payments (FDWP).

Current account

A measure of the flows of income between New Zealand and the rest of the world. A net inflow to New Zealand is a current account surplus, while a net outflow is a deficit. The current account balance is usually expressed as a percentage of GDP (see below), rather than a dollar amount.

Customs duty

Duty levied on the imports of certain goods.

Cyclically adjusted or structural fiscal balance

An estimate of the operating balance adjusted for short-term fluctuations of actual GDP around the productive potential of the economy. The estimate provides a picture of the underlying trend fiscal position and an indication of the effects of policy decisions. Because it is based on a number of assumptions and sensitive to new information, the estimate is subject to some uncertainty. Trends in the cyclically adjusted balance are, however, more reliable.

Domestic bond programme

The amount of new government stock (taking into account the repayment of maturing government stock) expected to be issued over the financial year to fund the Government's cashflow requirements.

Excise duties

Tax levied on the domestic production of alcohol, tobacco and light petroleum products (CNG, LPG and petrol).

Financial assets

Either cash or shares (equity) or a right to receive a financial instrument, which can be converted to cash (see net Crown debt).

Fiscal provisions

A system used by the Government to record the cost of policy decisions. The framework distinguishes situations where the Government is able to control the cost from those that are beyond immediate control (e.g., Tax forecasts). The fiscal provision is used to measure the aggregate cost of policy initiatives against the limits for operating and capital policies (which are referred to as the provision for future initiatives and capital provision).

Fringe benefit tax (FBT)

Tax levied on non-cash benefits provided to employees as part of remuneration packages.

Gross Crown debt

Total borrowings (financial liabilities).

Gross domestic product (GDP)

A measure of the value of all goods and services produced in New Zealand: changes in GDP measure growth in economic activity or output. GDP can be measured as the actual dollar value of goods and services measured at today's prices (nominal GDP), or excluding the effects of price changes over time (real GDP).

Gross domestic product – (Expenditure)

This is the sum of total final expenditures on goods and services in the economy.

Gross national expenditure (GNE)

Measures total expenditure on goods and services by New Zealand residents.

Labour productivity

Measures output per input of labour (where labour inputs might be measured as hours worked or people).

Marketable securities and deposits

Assets held with financial institutions. These assets are held for both cashflow and investment purposes, and include any funds the Government has invested in the International Monetary Fund.

Monetary conditions

The combination of short-term interest rates and the exchange rate. Tightening monetary conditions refers to actions taken by the Reserve Bank to raise interest rates (which also influences the exchange rate) in order to moderate demand pressures to reduce inflationary pressures.

Monetary policy

Action taken by the Reserve Bank to affect interest rates and the exchange rate in order to control inflation.

Net Crown debt

Borrowings (financial liabilities) less cash and bank balances, marketable securities and deposits, and advances (financial assets).

Net worth

Assets less liabilities (also referred to as Crown balance).

Operating balance

The operating balance is the residual of revenues less expenses plus surpluses from state-owned enterprises and Crown entities. It is the Government's profit or loss.

Participation rate

Measures the percentage of the working age population in work or actively looking for work.

Provision for future initiatives

An amount included in the forecasts to provide for the operating balance impact of policy initiatives expected to be introduced over the forecast period. This represents the remaining fiscal provision of the Government not yet allocated to initiatives.

Provisional tax

A thrice-yearly payment of tax on income that has not been taxed, or been under-taxed, at

source (relates only to company tax and other persons tax).

Source deductions

Tax withheld on wages, salaries, social welfare benefits, bonuses, lump-sum payments and superannuation fund contributions. About 80% of source deductions comes from PAYE on wages and salaries. Source deductions is the biggest single tax type.

Specific fiscal risks

These are a category of government decisions or circumstances which may have a material impact on the fiscal position (excluding contingent liabilities). They are not included in the main forecasts because their fiscal impact cannot be reasonably quantified, the likelihood of realisation is uncertain and/or the timing is uncertain.

Stock change

The change in the value of stocks (raw materials, work in progress, and finished goods) during a given period.

Tax revenue

The accrual, rather than the cash ("tax receipts"), measure of taxation. It is a measure of tax due, regardless of whether or not it has actually been paid.

Trade weighted index (TWI)

A measure of movements in the New Zealand dollar against the currencies of our major trading partners. The currencies comprise the US dollar, the Australian dollar, the Japanese yen, the euro and the UK pound.

Unit labour costs

The wages and other costs associated with employment per unit of output.

Year ended

Graphs and tables use different expressions of the timeframe. For example, 1999/00, or 2000 will generally mean "year ended 30 June" unless otherwise stated.