

Annex A: Tax Revenue Tables

Table A.1 – Treasury and Inland Revenue forecasts of tax revenue

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	13,710	13,740	14,358	14,375	15,307	15,289	16,127	16,118	16,955	16,927
Other persons	3,123	3,625	3,715	3,881	3,925	4,134	4,105	4,366	4,320	4,591	4,535
Refunds	(625)	(660)	(735)	(656)	(685)	(644)	(660)	(655)	(680)	(664)	(695)
Fringe benefit tax	306	342	328	336	335	354	354	346	346	346	344
Subtotal: Individuals	15,776	17,017	17,048	17,919	17,950	19,151	19,088	20,184	20,104	21,228	21,111
Company Tax (net)	4,158	4,818	4,827	4,817	4,703	5,154	5,018	5,331	5,166	5,501	5,304
Withholding Tax											
Resident interest income	723	963	968	993	992	1,043	1,040	1,101	1,103	1,138	1,126
Non-resident income	735	720	724	685	664	704	677	736	690	763	708
Resident dividend income	47	66	71	53	43	55	43	47	43	49	43
Foreign-source dividends	58	76	84	36	40	36	40	36	40	36	40
Subtotal: Withholding Tax	1,563	1,825	1,847	1,767	1,739	1,838	1,800	1,920	1,876	1,986	1,917
Total Income Tax	21,497	23,660	23,722	24,503	24,392	26,143	25,906	27,435	27,146	28,715	28,332
Other Direct Tax											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	21,499	23,662	23,724	24,505	24,394	26,145	25,908	27,437	27,148	28,717	28,334
Indirect Tax											
GST											
GST (Customs)	3,650	4,070	4,062	4,019	3,969	4,022	3,996	4,221	4,209	4,372	4,373
GST (IRD)	5,221	4,972	4,935	5,317	5,414	5,760	5,805	6,062	6,061	6,416	6,355
Subtotal: GST	8,871	9,042	8,997	9,336	9,383	9,782	9,801	10,283	10,270	10,788	10,728
Excise duties on:											
Alcoholic drinks	442	445	440	447	444	451	452	454	460	457	466
Tobacco products	777	780	800	802	808	805	810	803	811	800	811
Petroleum fuels	808	830	816	806	811	814	817	822	825	831	832
Subtotal: Excise Duties	2,027	2,055	2,056	2,055	2,063	2,070	2,079	2,079	2,096	2,088	2,109
Other Indirect Tax											
Customs duty	612	640	646	649	649	654	662	670	696	683	725
Road user charges	507	537	534	575	559	595	586	615	614	613	639
Motor vehicle fees	177	176	179	181	192	185	195	187	198	190	201
Stamp and cheque duties	58	65	65	68	65	68	65	68	65	68	65
Gaming duties	176	202	204	220	214	226	222	229	228	230	230
Energy resources levy	108	107	110	96	110	93	108	93	110	91	112
Other	..	..	..	..	..	..	..	..	..	..	..
Subtotal: Other Indirect Tax	1,638	1,727	1,738	1,789	1,789	1,821	1,838	1,862	1,911	1,875	1,972
Total Indirect Tax	12,536	12,824	12,791	13,180	13,235	13,673	13,718	14,224	14,277	14,751	14,809
Total Tax	34,035	36,486	36,515	37,685	37,629	39,818	39,626	41,661	41,425	43,468	43,143
Tax-to-GDP	31.9%	32.4%	32.4%	32.1%	32.1%	32.2%	32.1%	32.3%	32.1%	32.3%	32.1%
GDP	106,771	112,717	112,717	117,323	117,323	123,573	123,573	129,179	129,179	134,563	134,563

Sources: Inland Revenue, The Treasury

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

Table A.2 – Treasury and Inland Revenue forecasts of tax receipts (cash)

Receipts (\$ million)	1999/2000 Actual	2000/01 Forecast		2001/02 Forecast		2002/03 Forecast		2003/04 Forecast		2004/05 Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
Direct Tax											
Individuals											
Source deductions	12,920	13,710	13,740	14,358	14,375	15,307	15,289	16,127	16,118	16,955	16,927
Other persons	3,553	4,116	4,145	4,319	4,300	4,565	4,525	4,804	4,730	5,035	4,940
Refunds	(1,043)	(1,101)	(1,105)	(1,094)	(1,060)	(1,075)	(1,080)	(1,093)	(1,090)	(1,108)	(1,100)
Fringe benefit tax	306	332	328	324	320	357	354	347	346	346	344
Subtotal: Individuals	15,736	17,057	17,108	17,907	17,935	19,154	19,088	20,185	20,104	21,228	21,111
Company Tax (net)	4,108	4,768	4,722	4,817	4,703	5,154	5,018	5,331	5,166	5,501	5,304
Withholding Tax											
Resident interest income	725	964	966	993	990	1,045	1,042	1,097	1,105	1,136	1,128
Non-resident income	730	703	710	679	662	704	677	736	690	763	708
Resident dividend income	48	66	71	53	43	55	43	47	43	49	43
Foreign-source dividends	63	76	80	36	40	36	40	36	40	36	40
Subtotal: Withholding Tax	1,566	1,809	1,827	1,761	1,735	1,840	1,802	1,916	1,878	1,984	1,919
Total Income Tax	21,410	23,634	23,657	24,485	24,373	26,148	25,908	27,432	27,148	28,713	28,334
Other Direct Tax											
Estate and gift duties	1	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	21,411	23,636	23,659	24,487	24,375	26,150	25,910	27,434	27,150	28,715	28,336
Indirect Tax											
GST											
GST (Customs)	3,636	4,065	4,062	4,019	3,969	4,022	3,996	4,221	4,209	4,372	4,373
GST (IRD)	5,176	4,917	4,935	5,317	5,414	5,760	5,805	6,062	6,061	6,416	6,355
Subtotal: GST	8,812	8,982	8,997	9,336	9,383	9,782	9,801	10,283	10,270	10,788	10,728
Excise duties on:											
Alcoholic drinks	416	435	435	447	444	451	452	454	460	457	466
Tobacco products	804	720	740	802	808	805	810	803	811	800	811
Petroleum fuels	794	820	811	806	811	814	817	822	825	831	832
Subtotal: Excise Duties	2,014	1,975	1,986	2,055	2,063	2,070	2,079	2,079	2,096	2,088	2,109
Other Indirect Tax											
Customs duty	637	640	646	649	649	654	662	670	696	683	725
Road user charges	507	537	534	575	559	595	586	615	614	613	639
Motor vehicle fees	177	178	179	181	192	185	195	187	198	190	201
Stamp and cheque duties	22	65	65	68	65	68	65	68	65	68	65
Gaming duties	177	202	204	220	214	226	222	229	228	230	230
Energy resources levy	107	113	110	110	110	94	108	93	110	91	112
Other	..	2	2	..	..	..	..	..	..	..	..
Subtotal: Other Indirect Tax	1,627	1,737	1,740	1,803	1,789	1,822	1,838	1,862	1,911	1,875	1,972
Total Indirect Tax	12,453	12,694	12,723	13,194	13,235	13,674	13,718	14,224	14,277	14,751	14,809
Total Tax	33,864	36,330	36,382	37,681	37,610	39,824	39,628	41,658	41,427	43,466	43,145
Tax-to-GDP	31.7%	32.2%	32.3%	32.1%	32.1%	32.2%	32.1%	32.2%	32.1%	32.3%	32.1%
GDP	106771	112717	112717	117323	117323	123573	123573	129179	129179	134563	134563

Sources: Inland Revenue, The Treasury

NOTE: Numbers are after elimination of GST on departmental 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	13,263	13,826	14,236	14,651	15,077
GSF Pension expense	493	1,132	478	1,146	667	668	669	679
Health	6,001	6,573	6,874	7,272	7,684	7,766	7,896	8,019
Education	5,714	5,899	6,310	6,733	7,056	7,176	7,243	7,319
Core government services	1,562	1,705	1,710	1,590	1,552	1,530	1,504	1,510
Law and order	1,345	1,499	1,531	1,583	1,640	1,616	1,620	1,617
Defence	1,065	1,030	1,247	1,280	1,153	1,151	1,152	1,112
Transport and communications	948	1,029	1,036	1,011	1,027	1,032	1,059	1,101
Economic and industrial services	840	858	944	1,150	1,225	1,254	1,258	1,217
Primary services	423	334	265	289	320	306	295	292
Heritage, culture and recreation	297	316	456	428	456	454	484	498
Housing and community	29	41	68	50	90	86	85	82
Other	167	34	45	34	114	110	110	110
Finance costs	2,804	2,516	2,373	2,484	2,395	2,334	2,409	2,431
Net foreign exchange losses/(gains)	13	(47)	(62)	(33)	..	..	..	..
Provision for future initiatives	..	..	..	..	160	955	1,855	2,755
Total Expenses	34,211	35,825	36,171	38,280	39,365	40,674	42,290	43,819
Less								
Foreign exchange (losses)/gains	(13)	47	62	33	..	..	..	..
Unfunded GSF liability revaluation	233	(429)	201	(462)	51	74	87	96
NPF revaluation	5	28	(10)	(47)	..	..	..	..
Adjusted Total Expenses	34,436	35,471	36,424	37,804	39,416	40,748	42,377	43,915

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	12,395	12,915	13,313	13,723	14,151
Social rehabilitation & compensation	123	91	70	62	98	105	105	107
Departmental expenses	532	654	634	631	644	639	636	635
Other non-departmental expenses	125	155	120	175	169	179	187	184
Total Social Security and Welfare	12,510	12,906	12,896	13,263	13,826	14,236	14,651	15,077

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	5,273	5,472	5,656	5,878	6,122
Domestic Purposes Benefit	1,501	1,451	1,433	1,435	1,489	1,522	1,560	1,586
Unemployment Benefit	1,436	369	..	..	1,527	1,600	1,652	1,707
Community Wage	..	1,486	1,937	1,836	..	..	..	..
Accommodation Supplement	793	843	867	797	768	813	855	896
Invalids Benefit	599	630	677	742	828	898	967	1,028
Sickness Benefit	400	97	..	..	370	389	404	409
Disability Allowance	198	204	204	209	222	233	246	257
Transitional Retirement Benefit	111	116	125	127	104	61	16	..
Income Related Rents	..	..	..	165	273	285	295	303
Family Support	874	912	899	883	888	895	898	900
Child Tax Credit	121	164	167	175	185	186	186	186
Special Benefit	60	44	35	41	62	70	70	70
Benefits paid in Australia	63	146	147	169	159	127	111	101
Other benefits	468	473	513	543	568	578	585	586
Total Welfare Benefits	11,730	12,006	12,072	12,395	12,915	13,313	13,723	14,151

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	449	450	456	464	473
Domestic Purposes Benefit	115	113	111	110	110	111	112	112
Unemployment Benefit	152	..	..	..	154	158	159	162
Community Wage	..	204	200	189	..	..	..	..
Accommodation Supplement	310	320	324	298	285	295	303	312
Invalids Benefit	48	50	53	58	62	66	69	72
Sickness Benefit	36	..	..	..	34	36	36	36

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	684	718	742	756	775
Revaluation of Unfunded Liability	(233)	429	(201)	462	(51)	(74)	(87)	(96)
Total GSF pension expense	493	1,132	478	1,146	667	668	669	679

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	113	141	121	116	116
Health service purchasing	5,723	6,107	6,401	6,744	6,967	7,106	7,221	7,320
Other non-departmental outputs	18	135	121	110	67	66	66	66
Health payments to ACC	185	237	264	285	485	447	466	490
Other expenses	17	36	29	20	24	26	27	27
Total Health Expenses	6,001	6,573	6,874	7,272	7,684	7,766	7,896	8,019

Source: The Treasury

Table B.7 – Health service purchasing

(\$ 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	1,635	..	..	..	..
Midland	844	890	936	981	..	..	..	..
Central	981	1,047	1,104	1,155	..	..	..	..
Southern	910	1,004	1,015	1,078	..	..	..	..
Additional elective services	96	70	..	..	..	..	..	..
Total Personal Health	4,168	4,463	4,637	4,849	..	..	..	..
Disability support services:								
Northern	465	495	520	562	..	..	..	..
Midland	285	303	306	333	..	..	..	..
Central	361	383	411	443	..	..	..	..
Southern	343	355	410	436	..	..	..	..
Total Disability Support	1,454	1,536	1,647	1,774	..	..	..	..
Payments to District Health Boards	0	0	..	..	5,369	5,507	5,623	5,722
National Disability Support Services	0	0	..	..	1,370	1,370	1,370	1,370
Public Health Service Purchasing	101	108	117	121	228	229	228	228
Total	5,723	6,107	6,401	6,744	6,967	7,106	7,221	7,320

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	67	68	60	60	61
Medical treatment	120	171	197	218	417	387	406	429
Total	185	237	264	285	485	447	466	490

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	331	357	372	374	375
Primary and secondary schools	2,978	3,147	3,405	3,534	3,677	3,704	3,724	3,726
Tertiary funding	1,871	1,843	1,913	2,133	2,333	2,422	2,471	2,542
Departmental expenses	316	360	396	427	439	427	423	422
Other education expenses	272	255	271	308	250	251	251	254
Total Education Expenses	5,714	5,899	6,310	6,733	7,056	7,176	7,243	7,319

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	1,792	1,832	1,827	1,818	1,801
Secondary	1,158	1,155	1,312	1,349	1,342	1,371	1,403	1,422
School transport	94	93	100	104	108	111	111	112
Special needs support	211	275	262	289	288	288	287	287
Professional Development	..	..	..	..	92	91	89	88
Schooling Improvement	..	..	..	..	15	16	16	16
Total Schools Funding	2,978	3,147	3,405	3,534	3,677	3,704	3,724	3,726
Places (year)	1998	1999	2000	2001	2002	2003	2004	2005
Primary	466,460	466,500	465,863	464,000	461,000	455,000	449,000	447,000
Secondary	243,600	248,800	249,905	254,000	259,000	266,000	273,000	278,000

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	1,356	1,453	1,487	1,511	1,543
Other tertiary funding	258	128	161	156	182	204	205	206
Total Tertiary Education and Training	1,441	1,364	1,380	1,512	1,635	1,691	1,716	1,749
Tertiary student allowances	344	378	376	394	429	446	462	477
Student loan provision and write-offs	86	101	157	227	269	285	293	316
Total Tertiary Funding	1,871	1,843	1,913	2,133	2,333	2,422	2,471	2,542
Places (year)	1998	1999	2000	2001	2002	2003	2004	2005
EFT Students	148,978	169,469	175,840	188,000	190,000	193,000	197,000	202,000

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	958	950	936	911	904
Science expenses	389	405	424	248	256	256	257	259
Other expenses	95	232	190	157	119	111	109	120
Total Core Government Services	1,562	1,705	1,710	1,590	1,552	1,530	1,504	1,510

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	732	772	771	771	771
Ministry of Justice	11	11	12	13	15	14	14	14
Department of Corrections	290	324	328	372	389	380	384	383
Department for Courts	194	206	174	181	183	177	176	176
Other departments	92	99	65	66	66	66	66	66
Total Departments	1,198	1,348	1,341	1,364	1,425	1,408	1,411	1,410
Non-departmental outputs	109	114	150	189	200	189	186	193
Other expenses	38	37	40	30	15	19	23	14
Total Law and Order Expenses	1,345	1,499	1,531	1,583	1,640	1,616	1,620	1,617

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 Core expenses	955	986	996	1,055	1,055	1,065	1,079	1,080
NZDF write-offs	..	5	77	104	..	..	..	..
NZDF East Timor deployment	..	..	22	26	30	..	..	..
DWI East Timor deployment	..	..	17	22	19	..	..	..
Other departments	34	31	51	32	35	34	34	32
GST on defence acquisitions	76	8	84	41	14	52	39	..
Total Defence Expenses	1,065	1,030	1,247	1,280	1,153	1,151	1,152	1,112

Source: The Treasury

Table B.15 – Transport and communications

(\$ 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
Transfund	828	880	903	882	890	896	923	965
Departmental outputs	67	71	70	75	82	80	80	80
Other non-departmental expenses	52	61	57	52	53	54	54	54
Other expenses	1	17	6	2	2	2	2	2
Total Transport and Communications	948	1,029	1,036	1,011	1,027	1,032	1,059	1,101

Source: The Treasury

Table B.16 – Economic and industrial

(\$ 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	293	450	374	424	424	414	409	406
Equiticorp judgment	(92)	..	..	..	..	..	..	..
Employment initiatives	294	166	209	223	237	252	268	228
Non-departmental outputs	159	176	198	427	444	470	470	470
Other expenses	186	66	163	76	120	118	111	113
Total Economic and Industrial Services	840	858	944	1,150	1,225	1,254	1,258	1,217

Source: The Treasury

Table B.17 – Employment initiatives

(\$ 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
Training benefit (including tax)	98	22	..	..	..	..	..	..
Training incentive allowance	34	30	35	40	41	43	43	43
Community employment projects	18	15	18	19	21	22	19	19
Subsidised work	124	77	103	107	113	131	149	109
Employment support for disabled	..	17	50	54	60	53	55	55
Other employment assistance schemes	20	5	3	3	2	3	2	2
Total Employment Initiative Expenses	294	166	209	223	237	252	268	228

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	202	191	190	190
Non-departmental outputs	51	68	63	71	97	95	96	93
Other expenses	91	33	20	22	21	20	9	9
Total Primary Services Expenses	423	334	265	289	320	306	295	292

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	6	6	6	6
Departmental outputs	199	208	199	201	223	221	223	227
Non-departmental outputs	58	70	158	185	209	205	231	241
Other expenses	20	18	81	24	18	22	24	24
Total Heritage, Culture and Recreation	297	316	456	428	456	454	484	498

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	..	21	21	21	19
Departmental outputs	30	29	27	35	52	50	49	48
Other non-departmental expenses	(3)	11	40	15	17	15	15	15
Total Housing and Community Development	29	41	68	50	90	86	85	82

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 (eg, 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 is sensitive to new information, the estimate is subject to some uncertainty. Trends in the cyclically adjusted balance are, however, more reliable.

Demographic changes

Changes to structure of the population, for example the age, sex or ethnic make-up of the population.

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 cash flow 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 allowance

The amount included in the *Fiscal Strategy Report* projections for Government decisions on new spending and cost pressures.

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 (eg, 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 cash flow 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 debt excludes the assets of the proposed NZS Fund.

Net worth

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

Objectives (long-term)

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the Fiscal Responsibility Act 1994. The objectives must be consistent with the principles of responsible fiscal management outlined in the Act.

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.

Projections

Tracks of the key fiscal indicators for a further five years beyond the five-year forecast period. The tracks are based on long-run economic assumptions and current fiscal policy settings. For example, the projections assume no economic cycle with constant long-run interest rate, inflation rate and unemployment assumptions.

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).

Scenarios

Tracks of the key fiscal indicators based on long-run economic and fiscal assumptions. For example growth in expense categories reflects the sum of the change in the appropriate population cohort, inflation and a real growth factor (to reflect rising real wages and technology costs).

Short-term intentions

In the *Budget Policy Statement* the Government must, under the Fiscal Responsibility Act 1994, indicate explicitly its planned track for operating expenses, operating revenues, the operating balance, debt and net worth over the Government's planning horizon (defined as the two financial years following the current financial year).

Source deductions

Tax withheld on wages, salaries, social welfare benefits, bonuses, lump-sum payments and superannuation fund contributions. About 80% of source deductions come 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.

System of National Accounts (SNA)

SNA is a comprehensive, consistent and flexible set of macroeconomic accounts to meet the needs of government and private sector analysts, policy-makers, and decision-takers. See www.imf.org for further information.

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, 1999/2000 or 2000 will generally mean "year ended 30 June" unless otherwise stated.