

## Annex A: Tax Revenue Tables

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

Revenue (\$ million)	2000/01 Actual	2001/02 Forecast		2002/03 Forecast		2003/04 Forecast		2004/05 Forecast		2005/06 Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
<b>Direct Tax</b>											
<b>Individuals</b>											
Source deductions	13,703	14,380	14,360	15,040	15,013	16,083	15,998	17,046	16,961	17,837	17,762
Other persons	3,871	3,921	3,910	4,108	4,025	4,240	4,135	4,396	4,330	4,542	4,535
Refunds	(790)	(779)	(755)	(752)	(705)	(746)	(705)	(760)	(700)	(766)	(705)
Fringe benefit tax	342	349	357	363	367	359	355	354	351	350	348
<b>Subtotal: Individuals</b>	<b>17,126</b>	<b>17,871</b>	<b>17,872</b>	<b>18,759</b>	<b>18,700</b>	<b>19,936</b>	<b>19,783</b>	<b>21,036</b>	<b>20,942</b>	<b>21,963</b>	<b>21,940</b>
<b>Company Tax (net)</b>	<b>4,831</b>	<b>4,510</b>	<b>4,531</b>	<b>4,755</b>	<b>4,777</b>	<b>5,157</b>	<b>5,132</b>	<b>5,370</b>	<b>5,285</b>	<b>5,463</b>	<b>5,500</b>
<b>Withholding Tax</b>											
Resident interest income	990	982	997	940	937	1,060	1,036	1,117	1,093	1,169	1,153
Non-resident income	760	715	680	699	697	742	728	762	742	781	764
Resident dividend income	71	23	17	46	45	46	45	47	45	48	45
Foreign-source dividends	83	123	123	56	80	56	80	56	80	56	80
<b>Subtotal: Withholding Tax</b>	<b>1,904</b>	<b>1,843</b>	<b>1,817</b>	<b>1,741</b>	<b>1,759</b>	<b>1,904</b>	<b>1,889</b>	<b>1,982</b>	<b>1,960</b>	<b>2,054</b>	<b>2,042</b>
<b>Total Income Tax</b>	<b>23,861</b>	<b>24,224</b>	<b>24,220</b>	<b>25,255</b>	<b>25,236</b>	<b>26,997</b>	<b>26,804</b>	<b>28,388</b>	<b>28,187</b>	<b>29,480</b>	<b>29,482</b>
<b>Other Direct Tax</b>											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
<b>Total Direct Tax</b>	<b>23,863</b>	<b>24,226</b>	<b>24,222</b>	<b>25,257</b>	<b>25,238</b>	<b>26,999</b>	<b>26,806</b>	<b>28,390</b>	<b>28,189</b>	<b>29,482</b>	<b>29,484</b>
<b>Indirect Tax</b>											
<b>GST</b>											
GST (Customs)	4,099	4,050	3,985	4,023	4,030	4,279	4,209	4,467	4,375	4,630	4,597
GST (IRD)	5,027	5,421	5,479	5,814	5,765	6,136	6,065	6,479	6,323	6,767	6,565
<b>Subtotal: GST</b>	<b>9,126</b>	<b>9,471</b>	<b>9,464</b>	<b>9,837</b>	<b>9,795</b>	<b>10,415</b>	<b>10,274</b>	<b>10,946</b>	<b>10,698</b>	<b>11,397</b>	<b>11,162</b>
<b>Excise duties on:</b>											
Alcoholic drinks	436	446	455	441	452	444	457	448	463	452	468
Tobacco products	764	806	809	787	798	783	800	780	800	777	800
Petroleum fuels	810	825	825	828	830	837	837	847	842	859	848
<b>Subtotal: Excise Duties</b>	<b>2,010</b>	<b>2,077</b>	<b>2,089</b>	<b>2,056</b>	<b>2,080</b>	<b>2,064</b>	<b>2,094</b>	<b>2,075</b>	<b>2,105</b>	<b>2,088</b>	<b>2,116</b>
<b>Other Indirect Tax</b>											
Customs duty	648	656	641	667	651	686	691	701	721	719	753
Road user charges	532	551	552	553	568	572	593	597	614	617	635
Motor vehicle fees	181	180	181	182	182	184	184	185	185	186	187
Stamp and cheque duties	61	64	65	63	65	66	65	69	65	72	65
Gaming duties	206	239	238	262	265	276	279	288	294	300	305
Energy resources levy	111	107	115	101	110	97	105	93	100	91	100
Other	..	..	..	..	..	..	..	..	..	..	..
<b>Subtotal: Other Indirect Tax</b>	<b>1,739</b>	<b>1,797</b>	<b>1,792</b>	<b>1,828</b>	<b>1,841</b>	<b>1,881</b>	<b>1,917</b>	<b>1,933</b>	<b>1,979</b>	<b>1,985</b>	<b>2,045</b>
<b>Total Indirect Tax</b>	<b>12,875</b>	<b>13,345</b>	<b>13,345</b>	<b>13,721</b>	<b>13,716</b>	<b>14,360</b>	<b>14,285</b>	<b>14,954</b>	<b>14,782</b>	<b>15,470</b>	<b>15,323</b>
<b>Total Tax</b>	<b>36,738</b>	<b>37,571</b>	<b>37,567</b>	<b>38,978</b>	<b>38,954</b>	<b>41,359</b>	<b>41,091</b>	<b>43,344</b>	<b>42,971</b>	<b>44,952</b>	<b>44,807</b>
Tax-to-GDP	32.1%	31.6%	31.6%	31.6%	31.6%	31.9%	31.7%	32.0%	31.7%	31.9%	31.8%
GDP	114,275	118,980	118,980	123,271	123,271	129,725	129,725	135,373	135,373	141,076	141,076

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)	2000/01 Actual	2001/02 Forecast		2002/03 Forecast		2003/04 Forecast		2004/05 Forecast		2005/06 Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
<b>Direct Tax</b>											
<b>Individuals</b>											
Source deductions	13,748	14,380	14,360	15,040	15,013	16,083	15,998	17,046	16,961	17,837	17,762
Other persons	4,221	4,300	4,315	4,475	4,450	4,604	4,550	4,766	4,740	4,916	4,930
Refunds	(1,175)	(1,158)	(1,160)	(1,119)	(1,130)	(1,110)	(1,120)	(1,130)	(1,110)	(1,140)	(1,100)
Fringe benefit tax	338	340	342	365	365	360	357	355	352	351	348
<b>Subtotal: Individuals</b>	<b>17,132</b>	<b>17,862</b>	<b>17,857</b>	<b>18,761</b>	<b>18,698</b>	<b>19,937</b>	<b>19,785</b>	<b>21,037</b>	<b>20,943</b>	<b>21,964</b>	<b>21,940</b>
<b>Company Tax (net)</b>	<b>4,592</b>	<b>4,563</b>	<b>4,488</b>	<b>4,735</b>	<b>4,777</b>	<b>5,162</b>	<b>5,132</b>	<b>5,362</b>	<b>5,285</b>	<b>5,475</b>	<b>5,500</b>
<b>Withholding Tax</b>											
Resident interest income	971	986	995	932	935	1,064	1,038	1,123	1,095	1,174	1,155
Non-resident income	738	714	686	699	697	742	728	762	742	781	764
Resident dividend income	72	23	20	46	45	46	45	47	45	48	45
Foreign-source dividends	98	108	117	56	80	56	80	56	80	56	80
<b>Subtotal: Withholding Tax</b>	<b>1,879</b>	<b>1,831</b>	<b>1,818</b>	<b>1,733</b>	<b>1,757</b>	<b>1,908</b>	<b>1,891</b>	<b>1,988</b>	<b>1,962</b>	<b>2,059</b>	<b>2,044</b>
<b>Total Income Tax</b>	<b>23,603</b>	<b>24,256</b>	<b>24,163</b>	<b>25,229</b>	<b>25,232</b>	<b>27,007</b>	<b>26,808</b>	<b>28,387</b>	<b>28,190</b>	<b>29,498</b>	<b>29,484</b>
<b>Other Direct Tax</b>											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
<b>Total Direct Tax</b>	<b>23,605</b>	<b>24,258</b>	<b>24,165</b>	<b>25,231</b>	<b>25,234</b>	<b>27,009</b>	<b>26,810</b>	<b>28,389</b>	<b>28,192</b>	<b>29,500</b>	<b>29,486</b>
<b>Indirect Tax</b>											
<b>GST</b>											
GST (Customs)	4,063	4,030	3,985	4,023	4,030	4,279	4,209	4,467	4,375	4,630	4,597
GST (IRD)	4,884	5,381	5,419	5,814	5,765	6,136	6,065	6,479	6,323	6,767	6,565
<b>Subtotal: GST</b>	<b>8,947</b>	<b>9,411</b>	<b>9,404</b>	<b>9,837</b>	<b>9,795</b>	<b>10,415</b>	<b>10,274</b>	<b>10,946</b>	<b>10,698</b>	<b>11,397</b>	<b>11,162</b>
<b>Excise duties on:</b>											
Alcoholic drinks	430	436	445	441	452	444	457	448	463	452	468
Tobacco products	735	796	799	787	798	783	800	780	800	777	800
Petroleum fuels	820	825	825	828	830	837	837	847	842	859	848
<b>Subtotal: Excise Duties</b>	<b>1,985</b>	<b>2,057</b>	<b>2,069</b>	<b>2,056</b>	<b>2,080</b>	<b>2,064</b>	<b>2,094</b>	<b>2,075</b>	<b>2,105</b>	<b>2,088</b>	<b>2,116</b>
<b>Other Indirect Tax</b>											
Customs duty	628	656	641	667	651	686	691	701	721	719	753
Road user charges	532	547	552	551	568	570	593	597	614	617	635
Motor vehicle fees	174	181	181	182	182	184	184	185	185	186	187
Stamp and cheque duties	63	64	65	63	65	66	65	69	65	72	65
Gaming duties	205	239	238	262	265	276	279	288	294	300	305
Energy resources levy	110	107	115	101	110	97	105	93	100	91	100
Other	1	..	..	..	..	..	..	..	..	..	..
<b>Subtotal: Other Indirect Tax</b>	<b>1,713</b>	<b>1,794</b>	<b>1,792</b>	<b>1,826</b>	<b>1,841</b>	<b>1,879</b>	<b>1,917</b>	<b>1,933</b>	<b>1,979</b>	<b>1,985</b>	<b>2,045</b>
<b>Total Indirect Tax</b>	<b>12,645</b>	<b>13,262</b>	<b>13,265</b>	<b>13,719</b>	<b>13,716</b>	<b>14,358</b>	<b>14,285</b>	<b>14,954</b>	<b>14,782</b>	<b>15,470</b>	<b>15,323</b>
<b>Total Tax</b>	<b>36,250</b>	<b>37,520</b>	<b>37,430</b>	<b>38,950</b>	<b>38,950</b>	<b>41,367</b>	<b>41,095</b>	<b>43,343</b>	<b>42,974</b>	<b>44,970</b>	<b>44,809</b>
Tax-to-GDP	31.7%	31.5%	31.5%	31.6%	31.6%	31.9%	31.7%	32.0%	31.7%	31.9%	31.8%
GDP	114,275	118,980	118,980	123,271	123,271	129,725	129,725	135,373	135,373	141,076	141,076

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)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Social security and welfare	12,906	12,896	13,216	13,649	13,933	14,308	14,721	15,291
GSF Pension expense	1,132	478	855	748	597	649	668	703
Health	6,573	6,874	7,342	7,797	8,225	8,744	9,264	9,385
Education	5,899	6,310	6,690	7,041	7,257	7,334	7,396	7,464
Core government services	1,705	1,710	1,817	1,611	1,570	1,539	1,545	1,575
Law and order	1,499	1,531	1,560	1,737	1,687	1,661	1,657	1,650
Defence	1,030	1,247	1,267	1,162	1,157	1,157	1,117	1,117
Transport and communications	1,029	1,036	1,026	1,103	1,125	1,149	1,179	1,203
Economic and industrial services	858	944	1,141	1,258	1,262	1,267	1,225	1,223
Primary services	334	265	287	337	317	303	302	301
Heritage, culture and recreation	316	456	424	495	465	503	525	535
Housing and community	41	68	50	92	87	86	82	82
Other	34	45	75	137	93	93	93	93
Finance costs	2,516	2,373	2,483	2,345	2,322	2,508	2,594	2,641
Net foreign exchange losses/(gains)	(47)	(62)	(47)	1	..	..	..	..
Provision for future initiatives	..	..	..	90	450	975	1,475	2,376
<b>Total Expenses</b>	<b>35,825</b>	<b>36,171</b>	<b>38,186</b>	<b>39,603</b>	<b>40,547</b>	<b>42,276</b>	<b>43,843</b>	<b>45,639</b>
Less								
Foreign exchange gains/(losses)	47	62	47	(1)	..	..	..	..
Unfunded GSF liability revaluation	(429)	201	(164)	(38)	..	..	..	..
NPF revaluation	28	(10)	(253)	..	..	..	..	..
<b>Adjusted Total Expenses</b>	<b>35,471</b>	<b>36,424</b>	<b>37,816</b>	<b>39,564</b>	<b>40,547</b>	<b>42,276</b>	<b>43,843</b>	<b>45,639</b>

Source: The Treasury

**Table B.2** – Social security and welfare

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Welfare benefits	12,006	12,072	12,385	12,742	13,033	13,406	13,823	14,388
Social rehabilitation & compensation	91	70	62	91	103	106	108	110
Departmental expenses	654	634	618	649	628	623	622	622
Other non-departmental expenses	155	120	151	167	169	173	168	171
<b>Total Social Security and Welfare</b>	<b>12,906</b>	<b>12,896</b>	<b>13,216</b>	<b>13,649</b>	<b>13,933</b>	<b>14,308</b>	<b>14,721</b>	<b>15,291</b>

Source: The Treasury

(\$ million)	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,071	5,068	5,273	5,452	5,621	5,816	6,045	6,388
Domestic Purposes Benefit	1,451	1,433	1,444	1,484	1,514	1,550	1,584	1,623
Unemployment Benefit	369	..	..	1,450	1,460	1,496	1,533	1,580
Community Wage	1,486	1,937	1,849	..	..	..	..	..
Accommodation Supplement	843	867	795	731	759	797	832	872
Invalids Benefit	630	677	745	835	905	975	1,040	1,103
Sickness Benefit	97	..	..	379	403	423	439	451
Disability Allowance	204	204	210	224	237	251	265	283
Transitional Retirement Benefit	116	125	127	97	54	11	..	..
Income Related Rents	..	..	161	275	286	296	304	313
Family Support	912	899	878	879	874	876	878	880
Child Tax Credit	164	167	161	168	168	168	169	169
Special Benefit	44	35	40	52	64	66	65	65
Benefits paid in Australia	146	147	171	163	128	112	100	90
Other benefits	473	513	531	553	560	569	569	571
<b>Total Welfare Benefits</b>	<b>12,006</b>	<b>12,072</b>	<b>12,385</b>	<b>12,742</b>	<b>13,033</b>	<b>13,406</b>	<b>13,823</b>	<b>14,388</b>

**Table B.3** – New Zealand superannuation and welfare benefits

Source: The Treasury

**Table B.4** – Beneficiary numbers

(Thousands)	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	464	456	449	448	454	461	470	482
Domestic Purposes Benefit	113	111	110	110	110	111	112	113
Unemployment Benefit	..	..	..	142	139	140	141	143
Community Wage	204	200	189	..	..	..	..	..
Accommodation Supplement	320	324	297	274	280	286	294	301
Invalids Benefit	50	53	58	62	66	70	73	76
Sickness Benefit	..	..	..	35	37	38	38	39

Source: The Treasury

**Table B.5** – GSF pension expense

(\$ million)	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Pension expenses	703	679	691	710	597	649	668	703
Revaluation of Unfunded Liability	429	(201)	164	38	..	..	..	..
<b>Total GSF pension expense</b>	<b>1,132</b>	<b>478</b>	<b>855</b>	<b>748</b>	<b>597</b>	<b>649</b>	<b>668</b>	<b>703</b>

Source: The Treasury

**Table B.6** – Health

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	58	59	116	153	122	118	118	116
Health service purchasing	6,107	6,401	6,807	7,021	7,112	7,225	7,321	7,426
Other non-departmental outputs	135	121	101	81	82	74	72	72
Health payments to ACC	237	264	291	464	447	456	478	500
2002 Budget Allocation	..	..	..	..	400	800	1,200	1,200
Other expenses	36	29	27	78	62	71	75	71
<b>Total Health Expenses</b>	<b>6,573</b>	<b>6,874</b>	<b>7,342</b>	<b>7,797</b>	<b>8,225</b>	<b>8,744</b>	<b>9,264</b>	<b>9,385</b>

Source: The Treasury

**Table B.7** – Health service purchasing

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Personal health services:								
Northern	1,452	1,582	1,671	..	..	..	..	..
Midland	890	936	997	..	..	..	..	..
Central	1,047	1,104	1,174	..	..	..	..	..
Southern	1,004	1,015	1,097	..	..	..	..	..
Additional elective services	70	..	..	..	..	..	..	..
<b>Total Personal Health</b>	<b>4,463</b>	<b>4,637</b>	<b>4,939</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Disability support services:								
Northern	495	520	557	..	..	..	..	..
Midland	303	306	332	..	..	..	..	..
Central	383	411	428	..	..	..	..	..
Southern	355	410	426	..	..	..	..	..
<b>Total Disability Support</b>	<b>1,536</b>	<b>1,647</b>	<b>1,743</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Payments to District Health Boards</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>5,415</b>	<b>5,473</b>	<b>5,552</b>	<b>5,614</b>	<b>5,719</b>
<b>National Disability Support Services</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>1,374</b>	<b>1,409</b>	<b>1,443</b>	<b>1,477</b>	<b>1,477</b>
<b>Public Health Service Purchasing</b>	<b>108</b>	<b>117</b>	<b>125</b>	<b>232</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>
<b>Total</b>	<b>6,107</b>	<b>6,401</b>	<b>6,807</b>	<b>7,021</b>	<b>7,112</b>	<b>7,225</b>	<b>7,321</b>	<b>7,426</b>

Source: The Treasury

**Table B.8** – Health-related payments to ACC

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Petrol excise	66	67	67	68	60	60	61	61
Medical treatment	171	197	224	396	387	396	417	439
<b>Total</b>	<b>237</b>	<b>264</b>	<b>291</b>	<b>464</b>	<b>447</b>	<b>456</b>	<b>478</b>	<b>500</b>

Source: The Treasury

**Table B.9 – Education**

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Early childhood education	294	325	331	356	375	377	378	381
Primary and secondary schools	3,147	3,405	3,505	3,684	3,730	3,755	3,758	3,768
Tertiary funding	1,843	1,913	2,133	2,303	2,449	2,523	2,579	2,634
Departmental expenses	360	396	419	445	432	427	426	428
Other education expenses	255	271	302	253	271	252	255	253
<b>Total Education Expenses</b>	<b>5,899</b>	<b>6,310</b>	<b>6,690</b>	<b>7,041</b>	<b>7,257</b>	<b>7,334</b>	<b>7,396</b>	<b>7,464</b>

Source: The Treasury

**Table B.10 – Primary and secondary education**

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Primary	1,624	1,731	1,780	1,860	1,870	1,870	1,855	1,849
Secondary	1,155	1,312	1,333	1,315	1,349	1,373	1,391	1,407
School transport	93	100	106	110	113	114	115	115
Special needs support	275	262	286	291	291	293	293	293
Professional Development	..	..	..	92	91	89	88	88
Schooling Improvement	..	..	..	16	16	16	16	16
<b>Total Schools Funding</b>	<b>3,147</b>	<b>3,405</b>	<b>3,505</b>	<b>3,684</b>	<b>3,730</b>	<b>3,755</b>	<b>3,758</b>	<b>3,768</b>
<b>Places (year)</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Primary	466,500	465,863	463,000	459,000	454,000	448,000	446,000	443,000
Secondary	248,800	249,905	251,000	254,000	260,000	267,400	272,000	274,000

Sources: Ministry of Education, The Treasury

**Table B.11 – Tertiary education**

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Tuition	1,236	1,219	1,362	1,506	1,542	1,575	1,598	1,615
Other tertiary funding	128	161	153	184	204	205	206	206
<b>Total Tertiary Education and Training</b>	<b>1,364</b>	<b>1,380</b>	<b>1,515</b>	<b>1,690</b>	<b>1,746</b>	<b>1,780</b>	<b>1,804</b>	<b>1,821</b>
Tertiary student allowances	378	376	391	417	447	464	478	492
Student loan provision and write-offs	101	157	227	196	256	279	297	321
<b>Total Tertiary Funding</b>	<b>1,843</b>	<b>1,913</b>	<b>2,133</b>	<b>2,303</b>	<b>2,449</b>	<b>2,523</b>	<b>2,579</b>	<b>2,634</b>
<b>Places (year)</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
EFT Students	169,469	175,166	192,000	199,000	205,000	209,000	211,000	214,000

Sources: Ministry of Education, The Treasury

**Table B.12** – Core government services

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Official development assistance	204	219	226	227	227	227	227	227
Indemnity and guarantee expenses	(28)	10	253	..	..	..	..	..
Departmental expenses	892	867	901	973	946	924	918	950
Science expenses	405	424	247	254	257	257	258	258
Other expenses	232	190	190	157	140	131	142	140
<b>Total Core Government Services</b>	<b>1,705</b>	<b>1,710</b>	<b>1,817</b>	<b>1,611</b>	<b>1,570</b>	<b>1,539</b>	<b>1,545</b>	<b>1,575</b>

Source: The Treasury

**Table B.13** – Law and order

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental expenses:								
Police	708	762	724	773	803	773	774	774
Ministry of Justice	11	12	13	15	15	14	14	15
Department of Corrections	324	328	369	390	384	388	383	376
Department for Courts	206	174	181	184	177	177	177	177
Other departments	99	65	67	68	68	68	68	68
<b>Total Departments</b>	<b>1,348</b>	<b>1,341</b>	<b>1,354</b>	<b>1,430</b>	<b>1,447</b>	<b>1,420</b>	<b>1,416</b>	<b>1,410</b>
Non-departmental outputs	114	150	177	199	190	185	194	190
Other expenses	37	40	29	108	50	56	47	50
<b>Total Law and Order Expenses</b>	<b>1,499</b>	<b>1,531</b>	<b>1,560</b>	<b>1,737</b>	<b>1,687</b>	<b>1,661</b>	<b>1,657</b>	<b>1,650</b>

Source: The Treasury

**Table B.14** – Defence

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
NZDF Core expenses	986	996	1,058	1,072	1,072	1,085	1,084	1,084
NZDF write-offs	5	77	104	..	..	..	..	..
NZDF East Timor deployment	..	22	22	20	..	..	..	..
DWI East Timor deployment	..	17	22	20	..	..	..	..
Other departments	31	51	36	36	33	32	33	33
GST on defence acquisitions	8	84	25	14	52	40	..	..
<b>Total Defence Expenses</b>	<b>1,030</b>	<b>1,247</b>	<b>1,267</b>	<b>1,162</b>	<b>1,157</b>	<b>1,157</b>	<b>1,117</b>	<b>1,117</b>

Source: The Treasury

**Table B.15** – Transport and communications

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Transfund	880	903	890	961	986	1,010	1,038	1,063
Departmental outputs	71	70	75	82	80	80	80	80
Other non-departmental expenses	61	57	52	56	54	54	54	54
Other expenses	17	6	9	4	5	5	7	6
<b>Total Transport and Communications</b>	<b>1,029</b>	<b>1,036</b>	<b>1,026</b>	<b>1,103</b>	<b>1,125</b>	<b>1,149</b>	<b>1,179</b>	<b>1,203</b>

Source: The Treasury

**Table B.16** – Economic and industrial

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	450	374	422	437	423	418	414	414
Employment initiatives	166	209	204	247	252	268	228	228
Non-departmental outputs	176	198	423	445	468	468	469	469
Other expenses	66	163	92	129	119	113	114	112
<b>Total Economic and Industrial Services</b>	<b>858</b>	<b>944</b>	<b>1,141</b>	<b>1,258</b>	<b>1,262</b>	<b>1,267</b>	<b>1,225</b>	<b>1,223</b>

Source: The Treasury

**Table B.17** – Employment initiatives

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Training benefit (including tax)	22	..	..	..	..	..	..	..
Training incentive allowance	30	35	36	45	43	43	43	43
Community employment projects	15	18	17	22	22	19	19	19
Subsidised work	77	103	95	118	131	149	109	109
Employment support for disabled	17	50	53	60	53	55	55	55
Other employment assistance schemes	5	3	3	2	3	2	2	2
<b>Total Employment Initiative Expenses</b>	<b>166</b>	<b>209</b>	<b>204</b>	<b>247</b>	<b>252</b>	<b>268</b>	<b>228</b>	<b>228</b>

Source: The Treasury

**Table B.18** – Primary services

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental expenses	233	182	194	220	201	197	195	195
Non-departmental outputs	68	63	69	93	95	98	99	98
Other expenses	33	20	24	24	21	8	8	8
<b>Total Primary Services Expenses</b>	<b>334</b>	<b>265</b>	<b>287</b>	<b>337</b>	<b>317</b>	<b>303</b>	<b>302</b>	<b>301</b>

Source: The Treasury

**Table B.19** – Heritage, culture and recreation

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Community grants	20	18	18	6	6	6	6	6
Departmental outputs	208	199	206	224	222	224	228	228
Non-departmental outputs	70	158	181	209	211	245	263	273
Other expenses	18	81	19	56	26	28	28	28
<b>Total Heritage, Culture and Recreation</b>	<b>316</b>	<b>456</b>	<b>424</b>	<b>495</b>	<b>465</b>	<b>503</b>	<b>525</b>	<b>535</b>

Source: The Treasury

**Table B.20** – Housing and community development

(\$ million)	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Housing subsidies	1	1	..	21	21	21	19	19
Departmental outputs	29	27	35	52	51	52	50	50
Other non-departmental expenses	11	40	15	19	15	13	13	13
<b>Total Housing and Community Development</b>	<b>41</b>	<b>68</b>	<b>50</b>	<b>92</b>	<b>87</b>	<b>86</b>	<b>82</b>	<b>82</b>

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 and Budget Policy Statement* 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 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.

**Operating balance excluding revaluation and accounting policy changes (OBERAC)**

The OBERAC is the operating balance adjusted for revaluation movements and accounting policy changes. It provides a measure of underlying stewardship.

**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](http://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, 2000/01 or 2001 will generally mean "year ended 30 June" unless otherwise stated.