

# 4

## Core Crown Expense Tables<sup>13</sup>

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	14,682	15,598	16,768	17,877	19,382	21,234	22,120	22,953	23,775	24,694
GSF	718	761	645	690	655	368	357	437	534	550
Health	8,813	9,547	10,355	11,297	12,368	13,137	14,043	13,941	13,945	13,769
Education	7,930	9,914	9,269	9,551	11,455	11,779	11,992	11,999	11,986	12,029
Core government services	2,567	2,507	4,816	3,371	5,293	3,793	3,979	4,028	4,022	4,051
Law and order	1,977	2,235	2,699	2,894	3,089	3,276	3,537	3,497	3,518	3,519
Defence	1,275	1,383	1,517	1,562	1,757	1,832	1,912	1,859	1,856	1,856
Transport and communications	1,635	1,818	2,405	2,244	2,663	2,453	2,417	2,131	2,080	2,087
Economic and industrial services	1,444	1,592	1,595	2,889	2,960	2,959	2,828	2,592	2,466	2,478
Primary services	394	467	438	541	534	522	757	733	738	717
Heritage, culture and recreation	991	891	844	1,107	1,002	1,076	2,037	1,385	1,672	1,780
Housing and community development	163	202	255	260	297	344	370	327	316	302
Other	32	49	68	254	118	109	1,088	200	238	553
Finance costs	2,274	2,356	2,329	2,460	2,429	2,364	3,230	3,833	4,323	4,545
Forecast for future new spending	..	..	..	..	..	..	394	1,609	2,815	4,179
Top- down expense adjustment	..	..	..	..	..	(455)	(410)	(60)	(60)	(60)
<b>Core Crown expenses</b>	<b>44,895</b>	<b>49,320</b>	<b>54,003</b>	<b>56,997</b>	<b>64,002</b>	<b>64,791</b>	<b>70,651</b>	<b>71,464</b>	<b>74,224</b>	<b>77,049</b>

Source: The Treasury

**Table 4.1** – Social security and welfare expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	13,326	14,246	15,435	16,288	17,366	19,025	20,047	20,817	21,538	22,160
Social rehabilitation & compensation	152	145	163	199	336	329	120	133	141	314
Departmental expenses	781	858	845	850	1,092	1,147	1,165	1,124	1,110	1,109
Child support impairment	136	151	183	193	205	346	401	471	558	668
Other non-departmental expenses	287	198	142	347	383	387	387	408	428	443
<b>Social security and welfare expenses</b>	<b>14,682</b>	<b>15,598</b>	<b>16,768</b>	<b>17,877</b>	<b>19,382</b>	<b>21,234</b>	<b>22,120</b>	<b>22,953</b>	<b>23,775</b>	<b>24,694</b>

Source: The Treasury

<sup>13</sup> Historical data contained in the expense tables have been restated on a NZ IFRS basis for material changes.

**Table 4.2** – New Zealand superannuation and welfare benefit expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	6,083	6,414	6,810	7,348	7,744	8,287	8,822	9,560	10,149	10,781
Domestic Purposes Benefit	1,547	1,493	1,468	1,478	1,530	1,694	1,756	1,847	1,890	1,938
Unemployment Benefit	831	712	613	458	586	939	969	931	849	774
Invalids Benefit	1,026	1,073	1,132	1,216	1,260	1,302	1,319	1,374	1,394	1,417
Family Tax Credit	846	1,285	1,699	1,897	2,062	2,200	2,239	2,226	2,296	2,181
Accommodation Supplement	750	843	877	891	989	1,158	1,221	1,237	1,240	1,251
Sickness Benefit	510	541	573	582	613	714	760	796	814	832
Disability Allowance	267	261	270	278	390	412	421	436	450	465
Income Related Rents	370	395	434	465	512	528	563	613	662	717
In Work Tax Credit	..	70	461	563	584	604	597	568	577	585
Child Tax Credit	141	154	44	11	6	4	3	3	2	2
Special Benefit	175	162	106	71	..	..	..	..	..	..
Benefits paid in Australia	91	80	71	58	50	45	39	37	21	18
Paid Parental Leave	76	96	122	135	143	154	163	171	181	192
Childcare Assistance	79	110	139	150	159	178	190	190	187	184
War Disablement Pensions	107	113	122	134	125	137	135	135	131	126
Veteran's Pension	119	128	143	161	176	179	180	184	184	183
Other benefits	308	316	351	392	437	490	670	509	511	514
<b>Benefit expenses</b>	<b>13,326</b>	<b>14,246</b>	<b>15,435</b>	<b>16,288</b>	<b>17,366</b>	<b>19,025</b>	<b>20,047</b>	<b>20,817</b>	<b>21,538</b>	<b>22,160</b>

Source: The Treasury

**Table 4.3** – Beneficiary numbers

(Thousands)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	469	482	495	508	522	540	557	577	600	622
Domestic Purposes Benefit	109	106	100	97	101	110	113	113	113	114
Unemployment Benefit	78	64	52	37	48	79	80	74	67	60
Accommodation Supplement	243	249	251	245	267	312	325	325	323	321
Invalids Benefit	74	76	78	82	86	88	88	88	88	88
Sickness Benefit	45	47	48	48	50	58	62	62	62	62

Source: Ministry of Social Development

**Table 4.4** – GSF pension expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Pension expenses	718	761	645	690	655	368	357	437	534	550
<b>Core Crown GSF</b>	<b>718</b>	<b>761</b>	<b>645</b>	<b>690</b>	<b>655</b>	<b>368</b>	<b>357</b>	<b>437</b>	<b>534</b>	<b>550</b>

Source: The Treasury

**Table 4.5** – Health expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental outputs	157	174	180	206	206	205	212	208	208	208
Health service purchasing	8,113	8,805	9,614	10,503	11,354	12,089	12,779	12,689	12,668	12,651
Other non-departmental outputs	160	135	99	97	98	106	123	121	118	112
Health payments to ACC	356	372	425	463	667	692	873	868	897	743
Other expenses	27	61	37	28	43	45	56	55	54	55
<b>Health expenses</b>	<b>8,813</b>	<b>9,547</b>	<b>10,355</b>	<b>11,297</b>	<b>12,368</b>	<b>13,137</b>	<b>14,043</b>	<b>13,941</b>	<b>13,945</b>	<b>13,769</b>

Source: The Treasury

**Table 4.6 – Health service purchasing**

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Payments to District Health Boards	7,262	7,814	8,547	9,312	10,038	10,663	11,291	11,258	11,244	11,257
National Disability Support Services	620	699	755	834	889	932	970	960	955	955
Public Health Service Purchasing	231	292	312	357	427	494	518	471	469	439
<b>Health service purchasing</b>	<b>8,113</b>	<b>8,805</b>	<b>9,614</b>	<b>10,503</b>	<b>11,354</b>	<b>12,089</b>	<b>12,779</b>	<b>12,689</b>	<b>12,668</b>	<b>12,651</b>

Source: The Treasury

**Table 4.7 – Education expenses**

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Early childhood education	444	555	617	860	1,030	1,176	1,283	1,317	1,367	1,397
Primary and secondary schools	3,934	4,153	4,325	4,552	4,936	5,206	5,271	5,333	5,370	5,402
Tertiary funding	2,496	4,047	3,322	3,266	4,564	4,465	4,365	4,318	4,252	4,235
Departmental expenses	737	821	875	828	888	929	1,011	981	959	959
Other education expenses	319	338	130	45	37	3	62	50	38	36
<b>Education expenses</b>	<b>7,930</b>	<b>9,914</b>	<b>9,269</b>	<b>9,551</b>	<b>11,455</b>	<b>11,779</b>	<b>11,992</b>	<b>11,999</b>	<b>11,986</b>	<b>12,029</b>

  

Places	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Early childhood education <sup>1</sup>	113,009	115,903	123,196	133,863	141,768	148,757	156,818	161,780	165,396	165,728

<sup>1</sup> Full-time equivalent based on 1,000 funded child hours per year. From 2004, these have been restated and are now snapshots based as at 1 July

Sources: Ministry of Education, The Treasury

**Table 4.8 – Primary and secondary education expenses**

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Primary	1,964	2,062	2,141	2,262	2,484	2,638	2,676	2,729	2,761	2,786
Secondary	1,524	1,618	1,682	1,761	1,898	1,995	2,021	2,023	2,021	2,020
School transport	109	118	125	131	152	159	161	167	173	180
Special needs support	231	245	263	278	290	303	308	314	314	316
Professional Development	95	101	104	108	101	99	91	86	87	86
Schooling Improvement	11	9	10	12	11	12	14	14	14	14
<b>Primary and secondary education expenses</b>	<b>3,934</b>	<b>4,153</b>	<b>4,325</b>	<b>4,552</b>	<b>4,936</b>	<b>5,206</b>	<b>5,271</b>	<b>5,333</b>	<b>5,370</b>	<b>5,402</b>

  

Places	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary <sup>1</sup>	482,570	480,586	477,967	475,820	474,630	476,890	478,594	484,766	491,244	498,767
Secondary <sup>1</sup>	274,245	275,869	277,619	277,582	280,062	280,254	279,929	278,240	278,789	278,695

<sup>1</sup> From 1999, these have been restated and are now snapshots based as at 1 July for primary year-levels (years 1 to 8) and 1 March for secondary year-levels (years 9 to 15). These numbers include special school rolls but exclude health camps, hospital schools and home schooling.

Sources: Ministry of Education, The Treasury

**Table 4.9 – Tertiary education expenses**

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Tuition	1,647	1,865	1,962	2,172	2,287	2,415	2,396	2,357	2,354	2,356
Other tertiary funding	68	110	339	358	522	506	431	438	417	417
Tertiary student allowances	359	354	382	386	444	589	656	626	576	552
Initial fair value change in student loans	..	1,415	..	..	..	..	..	..	..	..
Student loans	422	303	639	350	1,311	955	882	897	905	910
<b>Tertiary education expenses</b>	<b>2,496</b>	<b>4,047</b>	<b>3,322</b>	<b>3,266</b>	<b>4,564</b>	<b>4,465</b>	<b>4,365</b>	<b>4,318</b>	<b>4,252</b>	<b>4,235</b>

  

Places (year)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EFT students <sup>1</sup>	242,986	226,891	230,319	229,276	234,434	239,717	240,086	240,086	240,086	240,086

<sup>1</sup> Tertiary EFTS numbers from 2000 to 2008 include all delivered EFTS. EFTS numbers from 2009 onwards have been estimated on the basis of funded EFTS. Note that historical EFTS numbers have been revised so will differ from previous published EFU numbers. EFTS numbers are based on calendar years rather than fiscal years.

Sources: Ministry of Education, The Treasury

**Table 4.10** – Core Government service expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Official development assistance	297	330	330	362	458	484	485	509	559	559
Indemnity and guarantee expenses	..	..	..	..	992	62	60	59	58	58
Departmental expenses	1,570	1,403	1,402	1,557	1,668	1,616	1,633	1,632	1,589	1,601
Non-Departmental Expenses	..	..	237	277	117	297	244	265	279	298
Tax receivable write-down and impairments	350	338	2,479	701	1,654	987	1,154	1,170	1,159	1,159
Science expenses	170	157	163	168	179	190	183	183	184	184
Other expenses	180	279	205	306	225	157	220	210	194	192
<b>Core Government service expenses</b>	<b>2,567</b>	<b>2,507</b>	<b>4,816</b>	<b>3,371</b>	<b>5,293</b>	<b>3,793</b>	<b>3,979</b>	<b>4,028</b>	<b>4,022</b>	<b>4,051</b>

Source: The Treasury

**Table 4.11** – Law and order expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Police	896	976	1,086	1,198	1,326	1,343	1,395	1,393	1,397	1,397
Ministry of Justice	257	299	454	367	379	395	412	402	399	399
Department of Corrections	483	572	662	787	829	917	996	985	1,006	1,007
Customs <sup>1</sup>	11	12	12	12	12	15	123	137	144	145
Other departments	61	64	48	79	80	95	92	87	84	84
<b>Department expenses</b>	<b>1,708</b>	<b>1,923</b>	<b>2,262</b>	<b>2,443</b>	<b>2,626</b>	<b>2,765</b>	<b>3,018</b>	<b>3,004</b>	<b>3,030</b>	<b>3,032</b>
Non-departmental outputs	218	262	354	326	380	421	415	382	377	376
Other expenses	51	50	83	125	83	90	104	111	111	111
<b>Law and order expenses</b>	<b>1,977</b>	<b>2,235</b>	<b>2,699</b>	<b>2,894</b>	<b>3,089</b>	<b>3,276</b>	<b>3,537</b>	<b>3,497</b>	<b>3,518</b>	<b>3,519</b>

<sup>1</sup> Previously the majority of Customs spending was classified as Core Government Services.

Source: The Treasury

**Table 4.12** – Defence expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
NZDF Core expenses	1,203	1,306	1,459	1,517	1,697	1,771	1,842	1,804	1,799	1,799
Other expenses	72	77	58	45	60	61	70	55	57	57
<b>Defence expenses</b>	<b>1,275</b>	<b>1,383</b>	<b>1,517</b>	<b>1,562</b>	<b>1,757</b>	<b>1,832</b>	<b>1,912</b>	<b>1,859</b>	<b>1,856</b>	<b>1,856</b>

Source: The Treasury

**Table 4.13** – Transport and communication expenses

(\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Transport Agency <sup>1</sup>	1,346	1,482	1,874	1,966	1,562	1,779	1,716	1,719	1,845	1,908
Departmental outputs	97	101	113	137	83	67	63	63	63	63
Other non-departmental expenses	79	109	221	104	170	121	114	93	88	88
Asset impairments	47	47	47	..	320	..	..	..	..	..
Rail funding	63	77	142	24	507	455	499	231	59	3
Other expenses	3	2	8	13	21	31	25	25	25	25
<b>Transport and communication expenses</b>	<b>1,635</b>	<b>1,818</b>	<b>2,405</b>	<b>2,244</b>	<b>2,663</b>	<b>2,453</b>	<b>2,417</b>	<b>2,131</b>	<b>2,080</b>	<b>2,087</b>

<sup>1</sup> Since 2008/09 funding has been provided to New Zealand Transport Agency. From 2004/05 to 2007/08 funding was received by Land Transport NZ. Prior to this, funding was received by Transfund. Prior to 2008/09 all NZTA funding was recognised as operating expenditure. However from 2008/09 some funding is now classified as capital resulting in a reduction to operating expenditure.

Source: The Treasury

**Table 4.14** – Economic and industrial services expenses

(\$ million)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Departmental outputs	508	549	546	603	389	411	422	405	402	407
Employment initiatives	224	202	207	186	185	229	205	166	165	166
Non-departmental outputs	549	751	873	822	809	954	786	742	680	644
Reserve Electricity Generation	..	26	16	81	20	22	27	26	17	17
Flood relief	52	8	..	..	..	..	..	..	..	..
KiwiSaver	..	..	..	1,102	1,281	1,045	1,179	1,054	1,028	1,063
Research & Development tax credits	..	..	..	37	154	..	..	..	..	..
Other expenses	111	56	(47)	58	122	298	209	199	174	181
<b>Economic and industrial services expenses</b>	<b>1,444</b>	<b>1,592</b>	<b>1,595</b>	<b>2,889</b>	<b>2,960</b>	<b>2,959</b>	<b>2,828</b>	<b>2,592</b>	<b>2,466</b>	<b>2,478</b>

Source: The Treasury

**Table 4.15** – Employment initiatives

(\$ million)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Training incentive allowance	36	32	29	27	30	23	20	16	15	15
Community employment projects	6	..	..	..	..	..	..	..	..	..
Subsidised work	102	84	88	67	63	114	94	59	59	59
Employment support for disabled	74	82	86	88	88	88	87	87	87	88
Other employment assistance schemes	6	4	4	4	4	4	4	4	4	4
<b>Employment initiatives</b>	<b>224</b>	<b>202</b>	<b>207</b>	<b>186</b>	<b>185</b>	<b>229</b>	<b>205</b>	<b>166</b>	<b>165</b>	<b>166</b>

Source: The Treasury

**Table 4.16** – Primary service expenses

(\$ million)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Departmental expenses	272	350	342	354	360	362	385	375	375	374
Non-departmental outputs	114	97	80	109	89	143	180	166	171	151
Biological research	..	..	..	..	..	..	172	173	173	173
Other expenses	8	20	16	78	85	17	20	19	19	19
<b>Primary service expenses</b>	<b>394</b>	<b>467</b>	<b>438</b>	<b>541</b>	<b>534</b>	<b>522</b>	<b>757</b>	<b>733</b>	<b>738</b>	<b>717</b>

Source: The Treasury

**Table 4.17** – Heritage, culture and recreation expenses

(\$ million)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Community grants	6	7	7	7	8	8	8	7	7	7
Kyoto protocol	310	42	..	..	..	..	..	..	..	..
Emission Trading Scheme	..	..	..	..	17	100	1,007	375	681	827
Departmental outputs	292	322	357	392	426	427	427	418	420	413
Non-departmental outputs	317	351	411	469	467	403	445	454	490	438
Other expenses	66	169	69	239	84	138	150	131	74	95
<b>Heritage, culture and recreation expenses</b>	<b>991</b>	<b>891</b>	<b>844</b>	<b>1,107</b>	<b>1,002</b>	<b>1,076</b>	<b>2,037</b>	<b>1,385</b>	<b>1,672</b>	<b>1,780</b>

Source: The Treasury

**Table 4.18** – Housing and community development expenses

(\$ million)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Housing subsidies	31	23	25	28	37	49	71	65	57	50
Departmental outputs	100	117	134	141	148	148	166	139	137	137
Other non-departmental expenses	32	62	96	91	112	147	133	123	122	115
<b>Housing and community development expenses</b>	<b>163</b>	<b>202</b>	<b>255</b>	<b>260</b>	<b>297</b>	<b>344</b>	<b>370</b>	<b>327</b>	<b>316</b>	<b>302</b>

Source: The Treasury

## Glossary of Terms

### ***ACC insurance liability***

The ACC insurance liability is the gross liability of the future cost of ACC claims incurred prior to balance date. The net ACC liability is the gross liability less the asset reserves held to meet these claims.

### ***Baselines***

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

### ***Consumers Price Index (CPI)***

Statistics New Zealand's official index to measure the rate of change in the prices of goods and services bought by households.

### ***Contingent assets***

Contingent assets are potential assets dependent on an uncertain event occurring.

### ***Contingent liability***

Contingent liabilities are costs, which the Crown will have to face if a particular uncertain and not probable event occurs. Typically, contingent liabilities consist of guarantees and indemnities, legal disputes and claims, and uncalled capital.

### ***Core Crown***

The core Crown represents the revenues, expenses, assets and liabilities of the Crown, departments, Offices of Parliament, the Reserve Bank, and the NZS Fund.

### ***Core Crown revenue***

Core Crown revenue primarily consists of tax revenue collected by the Government, but also includes investment income, sales of goods and services and other revenue.

### ***Core Crown expenses***

The day-to-day spending (eg, public servants' salaries, welfare benefit payments, finance costs and maintaining national defence etc) that does not build physical assets for the Crown. This is an accrual measure of expenses and includes items such as depreciation on physical assets.

### ***Corporate tax***

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

### ***Current account (Balance of Payments)***

A measure of the flows of income between New Zealand and the rest of the world. A net inflow to New Zealand represents a current account surplus, a net outflow a deficit. The current account balance is commonly expressed as a percentage of GDP.

### ***Cyclically adjusted or structural fiscal balance***

An estimate of the fiscal balance (e.g. operating balance [before gains and losses]) adjusted for short-term fluctuations of actual GDP around trend GDP. The estimate provides a picture of the underlying trend fiscal position and helps measure 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.

### ***Demographic changes***

Changes to the structure of the population such as the age, gender or ethnic make-up.

### ***Domestic bond programme***

The amount and timing of additional government debt expected to be issued in the next financial year.

**Excise duties**

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

**Financial assets**

Cash or shares (equity), a right to receive cash or shares (equity), or a right to exchange a financial asset or liability on favourable terms.

**Fiscal impulse**

A summary measure of how changes in fiscal policy affect aggregate demand. To isolate discretionary changes, fiscal impulse is calculated on a cyclically-adjusted basis and excluding net interest payments. To better capture the role of capital spending the indicator is derived from cash flow information.

**Fiscal intentions (short-term)**

Under the Public Finance Act 1989, the Government is required to explicitly indicate its intentions for operating expenses and operating revenues, and the impact of its intentions on the operating balance, debt and net worth over (at least) the next three years.

**Fiscal 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 Public Finance Act 1989. The objectives must be consistent with the defined principles of responsible fiscal management as outlined in the Act and must cover a period of (at least) ten years.

**Forecast new capital spending**

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

**Forecast new operating spending**

An amount included in the forecasts to provide for the operating balance impact of policy initiatives and changes to demographics and other forecasting changes expected to occur over the forecast period.

**Gains and Losses**

Gains and losses typically arise from the revaluation of assets and liabilities, such as investments in financial assets and long-term liabilities for ACC and GSF. Gains and losses are reported directly as a movement in net worth (eg, asset revaluation reserves) or indirectly through the Statement of Financial Performance. The impact of gains and losses on the operating balance can be volatile, the operating balance (before gains and losses) indicator can provide a more useful measure of underlying stewardship.

**Gross domestic product (GDP)**

A measure of the value of all goods and services produced in New Zealand; changes in GDP measure growth or contraction 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.

**Gross sovereign-issued debt (GSID)**

This includes all debt issued by the sovereign (the core Crown). It therefore includes Government stock held within the Crown (e.g. by the NZS Fund, ACC and EQC).

**Labour force participation rate**

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

**Labour productivity**

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

**Line-by-line consolidation**

This is a term used to refer to the general approach to the presentation of the Crown financial statements. It means that the individual line items for revenues, expenses, assets and liabilities in the Crown financial statements include all departments, Offices of Parliament, the Reserve Bank, SOEs, Crown entities, and other entities controlled by the Government.

**Marketable securities**

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**

Aggregate monetary conditions measure the degree to which short-term interest rates and the trade-weighted exchange rate are either tightening or easing monetary policy.

**Monetary policy**

The Reserve Bank implements its monetary policy decisions by adjusting its official cash rate (OCR) in an effort to maintain stability in the general level of prices within a defined annual CPI target range.

Tightening monetary policy means raising the level of the OCR in order to moderate aggregate demand pressures and to reduce inflationary pressures, while easing monetary policy has the reverse effect.

**Net core Crown cash flow from operations**

Operating balance (before gains and losses) less retained items (eg, net surplus of SOEs, CEs and NZS Fund net revenue) less non-cash items (eg, depreciation).

**Net core Crown debt**

Represents GSID less core Crown financial assets (excluding advances and financial assets held by the NZS Fund). Advances and financial assets held by the NZS Fund are excluded as these assets are less liquid and they are made for public policy reasons rather than for the purposes associated with

government financing. Net core Crown debt provides information about the sustainability of the Government's accounts, and is used by some international rating agencies when determining the creditworthiness of a country

**Net core Crown debt (incl NZS Fund)**

Represents net core Crown debt plus the financial assets of the NZS Fund.

**Net international investor position**

The net international investment position measures the net value of New Zealand's international assets and liabilities at a point in time.

**Net worth**

Total assets less total liabilities (also referred to as the Crown balance). The change in net worth in any given forecast year is largely driven by the operating balance.

**Net worth excluding social assets**

Net worth excluding social assets provides the government with an idea of how its assets that earn a financial return match its liabilities. The measure consists of the financial assets of the core Crown and Crown Entities, all the assets of State-Owned Enterprises (excluding the physical assets of KiwiRail), and total liabilities.

**NZ IFRS**

New Zealand equivalents to International Financial Reporting Standards. These standards are approved by the Accounting Standards Review Board in New Zealand and are based on the requirements of the international financial reporting standards issued by the International Accounting Standards Board adjusted where appropriate for entities that are not profit oriented.

**Operating balance**

The operating balance is the residual of revenues less expenses plus surpluses from state-owned enterprises and Crown entities. It includes gains and losses not reported directly as a movement against net worth.

**Operating balance before gains and losses**

The operating balance (before gains and losses) is the operating balance excluding gains and losses. The impact of gains and losses on the operating balance can be volatile so the operating balance (before gains and losses) indicator (because it excludes gains and losses) can provide a more useful measure of underlying stewardship.

**Productivity**

The amount of output (e.g. GDP) per unit of input.

**Projections**

Projections of the key fiscal indicators beyond the five-year forecast period. The projections are based on long-run economic and fiscal assumptions. For example, the projections assume no economic cycle and constant long-run interest, inflation and unemployment rates.

**Public Private Partnership (PPP)**

No single widely accepted definition for the term PPP exists. However, most descriptions characterise a PPP as an arrangement between a public sector entity to deliver a public sector asset (normally infrastructure or a public facility) and/or service. In this way, PPP arrangements offer an alternative to traditional public sector procurement methods used to accomplish a public duty or responsibility.

**Residual cash**

The level of money the Government has available to repay debt or, alternatively, needs to borrow in any given year. Residual cash is alternatively termed “Cash available/(shortfall to be funded)”.

Residual cash is equal to net core Crown cash flow from operations excluding NZS Fund activity less core Crown capital commitments (eg, contributions to NZS Fund, purchase of assets, loans to others).

**Settlement cash**

This is the amount of money deposited with the Reserve Bank by registered banks. It is a

liquidity mechanism used to settle wholesale obligations between registered banks and provides the basis for settling most of the retail banking transactions that occur every working day between corporate and individuals.

**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.

**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.

**Tax revenue**

The accrual, rather than the cash (“tax receipts”) measure of taxation. It is a measure of tax due at a given point in time, regardless of whether or not it has actually been paid.

**Tradable / non-tradable**

There is no official definition of the tradable sector. In this document the tradable sector is the part of the economy particularly exposed to foreign competition. It includes primary, manufacturing and tourism industries. Non-tradable output is estimated as a residual with total real GDP.

**Top-down adjustment**

An adjustment to expenditure forecasts to reflect the extent to which departments use appropriations (upper spending limits) for their expenditure forecasts. As appropriations apply to the core Crown only, no adjustment is required to SOE or Crown Entity forecasts.

**Total borrowings**

Total borrowings represents the Government’s debt obligations to external

parties. Total borrowings can be split into sovereign-guaranteed debt and non-sovereign-guaranteed debt. Non-sovereign-guaranteed debt represents the debt obligations of SOEs and Crown entities that are not explicitly guaranteed by the Crown.

***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, 2009/10 or 2010 will generally mean “year ended 30 June” unless otherwise stated.

# Time Series of Fiscal and Economic Indicators

## Fiscal Indicators

June Years	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
\$ millions																	
<b>Revenue and Expenses</b>																	
Core Crown revenue	34,242	32,880	34,946	37,842	39,945	43,440	46,219	51,045	55,735	58,211	61,819	59,482	56,406	60,260	64,469	68,530	72,856
Core Crown expenses	32,982	33,939	34,829	36,559	37,513	39,897	41,882	44,895	49,320	54,003	56,997	64,002	64,791	70,651	71,464	74,224	77,049
<b>Surpluses</b>																	
Total Crown OBEGAL	2,345	128	594	1,422	2,471	4,366	5,573	7,075	7,091	5,860	5,637	(3,893)	(6,927)	(8,632)	(5,406)	(4,394)	(3,038)
Total Crown operating balance	2,048	1,705	1,405	1,208	2,286	1,621	7,309	5,931	9,542	8,023	2,384	(10,505)	(3,179)	(7,067)	(3,579)	(2,402)	(828)
<b>Cash Position</b>																	
Core Crown residual cash	484	2,048	(386)	349	216	1,217	520	3,104	2,985	2,877	2,057	(8,639)	(9,069)	(13,327)	(9,666)	(7,499)	(5,983)
<b>Debt</b>																	
GSID <sup>1</sup>	38,475	37,307	36,580	37,194	36,650	36,617	36,017	35,478	33,903	30,647	31,390	43,356	53,810	66,969	69,731	71,645	77,778
Net core Crown debt (incl NZS Fund) <sup>2</sup>	30,472	25,923	25,895	24,908	24,773	22,647	19,902	13,324	6,302	1,620	(2,676)	5,633	11,392	23,390	31,897	37,967	42,537
Net core Crown debt <sup>2</sup>	30,472	25,923	25,895	24,908	25,388	24,531	23,858	19,879	16,163	13,380	10,258	17,119	26,642	39,965	49,638	57,054	63,014
<b>Net Worth</b>																	
Total Crown net worth	14,579	10,121	12,605	15,450	22,825	28,012	39,595	54,240	83,971	96,827	105,514	99,515	96,479	89,416	85,845	83,452	82,634
NZS Fund net worth	..	..	..	..	615	1,884	3,956	6,555	9,861	12,973	14,212	13,688	16,066	17,124	18,268	19,504	20,838
% GDP																	
<b>Revenue and Expenses</b>																	
Core Crown revenue	33.3	31.0	31.1	31.6	31.4	32.3	31.9	33.1	34.5	33.9	33.9	32.2	29.8	29.6	29.9	30.3	30.7
Core Crown expenses	32.1	32.0	31.0	30.6	29.5	29.7	28.9	29.1	30.5	31.5	31.2	34.7	34.2	34.7	33.1	32.9	32.4
<b>Surpluses</b>																	
Total Crown OBEGAL	2.3	0.1	0.5	1.2	1.9	3.3	3.8	4.6	4.4	3.4	3.1	(2.1)	(3.7)	(4.2)	(2.5)	(1.9)	(1.3)
Total Crown operating balance	2.0	1.6	1.3	1.0	1.8	1.2	5.0	3.8	5.9	4.7	1.3	(5.7)	(1.7)	(3.5)	(1.7)	(1.1)	(0.3)
<b>Cash Position</b>																	
Core Crown residual cash	0.5	1.9	(0.3)	0.3	0.2	0.9	0.4	2.0	1.8	1.7	1.1	(4.7)	(4.8)	(6.5)	(4.5)	(3.3)	(2.5)
<b>Debt</b>																	
GSID <sup>1</sup>	37.4	35.2	32.6	31.1	28.8	27.3	24.9	23.0	21.0	17.9	17.2	23.5	28.4	32.8	32.3	31.7	32.7
Net core Crown debt (incl NZS Fund) <sup>2</sup>	29.6	24.5	23.1	20.8	19.5	16.9	13.7	8.6	3.9	0.9	(1.5)	3.1	6.0	11.5	14.8	16.8	17.9
Net core Crown debt <sup>2</sup>	29.6	24.5	23.1	20.8	20.0	18.3	16.5	12.9	10.0	7.8	5.6	9.3	14.1	19.6	23.0	25.3	26.5
<b>Net Worth</b>																	
Total Crown net worth	14.2	9.6	11.2	12.9	18.0	20.9	27.3	35.2	52.0	56.4	57.8	54.0	50.9	43.9	39.8	37.0	34.8
NZS Fund net worth	..	..	..	..	0.5	1.4	2.7	4.3	6.1	7.6	7.8	7.4	8.5	8.4	8.5	8.6	8.8
1 Excludes Reserve Bank settlement cash and bank bills																	
2 Excludes advances																	

## Economic Indicators

March Years	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Annual average % change	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	2.3	3.0	3.2	1.4	2.7	4.8	6.4	4.6	4.5	2.3	3.2	-1.1	0.6	2.9	1.7	2.5	2.3
Public consumption	7.4	-0.4	5.8	-2.1	4.1	1.3	4.9	4.1	4.9	4.5	4.9	4.2	1.0	2.3	1.4	0.9	0.6
<b>TOTAL CONSUMPTION</b>	<b>3.4</b>	<b>2.2</b>	<b>3.8</b>	<b>0.6</b>	<b>3.0</b>	<b>4.0</b>	<b>6.0</b>	<b>4.5</b>	<b>4.6</b>	<b>2.8</b>	<b>3.6</b>	<b>0.1</b>	<b>0.7</b>	<b>2.8</b>	<b>1.6</b>	<b>2.1</b>	<b>1.9</b>
Residential investment	3.0	-13.0	19.5	-13.3	2.0	23.6	14.9	2.6	-5.1	-1.4	3.8	-22.8	-9.9	22.0	13.5	7.3	4.3
Non-market investment	14.0	-4.8	13.0	-13.8	21.9	13.7	15.6	13.7	2.7	-5.4	-11.5	12.0	-2.8	-5.4	-3.6	3.8	4.6
Market investment	-2.2	2.6	6.9	8.0	6.9	2.3	12.2	11.6	11.1	-1.2	8.4	-1.9	-10.4	6.2	10.3	4.7	3.0
<b>TOTAL INVESTMENT</b>	<b>0.2</b>	<b>-2.3</b>	<b>10.6</b>	<b>0.4</b>	<b>6.8</b>	<b>7.8</b>	<b>13.1</b>	<b>8.8</b>	<b>6.2</b>	<b>-2.0</b>	<b>5.5</b>	<b>-7.2</b>	<b>-9.2</b>	<b>10.5</b>	<b>11.4</b>	<b>5.6</b>	<b>3.5</b>
Stock change (contribution to growth)	-0.2	-0.3	1.2	-0.3	0.1	-0.1	0.2	0.3	-0.5	-0.7	0.7	0.0	-1.9	1.1	0.4	0.3	0.0
<b>GROSS NATIONAL EXPENDITURE</b>	<b>2.5</b>	<b>0.9</b>	<b>6.2</b>	<b>0.3</b>	<b>3.8</b>	<b>4.7</b>	<b>7.6</b>	<b>5.8</b>	<b>4.5</b>	<b>1.1</b>	<b>4.6</b>	<b>-1.6</b>	<b>-3.3</b>	<b>5.6</b>	<b>4.3</b>	<b>3.3</b>	<b>2.3</b>
Exports	3.9	2.9	7.4	6.3	3.0	7.8	1.1	4.8	-0.2	2.9	3.1	-3.4	2.8	1.6	4.7	3.5	3.3
Imports	2.5	2.1	11.3	-0.7	4.0	7.2	12.7	12.5	4.2	-1.6	10.0	-4.7	-9.9	9.0	8.9	5.0	1.5
<b>EXPENDITURE ON GDP</b>	<b>2.9</b>	<b>1.2</b>	<b>5.1</b>	<b>2.4</b>	<b>3.5</b>	<b>4.9</b>	<b>3.9</b>	<b>3.6</b>	<b>3.3</b>	<b>2.4</b>	<b>2.5</b>	<b>-1.0</b>	<b>0.4</b>	<b>3.4</b>	<b>3.0</b>	<b>2.7</b>	<b>3.0</b>
<b>GDP (production measure)</b>	<b>1.7</b>	<b>0.5</b>	<b>5.3</b>	<b>2.4</b>	<b>3.5</b>	<b>4.9</b>	<b>4.3</b>	<b>3.7</b>	<b>3.2</b>	<b>0.9</b>	<b>2.9</b>	<b>-1.4</b>	<b>-0.3</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>3.0</b>
- annual % change	0.3	2.5	6.4	0.6	4.5	4.6	5.2	2.4	2.4	1.7	2.1	-3.1	2.1	3.1	3.3	2.8	3.2
Real GDP per capita	0.5	-0.3	4.7	1.8	2.6	3.0	2.4	2.2	2.0	-0.4	1.9	-2.4	-1.5	2.0	2.1	2.0	2.1
Nominal GDP (expenditure basis)	3.7	1.7	6.0	5.6	7.4	5.2	7.0	7.1	5.7	5.0	7.5	1.7	1.7	7.0	6.3	4.8	5.1
GDP deflator	0.8	0.5	0.9	3.2	3.8	0.3	2.9	3.4	2.3	2.6	4.8	2.7	1.3	3.5	3.3	2.0	2.1
Output gap (% deviation, March year average)	0.1	-1.9	0.6	0.0	0.1	1.0	1.4	1.7	2.3	1.4	3.0	0.2	-1.7	-0.6	-0.6	-0.8	-0.6
Employment	0.3	-0.6	1.9	2.0	2.9	2.8	3.0	3.6	2.8	2.2	1.3	0.9	-1.6	0.2	2.0	2.1	2.0
Unemployment (% March quarter s.a.)	7.4	7.5	6.5	5.5	5.3	5.0	4.3	3.9	4.0	3.8	3.8	5.0	7.1	6.2	5.5	5.1	4.6
Wages (average ordinary-time hourly, ann % change)	2.5	3.1	1.7	3.1	3.6	2.2	3.4	3.5	5.2	4.6	4.5	5.3	3.3	2.6	3.5	3.7	3.9
CPI inflation (ann % change)	1.3	-0.1	1.5	3.1	2.6	2.5	1.5	2.8	3.3	2.5	3.4	3.0	2.2	5.9	2.4	2.4	2.4
Merchandise terms of trade (SNA basis)	-1.8	0.9	0.2	3.4	4.0	-5.6	4.3	3.5	-2.0	-1.1	8.5	-0.7	-6.3	4.9	0.6	1.7	1.0
Current account balance - \$billion	-5.4	-4.4	-7.0	-5.1	-3.9	-4.5	-6.6	-10.1	-14.5	-13.5	-14.1	-14.6	-4.9	-8.9	-13.1	-15.7	-17.2
Current account balance - % of GDP	-5.3	-4.2	-6.3	-4.4	-3.1	-3.4	-4.7	-6.7	-9.0	-8.0	-7.8	-7.9	-2.6	-4.4	-6.1	-7.0	-7.3
TWI (March quarter)	61.2	57.6	54.1	50.5	51.6	60.6	66.9	69.6	68.3	68.8	71.9	53.7	65.3	65.2	63.5	58.5	54.0
90-day bank bill rate (March quarter)	8.9	4.5	6.0	6.4	5.0	5.8	5.5	6.9	7.6	7.8	8.8	3.7	2.7	4.3	5.2	5.4	5.7
10-year bond rate (March quarter)	6.8	5.7	7.3	6.0	6.7	6.0	5.9	6.0	5.7	5.9	6.3	4.6	5.9	5.9	5.9	5.9	6.0