
Generally Accepted Accounting Practice (GAAP) Series Tables

Forecast Financial Statements

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

They are based on the accounting policies and assumptions that follow on pages 96-110. As with all such assumptions, there is a degree of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The forecasts and projections have been prepared in accordance with the Statement of Responsibility and reflect the judgements and information known at the time they were prepared. They reflect all Government decisions and circumstances communicated to 15 May 2000.

Finalisation Dates	
Fiscal forecasts	29 May
Tax revenue forecasts	22 May
Economic outlook	16 May
Government decisions and circumstances	15 May
Actual asset revaluations	31 March
Foreign-exchange rates	31 March
Specific fiscal risks	29 May
Contingent liabilities and commitments	30 April

Reporting Entity as at 29 May 2000

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

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

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

Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
		1999 Actual	Previous Budget					Estimated Actual
Revenue								
Levied through the Crown's Sovereign Power								
Direct taxation	1	20,289	21,368	21,522	23,214	24,614	25,865	27,184
Indirect taxation	2	11,867	12,197	12,363	12,938	13,459	13,968	14,513
Total taxation revenue		32,156	33,565	33,885	36,152	38,073	39,833	41,697
Compulsory fees, fines, penalties and levies		300	287	341	338	358	368	379
Total Revenue Levied through the Crown's Sovereign Power		32,456	33,852	34,226	36,490	38,431	40,201	42,076
Earned through the Crown's Operations								
Investment income	3	2,901	927	1,141	985	1,095	1,159	1,216
Sales of goods and services		683	670	637	627	627	616	589
Other operational revenue	4	401	292	316	268	266	263	260
Unrealised losses arising from changes in the value of commercial forests		(84)	..	..	..	..	..	..
Total Revenue Earned through the Crown's Operations		3,901	1,889	2,094	1,880	1,988	2,038	2,065
Total Revenue		36,357	35,741	36,320	38,370	40,419	42,239	44,141
Expenses								
By functional classification								
Social security and welfare		12,906	13,027	12,943	13,215	13,606	14,048	14,580
GSF pension expenses		1,132	654	500	796	728	729	730
Health		6,573	6,822	6,873	7,236	7,239	7,357	7,471
Education		5,899	6,238	6,445	6,818	6,930	7,029	7,152
Core government services		1,705	1,682	1,680	1,529	1,483	1,476	1,449
Law and order		1,499	1,448	1,534	1,551	1,541	1,541	1,540
Defence		1,030	1,135	1,242	1,142	1,061	1,069	1,060
Transport and communications		1,029	1,027	1,073	1,103	1,140	1,185	1,235
Economic and industrial services		858	809	975	1,139	1,174	1,220	1,219
Primary services		334	300	266	278	267	266	258
Heritage, culture and recreation		316	375	459	427	425	437	444
Housing and community development		41	48	69	52	41	40	40
Other		34	149	46	112	111	110	110
Finance costs	5	2,516	2,294	2,381	2,479	2,497	2,444	2,393
Net foreign-exchange gains		(47)	..	(58)	..	..	..	..
Provision for future initiatives	5	..	250	..	180	730	1,305	2,105
Contingency expense provision		..	100	..	..	..	..	..
Total Expenses	5	35,825	36,358	36,428	38,057	38,973	40,256	41,786
Revenue Less Expenses		532	(617)	(108)	313	1,446	1,983	2,355
Surplus attributable to state-owned enterprises and Crown entities	9	1,789	861	987	925	883	1,013	1,146
ACC outstanding claims liability valuation		..	..	340	..	..	..	..
Dividends and other distributions	9	(544)	(280)	(456)	(226)	(238)	(263)	(279)
Net surplus attributable to state-owned enterprises and Crown entities		1,245	581	871	699	645	750	867
Operating Balance		1,777	(36)	763	1,012	2,091	2,733	3,222

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast
		1999 Actual	Previous Budget					Estimated Actual
Assets							
Cash and bank balances		230	106	29	35	43	48
Marketable securities and deposits	6	11,153	8,084	10,492	9,234	8,681	8,282
Advances	7	3,628	4,299	3,997	4,541	5,041	6,265
New Zealand Super Fund		..	..	..	..	615	3,805
Receivables	8	5,250	5,013	5,382	5,458	5,527	5,863
Inventories		321	316	274	315	311	305
State-owned enterprises and Crown entities	9	12,917	12,964	13,980	14,773	15,505	16,969
Other investments		270	195	357	364	364	364
Physical assets	10	15,258	15,595	15,694	16,131	15,960	15,386
Commercial forests		422	500	395	395	395	395
State highways	11	8,770	8,533	8,857	8,938	9,017	9,183
Intangible assets		4	3	2	2	2	2
Capital contingency provision		..	..	..	148	316	491
Total Assets		58,223	55,608	59,459	60,334	61,777	64,323
Liabilities							
Payables and provisions	12	5,005	4,204	5,210	5,207	5,066	4,930
Currency issued		1,960	2,023	2,252	2,252	2,252	2,252
Borrowings		36,712	36,096	36,337	36,092	35,561	35,558
Pension liabilities		8,524	7,865	8,356	8,467	8,491	8,500
Total Liabilities		52,201	50,188	52,155	52,018	51,370	51,240
Total Assets Less Total Liabilities		6,022	5,420	7,304	8,316	10,407	16,362
Crown Balance							
Accumulated operating balance		(1,197)	(1,631)	(393)	619	2,710	8,665
Revaluation reserve	13	7,219	7,051	7,697	7,697	7,697	7,697
Crown Balance		6,022	5,420	7,304	8,316	10,407	16,362

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Movements in Equity

for the years ending 30 June

(\$ million)	Note	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
		1999 Actual	Previous Budget					Estimated Actual
Opening Crown Balance		9,921	5,456	6,022	7,304	8,316	10,407	13,140
Operating balance for the year		1,777	(36)	763	1,012	2,091	2,733	3,222
Net revaluations	13	466	..	519	..	..	..	..
Total recognised revenues and expenses		2,243	(36)	1,282	1,012	2,091	2,733	3,222
Accident Compensation Corporation recognition policy changes		(6,142)	..	..	..	..	..	..
Closing Crown Balance		6,022	5,420	7,304	8,316	10,407	13,140	16,362

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows

for the years ending 30 June

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
Cash Flows from Operations							
Cash was Provided From							
<i>Direct Taxation</i>							
Individuals							
Source deductions	12,328	12,859	12,943	13,756	14,586	15,365	16,136
Other persons	3,566	3,442	3,557	3,995	4,340	4,598	4,899
Refunds	(1,189)	(1,023)	(1,124)	(1,067)	(1,102)	(1,170)	(1,244)
Fringe benefit tax	329	345	302	310	289	274	262
Total Individuals	15,034	15,623	15,678	16,994	18,113	19,067	20,053
Companies							
Gross companies	4,467	4,906	4,762	5,126	5,254	5,481	5,682
Refunds	(646)	(551)	(575)	(601)	(634)	(652)	(575)
Total Companies	3,821	4,355	4,187	4,525	4,620	4,829	5,107
Withholding taxes	1,654	1,388	1,550	1,672	1,833	1,877	1,879
Other direct taxation	2	2	2	2	2	2	2
Total Direct Taxation	20,511	21,368	21,417	23,193	24,568	25,775	27,041
<i>Indirect Taxation</i>							
Goods and Services Tax							
Gross goods and services tax	12,628	12,996	13,470	13,987	14,673	15,311	15,992
Refunds	(4,194)	(4,402)	(4,706)	(4,836)	(5,077)	(5,286)	(5,511)
Total Goods and Services Tax	8,434	8,594	8,764	9,151	9,596	10,025	10,481
Excise duties	1,864	2,004	1,909	2,070	2,092	2,115	2,135
Other indirect taxation	1,575	1,560	1,629	1,699	1,751	1,808	1,877
Total Indirect Taxation	11,873	12,158	12,302	12,920	13,439	13,948	14,493
Total Taxation Receipts	32,384	33,526	33,719	36,113	38,007	39,723	41,534
Compulsory Fees, Fines, Penalties and Levies	251	263	283	330	346	358	370
Other Receipts							
Interest, profits and dividends	1,034	742	973	816	883	935	962
Sales of goods and services	642	631	616	596	600	592	565
Other operating receipts	372	326	326	257	256	252	249
Total Other Receipts	2,048	1,699	1,915	1,669	1,739	1,779	1,776
Total Cash Provided from Operations	34,683	35,488	35,917	38,112	40,092	41,860	43,680
Cash was Disbursed To							
Departmental outputs	4,536	4,578	4,426	4,632	4,436	4,509	4,499
Other outputs	14,402	15,085	15,270	16,238	16,350	16,650	16,817
Finance costs	2,398	2,387	2,458	2,561	2,564	2,467	2,485
Subsidies	134	156	163	167	172	187	188
Current transfers							
Social assistance grants	12,601	12,841	12,734	12,995	13,239	13,687	14,228
Other transfers	220	231	241	250	250	250	250
Provision for future initiatives	..	250	..	180	730	1,305	2,105
Contingency expenditure provision	..	100	..	..	..	..	..
Total Cash Disbursed to Operations	34,291	35,628	35,292	37,023	37,741	39,055	40,572
Net Cash Flows from Operations	392	(140)	625	1,089	2,351	2,805	3,108

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	1999	2000		2001	2002	2003	2004
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
Subtotal (brought forward)	392	(140)	625	1,089	2,351	2,805	3,108
Cash Flows from Investing Activities							
Cash was Provided From							
Sale of physical assets	239	150	269	106	67	85	38
Total Cash Provided	239	150	269	106	67	85	38
Cash was Disbursed To							
Purchase of physical assets	1,142	1,240	1,187	1,232	925	785	723
Net increase in advances	179	314	297	585	521	597	672
Net (sale)/purchase of investments	(2,738)	271	130	87	100	97	26
Net purchase/(sale) of marketable securities and deposits	1,184	(1,715)	(1,218)	(1,094)	(540)	(123)	(199)
Contribution to NZSF	..	..	..	..	600	1,200	1,800
Capital contingency provision	..	..	..	148	168	175	244
Total Cash Disbursed	(233)	110	396	958	1,774	2,731	3,266
Net Cash Flows from Investing Activities	472	40	(127)	(852)	(1,707)	(2,646)	(3,228)
Net Cash Flows from Operating and Investing Activities	864	(100)	498	237	644	159	(120)
Cash Flows from Financing Activities							
Cash was Provided From							
Issue of circulating currency	151	..	292	..	..	..	..
Total Cash Provided	151	..	292	..	..	..	..
Cash was Disbursed To							
Net (issue)/repayment of Government stock	(2,874)	228	505	17	136	93	(206)
Net repayment/(issue) of foreign-currency borrowing	1,060	36	(283)	158	338	..	100
Net repayment/(issue) of other New Zealand-dollar borrowing	2,791	(335)	776	56	162	66	(19)
Total Cash Disbursed	977	(71)	998	231	636	159	(125)
Net Cash Flows from Financing Activities	(826)	71	(706)	(231)	(636)	(159)	125
Net Movement in Cash Held	38	(29)	(208)	6	8	..	5
Opening Cash Balance	171	135	230	29	35	43	43
Foreign-exchange gains on opening cash balances	21	..	7	..	..	..	..
Closing Cash Balance	230	106	29	35	43	43	48

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
Reconciliation Between the Forecast Operating Balance and Forecast Net Cash Flows from Operations							
Operating Balance	1,777	(36)	763	1,012	2,091	2,733	3,222
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation changes							
Unrealised net foreign exchange gains	(44)	..	(82)	..	..	..	..
Unrealised gains arising from changes in the value of commercial forests	84	..	..	..	..	..	..
Total Valuation Changes	40	..	(82)	..	..	..	..
Physical asset movements							
Depreciation	765	833	805	877	889	888	874
Loss/(gain) on sale of assets	26	..	(13)	..	..	..	..
Total Physical Asset Movements	791	833	792	877	889	888	874
Other Non-cash Items							
Net surplus attributable to state-owned enterprises and Crown entities	(1,245)	(581)	(871)	(699)	(645)	(750)	(867)
Gain on sale of Contact Energy and airport companies	(1,625)	..	..	..	..	..	..
Gain on sale of Vehicle Testing New Zealand Limited	..	..	(14)	..	..	..	..
Movements in pension liabilities	429	(13)	(168)	111	24	10	(1)
Other	5	(29)	122	15	15	5	1
Total Other Non-cash Items	(2,436)	(623)	(931)	(573)	(606)	(735)	(867)
Total other investing and financing items	69	(13)	(31)	(2)	1	(2)	4
Movements in working capital							
(Increase)/decrease in taxes receivable	(135)	(55)	(197)	(62)	(64)	(102)	(151)
Increase/(decrease) in payables	380	(350)	239	(63)	122	12	33
(Increase)/decrease in other receivables	(75)	106	25	(59)	(86)	7	(9)
(Increase)/decrease in inventories	(19)	(2)	47	(41)	4	4	2
Total movements in working capital	151	(301)	114	(225)	(24)	(79)	(125)
Net Cash Flows from Operations	392	(140)	625	1,089	2,351	2,805	3,108

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	1999	2000		2001	2002	2003	2004
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
Reconciliation of Forecast Net Cash Flows from Operations with Forecast Net Cash Proceeds from Domestic Bonds							
Net Cash Flows from Operations	392	(140)	625	1,089	2,351	2,805	3,108
Net purchase of physical assets	(903)	(1,090)	(918)	(1,126)	(858)	(700)	(685)
Net increase in advances	(179)	(314)	(297)	(585)	(521)	(597)	(672)
Net sale/(purchase) of investments	2,738	(271)	(130)	(87)	(100)	(97)	(26)
Contribution to NZSF	..	..	..	..	(600)	(1,200)	(1,800)
Capital contingency provision	..	..	..	(148)	(168)	(175)	(244)
Available to Repay Debt (required to be financed)	2,048	(1,815)	(720)	(857)	104	36	(319)
Used in:							
Net (purchase)/sale of marketable securities and deposits	(1,184)	1,715	1,218	1,094	540	123	199
Total Investing activities	864	(100)	498	237	644	159	(120)
Net (repayment)/issue of other							
New Zealand-dollar borrowing	(2,791)	335	(776)	(56)	(162)	(66)	19
(Increase)/decrease in cash	(38)	29	208	(6)	(8)	..	(5)
Issue of circulating currency	151	..	292	..	..	..	..
Net (repayment)/issue of foreign-currency borrowing	(1,060)	(36)	283	(158)	(338)	..	(100)
	(3,738)	328	7	(220)	(508)	(66)	(86)
Net Cash (Outflow)/Inflow to be Offset by Domestic Bonds	(2,874)	228	505	17	136	93	(206)
Gross Cash Proceeds from Domestic Bonds							
Domestic bonds (market)	3,450	2,783	1,914	2,633	2,446	2,405	3,250
Domestic bonds (non-market)	977	294	546	516	388	296	466
Inflation bonds (market)	329	..	..	..	..	..	..
Inflation bonds (non-market)	..	..	340	..	..	..	..
Total Gross Cash Proceeds from Domestic Bonds	4,756	3,077	2,800	3,149	2,834	2,701	3,716
Repayment of domestic bonds (market)	(1,782)	(3,011)	(3,011)	(2,650)	(2,582)	(2,498)	(3,044)
Repayment of domestic bonds (non-market)	(100)	(294)	(294)	(516)	(388)	(296)	(466)
Net Cash Proceeds from/(Repayments of) Domestic Bonds	2,874	(228)	(505)	(17)	(136)	(93)	206

The accompanying Notes are an integral part of these Statements.

Forecast Statement of Borrowings

as at 30 June

(\$ million)	Note	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
		1999 Actual	Previous Budget					Estimated Actual
Outstanding Debt								
New Zealand-Dollar Debt								
Government stock		22,701	22,490	22,108	22,086	21,959	21,883	22,097
Treasury bills		5,881	6,477	5,412	5,854	5,861	5,868	5,875
Loans and foreign-exchange contracts		299	172	259	(246)	(319)	(369)	(374)
Retail stock		729	490	485	482	482	482	482
Total New Zealand-Dollar Debt		29,610	29,629	28,264	28,176	27,983	27,864	28,080
Foreign-Currency Debt								
United States dollars		3,565	2,852	4,990	4,949	4,949	4,949	4,849
Japanese yen		1,706	1,764	1,816	1,816	1,478	1,478	1,478
European and other currencies		1,831	1,851	1,267	1,151	1,151	1,151	1,151
Total Foreign-Currency Debt		7,102	6,467	8,073	7,916	7,578	7,578	7,478
Total Outstanding Debt		36,712	36,096	36,337	36,092	35,561	35,442	35,558
Less								
Financial Assets								
Marketable Securities and Deposits								
New Zealand dollars		3,601	1,016	1,952	850	635	481	345
United States dollars		3,857	2,876	5,450	5,411	5,411	5,405	5,302
Japanese yen		1,827	2,356	1,816	1,816	1,478	1,478	1,478
European and other currencies		1,868	1,836	1,274	1,157	1,157	1,157	1,157
Total Marketable Securities and Deposits	6	11,153	8,084	10,492	9,234	8,681	8,521	8,282
Advances and Cash								
Advances to state-owned enterprises and Crown entities	7	299	367	277	258	223	232	242
Student loans	7	3,002	3,703	3,506	4,063	4,664	5,272	5,904
Other advances		327	229	214	220	154	109	119
Cash		230	106	29	35	43	43	48
Total Advances and Cash		3,858	4,405	4,026	4,576	5,084	5,656	6,313
Total Financial Assets		15,011	12,489	14,518	13,810	13,765	14,177	14,595
Net Crown Debt		21,701	23,607	21,819	22,282	21,796	21,265	20,963
Net New Zealand-dollar debt		22,309	24,208	22,286	22,750	22,264	21,727	21,422
Net foreign-currency debt		(608)	(601)	(467)	(468)	(468)	(462)	(459)
Net Crown Debt		21,701	23,607	21,819	22,282	21,796	21,265	20,963

The accompanying Notes are an integral part of these Statements.

Statement of Actual Commitments

as at 30 April 2000

(\$ million)	As at 30 April 2000	As at 30 June 1999
By Type		
Capital Commitments		
Specialist military equipment	347	361
Land and buildings	290	125
Other plant and equipment	68	32
Investments	8	232
Commitments of state-owned enterprises and Crown entities	1,163	1,207
Total Capital Commitments	1,876	1,957
Operating Commitments		
Non-cancellable accommodation leases	605	638
Other non-cancellable leases	2,933	2,443
Non-cancellable contracts for the supply of goods and services	335	454
Other operating commitments	1,155	909
Commitments of state-owned enterprises and Crown entities	1,861	2,516
Total Operating Commitments	6,889	6,960
Total Commitments	8,765	8,917
By Term		
One year or less	2,843	3,647
From one to two years	1,507	1,212
From two to five years	1,445	1,479
Over five years	2,970	2,579
Total Commitments	8,765	8,917

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

The accompanying Notes are an integral part of these Statements.

Statement of Actual Specific Fiscal Risks

Quantifiable contingent liabilities

(\$ million)	As at 30 April 2000	As at 30 June 1999
Guarantees and indemnities	367	541
Uncalled capital	3,073	2,820
Legal proceedings and disputes	563	464
Other contingent liabilities	1,747	1,610
Total Quantifiable Contingent Liabilities	5,750	5,435

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

Non-quantifiable contingent liabilities

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

Institutional Guarantees

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

Other Unquantifiable Contingent Liabilities

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

Actual Contingent Liabilities are discussed in detail in Chapter 4.

Statement of Actual Specific Fiscal Risks (continued)

Quantified risks

	(\$ million)
Accident Insurance - accident insurance policy changes	up to (4) in 2000/01, and (17) in remaining outyears
Agriculture and Forestry - food regulation and administrative structural options	up to (10) one off
Child Youth and Family Services - residential services strategy	up to (28) one off capital and (15) operating for 2001/02 and subsequent outyears
Corrections - capital projects	(380) capital and (210) operating across the outyears
Defence - East Timor	(15) in 2000/01 and (55) in 2001/02
Earthquake Commission - capital projects	(9) in 2000/01, (10) in 2001/02, and (11) in 2002/03 and 2003/04
Education - school property	capital of (20) in 2000/01, and (250) in subsequent outyears; operating of (7) in 2001/02, (21) in 2002/03, and (36) in 2003/04
Government Superannuation Fund diversification	14 to 44 in all outyears
Health - sewage treatment subsidy scheme	(10) in all outyears
Inland Revenue - taxing income of minor beneficiaries at the trustee tax rate	15 in all outyears
Maori Trustee - payment of services	(30) one off
Treaty Settlements - Treaty heads of agreement	up to (70) in 2000/01

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

Unquantified risks

Agriculture and Forestry - South Island landless Maori forest
 Agriculture and Forestry - *varroa jacobsoni* bee mite
 Defence - capital injections
 Defence - foreign exchange
 Economic Development - sale of spectrum licences
 Education - collective employment contract renewals
 Education - school operating funding
 Education - tertiary education institutions capital injections
 Education - wananga capital injections
 Environment - climate change policy
 Fisheries - allocation of fishing quota
 Health - private sector finance
 Health - sector changes
 Housing - changes to organisation structure
 Inland Revenue - restrictive covenants and lease inducements
 Inland Revenue - superannuation funds
 State-owned enterprises - refinancing debt position
 TVNZ - change of direction
 Work and Income - Australian social security agreement
 Work and Income - delivery of income support and employment

Risks are stated as at 29 May 2000.

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

Statement of Accounting Policies and Forecast Assumptions

General Accounting Policies and Forecast Assumptions

General Accounting Policies

Accounting policy

These Forecast Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of assets.

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

These Forecast Financial Statements have been prepared on a going-concern basis, and the policies have been applied consistently throughout the forecast periods.

Forecast assumptions

For forecast purposes no revaluations are projected.

General Forecast Assumptions

Finalisation dates

The Forecast Financial Statements were finalised on 29 May 2000 and incorporate all government decisions and circumstances communicated up to 15 May 2000.

Macroeconomic assumptions

A summary of the economic assumptions that are particularly relevant to the fiscal forecasts (along with the 1999/2000 assumptions used in the 1999 *Budget Economic and Fiscal Update*) is provided in the following table:

Key economic assumptions

	1999/2000		2000/01	2001/02	2002/03	2003/04
	Previous Budget	Budget	Budget	Budget	Budget	Budget
June years						
Real GDP ¹³						
(annual average % change)	3.1	5.1	3.0	2.6	2.2	2.7
Nominal GDP (\$ million)	103,606	105,411	110,987	116,492	121,624	126,959
Consumers Price Index						
(annual average % change)	1.0	0.9	2.3	2.3	2.2	1.8
Interest rates						
Government 10-year bonds						
(quarterly average %)	6.6	7.0	7.6	7.5	7.4	7.3
90-day bill rate						
(quarterly average %)	5.0	6.7	7.8	7.8	7.5	6.5
Household Labour Force						
Survey unemployment rate						
(annual average %)	7.4	6.4	5.8	5.4	5.7	5.7
Full-time equivalent employment						
(annual average % change)	1.2	2.4	1.7	1.8	1.0	1.2
Wages – hourly earnings						
(annual average % change)	2.0	1.8	3.5	4.0	3.6	3.5
Trade Weighted Index						
(quarterly average)	59.2	54.5	57.6	60.8	61.6	60.1

Source: The Treasury

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

¹³ Production-based measure.

Specific Accounting Policies and Forecast Assumptions

Forecast periods

Accounting policy

The reporting periods covered by these Forecast Financial Statements are the years ending 30 June 2000, 30 June 2001, 30 June 2002, 30 June 2003 and 30 June 2004.

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

Forecast assumption

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

Basis of Combination

Accounting policy

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

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

Commitments and contingent liabilities of State-owned enterprises, Crown entities and the Public Trust Office are reported in the Statement of Actual Commitments and the Statement of Actual Specific Fiscal Risks.

Revenue

Revenue levied through the Crown's sovereign power

Accounting policy

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

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

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

Revenue Type	Revenue Recognition Point
Source deductions (PAYE)	When an individual is forecast to earn income that is subject to PAYE
Residents' withholding taxes ¹⁴	When an individual is forecast to receive interest or dividends subject to deduction at source
Fringe benefit tax (FBT)	When forecast benefits are provided that give rise to FBT
Provisional tax ¹⁵	Forecast payment due date
Terminal tax ¹⁵	Forecast assessment filed date
Goods and services tax	When the liability to the Crown is forecast to be incurred
Excise duty	When goods are forecast to be subject to duty
Road user charges and motor vehicle fees	When payment for the fee or charge is forecast to be made
Stamp, cheque and credit card duties	When the liability to the Crown is forecast to be incurred
Other indirect taxes	When the debt to the Crown is forecast to arise

¹⁴ Corresponds to forecast withholding taxes on residents' interest and dividend income in Note 1 to the Forecast Financial Statements.

¹⁵ Provisional and terminal taxes are paid by "other persons" and companies (refer to Note 1 to the Forecast Financial Statements).

Revenue earned through operations

Accounting policy

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

Investment income

Accounting policy

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

Premiums

Accounting policy

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

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

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

Forecast assumption

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

Gains

General

Accounting policy

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

Foreign-currency monetary assets and liabilities

Accounting policy

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

Forecast assumption

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

Physical assets

Accounting policy

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

Forecast assumption

The “estimated actual” forecasts for the value of physical assets use the valuations as recorded in the Crown Financial Statements for the year ended 30 June 1999 and any additional actual valuations that have occurred up to 31 March 2000.

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

Investments and marketable securities held for investment

Forecast assumption

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

Expenses

General

Accounting policy

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

Welfare benefits

Accounting policy

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

Grants and subsidies

Accounting policy

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

Treaty of Waitangi settlements

Forecast assumption

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

Discounts

Accounting policy

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

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

Forecast assumption

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

Losses

General

Accounting policy

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

Foreign-currency monetary assets and liabilities

Accounting policy

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

Forecast assumption

The “estimated actual” forecasts for foreign-currency monetary assets and liabilities use the exchange rates prevailing on 31 March 2000.

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

Physical assets and liabilities

Accounting policy

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

Forecast assumption

The “estimated actual” forecasts for the value of physical assets uses valuations as recorded in the Crown Financial Statements for the year ended 30 June 1999, and any additional actual valuations that have occurred up to 31 March 2000.

The value of physical assets for the other forecast periods is forecast using the same valuation used for the “estimated actual” forecasts. As a consequence, no realised or unrealised losses are forecast.

Investments and marketable securities held for investment

Forecast assumption

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

Foreign-currency transactions

Accounting policy

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

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

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

Forecast assumption

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

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

Depreciation

Accounting policy

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an asset, less any forecast residual value, over its estimated useful life.

Typically, the estimated useful lives of different classes of assets are as follows:

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

Assets

Foreign monetary assets

Accounting policy

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

Forecast assumption

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

Receivables and advances

Accounting policy

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

Inventories

Accounting policy

Inventories existing at the forecast finalisation date are recorded at the lower of cost and net current value. Inventories forecast to be acquired after that date are recorded at the forecast cost.

Investments

Marketable securities held for trading purposes

Accounting policy

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

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

Equity investments

Accounting policy

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

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

Other investments

Accounting policy

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

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

Investment sales

Forecast assumption

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

Physical assets

Land and buildings

Accounting policy

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

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

Forecast assumption

Valuations are assumed to remain constant over the forecast period.

Specialist military equipment

Accounting policy

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

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

Other plant and equipment

Accounting policy

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

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

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

Accounting policy

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

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

Forecast assumption

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

State highways

Accounting policy

State highways existing at the forecast finalisation date are recorded at depreciated replacement cost, based on the estimated present cost of constructing the existing asset by the most appropriate method of construction. State highways forecast to be developed after that date are valued at forecast cost.

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

Forecast assumption

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

Commercial forests

Accounting policy

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

Forecast assumption

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

Intangible assets

Accounting policy

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

Forecast assumption

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

Liabilities

Borrowings

Accounting policy

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

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

Forecast assumption

Forecasts of borrowings incorporate a number of technical assumptions regarding the use of the Crown's fiscal surplus for domestic debt reduction. These assumptions may not reflect the actual future composition of the domestic debt programmes, as these decisions have yet to be made.

Foreign monetary liabilities

Accounting policy

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

Forecast assumption

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

Pension liabilities

Forecast assumption

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

Currency issued

Accounting policy

Currency (including demonetised currency) issued at the forecast finalisation date or forecast to be issued after that date is recognised at face value. Forecast unissued currency stocks are reported as inventory (at cost) and expensed when they are forecast to be issued.

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

Leases

Accounting policy

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

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

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

Compensated absences

Accounting policy

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

Other liabilities

Accounting policy

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

Commitments

The commitments reported in these forecast financial statements are **actual** commitments at 30 April 2000.

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

Specific Fiscal Risks

Accounting policy

The specific fiscal risks reported in these forecast financial statements are the **actual** risks **existing at 29 May 2000** and contingent liabilities as at 30 April 2000. They include existing contingent liabilities, which are recognised at the point the contingency is evident. The Statement of Specific Fiscal Risks has been prepared in accordance with sections 10(3)(b) and 11 of the Fiscal Responsibility Act 1994.

Changes in Accounting Policies

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

Changes in Forecast Assumptions

Changes to the forecast assumptions used for the last set of forecasts published in the 1999 *Pre-election Economic and Fiscal Update* are outlined on page 97.

Notes to the Forecast Financial Statements

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
Source deductions	12,295	12,859	12,943	13,756	14,586	15,365	16,136
Other persons	3,024	3,061	3,143	3,587	3,938	4,213	4,538
Refunds	(701)	(652)	(663)	(629)	(650)	(690)	(734)
Fringe benefit tax	323	345	307	299	286	272	260
Total Individuals	14,941	15,613	15,730	17,013	18,160	19,160	20,200
Companies							
Gross companies	3,851	4,481	4,430	4,726	4,854	5,081	5,282
Refunds	(157)	(106)	(173)	(201)	(234)	(252)	(175)
Total Companies	3,694	4,375	4,257	4,525	4,620	4,829	5,107
Withholding Taxes							
Residents' interest income	864	660	703	926	1,061	1,093	1,073
Non-residents' income	717	643	721	647	674	687	707
Residents' dividend income	63	35	50	43	39	36	37
Foreign-source dividends	8	40	59	58	58	58	58
Total Withholding Taxes	1,652	1,378	1,533	1,674	1,832	1,874	1,875
Total Income Tax	20,287	21,366	21,520	23,212	24,612	25,863	27,182
Other Direct Taxation							
Estate and gift duties	2	2	2	2	2	2	2
Total Other Direct Taxation	2	2	2	2	2	2	2
Total Direct Taxation	20,289	21,368	21,522	23,214	24,614	25,865	27,184
NOTE 2: Indirect Taxation							
Goods and Services Tax							
Gross goods and services tax	12,844	13,176	13,785	14,252	14,938	15,576	16,257
Refunds	(4,440)	(4,542)	(5,016)	(5,086)	(5,327)	(5,536)	(5,761)
Total Goods and Services Tax	8,404	8,634	8,769	9,166	9,611	10,040	10,496
Excise Duties							
Petroleum fuels	802	840	784	825	835	846	856
Tobacco products	714	737	729	812	817	822	826
Alcoholic beverages	432	428	425	435	443	449	455
Total Excise Duties	1,948	2,005	1,938	2,072	2,095	2,117	2,137
Other Indirect Taxation							
Customs duty	528	567	629	611	617	628	648
Road user charges	468	501	515	565	595	626	659
Motor vehicle fees	174	169	179	183	188	192	196
Gaming duties	155	157	178	192	201	210	219
Energy resources levies	96	90	102	89	89	89	89
Stamp, cheque and credit card duties	94	74	53	60	63	66	69
Total Other Indirect Taxation	1,515	1,558	1,656	1,700	1,753	1,811	1,880
Total Indirect Taxation	11,867	12,197	12,363	12,938	13,459	13,968	14,513

Notes to the Forecast Financial Statements

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
NOTE 3: Investment Income							
Interest Income							
Marketable securities, deposits, mortgages and cash balances	343	317	382	398	406	395	381
Advances							
Contact Energy Limited	17	21	16	11	8	2	..
Student loans	229	268	252	320	413	470	520
Other entities	41	39	30	31	26	25	34
Total Interest Income	630	645	680	760	853	892	935
Dividend Income							
State-owned enterprises	347	152	353	221	233	247	256
Other	199	130	115	4	9	20	25
Total Dividend Income	546	282	468	225	242	267	281
Other Investment Income							
Gains on marketable securities and deposits	13	..	(26)	..	..	..	..
Gain on incorporation of Public Trust Office reserves	86	..	..	..	..	..	..
Gain on sale of Contact Energy Limited	1,421	..	..	..	..	..	..
Gains on sale of airport companies	204	..	..	..	..	..	..
Gain on sale of Vehicle Testing New Zealand Limited	..	..	14	..	..	..	..
Other	1	..	5	..	..	..	..
Total Other Investment Income	1,725	..	(7)	..	..	..	..
Total Investment Income	2,901	927	1,141	985	1,095	1,159	1,216

NOTE 4: Other Operational Revenue

Recoveries from the Accident Rehabilitation and Compensation Insurance Corporation	142	109	87	89	90	90	90
Contributions to Government Superannuation Fund	53	46	20	22	21	17	13
Cost recovery income from Fisheries	31	31	27	27	27	27	27
Petroleum royalties	26	30	33	24	23	23	23
Income from Earthquake Commission	10	10	10	10	10	10	10
Other	139	66	139	96	95	96	97
Total Other Operational Revenue	401	292	316	268	266	263	260

Notes to the Forecast Financial Statements

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
NOTE 5: Expenses by Input Type							
Subsidies and transfer payments (see analysis below)	12,892	13,114	13,034	13,344	13,794	14,272	14,824
Operating expenses (see analysis below)	15,681	16,258	16,965	17,446	17,431	17,721	17,962
Personnel							
Personnel expenses (excluding pension expenses)	2,541	2,548	2,508	2,631	2,601	2,598	2,601
GSF pension expenses	703	667	668	685	704	719	731
Movement in unfunded pension liability	429	(13)	(168)	111	24	10	(1)
Other pension expenses	50	53	53	53	53	53	53
Depreciation							
Physical assets	684	750	723	793	803	801	787
State highways	81	83	82	84	86	87	87
Rental and leasing costs	269	254	253	251	250	246	244
Loss/(gain) on sale of assets	26	..	(13)	..	..	..	..
Finance costs (see analysis below)	2,516	2,294	2,381	2,479	2,497	2,444	2,393
Net foreign-exchange (gains)/ losses on liabilities	(22)	..	624	..	..	..	..
Net foreign-exchange (gains) on assets	(25)	..	(682)	..	..	..	..
Provision for future initiatives (see analysis below)	..	250	..	180	730	1,305	2,105
Contingency expense provision	..	100	..	..	..	..	..
Total Expenses	35,825	36,358	36,428	38,057	38,973	40,256	41,786
Analysis of Subsidies and Transfer Payments							
Social assistance grants							
New Zealand Superannuation	5,064	5,025	5,068	5,253	5,424	5,639	5,891
Community Wage	1,487	2,013	1,932	1,867	1,890	1,957	2,066
Unemployment Benefit	369	..	..	..	..	..	..
Domestic Purposes Benefit	1,451	1,472	1,426	1,425	1,472	1,509	1,553
Family Support	915	962	949	913	921	929	938
Student allowances	378	409	386	394	416	439	462
Other social assistance grants	2,901	2,865	2,885	3,085	3,259	3,368	3,482
Subsidies	110	138	151	159	163	182	183
Other transfer payments							
Official development assistance	204	213	219	227	227	227	227
Other	13	17	18	21	22	22	22
Total Subsidies and Transfer Payments	12,892	13,114	13,034	13,344	13,794	14,272	14,824
Analysis of Operating Expenses							
Education purchases							
Early childhood education	294	317	323	339	348	352	355
Primary and secondary education	3,146	3,332	3,430	3,598	3,613	3,639	3,671
Tertiary education and training	1,357	1,414	1,430	1,482	1,539	1,577	1,610
Health purchases	6,107	6,373	6,400	6,706	6,729	6,851	6,966
Science purchases	405	420	424	467	471	472	471
Other operating expenses	4,372	4,402	4,958	4,854	4,731	4,830	4,889
Total Operating Expenses	15,681	16,258	16,965	17,446	17,431	17,721	17,962
Analysis of Finance Costs							
Interest							
New Zealand dollars	2,129	1,973	1,996	2,107	2,112	2,085	2,054
Foreign currencies	343	298	394	349	362	336	316
Other finance costs	44	23	(9)	23	23	23	23
Total Finance Costs	2,516	2,294	2,381	2,479	2,497	2,444	2,393
Provision for future initiatives							
2000/01 contingency provision	..	250	..	180	180	180	180
2001/02 Budget provision	..	..	..	..	550	550	550
2002/03 Budget provision	..	..	..	..	..	575	575
2003/04 technical provision	..	..	..	..	..	..	800
Total provision for future initiatives	..	250	..	180	730	1,305	2,105

Notes to the Forecast Financial Statements

(\$ million)	1999 Actual	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast
		Previous Budget	Estimated Actual				
NOTE 6: Marketable Securities and Deposits							
Marketable securities held for trading purposes	3,280	4,087	3,836	2,645	2,353	2,080	1,813
Marketable securities held for investment purposes	1,482	700	1,967	1,759	1,375	1,355	1,242
Foreign-currency deposits	2,424	1,072	2,764	2,766	2,766	2,760	2,757
New Zealand-dollar deposits	3,064	1,016	1,142	1,166	1,168	1,175	1,180
Reserve position at the International Monetary Fund (IMF)	903	1,209	783	898	1,019	1,151	1,290
Total Marketable Securities and Deposits	11,153	8,084	10,492	9,234	8,681	8,521	8,282

NOTE 7: Advances**Advances to State-owned enterprises and Crown entities**

Housing Corporation of New Zealand	169	195	162	201	208	217	227
Residual Health Management Unit	127	172	75	15	15	15	15
Other state-owned enterprises and Crown entities	3	..	40	42	..	..	..
Total Advances to state-owned enterprises and Crown entities	299	367	277	258	223	232	242

Other Advances

Student loans	3,002	3,703	3,506	4,063	4,664	5,272	5,904
Contact Energy Limited	217	116	117	117	47	..	..
Forestry encouragement loans	34	37	29	29	29	31	33
Maori development rural lending	34	42	38	48	57	60	70
Catchment authorities	8	8	7	6	5	4	3
Other	34	26	23	20	16	14	13
Total Other Advances	3,329	3,932	3,720	4,283	4,818	5,381	6,023
Total Advances	3,628	4,299	3,997	4,541	5,041	5,613	6,265

NOTE 8: Receivables

Taxes receivable	4,061	3,987	4,258	4,320	4,384	4,486	4,637
Accounts receivable	976	776	919	979	997	1,037	1,100
Receivable from the sale and purchase of Maui gas	132	112	112	95	82	73	62
Prepayments	81	138	93	64	64	64	64
Total Receivables	5,250	5,013	5,382	5,458	5,527	5,660	5,863

Notes to the Forecast Financial Statements

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast
	1999 Actual	Previous Budget					Estimated Actual

NOTE 9: Financial Interest in State-Owned Enterprises and Crown Entities

Surplus

State-owned enterprises	777	319	393	362	389	438	444
Crown entities	1,012	542	934	563	479	515	572
Return on NZSF assets	..	..	..	..	15	60	130
Total Surplus	1,789	861	1,327	925	883	1,013	1,146

Dividends and Other Distributions

State-owned enterprises	347	152	353	221	233	247	256
Crown entities	197	128	103	5	5	16	23
Total Dividends and Other Distributions	544	280	456	226	238	263	279

Net Equity

State-owned enterprises	4,951	4,979	5,087	5,177	5,333	5,524	5,712
Crown entities	7,966	7,985	8,893	9,596	10,172	10,745	11,257
Total Net Equity	12,917	12,964	13,980	14,773	15,505	16,269	16,969

Balance dates

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

State-owned enterprises

New Zealand Post Limited	31 March
Television New Zealand Limited	31 December
Timberlands West Coast Limited	31 March

Significant Crown entities

School boards of trustees	31 December
Tertiary education institutions	31 December

Minority Interests

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

Notes to the Forecast Financial Statements

(\$ million)	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast	
	1999 Actual	Previous Budget					Estimated Actual
NOTE 10: Physical Assets							
By Type							
Cost or Valuation							
Land	1,763	1,724	1,823	1,823	1,819	1,816	1,815
Properties intended for sale	525	525	444	444	444	444	444
Buildings	8,228	8,786	8,775	9,261	9,594	9,881	10,155
Specialist military equipment	2,357	2,607	2,598	2,993	3,041	3,068	3,049
Other assets	2,511	2,510	2,233	2,513	2,520	2,525	2,530
Other plant and equipment	2,083	2,471	2,509	2,504	2,724	2,900	3,058
Total Cost or Valuation	17,467	18,623	18,382	19,538	20,142	20,634	21,051
Accumulated Depreciation							
Buildings	710	1,090	880	1,231	1,610	1,978	2,347
Specialist military equipment	356	503	487	617	776	932	1,042
Other assets	5	7	..	2	5	7	10
Other plant and equipment	1,138	1,428	1,321	1,557	1,791	2,034	2,266
Total Accumulated Depreciation	2,209	3,028	2,688	3,407	4,182	4,951	5,665
Net Book Value							
Land	1,763	1,724	1,823	1,823	1,819	1,816	1,815
Properties intended for sale	525	525	444	444	444	444	444
Buildings	7,518	7,696	7,895	8,030	7,984	7,903	7,808
Specialist military equipment	2,001	2,104	2,111	2,376	2,265	2,136	2,007
Other assets	2,506	2,503	2,233	2,511	2,515	2,518	2,520
Other plant and equipment	945	1,043	1,188	947	933	866	792
Total Net Book Value	15,258	15,595	15,694	16,131	15,960	15,683	15,386
Movements							
Cost or Valuation							
Opening balance	16,977	17,789	17,467	18,382	19,538	20,142	20,634
Net additions	556	834	635	1,156	604	492	417
Revaluations	(66)	..	280	..	..	..	..
Total Cost or Valuation	17,467	18,623	18,382	19,538	20,142	20,634	21,051
Accumulated Depreciation							
Opening balance	2,015	2,336	2,209	2,688	3,407	4,182	4,951
Disposals	(267)	(58)	(74)	(74)	(28)	(32)	(73)
Depreciation charged for the period	684	750	723	793	803	801	787
Revaluations	(223)	..	(170)	..	..	..	..
Total Accumulated Depreciation	2,209	3,028	2,688	3,407	4,182	4,951	5,665
Net Physical Assets	15,258	15,595	15,694	16,131	15,960	15,683	15,386
By Holding							
Freehold assets	15,213	15,536	15,654	16,095	15,924	15,647	15,350
Leasehold assets	45	59	40	36	36	36	36
Net Physical Assets	15,258	15,595	15,694	16,131	15,960	15,683	15,386

Notes to the Forecast Financial Statements

(\$ million)	1999 Actual	2000		2001 Forecast	2002 Forecast	2003 Forecast	2004 Forecast
		Previous Budget	Estimated Actual				
NOTE 11: State Highways							
Cost or Valuation							
Opening balance	8,359	8,517	8,770	8,939	9,104	9,269	9,439
Net additions	148	180	169	165	165	170	170
Revaluations	263	..	..	..	..	..	..
Total Cost or Valuation	8,770	8,697	8,939	9,104	9,269	9,439	9,609
Accumulated Depreciation							
Opening balance	..	81	..	82	166	252	339
Depreciation charged for the period	81	83	82	84	86	87	87
Revaluations	(81)	..	..	..	..	..	..
Total Accumulated Depreciation	..	164	82	166	252	339	426
Total State Highways	8,770	8,533	8,857	8,938	9,017	9,100	9,183

NOTE 12: Payables and Provisions

Accounts payable	1,219	1,264	1,288	1,782	1,702	1,666	1,640
Accruals and provisions	1,247	771	1,267	844	786	747	718
Taxes repayable	1,686	1,285	1,720	1,720	1,720	1,721	1,721
National Provident Fund guarantee	423	423	423	423	423	423	423
National Provident Fund Board indemnity	96	96	111	..	..	..	..
Provisions for employee entitlements	334	365	401	438	435	431	428
Total Payables and Provisions	5,005	4,204	5,210	5,207	5,066	4,988	4,930

NOTE 13: Revaluation Reserve

Opening Balance	6,789	7,051	7,219	7,697	7,697	7,697	7,697
Net revaluations							
State-owned enterprises and Crown entities	(35)	..	69	..	..	..	..
Land and buildings	245	..	449	..	..	..	..
State highways	344	..	..	..	..	..	..
Specialist military equipment	(109)	..	..	..	..	..	..
Other assets	21	..	1	..	..	..	..
Total Net Revaluations	466	..	519	..	..	..	..
Transfer to accumulated operating balance	(36)	..	(41)	..	..	..	..
Closing Revaluation Reserve	7,219	7,051	7,697	7,697	7,697	7,697	7,697

Annex A: Tax Revenue Tables

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

(\$ million)	1998/99	1999/2000		2000/01		2001/02		2002/03		2003/04	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
Direct Tax											
Individuals											
Source deductions	12,295	12,943	12,948	13,756	13,798	14,586	14,596	15,365	15,371	16,136	16,178
Other persons	3,024	3,143	3,093	3,587	3,505	3,938	3,839	4,213	4,089	4,538	4,372
Refunds	(701)	(663)	(634)	(629)	(598)	(650)	(640)	(690)	(652)	(734)	(659)
Fringe benefit tax	323	307	305	299	280	286	286	272	285	260	286
Subtotal: Individuals	14,941	15,730	15,712	17,013	16,985	18,160	18,081	19,160	19,093	20,200	20,177
Company Tax (net)	3,694	4,257	4,246	4,525	4,595	4,620	4,645	4,829	4,747	5,107	4,985
Withholding Tax											
Resident interest income	864	703	718	926	919	1,061	1,061	1,093	1,101	1,073	1,075
Non-resident income	717	721	750	647	593	674	612	687	625	707	645
Resident dividend income	63	50	51	43	50	39	50	36	50	37	50
Foreign-source dividends	8	59	60	58	60	58	55	58	55	58	55
Subtotal: Withholding Tax	1,652	1,533	1,579	1,674	1,622	1,832	1,778	1,874	1,831	1,875	1,825
Total Income Tax	20,287	21,520	21,537	23,212	23,202	24,612	24,504	25,863	25,671	27,182	26,987
Other Direct Tax											
Estate and gift duties	3	2	2	2	2	2	2	2	2	2	2
Land tax	(1)	..	..	..	..	..	..	..	..	..	..
Subtotal: Other Direct Tax	2	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	20,289	21,522	21,539	23,214	23,204	24,614	24,506	25,865	25,673	27,184	26,989
Indirect Tax											
GST											
GST (Customs)	3,053	3,621	3,632	3,651	3,656	3,691	3,703	3,764	3,749	3,976	4,008
GST (IRD)	5,351	5,148	5,152	5,515	5,514	5,920	5,874	6,276	6,237	6,520	6,415
Subtotal: GST	8,404	8,769	8,784	9,166	9,170	9,611	9,577	10,040	9,986	10,496	10,423
Excise duties on:											
Alcoholic drinks	432	425	425	435	435	443	445	449	455	455	463
Tobacco products	714	729	728	812	815	817	821	822	826	826	828
Petroleum fuels	802	784	793	825	828	835	828	846	828	856	828
Subtotal: Excise Duties	1,948	1,938	1,946	2,072	2,078	2,095	2,094	2,117	2,109	2,137	2,119
Other Indirect Tax											
Customs duty	528	629	627	611	614	617	637	628	658	648	693
Road user charges	468	515	505	565	548	595	585	626	616	659	648
Motor vehicle fees	174	179	178	183	182	188	187	192	191	196	196
Stamp and cheque duties	94	53	57	60	63	63	62	66	62	69	62
Gaming duties	155	178	173	192	192	201	199	210	206	219	212
Energy resources levy	96	102	106	89	100	89	100	89	100	89	100
Subtotal: Other Indirect Tax	1,515	1,656	1,646	1,700	1,699	1,753	1,770	1,811	1,833	1,880	1,911
Total Indirect Tax	11,867	12,363	12,376	12,938	12,947	13,459	13,441	13,968	13,928	14,513	14,453
Total Tax	32,156	33,885	33,915	36,152	36,151	38,073	37,947	39,833	39,601	41,697	41,442
Tax-to-GDP	32.2%	32.1%	32.2%	32.6%	32.6%	32.7%	32.6%	32.8%	32.6%	32.8%	32.6%
GDP	99,894	105,411	105,411	110,987	110,987	116,492	116,492	121,624	121,624	126,959	126,959

Sources: Inland Revenue, The Treasury

Note: Numbers are after elimination of GST on department outputs.

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

(\$ million)	1998/99	1999/2000		2000/01		2001/02		2002/03		2003/04	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
Direct Tax											
Individuals											
Source deductions	12,328	12,943	12,948	13,756	13,798	14,586	14,596	15,365	15,371	16,136	16,178
Other persons	3,566	3,557	3,555	3,995	3,958	4,340	4,292	4,598	4,553	4,899	4,836
Refunds	(1,189)	(1,124)	(1,114)	(1,067)	(1,048)	(1,102)	(1,090)	(1,170)	(1,112)	(1,244)	(1,134)
Fringe benefit tax	329	302	302	310	289	289	286	274	285	262	286
Subtotal: Individuals	15,034	15,678	15,691	16,994	16,997	18,113	18,084	19,067	19,097	20,053	20,166
Company Tax (net)	3,821	4,187	4,174	4,525	4,595	4,620	4,645	4,829	4,747	5,107	4,985
Withholding Tax											
Resident interest income	876	717	718	924	921	1,062	1,063	1,096	1,101	1,077	1,073
Non-resident income	709	721	746	647	593	674	612	687	625	707	645
Resident dividend income	60	50	51	43	50	39	50	36	50	37	50
Foreign-source dividends	9	62	64	58	60	58	55	58	55	58	55
Subtotal: Withholding Tax	1,654	1,550	1,579	1,672	1,624	1,833	1,780	1,877	1,831	1,879	1,823
Total Income Tax	20,509	21,415	21,444	23,191	23,216	24,566	24,509	25,773	25,675	27,039	26,974
Other Direct Tax											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
Land tax	..	..	..	..	..	..	..	..	..	..	..
Subtotal: Other Direct Tax	2	2	2	2	2	2	2	2	2	2	2
Total Direct Tax	20,511	21,417	21,446	23,193	23,218	24,568	24,511	25,775	25,677	27,041	26,976
Indirect Tax											
GST											
GST (Customs)	3,072	3,606	3,622	3,636	3,646	3,676	3,693	3,749	3,739	3,961	3,998
GST (IRD)	5,362	5,158	5,152	5,515	5,514	5,920	5,874	6,276	6,237	6,520	6,415
Subtotal: GST	8,434	8,764	8,774	9,151	9,160	9,596	9,567	10,025	9,976	10,481	10,413
Excise duties on:											
Alcoholic drinks	422	424	425	434	435	442	445	448	455	454	463
Tobacco products	614	705	708	812	815	816	821	822	826	826	828
Petroleum fuels	828	780	793	824	828	834	828	845	828	855	828
Subtotal: Excise Duties	1,864	1,909	1,926	2,070	2,078	2,092	2,094	2,115	2,109	2,135	2,119
Other Indirect Tax											
Customs duty	522	631	627	611	614	616	637	626	658	646	693
Road user charges	478	524	505	565	548	595	585	626	616	659	648
Motor vehicle fees	179	172	172	183	182	188	187	192	191	196	196
Stamp and cheque duties	143	21	26	60	63	63	62	66	62	69	62
Gaming duties	157	177	173	191	192	200	199	209	206	218	212
Energy resources levy	96	104	106	89	100	89	100	89	100	89	100
Other	..	..	..	..	..	..	..	..	..	..	..
Subtotal: Other Indirect Tax	1,575	1,629	1,609	1,699	1,699	1,751	1,770	1,808	1,833	1,877	1,911
Total Indirect Tax	11,873	12,302	12,309	12,920	12,937	13,439	13,431	13,948	13,918	14,493	14,443
Total Tax	32,384	33,719	33,755	36,113	36,155	38,007	37,942	39,723	39,595	41,534	41,419
Tax-to-GDP	32.4%	32.0%	32.0%	32.5%	32.6%	32.6%	32.6%	32.7%	32.6%	32.7%	32.6%

Sources: Inland Revenue, The Treasury

Note: Numbers are after elimination of GST on department outputs.

Annex B: Expense Tables

Table B.1 – Expenses by category

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2002/04 Forecast
Social security and welfare	11,878	12,510	12,906	12,943	13,215	13,606	14,048	14,580
GSF Pension expense	742	493	1,132	500	796	728	729	730
Health	5,626	6,001	6,573	6,873	7,236	7,239	7,357	7,471
Education	5,335	5,714	5,899	6,445	6,818	6,930	7,029	7,152
Core government services	1,667	1,562	1,705	1,680	1,529	1,483	1,476	1,449
Law and order	1,281	1,345	1,499	1,534	1,551	1,541	1,541	1,540
Defence	946	1,065	1,030	1,242	1,142	1,061	1,069	1,060
Transport and communications	888	948	1,029	1,073	1,103	1,140	1,185	1,235
Economic and industrial services	763	840	858	975	1,139	1,174	1,220	1,219
Primary services	351	423	334	266	278	267	266	258
Heritage, culture and recreation	277	297	316	459	427	425	437	444
Housing and community	47	29	41	69	52	41	40	40
Other	68	167	34	46	112	111	110	110
Finance costs	3,072	2,804	2,516	2,381	2,479	2,497	2,444	2,393
Net foreign exchange losses/(gains)	12	13	(47)	(58)	..	..	..	..
Provision for future initiatives	..	..	..	..	180	730	1,305	2,105
Total Expenses	32,953	34,211	35,825	36,428	38,057	38,973	40,256	41,786
Less								
Foreign exchange (losses)/gains	(12)	(13)	47	58	..	..	..	..
Unfunded GSF liability revaluation	4	233	(429)	168	(111)	(24)	(10)	1
NPF revaluation	..	5	28	(15)	..	..	..	..
Adjusted Total Expenses	32,945	34,436	35,471	36,639	37,946	38,949	40,246	41,787

Source: The Treasury

Table B.2 – Social security and welfare

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Welfare benefits	11,145	11,730	12,006	12,123	12,406	12,822	13,260	13,787
Social rehabilitation & compensation	89	123	91	70	63	63	63	63
Departmental expenses	529	532	654	646	644	610	609	608
Other non-departmental expenses	115	125	155	104	102	111	116	122
Total Social Security and Welfare	11,878	12,510	12,906	12,943	13,215	13,606	14,048	14,580

Source: The Treasury

Table B.3 – New Zealand superannuation and welfare benefits

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,102	5,106	5,071	5,068	5,253	5,424	5,639	5,891
Domestic Purposes Benefit	1,447	1,501	1,451	1,426	1,425	1,472	1,509	1,553
Unemployment Benefit	1,327	1,436	369	..	..	..	..	..
Community Wage	..	..	1,486	1,932	1,867	1,890	1,957	2,066
Accommodation Supplement	662	793	843	868	823	795	843	900
Invalids Benefit	536	599	630	675	737	810	868	930
Sickness Benefit	379	400	97	..	..	..	..	..
Disability Allowance	179	198	204	203	197	211	227	246
Transitional Retirement Benefit	108	111	116	125	133	111	69	22
Income Related Rents	..	..	..	..	145	255	264	273
Family Support	785	874	912	949	913	921	929	938
Independent Family Tax Credit	41	121	164	189	181	182	183	183
Special Benefit	74	60	44	35	38	48	55	59
Benefits paid in Australia	53	63	146	146	164	164	164	164
Other benefits	452	468	473	507	530	539	553	562
Total Welfare Benefits	11,145	11,730	12,006	12,123	12,406	12,822	13,260	13,787

Source: The Treasury

Table B.4 – Beneficiary numbers

(Thousands)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	476	470	464	456	447	449	455	462
Domestic Purposes Benefit	112	115	113	111	110	111	112	112
Unemployment Benefit	144	152	..	..	..	..	..	..
Community Wage	..	..	204	201	195	192	196	201
Accommodation Supplement	296	310	320	324	326	330	340	349
Invalids Benefit	44	48	50	53	58	61	64	67
Sickness Benefit	34	36	..	..	..	..	..	..

Source: The Treasury

Table B.5 – GSF pension expense

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Pension expenses	746	726	703	668	685	704	719	731
Plus revaluation of Unfunded Liability	(4)	(233)	429	(168)	111	24	10	(1)
Total GSF pension expense	742	493	1,132	500	796	728	729	730

Source: The Treasury

Table B.6 – Health

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Departmental outputs	58	58	58	59	87	60	59	59
Personal health, disability support and public health service purchasing	5,333	5,723	6,107	6,401	6,705	6,729	6,852	6,967
Other non-departmental outputs	45	18	135	129	141	154	151	150
Health payments to ARCIC	193	185	237	263	276	277	277	277
Other expenses	(3)	17	36	21	27	19	18	18
Total Health Expenses	5,626	6,001	6,573	6,873	7,236	7,239	7,357	7,471

Source: The Treasury

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

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Personal health services:								
Northern	1,224	1,337	1,452	1,582	1,615	1,619	1,648	1,675
Midland	791	844	890	936	979	977	995	1,011
Central	933	981	1,047	1,104	1,145	1,137	1,157	1,176
Southern	858	910	1,004	1,015	1,087	1,079	1,097	1,114
Additional health purchases	25	..	..	..	..	..	..	..
Additional elective services	43	96	70	..	..	..	..	..
Total Personal Health	3,874	4,168	4,463	4,637	4,826	4,812	4,897	4,976
Disability support services								
Northern	429	465	495	520	575	591	603	615
Midland	268	285	303	306	348	357	364	372
Central	345	361	383	411	428	435	444	452
Southern	321	343	355	410	399	406	414	422
Total Disability Support	1,363	1,454	1,536	1,647	1,750	1,789	1,825	1,861
Public Health Service Purchasing	96	101	108	117	129	128	130	130
Total	5,333	5,723	6,107	6,401	6,705	6,729	6,852	6,967

Source: The Treasury

Table B.8 – Health related payments to ARCIC

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Petrol excise	64	65	66	67	68	69	69	69
Medical treatment	129	120	171	196	208	208	208	208
Total	193	185	237	263	276	277	277	277

Source: The Treasury

Table B.9 – Education

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Early childhood education	251	277	294	323	339	348	352	355
Primary and secondary schools	2,714	2,978	3,147	3,430	3,598	3,613	3,639	3,671
Tertiary funding	1,810	1,871	1,843	2,013	2,132	2,226	2,295	2,385
Departmental expenses	287	316	360	403	434	425	419	417
Other education expenses	273	272	255	276	315	318	324	324
Total Education Expenses	5,335	5,714	5,899	6,445	6,818	6,930	7,029	7,152

Source: The Treasury

Table B.10 – Primary and secondary education

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Primary	1,374	1,515	1,624	1,755	1,848	1,841	1,837	1,834
Secondary	1,073	1,158	1,154	1,311	1,364	1,375	1,407	1,442
Secondary allowances	8	..	..	..	..	..	..	..
School transport	89	94	93	99	96	100	101	101
Special needs support	170	211	275	265	290	297	294	294
Total Schools Funding	2,714	2,978	3,146	3,430	3,598	3,613	3,639	3,671
Places (year)	1997	1998	1999	2000	2001	2002	2003	2004
Primary	456,490	466,460	467,093	469,300	468,900	467,800	464,200	459,300
Secondary	239,740	243,600	248,559	254,900	264,000	272,500	281,100	289,200

Sources: Ministry of Education, The Treasury

Table B.11 – Tertiary education

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Tuition	1,169	1,183	1,236	1,262	1,334	1,385	1,420	1,454
Other tertiary funding	252	258	128	168	155	161	164	164
Total Tertiary Education and Training	1,421	1,441	1,364	1,430	1,489	1,546	1,584	1,618
Tertiary student allowances	318	344	378	386	394	416	439	462
Student loan provision and write-offs	71	86	101	197	249	264	272	305
Total Tertiary Funding	1,810	1,871	1,843	2,013	2,132	2,226	2,295	2,385
Places (year)	1997	1998	1999	2000	2001	2002	2003	2004
EFTS Students	145,686	148,978	170,335	175,142	180,276	185,220	190,020	194,417

Sources: Ministry of Education, The Treasury

Table B.12 – Core government services

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Official development assistance	184	195	204	219	227	227	227	227
Indemnity and guarantee expenses	..	(5)	(28)	15	..	..	..	..
Departmental expenses	931	888	892	882	961	911	905	886
Science expenses	312	389	405	424	248	252	252	252
Other expenses	240	95	232	140	93	93	92	84
Total Core Government Services	1,667	1,562	1,705	1,680	1,529	1,483	1,476	1,449

Source: The Treasury

Table B.13 – Law and order

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Departmental expenses:								
Police	592	611	708	763	720	739	740	739
Department of Justice	..	..	..	..	..	..	..	..
Ministry of Justice	12	11	11	12	12	12	12	12
Department of Corrections	261	290	324	331	355	345	345	345
Department for Courts	185	194	206	173	180	177	177	177
Other departments	92	92	99	63	66	65	64	64
Total Departments	1,142	1,198	1,348	1,342	1,333	1,338	1,338	1,337
Non-departmental outputs	105	109	114	152	177	162	162	162
Other expenses	34	38	37	40	41	41	41	41
Total Law and Order Expenses	1,281	1,345	1,499	1,534	1,551	1,541	1,541	1,540

Source: The Treasury

Table B.14 – Defence

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
NZDF expenses	909	955	991	1,110	1,054	1,024	1,025	1,026
Other expenses	37	110	39	132	88	37	44	34
Total Defence Expenses	946	1,065	1,030	1,242	1,142	1,061	1,069	1,060

Source: The Treasury

Table B.15 – Transport and communications

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Transit New Zealand	..	..	..	..	..	..	..	..
Transfund	772	828	880	935	973	1,005	1,050	1,100
Departmental outputs	65	67	71	71	77	80	80	80
Other non-departmental expenses	51	52	61	57	52	54	54	54
Other expenses	..	1	17	10	1	1	1	1
Total Transport and Communications	888	948	1,029	1,073	1,103	1,140	1,185	1,235

Source: The Treasury

Table B.16 – Economic and industrial

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Departmental outputs	264	293	450	376	390	374	370	368
Equiticorp judgment	32	(92)	..	..	..	..	..	..
Employment initiatives	278	294	166	224	235	253	268	270
Non-departmental outputs	151	159	176	198	460	496	531	531
Other expenses	38	186	66	177	54	51	51	50
Total Economic and Industrial Services	763	840	858	975	1,139	1,174	1,220	1,219

Source: The Treasury

Table B.17 – Employment initiatives

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Training benefit (including tax)	99	98	22	..	..	..	..	..
Training incentive allowance	29	34	30	34	38	43	43	43
Community employment projects	19	18	15	19	24	24	19	19
Job plus	81	..	..	..	..	..	..	..
Taskforce Green	35	..	..	..	..	..	..	..
Subsidised work	..	124	77	118	114	125	148	148
Employment support for disabled	..	..	17	50	54	56	53	55
Other employment assistance schemes	15	20	5	3	5	5	5	5
Total Employment Initiative Expenses	278	294	166	224	235	253	268	270

Source: The Treasury

Table B.18 – Primary services

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Departmental expenses	252	281	233	181	183	178	177	177
Non-departmental outputs	44	51	68	66	69	60	60	60
Other expenses	55	91	33	19	26	29	29	21
Total Primary Services Expenses	351	423	334	266	278	267	266	258

Source: The Treasury

Table B.19 – Heritage, culture and recreation

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Community grants	20	20	20	18	18	18	18	18
Departmental outputs	195	199	208	196	205	207	212	214
Non-departmental outputs	57	58	70	157	186	182	189	194
Other expenses	5	20	18	88	18	18	18	18
Total Heritage, Culture and Recreation	277	297	316	459	427	425	437	444

Source: The Treasury

Table B.20 – Housing and community development

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Forecast	2000/01 Forecast	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast
Housing subsidies	5	2	1	1	..	..	..	..
Departmental outputs	27	30	29	28	35	29	28	28
Other non-departmental expenses	15	(3)	11	40	17	12	12	12
Total Housing and Community Development	47	29	41	69	52	41	40	40

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.

Corporate tax

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

Current account

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

Customs duty

Duty levied on the imports of certain goods.

Cyclically adjusted or structural fiscal balance

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

Domestic bond programme

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

Excise duties

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

Financial assets

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

Fiscal provisions

A system used by the Government to record the cost of policy decisions. The framework distinguishes situations where the Government is able to control the cost from those that are beyond immediate control (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 cashflow and investment purposes, and include any funds the Government has invested in the International Monetary Fund.

Monetary conditions

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

Monetary policy

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

Net Crown debt

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

Net worth

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

Participation rate

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

Provision for future initiatives

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

Provisional tax

A thrice-yearly payment of tax on income that has not been taxed, or been under-taxed, at source (relates only to companies and other persons tax).

Source deductions

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

Stock change

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

Tax revenue

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

Trade weighted index (TWI)

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

Unit labour costs

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

Year ended

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