

# Annex A: Tax Revenue Tables

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

(\$ million)	2000/01	2001/02		2002/03		2003/04		2004/05		2005/06	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	
<b>CURRENT PRESENTATION</b>	This is the same format under which tax forecasts were presented in the <i>December Update</i>										
<b>Direct Tax</b>											
<b>Individuals</b>											
Source deductions	13,703	14,602	14,618	15,298	15,289	16,133	16,110	17,029	17,005	17,865	17,856
Other persons tax	3,871	3,989	3,955	4,140	4,094	4,267	4,180	4,376	4,325	4,473	4,530
Refunds	(790)	(814)	(755)	(771)	(705)	(762)	(705)	(754)	(700)	(779)	(705)
Fringe benefit tax	342	356	360	381	378	385	374	390	379	395	382
<b>Subtotal: Individuals</b>	<b>17,126</b>	<b>18,133</b>	<b>18,178</b>	<b>19,048</b>	<b>19,056</b>	<b>20,023</b>	<b>19,959</b>	<b>21,041</b>	<b>21,009</b>	<b>21,954</b>	<b>22,063</b>
<b>Company Tax (net)</b>	<b>4,831</b>	<b>4,524</b>	<b>4,530</b>	<b>4,810</b>	<b>4,777</b>	<b>5,282</b>	<b>5,148</b>	<b>5,579</b>	<b>5,397</b>	<b>5,645</b>	<b>5,530</b>
<b>Withholding taxes on:</b>											
Resident interest income	990	986	978	1,026	994	1,039	1,036	1,038	1,058	1,038	1,086
Non-resident income	760	657	670	640	647	692	688	716	720	737	734
Resident dividend income	71	27	20	49	45	45	45	46	45	47	45
Foreign-source dividends	83	149	143	122	120	56	80	56	80	56	80
<b>Subtotal: Withholding Tax</b>	<b>1,904</b>	<b>1,819</b>	<b>1,811</b>	<b>1,837</b>	<b>1,806</b>	<b>1,832</b>	<b>1,849</b>	<b>1,856</b>	<b>1,903</b>	<b>1,878</b>	<b>1,945</b>
<b>Total Income Tax</b>	<b>23,861</b>	<b>24,476</b>	<b>24,519</b>	<b>25,695</b>	<b>25,639</b>	<b>27,137</b>	<b>26,956</b>	<b>28,476</b>	<b>28,309</b>	<b>29,477</b>	<b>29,538</b>
<b>Other Direct Tax</b>											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
<b>Total Direct Tax</b>	<b>23,863</b>	<b>24,478</b>	<b>24,521</b>	<b>25,697</b>	<b>25,641</b>	<b>27,139</b>	<b>26,958</b>	<b>28,478</b>	<b>28,311</b>	<b>29,479</b>	<b>29,540</b>
<b>Indirect Tax</b>											
<b>GST</b>											
GST (Customs)	4,099	4,149	4,150	4,301	4,265	4,587	4,525	4,757	4,680	4,909	4,835
GST (IRD)	5,027	5,817	5,760	6,053	5,914	6,200	6,133	6,530	6,447	6,905	6,771
<b>Subtotal: GST</b>	<b>9,126</b>	<b>9,966</b>	<b>9,910</b>	<b>10,354</b>	<b>10,179</b>	<b>10,787</b>	<b>10,658</b>	<b>11,287</b>	<b>11,127</b>	<b>11,814</b>	<b>11,606</b>
<b>Excise duties on:</b>											
Alcoholic drinks	436	451	447	452	457	462	462	469	468	475	473
Tobacco products	764	818	815	807	811	808	812	806	813	802	813
Petroleum fuels	810	846	855	938	940	943	947	949	955	957	963
<b>Subtotal: Excise Duties</b>	<b>2,010</b>	<b>2,115</b>	<b>2,117</b>	<b>2,197</b>	<b>2,208</b>	<b>2,213</b>	<b>2,221</b>	<b>2,224</b>	<b>2,236</b>	<b>2,234</b>	<b>2,249</b>
<b>Other Indirect Tax</b>											
Customs duty	648	657	650	680	659	697	701	708	729	719	754
Road user charges	532	570	568	602	613	623	637	646	661	672	684
Motor vehicle fees	181	181	187	182	179	184	182	185	185	186	187
Stamp and cheque duties	61	61	60	62	62	65	65	68	68	71	71
Gaming duties	206	242	242	266	266	279	285	292	300	304	317
Energy resources levy	111	107	110	101	105	97	105	93	105	91	105
Other	..	..	..	..	..	..	..	..	..	..	..
<b>Subtotal: Other Indirect Tax</b>	<b>1,739</b>	<b>1,818</b>	<b>1,817</b>	<b>1,893</b>	<b>1,884</b>	<b>1,945</b>	<b>1,975</b>	<b>1,992</b>	<b>2,048</b>	<b>2,043</b>	<b>2,118</b>
<b>Total Indirect Tax</b>	<b>12,875</b>	<b>13,899</b>	<b>13,844</b>	<b>14,444</b>	<b>14,271</b>	<b>14,945</b>	<b>14,854</b>	<b>15,503</b>	<b>15,411</b>	<b>16,091</b>	<b>15,973</b>
<b>Total Tax</b>	<b>36,738</b>	<b>38,377</b>	<b>38,365</b>	<b>40,141</b>	<b>39,912</b>	<b>42,084</b>	<b>41,812</b>	<b>43,981</b>	<b>43,722</b>	<b>45,570</b>	<b>45,513</b>
Tax-to-GDP	32.2%	31.9%	31.9%	32.1%	31.9%	32.1%	31.8%	32.1%	31.9%	31.9%	31.8%
<b>Eliminations</b>	The above figures are net of the following eliminations										
Income tax from NZSF	..	..	..	23	23	52	52	93	93	140	140
GST on departmental outputs	759	771	771	799	799	798	798	796	796	798	798
<b>FUTURE PRESENTATION OF CORE CROWN</b>											
<b>Eliminations</b>	GST on Crown expenses and income tax paid by GSF are further eliminated from the above to arrive at the future Core Crown format										
GST on Crown expenses & tax from GSF	1,743	1,947	1,947	2,037	2,037	2,214	2,214	2,280	2,280	2,382	2,382
<b>Total Tax</b>	<b>34,995</b>	<b>36,430</b>	<b>36,418</b>	<b>38,104</b>	<b>37,875</b>	<b>39,870</b>	<b>39,598</b>	<b>41,701</b>	<b>41,442</b>	<b>43,188</b>	<b>43,131</b>
Tax-to-GDP	30.7%	30.3%	30.3%	30.5%	30.3%	30.4%	30.2%	30.4%	30.2%	30.2%	30.2%
<b>FUTURE PRESENTATION OF TOTAL CROWN</b>											
<b>Eliminations</b>	Income tax paid by SOEs and CEs is further eliminated from Core Crown to arrive at the Total Crown position										
Income tax from SOEs and CEs	251	225	225	202	202	340	340	366	366	417	417
<b>Total Tax</b>	<b>34,744</b>	<b>36,205</b>	<b>36,193</b>	<b>37,902</b>	<b>37,673</b>	<b>39,530</b>	<b>39,258</b>	<b>41,335</b>	<b>41,076</b>	<b>42,771</b>	<b>42,714</b>
Tax-to-GDP	30.4%	30.1%	30.1%	30.3%	30.1%	30.1%	29.9%	30.1%	29.9%	29.9%	29.9%
GDP	114,145	120,309	120,309	124,964	124,964	131,293	131,293	137,201	137,201	143,026	143,026

Sources: Inland Revenue, The Treasury

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

(\$ million)	2000/01	2001/02		2002/03		2003/04		2004/05		2005/06	
	Actual	Forecast		Forecast		Forecast		Forecast		Forecast	
		Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD	Treasury	IRD
<b>CURRENT PRESENTATION</b>	This is the same format under which tax forecasts were presented in the <i>December Update</i>										
<b>Direct Tax</b>											
<b>Individuals</b>											
Source deductions	13,748	14,602	14,618	15,298	15,289	16,133	16,110	17,029	17,005	17,865	17,856
Other persons tax	4,221	4,385	4,390	4,516	4,519	4,638	4,595	4,743	4,735	4,853	4,925
Refunds	(1,175)	(1,210)	(1,190)	(1,146)	(1,130)	(1,133)	(1,120)	(1,121)	(1,110)	(1,159)	(1,100)
Fringe benefit tax	338	344	345	380	377	384	373	389	378	394	382
<b>Subtotal: Individuals</b>	<b>17,132</b>	<b>18,121</b>	<b>18,163</b>	<b>19,048</b>	<b>19,055</b>	<b>20,022</b>	<b>19,958</b>	<b>21,040</b>	<b>21,008</b>	<b>21,953</b>	<b>22,063</b>
<b>Company Tax (net)</b>	<b>4,592</b>	<b>4,646</b>	<b>4,650</b>	<b>4,751</b>	<b>4,777</b>	<b>5,252</b>	<b>5,148</b>	<b>5,535</b>	<b>5,397</b>	<b>5,644</b>	<b>5,530</b>
<b>Withholding taxes on:</b>											
Resident interest income	971	986	976	1,026	992	1,039	1,036	1,038	1,057	1,038	1,085
Non-resident income	738	634	625	638	647	692	688	716	720	737	734
Resident dividend income	72	27	20	49	45	45	45	46	45	47	45
Foreign-source dividends	98	149	143	122	120	56	80	56	80	56	80
<b>Subtotal: Withholding Tax</b>	<b>1,879</b>	<b>1,796</b>	<b>1,764</b>	<b>1,835</b>	<b>1,804</b>	<b>1,832</b>	<b>1,849</b>	<b>1,856</b>	<b>1,902</b>	<b>1,878</b>	<b>1,944</b>
<b>Total Income Tax</b>	<b>23,603</b>	<b>24,563</b>	<b>24,577</b>	<b>25,634</b>	<b>25,636</b>	<b>27,106</b>	<b>26,955</b>	<b>28,431</b>	<b>28,307</b>	<b>29,475</b>	<b>29,537</b>
<b>Other Direct Tax</b>											
Estate and gift duties	2	2	2	2	2	2	2	2	2	2	2
<b>Total Direct Tax</b>	<b>23,605</b>	<b>24,565</b>	<b>24,579</b>	<b>25,636</b>	<b>25,638</b>	<b>27,108</b>	<b>26,957</b>	<b>28,433</b>	<b>28,309</b>	<b>29,477</b>	<b>29,539</b>
<b>Indirect Tax</b>											
<b>GST</b>											
GST (Customs)	4,063	4,182	4,150	4,301	4,265	4,587	4,525	4,757	4,680	4,909	4,835
GST (IRD)	4,884	5,784	5,760	6,053	5,914	6,200	6,133	6,530	6,447	6,905	6,771
<b>Subtotal: GST</b>	<b>8,947</b>	<b>9,966</b>	<b>9,910</b>	<b>10,354</b>	<b>10,179</b>	<b>10,787</b>	<b>10,658</b>	<b>11,287</b>	<b>11,127</b>	<b>11,814</b>	<b>11,606</b>
<b>Excise duties on:</b>											
Alcoholic drinks	430	446	447	452	457	462	462	469	468	475	473
Tobacco products	735	803	805	807	811	808	812	806	813	802	813
Petroleum fuels	820	851	850	938	940	943	947	949	955	957	963
<b>Subtotal: Excise Duties</b>	<b>1,985</b>	<b>2,100</b>	<b>2,102</b>	<b>2,197</b>	<b>2,208</b>	<b>2,213</b>	<b>2,221</b>	<b>2,224</b>	<b>2,236</b>	<b>2,234</b>	<b>2,249</b>
<b>Other Indirect Tax</b>											
Customs duty	628	657	645	680	659	697	701	708	729	719	754
Road user charges	532	565	568	600	613	621	637	646	661	672	684
Motor vehicle fees	174	176	177	182	179	184	182	185	185	191	187
Stamp and cheque duties	63	61	60	62	62	65	65	68	68	71	71
Gaming duties	205	242	242	266	266	279	285	292	300	304	317
Energy resources levy	110	107	110	101	105	97	105	93	105	91	105
Other	1	..	..	..	..	..	..	..	..	..	..
<b>Subtotal: Other Indirect Tax</b>	<b>1,713</b>	<b>1,808</b>	<b>1,802</b>	<b>1,891</b>	<b>1,884</b>	<b>1,943</b>	<b>1,975</b>	<b>1,992</b>	<b>2,048</b>	<b>2,048</b>	<b>2,118</b>
<b>Total Indirect Tax</b>	<b>12,645</b>	<b>13,874</b>	<b>13,814</b>	<b>14,442</b>	<b>14,271</b>	<b>14,943</b>	<b>14,854</b>	<b>15,503</b>	<b>15,411</b>	<b>16,096</b>	<b>15,973</b>
<b>Total Tax</b>	<b>36,250</b>	<b>38,439</b>	<b>38,393</b>	<b>40,078</b>	<b>39,909</b>	<b>42,051</b>	<b>41,811</b>	<b>43,936</b>	<b>43,720</b>	<b>45,573</b>	<b>45,512</b>
Tax-to-GDP	31.8%	32.0%	31.9%	32.1%	31.9%	32.0%	31.8%	32.0%	31.9%	31.9%	31.8%
<b>Eliminations</b>	The above figures are net of the following eliminations										
Income tax from NZSF	..	..	..	23	23	52	52	93	93	140	140
GST on departmental outputs	759	771	771	799	799	798	798	796	796	798	798
<b>FUTURE PRESENTATION OF CORE CROWN</b>											
<b>Eliminations</b>	GST on Crown expenses and income tax paid by GSF are further eliminated from the above to arrive at the future Core Crown format										
GST on Crown expenses & tax from GSF	1,743	1,947	1,947	2,037	2,037	2,214	2,214	2,280	2,280	2,382	2,382
<b>Total Tax</b>	<b>34,507</b>	<b>36,492</b>	<b>36,446</b>	<b>38,041</b>	<b>37,872</b>	<b>39,837</b>	<b>39,597</b>	<b>41,656</b>	<b>41,440</b>	<b>43,191</b>	<b>43,130</b>
Tax-to-GDP	30.2%	30.3%	30.3%	30.4%	30.3%	30.3%	30.2%	30.4%	30.2%	30.2%	30.2%
<b>FUTURE PRESENTATION OF TOTAL CROWN</b>											
<b>Eliminations</b>	Income tax paid by SOEs and CEs is further eliminated from Core Crown to arrive at the Total Crown position										
Income tax from SOEs and CEs	251	174	174	195	195	331	331	357	357	412	412
<b>Total Tax</b>	<b>34,256</b>	<b>36,318</b>	<b>36,272</b>	<b>37,846</b>	<b>37,677</b>	<b>39,506</b>	<b>39,266</b>	<b>41,299</b>	<b>41,083</b>	<b>42,779</b>	<b>42,718</b>
Tax-to-GDP	30.0%	30.2%	30.1%	30.3%	30.2%	30.1%	29.9%	30.1%	29.9%	29.9%	29.9%

Sources: Inland Revenue, The Treasury

## Annex B: Expense Tables

The expense tables are based on the current presentation of the Crown forecasts. At the bottom of each table is the adjustment required to reconcile to core Crown as reported under the future presentation (ie, line-by-line consolidation).

**Table B.1** – Expenses by category

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	13,216	13,615	13,936	14,407	14,805	15,273
GSF Pension expense	855	339	671	680	680	719
Health	7,342	7,733	8,370	8,873	9,347	9,475
Education	6,690	7,150	7,494	7,674	7,747	7,850
Core government services	1,817	1,611	1,641	1,616	1,628	1,658
Law and order	1,560	1,771	1,734	1,737	1,734	1,727
Defence	1,267	1,188	1,166	1,208	1,159	1,146
Transport and communications	1,026	1,156	1,238	1,300	1,324	1,335
Economic and industrial services	1,141	1,187	1,275	1,268	1,261	1,272
Primary services	287	327	343	330	326	323
Heritage, culture and recreation	424	500	533	558	584	595
Housing and community	50	95	103	99	91	91
Other	75	109	114	110	110	110
Finance costs	2,483	2,303	2,339	2,425	2,501	2,572
Net foreign exchange (gains)/losses	(47)	64	..	..	..	..
Forecast for future new spending	..	..	230	700	1,180	2,080
<b>Total Expenses (current presentation)</b>	<b>38,186</b>	<b>39,148</b>	<b>41,187</b>	<b>42,985</b>	<b>44,477</b>	<b>46,226</b>
Less						
Foreign exchange gains/(losses)	47	(64)	..	..	..	..
Unfunded GSF liability revaluation	(164)	368	..	..	..	..
NPF revaluation	(253)	..	..	..	..	..
<b>Adjusted Total Expenses</b>	<b>37,816</b>	<b>39,452</b>	<b>41,187</b>	<b>42,985</b>	<b>44,477</b>	<b>46,226</b>
<b>Core Crown Expenses (future presentation)</b>						
Less GST on Crown spending	(1,661)	(1,863)	(1,956)	(2,135)	(2,201)	(2,302)
Plus GSF expenses	257	257	257	257	257	257
Other Eliminations	(94)	(40)	66	66	66	66
<b>Core Crown Expenses</b>	<b>36,688</b>	<b>37,502</b>	<b>39,554</b>	<b>41,173</b>	<b>42,599</b>	<b>44,247</b>

Source: The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	12,385	12,685	12,991	13,474	13,877	14,342
Social rehabilitation & compensation	62	91	103	106	108	110
Departmental expenses	618	669	656	635	634	633
Other non-departmental expenses	151	170	186	192	186	188
<b>Total Social Security and Welfare</b>	<b>13,216</b>	<b>13,615</b>	<b>13,936</b>	<b>14,407</b>	<b>14,805</b>	<b>15,273</b>
<i>Less GST on Crown Spending</i>	9	1	1	1	1	1
<b>Core Crown Social Security and Welfare (excluding GSF)</b>	<b>13,207</b>	<b>13,614</b>	<b>13,935</b>	<b>14,406</b>	<b>14,804</b>	<b>15,272</b>

Source: The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,273	5,457	5,645	5,888	6,112	6,399
Domestic Purposes Benefit	1,444	1,486	1,521	1,570	1,599	1,631
Unemployment Benefit	..	1,406	1,364	1,419	1,451	1,468
Community Wage	1,849	..	..	..	..	..
Accommodation Supplement	795	723	744	784	820	856
Invalids Benefit	745	835	912	995	1,060	1,124
Sickness Benefit	..	382	409	433	448	462
Disability Allowance	210	223	235	247	259	273
Transitional Retirement Benefit	127	97	50	10	..	..
Income Related Rents	161	276	286	296	305	314
Family Support	878	870	870	872	874	876
Child Tax Credit	161	159	159	159	160	160
Special Benefit	40	50	59	63	65	66
Benefits paid in Australia	171	161	126	111	101	90
Paid Parental Leave	..	..	41	44	45	46
Other benefits	531	560	570	583	578	577
<b>Total Welfare Benefits</b>	<b>12,385</b>	<b>12,685</b>	<b>12,991</b>	<b>13,474</b>	<b>13,877</b>	<b>14,342</b>

Source: The Treasury

**Table B.4** – Beneficiary numbers

(Thousands)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	449	448	454	462	472	484
Domestic Purposes Benefit	110	110	110	111	112	112
Unemployment Benefit	..	141	134	136	137	136
Community Wage	189	..	..	..	..	..
Accommodation Supplement	297	270	267	273	279	284
Invalids Benefit	58	62	67	71	74	77
Sickness Benefit	..	35	37	38	39	39

Source: The Treasury

**Table B.5** – GSF pension expense

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Pension expenses	691	707	671	680	680	719
Revaluation of Unfunded Liability	164	(368)	..	..	..	..
<b>Total GSF pension expense</b>	<b>855</b>	<b>339</b>	<b>671</b>	<b>680</b>	<b>680</b>	<b>719</b>
<i>Additional Pension Expenses (offset by revenue)</i>	257	257	257	257	257	257
<b>Core Crown GSF</b>	<b>1,112</b>	<b>596</b>	<b>928</b>	<b>937</b>	<b>937</b>	<b>976</b>

Source: The Treasury

**Table B.6** – Health

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	116	139	150	135	134	133
Health service purchasing	6,807	7,011	7,639	8,100	8,608	8,716
Other non-departmental outputs	101	73	102	142	93	96
Health payments to ACC	291	478	457	478	502	519
Other expenses	27	32	22	18	10	11
<b>Total Health Expenses</b>	<b>7,342</b>	<b>7,733</b>	<b>8,370</b>	<b>8,873</b>	<b>9,347</b>	<b>9,475</b>
<i>Less GST on Crown Spending</i>	778	801	862	923	973	974
<i>Plus Other Eliminations</i>	96	87	87	87	87	87
<b>Core Crown Health Expenses</b>	<b>6,660</b>	<b>7,019</b>	<b>7,595</b>	<b>8,037</b>	<b>8,461</b>	<b>8,588</b>

Source: The Treasury

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

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Personal health services:						
Northern	1,671	..	..	..	..	..
Midland	997	..	..	..	..	..
Central	1,174	..	..	..	..	..
Southern	1,097	..	..	..	..	..
<b>Total Personal Health</b>	<b>4,939</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Disability support services						
Northern	557	..	..	..	..	..
Midland	332	..	..	..	..	..
Central	428	..	..	..	..	..
Southern	426	..	..	..	..	..
<b>Total Disability Support</b>	<b>1,743</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Payments to District Health Boards</b>	<b>..</b>	<b>5,460</b>	<b>5,843</b>	<b>6,080</b>	<b>6,300</b>	<b>6,408</b>
<b>National Disability Support Services</b>	<b>..</b>	<b>1,345</b>	<b>1,422</b>	<b>1,466</b>	<b>1,530</b>	<b>1,530</b>
<b>Public Health Service Purchasing</b>	<b>125</b>	<b>206</b>	<b>374</b>	<b>554</b>	<b>778</b>	<b>778</b>
<b>Total Health Servicing Purchasing</b>	<b>6,807</b>	<b>7,011</b>	<b>7,639</b>	<b>8,100</b>	<b>8,608</b>	<b>8,716</b>

Source: The Treasury

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

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Petrol excise	67	69	69	70	71	71
Medical treatment	224	409	388	408	431	448
<b>Total Health related payments</b>	<b>291</b>	<b>478</b>	<b>457</b>	<b>478</b>	<b>502</b>	<b>519</b>

Source: The Treasury

**Table B.9** – Education

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Early childhood education	331	362	387	393	395	398
Primary and secondary schools	3,505	3,642	3,653	3,698	3,700	3,712
Tertiary funding	2,133	2,397	2,592	2,705	2,805	2,891
Departmental expenses	419	476	556	568	565	566
Other education expenses	302	273	306	310	282	283
<b>Total Education Expenses</b>	<b>6,690</b>	<b>7,150</b>	<b>7,494</b>	<b>7,674</b>	<b>7,747</b>	<b>7,850</b>
<i>Less GST on Crown Spending</i>	<i>554</i>	<i>651</i>	<i>677</i>	<i>692</i>	<i>695</i>	<i>702</i>
<b>Core Crown Education</b>	<b>6,136</b>	<b>6,499</b>	<b>6,817</b>	<b>6,982</b>	<b>7,052</b>	<b>7,148</b>

Source: The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Primary	1,780	1,845	1,877	1,904	1,890	1,884
Secondary	1,333	1,301	1,303	1,333	1,354	1,371
School transport	106	109	112	112	113	114
Special needs support	286	284	247	235	235	236
Professional Development	..	87	97	97	91	90
Schooling Improvement		16	17	17	17	17
<b>Total Schools Funding</b>	<b>3,505</b>	<b>3,642</b>	<b>3,653</b>	<b>3,698</b>	<b>3,700</b>	<b>3,712</b>
<b>Places (year)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Primary	463,000	465,000	464,000	459,000	458,000	455,000
Secondary	251,000	256,000	264,000	272,000	278,000	280,000

Sources: Ministry of Education, The Treasury

**Table B.11** – Tertiary education

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Tuition	1,362	1,550	1,672	1,725	1,788	1,831
Other tertiary funding	153	183	220	233	234	234
<b>Total Tertiary Education and Training</b>	<b>1,515</b>	<b>1,733</b>	<b>1,892</b>	<b>1,958</b>	<b>2,022</b>	<b>2,065</b>
Tertiary student allowances	391	411	441	458	473	490
Student loan provision and write-offs	227	253	259	289	310	336
<b>Total Tertiary Funding</b>	<b>2,133</b>	<b>2,397</b>	<b>2,592</b>	<b>2,705</b>	<b>2,805</b>	<b>2,891</b>
<b>Places (year)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
EFT Students	192,000	213,000	223,000	230,000	236,000	242,000

Sources: Ministry of Education, The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Official development assistance	226	223	230	227	226	226
Indemnity and guarantee expenses	253	..	..	..	..	..
Departmental expenses	901	938	1,006	986	984	1,017
Science expenses	247	244	261	275	281	296
Other expenses	190	206	144	128	137	119
<b>Total Core Government Services</b>	<b>1,817</b>	<b>1,611</b>	<b>1,641</b>	<b>1,616</b>	<b>1,628</b>	<b>1,658</b>
<i>Less GST on Crown Spending</i>	19	64	45	41	37	36
<b>Core Crown Core Government Services</b>	<b>1,798</b>	<b>1,547</b>	<b>1,596</b>	<b>1,575</b>	<b>1,591</b>	<b>1,622</b>

Source: The Treasury

**Table B.13** – Law and order

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental expenses:						
Police	724	765	795	796	797	797
Ministry of Justice	13	15	15	15	15	15
Department of Corrections	369	416	402	406	402	395
Department for Courts	181	190	200	198	201	204
Other departments	67	70	75	76	76	76
<b>Total Departments</b>	<b>1,354</b>	<b>1,456</b>	<b>1,487</b>	<b>1,491</b>	<b>1,491</b>	<b>1,487</b>
Non-departmental outputs	177	205	203	195	207	204
Other expenses	29	110	44	51	36	36
<b>Total Law and Order Expenses</b>	<b>1,560</b>	<b>1,771</b>	<b>1,734</b>	<b>1,737</b>	<b>1,734</b>	<b>1,727</b>
<i>Less GST on Crown Spending</i>	19	6	6	6	6	6
<b>Core Crown Law and Order</b>	<b>1,541</b>	<b>1,765</b>	<b>1,728</b>	<b>1,731</b>	<b>1,728</b>	<b>1,721</b>

Source: The Treasury

**Table B.14** – Defence

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
NZDF Core expenses	1,058	1,072	1,103	1,108	1,107	1,107
NZDF write-offs	104	..	..	..	..	..
NZDF East Timor deployment	22	20	..	..	..	..
DWI East Timor deployment	22	23	9	..	..	..
Other departments	36	38	42	42	39	39
GST on defence acquisitions	25	35	12	58	13	..
<b>Total Defence Expenses</b>	<b>1,267</b>	<b>1,188</b>	<b>1,166</b>	<b>1,208</b>	<b>1,159</b>	<b>1,146</b>
<i>Less GST on Crown Spending</i>	25	36	12	59	13	..
<b>Core Crown Defence</b>	<b>1,242</b>	<b>1,152</b>	<b>1,154</b>	<b>1,149</b>	<b>1,146</b>	<b>1,146</b>

Source: The Treasury



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

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Transfund	890	1,012	1,096	1,158	1,181	1,192
Departmental outputs	75	80	83	83	83	83
Other non-departmental expenses	52	56	54	54	54	54
Other expenses	9	8	5	5	6	6
<b>Total Transport and Communications</b>	<b>1,026</b>	<b>1,156</b>	<b>1,238</b>	<b>1,300</b>	<b>1,324</b>	<b>1,335</b>
<i>Less GST on Crown Spending</i>	<i>121</i>	<i>129</i>	<i>142</i>	<i>145</i>	<i>149</i>	<i>153</i>
<b>Core Crown Transport</b>	<b>905</b>	<b>1,027</b>	<b>1,096</b>	<b>1,155</b>	<b>1,175</b>	<b>1,182</b>

Source: The Treasury

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

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	422	420	445	437	432	431
Employment initiatives	204	221	241	244	241	244
Non-departmental outputs	423	424	432	441	445	456
Other expenses	92	122	157	146	143	141
<b>Total Economic and Industrial Services</b>	<b>1,141</b>	<b>1,187</b>	<b>1,275</b>	<b>1,268</b>	<b>1,261</b>	<b>1,272</b>
<i>Less GST on Crown Spending</i>	<i>104</i>	<i>142</i>	<i>147</i>	<i>150</i>	<i>154</i>	<i>157</i>
<b>Core Crown Economic and Industrial Services</b>	<b>1,037</b>	<b>1,045</b>	<b>1,128</b>	<b>1,118</b>	<b>1,107</b>	<b>1,115</b>

Source: The Treasury

**Table B.17** – Employment initiatives

(\$ million)	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Training benefit (including tax)	..	..	..	..	..	..
Training incentive allowance	36	45	43	43	43	43
Community employment projects	17	22	22	19	19	19
Subsidised work	95	94	112	119	109	109
Employment support for disabled	53	58	61	61	68	70
Other employment assistance schemes	3	2	3	2	2	3
<b>Total Employment Initiative Expenses</b>	<b>204</b>	<b>221</b>	<b>241</b>	<b>244</b>	<b>241</b>	<b>244</b>

Source: The Treasury

**Table B.18** – Primary services

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental expenses	194	214	226	224	220	219
Non-departmental outputs	69	95	96	97	98	97
Other expenses	24	18	21	9	8	7
<b>Total Primary Services Expenses</b>	<b>287</b>	<b>327</b>	<b>343</b>	<b>330</b>	<b>326</b>	<b>323</b>
<i>Less GST on Crown Spending</i>	8	12	13	12	12	11
<b>Core Crown Primary Services</b>	<b>279</b>	<b>315</b>	<b>330</b>	<b>318</b>	<b>314</b>	<b>312</b>

Source: The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Community grants	18	6	6	6	6	6
Departmental outputs	206	219	253	249	253	255
Non-departmental outputs	181	173	194	206	205	204
Other expenses	19	102	80	97	120	130
<b>Total Heritage, Culture and Recreation</b>	<b>424</b>	<b>500</b>	<b>533</b>	<b>558</b>	<b>584</b>	<b>595</b>
<i>Less GST on Crown Spending</i>	24	21	25	28	30	31
<b>Core Crown Heritage, Culture and Recreation</b>	<b>400</b>	<b>479</b>	<b>508</b>	<b>530</b>	<b>554</b>	<b>564</b>

Source: The Treasury

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

(\$ million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Housing subsidies	..	22	26	26	21	22
Departmental outputs	35	52	55	53	52	52
Other non-departmental expenses	15	21	22	20	18	17
<b>Core Crown Housing and Community Development</b>	<b>50</b>	<b>95</b>	<b>103</b>	<b>99</b>	<b>91</b>	<b>91</b>

Source: The Treasury

## Glossary of Terms

### ***ACC unfunded liability***

The future cost of past ACC claims, less the asset reserves held to meet these claims. The ACC outstanding claims liability 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 (or forecast for future 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.

### ***Contingent liability***

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

### ***Core Crown***

Under the future presentation of the Crown accounts, the core Crown represents the revenues, expenses, assets and liabilities of departments, the Reserve Bank and the GSF.

### ***Corporate tax***

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

### ***Current account***

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

### ***Customs duty***

Duty levied on the imports of certain goods.

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

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

### ***Demographic changes***

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

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

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

### ***Excise duties***

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

### ***Financial assets***

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

### ***Fiscal allowance***

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

**Fiscal provisions**

A system used by the Government to record the cost of policy decisions. The framework distinguishes situations where the Government is able to control the cost from those that are beyond immediate control (eg, tax forecasts). The fiscal provision is used to measure the aggregate cost of policy initiatives against the limits for operating and capital policies (which are referred to as the provision for future initiatives and capital provision). This is to be revised in the new parliamentary term.

**Forecast for future new spending**

An amount included in the forecasts to provide for the operating balance impact of policy initiatives and changes to demographics expected to occur over the forecast period. This represents the forecast for future new spending not yet allocated to initiatives for example.

**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).

**Line-by-line consolidation**

This is a term used to refer to the change required to the presentation of the Crown financial statements. It means that the revenues, expenses, assets and liabilities of all departments, the Reserve Bank, SOEs and Crown entities will be included in the Crown financial statements.

**Marketable securities and deposits**

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

**Monetary conditions**

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

**Monetary policy**

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

**Net Crown debt**

Borrowings (financial liabilities) less cash and bank balances, marketable securities and deposits, and advances (financial assets). Net debt excludes the assets of the NZS Fund.

**Net worth**

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

**Objectives (long-term)**

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

**Operating balance**

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

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

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

**Participation rate**

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

**Projections**

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

**Provisional tax**

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

**Scenarios**

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

**Short-term intentions**

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

**Source deductions**

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

**Specific fiscal risks**

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

**Stock change**

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

**System of National Accounts (SNA)**

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

**Tax revenue**

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

***Trade weighted index (TWI)***

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

***Unit labour costs***

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

***Year ended***

Graphs and tables use different expressions of the timeframe. For example, 2000/01 or 2001 will generally mean “year ended 30 June” unless otherwise stated.