

Core Crown Expense Tables

(\$ million)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	13,207	13,485	13,907	14,252	14,682	15,850	17,091	18,225	18,805	19,444
GSF	1,112	1,409	2,625	660	2,442	1,430	1,095	1,079	1,063	1,034
Health	6,660	7,032	7,501	8,111	8,813	9,839	10,261	10,358	10,441	10,475
Education	6,136	6,473	7,016	7,585	7,930	10,033	8,878	9,034	9,059	9,155
Core government services	1,798	1,540	1,780	1,741	2,217	2,182	2,107	2,176	2,171	2,162
Law and order	1,541	1,733	1,734	1,843	1,977	2,193	2,232	2,244	2,252	2,244
Defence	1,242	1,162	1,199	1,311	1,275	1,377	1,430	1,508	1,584	1,670
Transport and communications	905	989	1,408	1,461	1,635	1,893	2,115	2,256	2,416	2,412
Economic and industrial services	1,037	1,013	1,054	1,192	1,444	1,711	1,646	1,798	1,689	1,732
Primary services	279	304	355	368	394	473	421	418	416	417
Heritage, culture and recreation	400	434	515	634	991	1,042	767	765	769	773
Housing and community	50	93	102	139	163	218	260	259	250	241
Other	75	110	75	52	32	51	107	77	77	78
Finance costs	2,304	2,118	2,360	2,252	2,274	2,250	2,147	2,195	2,165	2,118
Net foreign exchange (gains)/losses	(47)	75	118	7	(35)	17	..	..	..	..
New operating spending up to Budget 2006	..	..	..	..	..	106	1,331	1,200	1,190	1,213
Forecast new operating spending	..	..	..	..	..	..	..	1,814	3,692	5,614
Core Crown Expenses	36,699	37,970	41,749	41,608	46,234	50,665	51,888	55,406	58,039	60,782

Source: The Treasury

Table 6.1 – Social security and welfare expenses

(\$ million)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	12,385	12,614	12,884	13,181	13,326	14,333	15,579	16,692	17,259	17,887
Social rehabilitation & compensation	60	87	146	118	152	148	153	158	164	170
Departmental expenses	618	657	666	705	781	858	829	821	812	812
Other non-departmental expenses	144	127	211	248	423	511	530	554	570	575
Social Security and Welfare Expenses	13,207	13,485	13,907	14,252	14,682	15,850	17,091	18,225	18,805	19,444

Source: The Treasury

Table 6.2 – New Zealand superannuation and welfare benefit expenses

(\$ million)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,273	5,450	5,642	5,889	6,083	6,431	6,830	7,210	7,535	8,009
Domestic Purposes Benefit	1,444	1,501	1,520	1,569	1,547	1,485	1,492	1,534	1,555	1,571
Unemployment Benefit	..	1,369	1,274	1,084	831	720	778	908	941	925
Community Wage	1,849	..	..	..	..	..	..	..	..	..
Accommodation Supplement	795	720	706	702	750	834	864	907	926	939
Invalids Benefit	745	832	914	976	1,026	1,076	1,136	1,203	1,259	1,318
Sickness Benefit	..	375	421	470	510	542	581	622	658	696
Disability Allowance	210	224	241	257	267	262	277	296	312	331
Transitional Retirement Benefit	127	97	47	11	..	..	..	..	..	..
Income Related Rents	161	274	296	340	370	396	416	435	453	473
Family Support	878	848	862	833	846	1,369	1,824	2,178	2,208	2,208
Child Tax Credit	161	157	143	155	141	161	44	15	13	11
Special Benefit	40	49	82	140	175	154	77	36	16	8
In Work Payment	..	..	..	..	..	51	295	356	361	361
Benefits paid in Australia	171	159	121	103	91	80	71	58	57	48
Paid Parental Leave	..	..	56	63	76	99	121	128	134	139
Other benefits	531	559	559	589	613	673	773	806	831	850
Welfare Benefit Expenses	12,385	12,614	12,884	13,181	13,326	14,333	15,579	16,692	17,259	17,887

Source: The Treasury

Table 6.3 – Beneficiary numbers

(Thousands)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
New Zealand Superannuation	449	448	454	461	469	483	496	507	518	532
Domestic Purposes Benefit	110	110	110	110	109	105	102	102	102	101
Unemployment Benefit	..	140	126	104	78	65	67	75	77	74
Community Wage	189	..	..	..	..	..	..	..	..	..
Accommodation Supplement	297	270	261	249	243	249	256	265	268	269
Invalids Benefit	58	62	67	70	74	76	78	81	83	85
Sickness Benefit	..	35	38	42	45	47	49	50	52	54

Source: The Treasury

Table 6.4 – GSF pension expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Pension expenses	948	973	978	975	1,032	1,137	1,084	1,117	1,151	1,168
Revaluation of Unfunded Liability	164	436	1,647	(315)	1,410	293	11	(38)	(88)	(134)
GSF Pension Expenses	1,112	1,409	2,625	660	2,442	1,430	1,095	1,079	1,063	1,034

Source: The Treasury

Table 6.5 – Health expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Departmental outputs	116	136	148	161	157	178	150	148	148	148
Health service purchasing	6,138	6,307	6,783	7,452	8,113	9,104	9,574	9,659	9,714	9,722
Other non-departmental outputs	88	61	59	71	160	137	103	84	84	84
Health payments to ACC	291	484	482	409	356	374	404	437	465	491
Other expenses	27	44	29	18	27	46	30	30	30	30
Health Expenses	6,660	7,032	7,501	8,111	8,813	9,839	10,261	10,358	10,441	10,475

Source: The Treasury

Table 6.6 – Health service purchasing

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Payments to District Health Boards	4,476	4,936	5,328	6,441	7,262	8,079	8,597	8,675	8,725	8,733
National Disability Support Services	1,550	1,170	1,260	793	620	710	690	690	690	690
Public Health Service Purchasing	112	201	195	218	231	315	287	294	299	299
Health Service Purchasing	6,138	6,307	6,783	7,452	8,113	9,104	9,574	9,659	9,714	9,722

Source: The Treasury

Table 6.7 – Education expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Early childhood education	319	343	373	393	444	546	604	703	739	758
Primary and secondary schools	3,261	3,325	3,449	3,692	3,934	4,187	4,310	4,300	4,239	4,305
Tertiary funding	1,992	2,225	2,470	2,535	2,496	4,149	2,818	2,887	2,937	2,939
Departmental expenses	419	467	621	679	737	837	827	819	808	807
Other education expenses	145	113	103	286	319	314	319	325	336	346
Education Expenses	6,136	6,473	7,016	7,585	7,930	10,033	8,878	9,034	9,059	9,155

Source: The Treasury

Table 6.8 – Primary and secondary education expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Primary	1,705	1,706	1,749	1,884	1,964	2,074	2,135	2,125	2,092	2,131
Secondary	1,202	1,182	1,269	1,385	1,524	1,625	1,678	1,679	1,653	1,675
School transport	96	98	103	106	109	114	115	116	117	119
Special needs support	258	251	227	221	231	253	263	264	261	264
Professional Development	..	76	86	84	95	106	104	101	101	101
Schooling Improvement	..	12	15	12	11	15	15	15	15	15
Schools Funding Expenses	3,261	3,325	3,449	3,692	3,934	4,187	4,310	4,300	4,239	4,305
Places (year)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary	463,000	465,000	469,000	464,000	457,000	455,000	452,000	450,000	452,000	453,000
Secondary	251,000	257,000	265,000	277,000	284,000	286,000	286,000	286,000	285,000	283,000

Sources: Ministry of Education, The Treasury

Table 6.9 – Tertiary education expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Tuition	1,344	1,515	1,729	1,770	1,647	1,928	2,035	2,082	2,127	2,135
Other tertiary funding	30	36	62	66	68	137	158	151	150	150
Tertiary student allowances	391	401	388	380	359	350	363	376	387	398
Initial fair value change in student loans	..	..	..	..	..	1,479	..	..	..	..
Student loans	227	273	291	319	422	255	262	278	273	256
Tertiary Funding Expenses	1,992	2,225	2,470	2,535	2,496	4,149	2,818	2,887	2,937	2,939
Places (year)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EFT Students	193,660	219,239	245,152	247,975	240,429	243,755	239,191	239,894	242,178	243,295

Sources: Ministry of Education, The Treasury

Table 6.10 – Core Government service expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Official development assistance	226	223	230	237	297	346	333	371	371	367
Indemnity and guarantee expenses	253	..	197	9	..	..	..	..	..	..
Departmental expenses	901	907	1,025	1,096	1,570	1,503	1,447	1,469	1,465	1,462
Science expenses	226	202	250	283	170	157	158	161	162	162
Other expenses	192	208	78	116	180	176	169	175	173	171
Core Government Service Expenses	1,798	1,540	1,780	1,741	2,217	2,182	2,107	2,176	2,171	2,162

Source: The Treasury

Table 6.11 – Law and order expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Police	724	755	800	844	896	952	952	943	943	943
Ministry of Justice	13	15	15	178	257	316	318	322	327	322
Department of Corrections	369	412	403	439	483	554	575	596	599	604
Department for Courts	181	189	211	53	..	..	..	..	..	..
Other departments	67	71	77	81	72	71	74	67	67	67
Department Expenses	1,354	1,442	1,506	1,595	1,708	1,893	1,919	1,928	1,936	1,936
Non-departmental outputs	159	178	177	178	218	253	264	264	262	260
Other expenses	28	113	51	70	51	47	49	52	54	48
Law and Order Expenses	1,541	1,733	1,734	1,843	1,977	2,193	2,232	2,244	2,252	2,244

Source: The Treasury

Table 6.12 – Defence expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
NZDF Core expenses	1,058	1,076	1,095	1,182	1,203	1,302	1,368	1,453	1,530	1,616
NZDF write-offs	104	..	23	72	..	..	..	..	..	..
NZDF East Timor deployment	22	20	20	..	..	..	..	..	..	..
MSD East Timor deployment	22	23	13	12	10	9	2	..	..	..
Other departments	36	43	48	45	62	66	60	55	54	54
Defence Expenses	1,242	1,162	1,199	1,311	1,275	1,377	1,430	1,508	1,584	1,670

Source: The Treasury

Table 6.13 – Transport and communication expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Transfund	775	817	1,131	1,222	1,346	1,560	1,825	2,077	2,204	2,152
Departmental outputs	75	78	80	83	97	106	104	104	103	103
Other non-departmental expenses	46	49	61	84	79	75	91	7	59	107
Goodwill amortisation	..	23	47	47	47	47	47	47	47	47
Rail write-offs	..	..	81	19	..	..	..	..	..	..
Rail costs	..	..	..	3	63	103	46	19	1	1
Other expenses	9	22	8	3	3	2	2	2	2	2
Transport and Communication Expenses	905	989	1,408	1,461	1,635	1,893	2,115	2,256	2,416	2,412

Source: The Treasury

Table 6.14 – Economic and industrial services expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Departmental outputs	422	414	424	478	508	592	559	554	547	547
Employment initiatives	204	209	217	222	224	242	248	250	251	251
Non-departmental outputs	324	282	277	444	549	763	702	689	628	645
Flood relief	..	..	..	15	52	3	..	..	..	..
Savings package	..	..	..	..	..	4	53	226	185	211
Other expenses	87	108	136	33	111	107	84	79	78	78
Economic and Industrial Service Expenses	1,037	1,013	1,054	1,192	1,444	1,711	1,646	1,798	1,689	1,732

Source: The Treasury

Table 6.15 – Employment initiatives

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Training incentive allowance	36	36	37	42	36	43	43	43	43	43
Community employment projects	17	21	21	16	6	..	..	..	..	..
Subsidised work	95	92	95	100	102	110	113	113	113	113
Employment support for disabled	53	60	61	61	74	85	88	90	91	91
Other employment assistance schemes	3	..	3	3	6	4	4	4	4	4
Employment Initiative Expenses	204	209	217	222	224	242	248	250	251	251

Source: The Treasury

Table 6.16 – Primary service expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Departmental expenses	194	220	265	269	272	335	298	297	297	294
Non-departmental outputs	61	75	80	81	114	125	118	114	112	116
Other expenses	24	9	10	18	8	13	5	7	7	7
Primary Service Expenses	279	304	355	368	394	473	421	418	416	417

Source: The Treasury

Table 6.17 – Heritage, culture and recreation expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Community grants	18	6	6	3	6	7	7	7	7	7
Kyoto protocol	..	..	..	..	310	130	..	..	..	..
Departmental outputs	206	212	253	269	292	358	333	337	340	344
Non-departmental outputs	159	130	212	258	317	364	339	338	341	341
Other expenses	17	86	44	104	66	183	88	83	81	81
Heritage, Culture and Recreation Expenses	400	434	515	634	991	1,042	767	765	769	773

Source: The Treasury

Table 6.18 – Housing and community development expenses

(\$ million)	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Housing subsidies	..	22	25	27	31	27	28	28	28	28
Departmental outputs	35	51	57	77	100	133	122	118	116	116
Other non-departmental expenses	15	20	20	35	32	58	110	113	106	97
Housing and Community Development Expenses	50	93	102	139	163	218	260	259	250	241

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.

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

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

Corporate tax

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

Current account (Balance of Payments)

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

Customs duty

Duty levied on the imports of certain goods.

Cyclically adjusted or structural fiscal balance

An estimate of the fiscal balance (e.g. OBERAC) 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 the 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 Objectives (long-term)

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the Public Finance Act 1989. The objectives must be consistent with the principles of responsible fiscal management outlined in the Act.

Forecast new capital spending

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

Forecast new operating spending

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

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.

Gross Sovereign-Issued Debt (GSID)

Gross sovereign-issued debt is debt issued by the sovereign (i.e., core Crown) and includes Government stock held by the NZS Fund, GSF, ACC or EQC for example. The Government's debt objective uses this measure of debt.

Labour productivity

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

Line-by-line consolidation

This is a term used to refer to the general approach to the presentation of the Crown financial statements. It means that the revenues, expenses, assets and liabilities of all departments, the Reserve Bank, SOEs and

Crown entities are 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 interest rates and the exchange rate.

Monetary policy

Action taken by the Reserve Bank to affect interest rates and the exchange rate in order to control inflation. Tightening monetary policy refers to actions taken by the Reserve Bank to raise interest rates (which can influence the exchange rate) in order to moderate demand pressures to reduce inflationary pressures.

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 and GSF. Net Crown debt is a measure of the Core Crown.

Net worth

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

Operating allowance

The amount included in the *Fiscal Strategy Report* projections for new spending and cost pressures. The allowance is a projection assumption.

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 operating 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

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

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).

Short-term fiscal intentions

Under the Public Finance Act 1989, the Government must indicate explicitly its intentions for operating expenses, operating revenues, the operating balance, debt and net worth over the next three years.

Source deductions

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

Specific fiscal risks

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

Stock change

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

System of National Accounts (SNA)

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

Tax revenue

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

Thin capitalisation

A tax rule applicable to a non-resident-owned business that limits tax deductions for interest payments based on its level of debt relative to its assets.

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, 2005/06 or 2006 will generally mean "year ended 30 June" unless otherwise stated.