

Core Crown Expense Tables

(\$ million)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	13,907	14,252	14,682	15,598	17,214	17,914	18,315	18,744	19,554	20,426
GSF	2,625	660	2,442	1,671	648	629	603	568	558	545
Health	7,501	8,111	8,813	9,547	10,357	11,480	11,552	11,622	11,623	11,642
Education	7,016	7,585	7,930	9,914	9,261	9,863	9,945	10,009	10,103	10,171
Core government services	1,780	1,741	2,217	2,169	4,469	2,957	2,955	3,042	3,243	3,270
Law and order	1,734	1,843	1,977	2,235	2,748	2,910	2,913	2,904	2,901	2,903
Defence	1,199	1,311	1,275	1,383	1,529	1,641	1,683	1,771	1,880	1,950
Transport and communications	1,408	1,461	1,635	1,818	2,275	2,784	2,849	2,726	2,717	2,946
Economic and industrial services	1,054	1,192	1,444	1,592	1,548	2,710	2,876	3,109	3,273	3,415
Primary services	355	368	394	467	457	527	493	484	480	484
Heritage, culture and recreation	515	634	991	1,194	798	1,072	1,482	1,366	1,371	1,352
Housing and community development	102	139	163	202	275	313	283	268	266	265
Other	75	52	32	49	68	82	82	82	82	82
Finance costs	2,360	2,252	2,274	2,356	2,330	2,804	2,724	2,646	2,825	2,807
Net foreign exchange (gains)/losses	118	7	(35)	(295)	..	..	..	..	..	..
Forecast for future new spending	..	..	..	..	..	201	2,057	4,015	5,956	7,926
Top- down expense adjustment	..	..	..	..	..	(750)	(275)	(250)	(200)	(150)
Core Crown expenses	41,749	41,608	46,234	49,900	53,977	57,137	60,537	63,106	66,632	70,034

Source: The Treasury

Table 6.1 – Social security and welfare expenses

(\$ million)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	12,884	13,181	13,326	14,246	15,435	16,405	16,791	17,224	18,079	18,952
Social rehabilitation & compensation	146	118	152	145	163	164	172	176	181	180
Departmental expenses	666	705	781	858	1,053	918	895	885	834	834
Other non-departmental expenses	211	248	423	349	563	427	457	459	460	460
Social security and welfare expenses	13,907	14,252	14,682	15,598	17,214	17,914	18,315	18,744	19,554	20,426

Source: The Treasury

Table 6.2 – New Zealand superannuation and welfare benefit expenses

(\$ million)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	5,642	5,889	6,083	6,414	6,810	7,343	7,719	8,178	8,712	9,378
Domestic Purposes Benefit	1,520	1,569	1,547	1,493	1,468	1,466	1,481	1,508	1,537	1,575
Unemployment Benefit	1,274	1,084	831	712	612	458	437	449	450	471
Accommodation Supplement	706	702	750	843	877	885	906	927	946	972
Invalids Benefit	914	976	1,026	1,073	1,132	1,195	1,250	1,306	1,358	1,406
Sickness Benefit	421	470	510	541	573	600	607	610	608	609
Disability Allowance	241	257	267	261	270	279	290	303	315	330
Transitional Retirement Benefit	47	11	..	..	..	..	..	..	..	..
Income Related Rents	296	340	370	395	434	464	495	526	557	590
Family Tax Credit	862	833	846	1,285	1,699	2,023	1,934	1,930	2,032	2,016
Child Tax Credit	143	155	141	154	44	13	12	9	8	8
Special Benefit	82	140	175	162	106	69	53	47	45	45
In Work Tax Credit	..	..	..	70	461	593	607	605	615	613
Benefits paid in Australia	121	103	91	80	71	58	51	45	40	34
Paid Parental Leave	56	63	76	96	122	121	134	139	148	155
Other benefits	559	589	613	667	756	838	815	642	708	750
Welfare benefit expenses	12,884	13,181	13,326	14,246	15,435	16,405	16,791	17,224	18,079	18,952

Source: The Treasury

Table 6.3 – Beneficiary numbers

(Thousands)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
New Zealand Superannuation	454	461	469	482	495	509	521	535	550	569
Domestic Purposes Benefit	110	110	109	106	100	97	95	94	93	93
Unemployment Benefit	126	104	78	64	52	38	34	34	33	34
Accommodation Supplement	261	249	243	249	251	245	247	250	252	256
Invalids Benefit	67	70	74	76	78	80	83	85	87	88
Sickness Benefit	38	42	45	47	48	49	49	48	46	45

Source: The Treasury

Table 6.4 – GSF pension expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Pension expenses	978	975	1,032	1,392	648	629	603	568	558	545
Revaluation of Unfunded Liability	1,647	(315)	1,410	279	..	..	..	..	..	..
GSF pension expenses	2,625	660	2,442	1,671	648	629	603	568	558	545

Source: The Treasury

Table 6.5 – Health expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Departmental outputs	148	161	157	174	183	207	193	192	190	190
Health service purchasing	6,783	7,452	8,113	8,805	9,614	10,674	10,723	10,759	10,739	10,758
Other non-departmental outputs	59	71	160	135	99	99	99	92	85	85
Health payments to ACC	482	409	356	372	424	465	501	543	573	573
Other expenses	29	18	27	61	37	35	36	36	36	36
Health expenses	7,501	8,111	8,813	9,547	10,357	11,480	11,552	11,622	11,623	11,642

Source: The Treasury

Table 6.6 – Health service purchasing

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Payments to District Health Boards	5,328	6,441	7,262	7,814	8,547	9,582	9,573	9,560	9,547	9,566
National Disability Support Services	1,260	793	620	699	755	840	830	829	828	828
Public Health Service Purchasing	195	218	231	292	312	252	320	370	364	364
Health service purchasing	6,783	7,452	8,113	8,805	9,614	10,674	10,723	10,759	10,739	10,758

Source: The Treasury

Table 6.7 – Education expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Early childhood education	373	393	444	555	617	800	832	883	934	964
Primary and secondary schools	3,449	3,692	3,934	4,153	4,324	4,495	4,497	4,468	4,460	4,467
Tertiary funding	2,470	2,535	2,496	4,047	3,122	3,302	3,341	3,406	3,462	3,495
Departmental expenses	621	679	737	821	869	863	853	847	846	845
Other education expenses	103	286	319	338	329	403	422	405	401	400
Education expenses	7,016	7,585	7,930	9,914	9,261	9,863	9,945	10,009	10,103	10,171

Source: The Treasury

Table 6.8 – Primary and secondary education expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Primary	1,749	1,884	1,964	2,062	2,141	2,214	2,216	2,231	2,230	2,240
Secondary	1,269	1,385	1,524	1,618	1,681	1,748	1,758	1,715	1,709	1,705
School transport	103	106	109	118	125	129	132	135	137	140
Special needs support	227	221	231	245	263	271	272	273	272	271
Professional Development	86	84	95	101	104	120	105	101	98	97
Schooling Improvement	15	12	11	9	10	13	14	13	14	14
expenses	3,449	3,692	3,934	4,153	4,324	4,495	4,497	4,468	4,460	4,467
Places (year)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary	469,000	464,000	457,000	457,951	452,000	450,000	452,000	453,000	454,000	460,000
Secondary	265,000	277,000	284,000	288,711	287,000	286,000	283,000	281,000	281,000	280,000

Sources: Ministry of Education, The Treasury

Table 6.9 – Tertiary education expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Tuition	1,729	1,770	1,647	1,865	1,962	2,189	2,186	2,220	2,243	2,245
Other tertiary funding	62	66	68	110	138	185	185	183	184	185
Tertiary student allowances	388	380	359	354	383	396	409	417	424	430
Initial fair value change in student loans	..	..	..	1,415	..	..	..	..	..	..
Student loans	291	319	422	303	639	532	561	586	611	635
Tertiary education expenses	2,470	2,535	2,496	4,047	3,122	3,302	3,341	3,406	3,462	3,495
Places (year)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EFT students	245,152	247,975	240,734	227,416	225,833	228,211	231,158	233,481	235,208	236,639

Sources: Ministry of Education, The Treasury

Table 6.10 – Core Government service expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Official development assistance	230	237	297	330	330	413	427	493	563	563
Indemnity and guarantee expenses	197	9	..	..	..	..	..	..	..	..
Departmental expenses	1,025	1,096	1,570	1,403	1,390	1,553	1,509	1,499	1,556	1,554
Non-Departmental Expenses					220	145	169	196	273	302
Tax receivable write-down					2,159	450	450	450	450	450
Science expenses	250	283	170	157	163	173	174	176	176	176
Other expenses	78	116	180	279	207	223	226	228	225	225
Core Government service expenses	1,780	1,741	2,217	2,169	4,469	2,957	2,955	3,042	3,243	3,270

Source: The Treasury

Table 6.11 – Law and order expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Police	800	844	896	976	1,091	1,190	1,190	1,179	1,178	1,178
Ministry of Justice	15	178	257	299	454	376	370	363	363	364
Department of Corrections	403	439	483	572	661	775	781	788	786	787
Department for Courts	211	53	..	..	..	..	..	..	..	..
Other departments	77	81	72	76	103	106	109	113	113	113
Department expenses	1,506	1,595	1,708	1,923	2,309	2,447	2,450	2,443	2,440	2,442
Non-departmental outputs	177	178	218	262	368	320	320	318	318	318
Other expenses	51	70	51	50	71	143	143	143	143	143
Law and order expenses	1,734	1,843	1,977	2,235	2,748	2,910	2,913	2,904	2,901	2,903

Source: The Treasury

Table 6.12 – Defence expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
NZDF Core expenses	1,095	1,182	1,203	1,306	1,602	1,594	1,635	1,723	1,832	1,901
NZDF write-offs	23	72	..	..	..	..	..	..	..	..
NZDF East Timor deployment	20	..	..	..	..	..	..	..	..	..
MSD East Timor deployment	13	12	10	10	10	..	..	..	..	..
Other expenses	48	45	62	67	(83)	47	48	48	48	49
Defence expenses	1,199	1,311	1,275	1,383	1,529	1,641	1,683	1,771	1,880	1,950

Source: The Treasury

Table 6.13 – Transport and communication expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Land Transport NZ ¹	1,131	1,222	1,346	1,482	2,007	2,283	2,291	2,082	2,159	1,917
Departmental outputs	80	83	97	101	114	133	126	126	125	125
Other non-departmental expenses	61	84	79	109	(43)	123	115	159	297	726
Goodwill amortisation	47	47	47	47	47	..	..	..	..	..
Rail write-offs	81	19	..	..	..	..	..	..	..	..
Rail costs	..	3	63	77	142	236	309	357	134	176
Other expenses	8	3	3	2	8	9	8	2	2	2
Transport and communication expenses	1,408	1,461	1,635	1,818	2,275	2,784	2,849	2,726	2,717	2,946

¹Since 2004/05 funding has been provided to Land Transport NZ. Prior to this, funding was received by Transfund.

Source: The Treasury

Table 6.14 – Economic and industrial services expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Departmental outputs	424	478	508	549	548	610	596	589	583	582
Employment initiatives	217	222	224	202	206	223	221	217	217	217
Non-departmental outputs	277	444	549	751	826	899	934	996	1,037	1,031
Reserve Electricity Generation	..	..	..	26	16	36	26	26	26	25
Flood relief	..	15	52	8	..	..	..	..	..	..
KiwiSaver	..	..	..	..	..	834	981	1,155	1,290	1,440
Other expenses	136	33	111	56	(48)	108	118	126	120	120
Economic and industrial service expenses	1,054	1,192	1,444	1,592	1,548	2,710	2,876	3,109	3,273	3,415

Source: The Treasury

Table 6.15 – Employment initiatives

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Training incentive allowance	37	42	36	32	29	44	44	44	44	44
Community employment projects	21	16	6	..	..	..	..	..	..	..
Subsidised work	95	100	102	84	88	85	82	78	78	78
Employment support for disabled	61	61	74	82	86	90	91	91	91	91
Other employment assistance schemes	3	3	6	4	3	4	4	4	4	4
Employment initiatives	217	222	224	202	206	223	221	217	217	217

Source: The Treasury

Table 6.16 – Primary service expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Departmental expenses	265	269	272	350	341	389	367	361	359	359
Non-departmental outputs	80	81	114	97	99	119	110	108	106	110
Other expenses	10	18	8	20	17	19	16	15	15	15
Primary service expenses	355	368	394	467	457	527	493	484	480	484

Source: The Treasury

Table 6.17 – Heritage, culture and recreation expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Community grants	6	3	6	7	7	7	7	7	7	7
Kyoto protocol	..	..	310	345	2	..	..	..	..	..
Emmission Trading Scheme					..	..	597	477	477	477
Departmental outputs	253	269	292	322	354	401	404	407	413	414
Non-departmental outputs	212	258	317	351	397	479	416	418	417	397
Other expenses	44	104	66	169	38	185	58	57	57	57
Heritage, culture and recreation expenses	515	634	991	1,194	798	1,072	1,482	1,366	1,371	1,352

Source: The Treasury

Table 6.18 – Housing and community development expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Housing subsidies	25	27	31	23	25	29	29	28	29	29
Departmental outputs	57	77	100	117	134	160	142	133	130	129
Other non-departmental expenses	20	35	32	62	116	124	112	107	107	107
expenses	102	139	163	202	275	313	283	268	266	265

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, and legal disputes and claims.

Core Crown

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

Corporate tax

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

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 (eg, OBEGAL) adjusted for short-term fluctuations of actual GDP around trend GDP. 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.

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 expected to be issued over the financial year.

Excise duties

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

Financial assets

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

Fiscal impulse

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

Fiscal intentions (short-term)

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

Fiscal objectives (long-term)

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the Public Finance Act 1989. The objectives must be consistent with the principles of responsible fiscal management outlined in the Act and cover a period of 10 or more years.

Forecast new capital spending

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

Forecast new operating spending

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

Gross Crown debt

The total borrowings (both sovereign guaranteed and non-sovereign guaranteed and including derivatives in loss) of the total Crown. This is the amount in the total Crown Statement of Financial Position for Reserve Bank settlement deposits plus other borrowings. It represents the complete picture of whole-of-Crown debt obligations to external parties, excluding payables.

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)

Debt issued by the sovereign (ie, Core Crown) and includes Government stock held by the NZS Fund, ACC or EQC. The gross sovereign-issued debt indicator does not eliminate any internal cross-holdings.

Labour force participation rate

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

Labour productivity

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

Line-by-line consolidation

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

Marketable securities

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

Monetary conditions

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 aggregate demand pressures and so reduce inflationary pressures.

Net Core Crown debt

Debt after deducting financial assets of the Core Crown (comprising cash equivalents, marketable securities, derivatives in gain, advances and some share investments) from gross sovereign-issued debt. Share investments in supranational organisations, such as the International Bank for Reconstruction and Development & Bank for International Settlements, are excluded from the net Core Crown debt measure.

Net worth

Total assets less total liabilities (also referred to as Crown balance).

NZ IFRS

New Zealand equivalents to International Financial Reporting Standards. These standards are approved by the Accounting Standards Review Board in New Zealand and are based on the requirements of the internal financial reporting standards issued by the International Accounting Standards Board.

Operating allowance

The amount included in the *Fiscal Strategy Report* projections for new initiatives, including spending and cost pressures. The allowance is a projection assumption. The projections in the *Fiscal Strategy Report* also include an allowance for capital spending.

Operating balance

The operating balance is the residual of revenues less expenses plus surpluses from state-owned enterprises and Crown entities. It includes gains and losses.

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. As a result of the change to New GAAP this fiscal indicator is being replaced by OBEGAL (refer below).

Operating balance before gains and losses (OBEGAL)

The OBEGAL is the operating balance excluding gains and losses. It replaces OBERAC under New GAAP.

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).

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.

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, 2007/08 or 2008 will generally mean “year ended 30 June” unless otherwise stated.