

# 6

## Core Crown Expense Tables<sup>7</sup>

(\$ 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	16,768	18,071	18,898	19,566	20,175	21,212
GSF	541	591	718	761	645	714	652	625	610	582
Health	7,501	8,111	8,813	9,547	10,355	11,343	12,586	12,538	12,522	12,526
Education	7,016	7,585	7,930	9,914	9,269	10,046	10,524	10,892	11,096	11,217
Core government services	2,130	2,091	2,567	2,507	4,816	3,222	3,448	3,508	3,678	3,728
Law and order	1,734	1,843	1,977	2,235	2,699	2,943	3,101	3,078	3,085	3,086
Defence	1,199	1,311	1,275	1,383	1,517	1,566	1,741	1,800	1,891	1,964
Transport and communications	1,408	1,461	1,635	1,818	2,405	2,290	2,823	2,731	2,635	2,488
Economic and industrial services	1,054	1,192	1,444	1,592	1,595	2,828	3,244	3,281	3,414	3,461
Primary services	355	368	394	467	438	565	520	499	494	499
Heritage, culture and recreation	515	634	991	891	844	1,123	1,769	1,322	1,502	1,485
Housing and community development	102	139	163	202	255	282	334	302	299	297
Other	75	52	32	49	68	84	83	83	83	83
Finance costs	2,360	2,252	2,274	2,356	2,329	2,527	2,406	2,341	2,606	2,648
Net foreign exchange (gains)/losses	..	..	..	..	..	..	..	..	..	..
Forecast for future new spending	..	..	..	..	..	..	249	1,774	3,376	5,117
Top- down expense adjustment	..	..	..	..	..	(240)	(495)	(450)	(450)	(450)
<b>Core Crown expenses</b>	<b>39,897</b>	<b>41,882</b>	<b>44,895</b>	<b>49,320</b>	<b>54,003</b>	<b>57,364</b>	<b>61,883</b>	<b>63,890</b>	<b>67,016</b>	<b>69,943</b>

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	16,448	16,972	17,608	18,163	19,144
Social rehabilitation & compensation	146	118	152	145	163	199	223	215	221	225
Departmental expenses	666	705	781	858	845	866	1,101	1,091	1,083	1,073
Other non-departmental expenses	211	248	423	349	325	558	602	652	708	770
<b>Social security and welfare expenses</b>	<b>13,907</b>	<b>14,252</b>	<b>14,682</b>	<b>15,598</b>	<b>16,768</b>	<b>18,071</b>	<b>18,898</b>	<b>19,566</b>	<b>20,175</b>	<b>21,212</b>

Source: The Treasury

<sup>7</sup> Historical data contained in the expense tables have been restated on a NZ IFRS basis for material changes.

**Table 6.2** – New Zealand superannuation and welfare benefit expenses

(\$ million)	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
New Zealand Superannuation	5,642	5,889	6,083	6,414	6,810	7,347	7,741	8,196	8,622	9,219
Domestic Purposes Benefit	1,520	1,569	1,547	1,493	1,468	1,475	1,455	1,463	1,469	1,535
Unemployment Benefit	1,274	1,084	831	712	613	455	403	431	419	421
Invalids Benefit	914	976	1,026	1,073	1,132	1,214	1,264	1,298	1,327	1,397
Family Support	862	833	846	1,285	1,699	2,081	2,132	2,132	2,137	2,236
Accommodation Supplement	706	702	750	843	877	888	911	935	953	977
Sickness Benefit	421	470	510	541	573	580	548	538	530	541
Disability Allowance	241	257	267	261	270	278	387	410	433	456
Transitional Retirement Benefit	47	11	..	..	..	..	..	..	..	..
Income Related Rents	296	340	370	395	434	463	496	527	556	587
In Work Tax Credit	..	..	..	70	461	557	587	578	583	605
Child Tax Credit	143	155	141	154	44	10	6	4	3	3
Special Benefit	82	140	175	162	106	71	..	..	..	..
Benefits paid in Australia	121	103	91	80	71	58	51	45	38	33
Paid Parental Leave	56	63	76	96	122	137	146	158	167	177
Other benefits	559	589	613	667	755	834	845	893	926	957
<b>Welfare benefit expenses</b>	<b>12,884</b>	<b>13,181</b>	<b>13,326</b>	<b>14,246</b>	<b>15,435</b>	<b>16,448</b>	<b>16,972</b>	<b>17,608</b>	<b>18,163</b>	<b>19,144</b>

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	549	569
Domestic Purposes Benefit	110	110	109	106	100	97	97	96	95	95
Unemployment Benefit	126	104	78	64	52	37	33	35	33	32
Accommodation Supplement	261	249	243	249	251	244	244	248	250	253
Invalids Benefit	67	70	74	76	78	82	86	88	89	90
Sickness Benefit	38	42	45	47	48	48	45	44	43	42

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	541	591	718	761	645	714	652	625	610	582
<b>GSF pension expenses</b>	<b>541</b>	<b>591</b>	<b>718</b>	<b>761</b>	<b>645</b>	<b>714</b>	<b>652</b>	<b>625</b>	<b>610</b>	<b>582</b>

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	180	204	224	216	212	210
Health service purchasing	6,783	7,452	8,113	8,805	9,614	10,531	11,704	11,633	11,588	11,557
Other non-departmental outputs	59	71	160	135	99	99	104	98	92	91
Health payments to ACC	482	409	356	372	425	467	511	548	586	624
Other expenses	29	18	27	61	37	42	43	43	44	44
<b>Health expenses</b>	<b>7,501</b>	<b>8,111</b>	<b>8,813</b>	<b>9,547</b>	<b>10,355</b>	<b>11,343</b>	<b>12,586</b>	<b>12,538</b>	<b>12,522</b>	<b>12,526</b>

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	9,339	10,276	10,217	10,184	10,194
National Disability Support Services	1,260	793	620	699	755	834	880	875	875	875
Public Health Service Purchasing	195	218	231	292	312	358	548	541	529	488
<b>Health service purchasing</b>	<b>6,783</b>	<b>7,452</b>	<b>8,113</b>	<b>8,805</b>	<b>9,614</b>	<b>10,531</b>	<b>11,704</b>	<b>11,633</b>	<b>11,588</b>	<b>11,557</b>

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	841	917	997	1,065	1,100
Primary and secondary schools	3,449	3,692	3,934	4,153	4,325	4,583	4,876	5,033	5,038	5,052
Tertiary funding	2,470	2,535	2,496	4,047	3,322	3,623	3,737	3,890	4,023	4,097
Departmental expenses	621	679	737	821	875	854	881	865	860	860
Other education expenses	103	286	319	338	130	145	113	107	110	108
<b>Education expenses</b>	<b>7,016</b>	<b>7,585</b>	<b>7,930</b>	<b>9,914</b>	<b>9,269</b>	<b>10,046</b>	<b>10,524</b>	<b>10,892</b>	<b>11,096</b>	<b>11,217</b>

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	2,275	2,423	2,563	2,578	2,591
Secondary	1,269	1,385	1,524	1,618	1,682	1,773	1,893	1,906	1,899	1,900
School transport	103	106	109	118	125	132	139	142	146	150
Special needs support	227	221	231	245	263	280	294	305	304	303
Professional Development	86	84	95	101	104	111	114	104	98	95
Schooling Improvement	15	12	11	9	10	12	13	13	13	13
<b>Primary and secondary education expenses</b>	<b>3,449</b>	<b>3,692</b>	<b>3,934</b>	<b>4,153</b>	<b>4,325</b>	<b>4,583</b>	<b>4,876</b>	<b>5,033</b>	<b>5,038</b>	<b>5,052</b>

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	2,183	2,206	2,295	2,370	2,385
Other tertiary funding	62	66	68	110	339	369	558	564	577	585
Tertiary student allowances	388	380	359	354	382	384	398	418	429	446
Initial fair value change in student loans	..	..	..	1,415	..	..	..	..	..	..
Student loans	291	319	422	303	639	687	575	613	647	681
<b>Tertiary education expenses</b>	<b>2,470</b>	<b>2,535</b>	<b>2,496</b>	<b>4,047</b>	<b>3,322</b>	<b>3,623</b>	<b>3,737</b>	<b>3,890</b>	<b>4,023</b>	<b>4,097</b>

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	434	499	568	568
Indemnity and guarantee expenses	197	9	..	..	..	..	..	..	..	..
Departmental expenses	1,025	1,096	1,570	1,403	1,402	1,509	1,607	1,583	1,618	1,614
Non-Departmental Expenses	..	..	..	..	237	197	244	389	433	462
Tax receivable write-down	350	350	350	338	2,479	713	722	614	633	653
Science expenses	250	283	170	157	163	169	186	192	193	195
Other expenses	78	116	180	279	205	221	255	231	233	236
<b>Core Government service expenses</b>	<b>2,130</b>	<b>2,091</b>	<b>2,567</b>	<b>2,507</b>	<b>4,816</b>	<b>3,222</b>	<b>3,448</b>	<b>3,508</b>	<b>3,678</b>	<b>3,728</b>

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	1,086	1,209	1,264	1,256	1,259	1,260
Ministry of Justice	15	178	257	299	454	368	390	374	369	370
Department of Corrections	403	439	483	572	662	787	830	841	845	844
Department for Courts	211	53	..	..	..	..	..	..	..	..
Other departments	77	81	72	76	60	105	119	124	129	129
<b>Department expenses</b>	<b>1,506</b>	<b>1,595</b>	<b>1,708</b>	<b>1,923</b>	<b>2,262</b>	<b>2,469</b>	<b>2,603</b>	<b>2,595</b>	<b>2,602</b>	<b>2,603</b>

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	1,459	1,520	1,685	1,741	1,819	1,903
NZDF write-offs	23	72	..	..	..	..	..	..	..	..
NZDF East Timor deployment	20	..	..	..	..	..	..	..	..	..
Other expenses	61	57	72	77	58	46	56	59	72	61
<b>Defence expenses</b>	<b>1,199</b>	<b>1,311</b>	<b>1,275</b>	<b>1,383</b>	<b>1,517</b>	<b>1,566</b>	<b>1,741</b>	<b>1,800</b>	<b>1,891</b>	<b>1,964</b>

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 <sup>1</sup>	1,131	1,222	1,346	1,482	1,874	1,860	2,175	2,006	2,150	2,138
Departmental outputs	80	83	97	101	113	133	130	128	127	127
Other non-departmental expenses	61	84	79	109	221	120	134	143	140	119
Goodwill amortisation	47	47	47	47	47	..	..	..	..	..
Rail write-offs	81	19	..	..	..	..	..	..	..	..
Rail costs	..	3	63	77	142	163	359	435	199	85
Other expenses	8	3	3	2	8	14	25	19	19	19
<b>Transport and communication expenses</b>	<b>1,408</b>	<b>1,461</b>	<b>1,635</b>	<b>1,818</b>	<b>2,405</b>	<b>2,290</b>	<b>2,823</b>	<b>2,731</b>	<b>2,635</b>	<b>2,488</b>

<sup>1</sup> Since 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	546	600	399	382	377	374
Employment initiatives	217	222	224	202	207	207	196	182	182	182
Non-departmental outputs	277	444	549	751	873	826	909	849	845	840
Reserve Electricity Generation	..	..	..	26	16	39	26	26	26	25
Flood relief	..	15	52	8	..	..	..	..	..	..
KiwiSaver	..	..	..	..	..	1,031	1,370	1,441	1,502	1,507
Research & Development tax credits	..	..	..	..	..	37	208	250	290	332
Other expenses	136	33	111	56	(47)	88	136	151	192	201
<b>Economic and industrial service expenses</b>	<b>1,054</b>	<b>1,192</b>	<b>1,444</b>	<b>1,592</b>	<b>1,595</b>	<b>2,828</b>	<b>3,244</b>	<b>3,281</b>	<b>3,414</b>	<b>3,461</b>

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	29	26	26	26	26
Community employment projects	21	16	6	..	..	..	..	..	..	..
Subsidised work	95	100	102	84	88	85	75	61	60	59
Employment support for disabled	61	61	74	82	86	89	91	91	92	93
Other employment assistance schemes	3	3	6	4	4	4	4	4	4	4
<b>Employment initiatives</b>	<b>217</b>	<b>222</b>	<b>224</b>	<b>202</b>	<b>207</b>	<b>207</b>	<b>196</b>	<b>182</b>	<b>182</b>	<b>182</b>

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	342	375	390	377	377	379
Non-departmental outputs	80	81	114	97	80	107	111	107	102	105
Other expenses	10	18	8	20	16	83	19	15	15	15
<b>Primary service expenses</b>	<b>355</b>	<b>368</b>	<b>394</b>	<b>467</b>	<b>438</b>	<b>565</b>	<b>520</b>	<b>499</b>	<b>494</b>	<b>499</b>

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	8	9	9	10
Kyoto protocol	..	..	310	42	..	..	..	..	..	..
Emmission Trading Scheme	..	..	..	..	..	..	762	369	536	536
Departmental outputs	253	269	292	322	357	413	456	440	451	451
Non-departmental outputs	212	258	317	351	411	456	486	454	453	429
Other expenses	44	104	66	169	69	247	57	50	53	59
<b>Heritage, culture and recreation expenses</b>	<b>515</b>	<b>634</b>	<b>991</b>	<b>891</b>	<b>844</b>	<b>1,123</b>	<b>1,769</b>	<b>1,322</b>	<b>1,502</b>	<b>1,485</b>

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	28	33	32	32	31
Departmental outputs	57	77	100	117	134	152	167	145	139	135
Other non-departmental expenses	20	35	32	62	96	102	134	125	128	131
<b>Housing and community development expenses</b>	<b>102</b>	<b>139</b>	<b>163</b>	<b>202</b>	<b>255</b>	<b>282</b>	<b>334</b>	<b>302</b>	<b>299</b>	<b>297</b>

Source: The Treasury

## Glossary of Terms

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

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

### ***Baselines***

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

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

A measure of change in the prices of goods and services bought by households.

### ***Contingent liability***

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

### ***Contingent assets***

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

### ***Core Crown***

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

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

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

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

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

### ***Corporate tax***

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

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

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

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

An estimate of the fiscal balance (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, gender or ethnic make-up of the population.

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

The amount and timing 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) or 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 ten 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 for example. The gross sovereign-issued debt indicator does not eliminate any internal cross-holdings.

***GSID (excluding settlement cash)***

GSID less Reserve Bank settlement cash.

***Labour force participation rate***

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

***Labour productivity***

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

***Line-by-line consolidation***

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

**Marketable securities**

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

**Monetary conditions**

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 cashflow from operations**

OBEHAL less retained items (eg, net surplus of SOEs, CEs and NZS Fund net revenue) less non-cash items (eg, depreciation).

**Net core Crown debt**

Debt after deducting financial assets of the Core Crown 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 as are the assets of the NZS Fund.

**Net worth**

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

**NZ IFRS**

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

**Operating 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 not reported directly as a movement against net worth.

**Operating balance before gains and losses (OBEHAL)**

The OBEHAL is the operating balance excluding gains and losses.

**OBEHAL excluding NZS Fund net revenue**

A measure of the operating balance that recognises that NZS Fund net revenues are not available to the Crown.

**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.



***Residual cash***

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

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

***Settlement cash***

This is the amount of money deposited with the Reserve Bank by banks. It is a liquidity mechanism used to settle wholesale obligations between banks and provides the basis for settling most of the retail banking transactions that occur every working day between corporates and individuals.

***Specific fiscal risks***

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

***System of National Accounts (SNA)***

SNA is a comprehensive, consistent and flexible set of macroeconomic accounts to meet the needs of government and private sector analysts, policy-makers, and decision-takers.

***Tax revenue***

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

***Top-down adjustment***

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

***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, 2008/09 or 2009 will generally mean “year ended 30 June” unless otherwise stated.

# Time Series of Fiscal and Economic Indicators

## Fiscal Indicators

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Years ended 30 June - \$million	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Revenue and Expenses</b>																
Core Crown revenue excl NZS Fund	33,131	34,242	32,880	34,946	37,842	39,945	43,440	46,219	51,045	56,951	58,482	61,814	61,787	63,552	66,284	69,004
Core Crown expenses	31,368	32,982	33,939	34,829	36,559	37,513	39,897	41,882	44,895	49,320	54,003	57,364	61,883	63,890	67,016	69,943
<b>Surpluses</b>																
Total Crown OBEGAL	1,801	2,345	128	594	1,422	2,471	4,366	5,573	7,075	7,091	5,860	5,227	1,318	1,004	493	154
Total Crown OBEGAL excl NZS Fund	1,801	2,345	128	594	1,422	2,456	4,297	5,526	7,140	7,252	6,250	5,219	1,354	1,048	543	207
Total Crown operating surplus	1,863	2,048	1,705	1,405	1,208	2,286	1,621	7,309	5,931	9,542	8,023	2,559	3,105	3,009	2,779	2,734
<b>Cash Position</b>																
Core Crown residual cash	3,913	484	2,048	(386)	349	216	1,217	520	3,104	2,985	2,877	908	(3,478)	(3,302)	(3,447)	(3,457)
<b>Debt</b>																
GSID (excluding settlement cash)	36,236	38,475	37,307	36,580	37,194	36,650	36,617	36,017	35,478	33,903	30,647	31,763	32,498	32,251	35,974	35,499
Net core Crown debt (incl NZS Fund)	25,562	24,635	22,275	21,900	20,293	19,051	16,093	11,613	4,538	(1,817)	(7,467)	(11,254)	(11,337)	(11,787)	(12,348)	(12,970)
Net core Crown debt	25,562	24,635	22,275	21,900	20,293	19,666	17,977	15,569	11,093	8,044	4,109	1,846	4,578	7,272	10,145	13,193
<b>NZS Fund</b>																
NZS Fund net worth	..	..	..	..	..	615	1,884	3,956	6,555	9,861	12,973	14,461	17,721	21,152	24,947	29,011
<b>Years ended 30 June - % GDP</b>																
<b>Revenue and Expenses</b>																
Core Crown revenue excl NZS Fund	33.5	33.7	31.4	31.5	32.0	31.8	32.8	32.5	33.9	36.3	34.8	34.3	33.3	33.1	32.8	32.6
Core Crown expenses	31.7	32.5	32.4	31.4	30.9	29.8	30.1	29.4	29.8	31.4	32.1	31.8	33.4	33.3	33.2	33.0
<b>Surpluses</b>																
Total Crown OBEGAL	1.8	2.3	0.1	0.5	1.2	2.0	3.3	3.9	4.7	4.5	3.5	2.9	0.7	0.5	0.2	0.1
Total Crown OBEGAL excl NZS Fund	1.8	2.3	0.1	0.5	1.2	2.0	3.2	3.9	4.7	4.6	3.7	2.9	0.7	0.5	0.3	0.1
Total Crown operating surplus	1.9	2.0	1.6	1.3	1.0	1.8	1.2	5.1	3.9	6.1	4.8	1.4	1.7	1.6	1.4	1.3
<b>Cash Position</b>																
Core Crown residual cash	4.0	0.5	2.0	(0.3)	0.3	0.2	0.9	0.4	2.1	1.9	1.7	0.5	(1.9)	(1.7)	(1.7)	(1.6)
<b>Debt</b>																
GSID (excluding settlement cash)	36.6	37.9	35.6	32.9	31.4	29.1	27.7	25.3	23.5	21.6	18.2	17.6	17.5	16.8	17.8	16.8
Net core Crown debt (incl NZS Fund)	25.8	24.3	21.3	19.7	17.1	15.1	12.2	8.2	3.0	(1.2)	(4.4)	(6.2)	(6.1)	(6.1)	(6.1)	(6.1)
Net core Crown debt	25.8	24.3	21.3	19.7	17.1	15.6	13.6	10.9	7.4	5.1	2.4	1.0	2.5	3.8	5.0	6.2
<b>NZS Fund</b>																
NZS Fund net worth	..	..	..	..	..	0.5	1.4	2.8	4.3	6.3	7.7	8.0	9.6	11.0	12.4	13.7

## Economic Indicators

Years ended 31 March (annual average % change unless stated)	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Private consumption	4.4	2.4	3.1	3.3	1.5	2.8	5.0	6.5	5.3	4.7	2.7	3.6	1.9	1.9	1.6	1.4
Public consumption	1.4	8.1	-0.5	5.7	-2.0	4.0	1.4	4.6	4.0	5.1	4.3	4.6	3.7	3.1	3.3	3.3
<b>Total consumption</b>	3.7	3.7	2.2	3.8	0.7	3.1	4.2	6.0	5.1	4.8	3.1	3.8	2.3	2.2	2.0	1.8
Residential investment	4.9	3.0	-13.0	19.5	-13.3	2.0	23.5	14.4	2.7	-4.5	-2.7	4.5	-9.7	-3.1	2.4	3.0
Non-market investment	18.3	14.0	-4.8	13.0	-13.8	21.9	13.7	11.9	15.7	0.9	-4.9	1.9	22.7	4.2	2.0	2.0
Market investment	4.3	-2.2	2.6	6.9	8.0	6.9	2.3	12.2	9.4	9.5	-1.2	6.8	2.8	-0.9	2.1	3.5
<b>Total investment</b>	5.1	0.2	-2.3	10.6	0.4	6.8	7.8	12.8	7.6	5.2	-2.3	5.2	1.1	-0.9	2.2	3.4
Stock change (contribution to growth)	-0.4	-0.2	-0.3	1.1	-0.4	0.1	-0.1	0.2	0.3	-0.6	-0.9	0.7	0.1	0.0	0.0	0.0
<b>Gross national expenditure</b>	3.6	2.7	0.9	6.3	0.3	3.9	4.8	7.6	5.9	4.2	1.0	5.0	2.0	1.4	2.0	2.2
Exports	4.7	3.9	2.9	7.4	6.3	3.0	7.8	0.9	4.7	-0.1	3.1	3.1	-0.9	4.0	4.4	4.1
Imports	6.4	2.5	2.1	11.3	-0.7	4.0	7.2	12.7	12.5	4.1	-1.7	9.6	0.9	1.3	1.0	2.0
<b>GDP (production measure)</b>	3.5	1.7	0.5	5.3	2.4	3.8	5.1	3.8	3.8	2.7	1.5	3.1	1.5	2.3	3.2	3.0
- annual % change	2.0	0.3	2.5	6.5	0.7	4.8	4.5	4.8	2.4	2.5	2.3	2.4	1.6	2.9	3.2	2.8
Real GDP per capita	2.0	0.5	-0.3	4.8	1.8	2.9	3.2	1.9	2.4	1.5	0.3	2.1	0.6	1.4	2.2	2.0
Nominal GDP (expenditure basis)	4.9	3.7	1.7	6.0	5.7	7.5	5.1	6.7	6.9	5.0	5.0	7.9	3.6	3.2	4.9	5.0
GDP deflator	1.7	0.6	0.5	0.9	3.1	3.9	0.1	2.7	3.2	2.0	2.5	4.8	2.3	0.8	1.7	2.0
Employment (full-time equivalent)	2.2	0.0	-0.8	2.0	2.2	2.6	2.5	2.9	3.6	2.7	2.0	1.4	1.4	0.2	0.3	1.0
Unemployment (% March quarter s.a.)	6.5	7.1	7.1	6.3	5.3	5.2	4.8	4.1	3.8	3.9	3.7	3.5	3.7	4.4	4.5	4.3
Wages (average ordinary-time hourly)	3.8	3.3	2.9	2.2	2.4	3.5	2.9	3.4	3.3	4.7	4.8	4.1	4.2	4.7	4.4	4.0
CPI inflation (annual % change)	1.8	1.3	-0.1	1.5	3.1	2.6	2.5	1.5	2.8	3.3	2.5	3.4	3.2	2.8	2.8	2.8
Export prices (merchandise, OTI)	-4.2	-0.2	3.4	4.0	20.5	3.1	-13.3	-8.2	3.7	1.0	9.1	2.5	7.4	3.1	6.1	4.7
Import price (merchandise, OTI)	-3.4	0.8	3.7	4.3	15.3	-0.9	-8.2	-11.6	-2.0	1.8	7.2	-4.8	4.2	5.0	7.5	5.6
Current account balance - \$billion	-5.8	-5.4	-4.4	-7.0	-5.1	-3.9	-4.5	-6.7	-10.3	-14.5	-13.5	-13.1	-13.3	-13.7	-14.1	-13.8
Current account balance - % of GDP	-6.0	-5.3	-4.2	-6.4	-4.4	-3.1	-3.4	-4.8	-6.9	-9.3	-8.2	-7.4	-7.2	-7.2	-7.1	-6.6
TWI (March quarter)	68.4	61.2	57.6	54.1	50.5	51.6	60.6	66.9	69.6	68.3	68.8	71.9	68.6	63.1	59.1	56.7
90-day bank bill rate (March quarter)	7.5	8.9	4.5	6.0	6.4	5.0	5.8	5.5	6.9	7.6	7.8	8.8	8.5	7.9	7.9	7.2
10-year bond rate (March quarter)	7.5	6.8	5.7	7.3	6.0	6.7	6.0	5.9	6.0	5.7	5.9	6.3	6.3	6.3	6.2	6.1