

# 6

## Core Crown Expense Tables<sup>19</sup>

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Social security and welfare	14,252	14,682	15,598	16,768	17,877	19,156	20,112	20,780	21,680	22,529
GSF	591	718	761	645	690	654	555	545	548	549
Health	8,111	8,813	9,547	10,355	11,297	12,377	12,424	12,401	12,390	12,391
Education	7,585	7,930	9,914	9,269	9,551	10,739	11,117	11,302	11,419	11,488
Core government services	2,091	2,567	2,507	4,816	3,371	3,649	3,625	3,845	3,919	4,050
Law and order	1,843	1,977	2,235	2,699	2,894	3,139	3,130	3,130	3,128	3,143
Defence	1,311	1,275	1,383	1,517	1,562	1,756	1,731	1,718	1,709	1,708
Transport and communications	1,461	1,635	1,818	2,405	2,244	3,566	2,649	2,615	2,515	2,548
Economic and industrial services	1,192	1,444	1,592	1,595	2,889	3,549	3,408	3,621	3,750	3,847
Primary services	368	394	467	438	541	545	507	499	498	484
Heritage, culture and recreation	634	991	891	844	1,107	1,446	1,925	1,608	1,606	2,030
Housing and community development	139	163	202	255	260	347	308	329	333	319
Other	52	32	49	68	254	57	467	214	214	214
Finance costs	2,252	2,274	2,356	2,329	2,460	2,657	2,626	3,061	3,455	3,858
Forecast for future new spending	..	..	..	..	..	172	1,615	3,498	5,288	7,149
Top- down expense adjustment	..	..	..	..	..	( 1,450)	( 350)	( 275)	( 200)	( 150)
<b>Core Crown expenses</b>	<b>41,882</b>	<b>44,895</b>	<b>49,320</b>	<b>54,003</b>	<b>56,997</b>	<b>62,359</b>	<b>65,849</b>	<b>68,891</b>	<b>72,252</b>	<b>76,157</b>

Source: The Treasury

**Table 6.1** – Social security and welfare expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Welfare benefits	13,181	13,326	14,246	15,435	16,288	17,175	18,089	18,686	19,511	20,350
Social rehabilitation & compensation	118	152	145	163	199	223	215	221	225	225
Departmental expenses	705	781	858	845	850	1,120	1,095	1,084	1,074	1,074
Other non-departmental expenses	248	423	349	325	540	638	713	789	870	880
<b>Social security and welfare expenses</b>	<b>14,252</b>	<b>14,682</b>	<b>15,598</b>	<b>16,768</b>	<b>17,877</b>	<b>19,156</b>	<b>20,112</b>	<b>20,780</b>	<b>21,680</b>	<b>22,529</b>

Source: The Treasury

<sup>19</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)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
New Zealand Superannuation	5,889	6,083	6,414	6,810	7,348	7,785	8,339	8,720	9,262	9,886
Domestic Purposes Benefit	1,569	1,547	1,493	1,468	1,478	1,501	1,545	1,568	1,616	1,656
Unemployment Benefit	1,084	831	712	613	458	487	576	583	540	523
Invalids Benefit	976	1,026	1,073	1,132	1,216	1,273	1,332	1,378	1,427	1,466
Family Tax Credit	833	846	1,285	1,699	1,897	2,153	2,155	2,159	2,250	2,266
Accommodation Supplement	702	750	843	877	891	951	991	1,012	1,027	1,050
Sickness Benefit	470	510	541	573	582	570	577	578	584	588
Disability Allowance	257	267	261	270	278	389	415	437	460	481
Transitional Retirement Benefit	11	..	..	..	..	..	..	..	..	..
Income Related Rents	340	370	395	434	465	498	532	576	623	669
In Work Tax Credit	..	..	70	461	563	577	587	594	604	623
Child Tax Credit	155	141	154	44	11	6	4	3	2	2
Special Benefit	140	175	162	106	71	..	..	..	..	..
Benefits paid in Australia	103	91	80	71	58	52	46	40	34	21
Paid Parental Leave	63	76	96	122	135	145	156	164	175	185
Other benefits	589	613	667	755	837	788	834	874	907	934
<b>Welfare benefit expenses</b>	<b>13,181</b>	<b>13,326</b>	<b>14,246</b>	<b>15,435</b>	<b>16,288</b>	<b>17,175</b>	<b>18,089</b>	<b>18,686</b>	<b>19,511</b>	<b>20,350</b>

Source: The Treasury

**Table 6.3** – Beneficiary numbers

(Thousands)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
New Zealand Superannuation	461	469	482	495	508	522	537	552	571	594
Domestic Purposes Benefit	110	109	106	100	97	99	99	99	100	100
Unemployment Benefit	104	78	64	52	37	39	45	45	40	38
Accommodation Supplement	249	243	249	251	245	255	263	266	266	268
Invalids Benefit	70	74	76	78	82	86	89	91	92	94
Sickness Benefit	42	45	47	48	48	46	46	45	44	43

Source: The Treasury

**Table 6.4** – GSF pension expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Pension expenses	591	718	761	645	690	654	555	545	548	549
<b>GSF pension expenses</b>	<b>591</b>	<b>718</b>	<b>761</b>	<b>645</b>	<b>690</b>	<b>654</b>	<b>555</b>	<b>545</b>	<b>548</b>	<b>549</b>

Source: The Treasury

**Table 6.5** – Health expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Departmental outputs	161	157	174	180	206	227	217	210	210	210
Health service purchasing	7,452	8,113	8,805	9,614	10,503	11,489	11,517	11,467	11,420	11,421
Other non-departmental outputs	71	160	135	99	97	105	98	93	91	91
Health payments to ACC	409	356	372	425	463	511	548	586	624	624
Other expenses	18	27	61	37	28	45	44	45	45	45
<b>Health expenses</b>	<b>8,111</b>	<b>8,813</b>	<b>9,547</b>	<b>10,355</b>	<b>11,297</b>	<b>12,377</b>	<b>12,424</b>	<b>12,401</b>	<b>12,390</b>	<b>12,391</b>

Source: The Treasury

**Table 6.6** – Health service purchasing

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Payments to District Health Boards	6,441	7,262	7,814	8,547	9,312	10,060	10,096	10,062	10,056	10,057
National Disability Support Services	793	620	699	755	834	880	875	875	875	875
Public Health Service Purchasing	218	231	292	312	357	549	546	530	489	489
<b>Health service purchasing</b>	<b>7,452</b>	<b>8,113</b>	<b>8,805</b>	<b>9,614</b>	<b>10,503</b>	<b>11,489</b>	<b>11,517</b>	<b>11,467</b>	<b>11,420</b>	<b>11,421</b>

Source: The Treasury

**Table 6.7 – Education expenses**

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Early childhood education	393	444	555	617	860	1,014	1,115	1,210	1,268	1,286
Primary and secondary schools	3,692	3,934	4,153	4,325	4,552	4,889	5,053	5,042	5,057	5,074
Tertiary funding	2,535	2,496	4,047	3,322	3,266	3,757	3,913	4,031	4,088	4,126
Departmental expenses	679	737	821	875	828	890	880	871	861	860
Other education expenses	286	319	338	130	45	189	156	148	145	142
<b>Education expenses</b>	<b>7,585</b>	<b>7,930</b>	<b>9,914</b>	<b>9,269</b>	<b>9,551</b>	<b>10,739</b>	<b>11,117</b>	<b>11,302</b>	<b>11,419</b>	<b>11,488</b>

Source: The Treasury

**Table 6.8 – Primary and secondary education expenses**

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Primary	1,884	1,964	2,062	2,141	2,262	2,448	2,561	2,565	2,585	2,600
Secondary	1,385	1,524	1,618	1,682	1,761	1,879	1,929	1,914	1,907	1,906
School transport	106	109	118	125	131	142	146	151	155	159
Special needs support	221	231	245	263	278	293	299	300	301	301
Professional Development	84	95	101	104	108	114	104	98	95	94
Schooling Improvement	12	11	9	10	12	13	14	14	14	14
<b>Primary and secondary education expenses</b>	<b>3,692</b>	<b>3,934</b>	<b>4,153</b>	<b>4,325</b>	<b>4,552</b>	<b>4,889</b>	<b>5,053</b>	<b>5,042</b>	<b>5,057</b>	<b>5,074</b>
<b>Places (year)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Primary	464,000	457,000	457,951	477,385	475,611	477,562	479,333	480,697	486,751	491,162
Secondary	277,000	284,000	288,711	275,821	275,276	271,847	269,292	268,789	267,337	268,211

Sources: Ministry of Education, The Treasury

**Table 6.9 – Tertiary education expenses**

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Tuition	1,770	1,647	1,865	1,962	2,172	2,227	2,323	2,381	2,387	2,386
Other tertiary funding	66	68	110	339	358	557	562	576	583	583
Tertiary student allowances	380	359	354	382	386	411	433	444	454	462
Initial fair value change in student loans	..	..	1,415	..	..	..	..	..	..	..
Student loans	319	422	303	639	350	562	595	630	664	695
<b>Tertiary education expenses</b>	<b>2,535</b>	<b>2,496</b>	<b>4,047</b>	<b>3,322</b>	<b>3,266</b>	<b>3,757</b>	<b>3,913</b>	<b>4,031</b>	<b>4,088</b>	<b>4,126</b>
<b>Places (year)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
EFT students	247,975	240,734	227,416	226,238	225,898	231,814	235,797	236,041	236,041	236,041

Sources: Ministry of Education, The Treasury

**Table 6.10 – Core Government service expenses**

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Official development assistance	237	297	330	330	362	484	472	567	567	567
Indemnity and guarantee expenses	9	..	..	..	..	..	..	..	..	..
Departmental expenses	1,096	1,570	1,403	1,402	1,557	1,683	1,638	1,694	1,698	1,780
Non-Departmental Expenses	..	..	..	237	277	317	472	521	567	615
Tax receivable write-down	350	350	338	2,479	701	722	614	633	653	653
Science expenses	283	170	157	163	168	187	192	193	196	196
Other expenses	116	180	279	205	306	256	237	237	238	239
<b>Core Government service expenses</b>	<b>2,091</b>	<b>2,567</b>	<b>2,507</b>	<b>4,816</b>	<b>3,371</b>	<b>3,649</b>	<b>3,625</b>	<b>3,845</b>	<b>3,919</b>	<b>4,050</b>

Source: The Treasury

**Table 6.11** – Law and order expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Police	844	896	976	1,086	1,198	1,298	1,292	1,293	1,292	1,292
Ministry of Justice	178	257	299	454	367	392	379	372	373	370
Department of Corrections	439	483	572	662	787	834	848	849	848	866
Department for Courts	53	..	..	..	..	..	..	..	..	..
Other departments	81	72	76	60	91	110	116	118	118	118
<b>Department expenses</b>	<b>1,595</b>	<b>1,708</b>	<b>1,923</b>	<b>2,262</b>	<b>2,443</b>	<b>2,634</b>	<b>2,635</b>	<b>2,632</b>	<b>2,631</b>	<b>2,646</b>
Non-departmental outputs	178	218	262	354	326	356	340	340	339	339
Other expenses	70	51	50	83	125	149	155	158	158	158
<b>Law and order expenses</b>	<b>1,843</b>	<b>1,977</b>	<b>2,235</b>	<b>2,699</b>	<b>2,894</b>	<b>3,139</b>	<b>3,130</b>	<b>3,130</b>	<b>3,128</b>	<b>3,143</b>

Source: The Treasury

**Table 6.12** – Defence expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
NZDF Core expenses	1,182	1,203	1,306	1,459	1,517	1,700	1,674	1,651	1,653	1,653
NZDF write-offs	72	..	..	..	..	..	..	..	..	..
NZDF East Timor deployment	..	..	..	..	..	..	..	..	..	..
Other expenses	57	72	77	58	45	56	57	67	56	55
<b>Defence expenses</b>	<b>1,311</b>	<b>1,275</b>	<b>1,383</b>	<b>1,517</b>	<b>1,562</b>	<b>1,756</b>	<b>1,731</b>	<b>1,718</b>	<b>1,709</b>	<b>1,708</b>

Source: The Treasury

**Table 6.13** – Transport and communication expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
New Zealand Transport Agency <sup>1</sup>	1,222	1,346	1,482	1,874	1,966	2,744	1,960	2,144	2,176	2,242
Departmental outputs	83	97	101	113	137	82	69	67	67	67
Other non-departmental expenses	84	79	109	221	104	180	182	180	160	156
Goodwill amortisation	47	47	47	47	..	..	..	..	..	..
Rail write-offs	19	..	..	..	..	..	..	..	..	..
Rail costs	3	63	77	142	24	534	414	199	86	58
Other expenses	3	3	2	8	13	26	24	25	26	25
<b>Transport and communication expenses</b>	<b>1,461</b>	<b>1,635</b>	<b>1,818</b>	<b>2,405</b>	<b>2,244</b>	<b>3,566</b>	<b>2,649</b>	<b>2,615</b>	<b>2,515</b>	<b>2,548</b>

<sup>1</sup> Since 2008/09 funding has been provided to New Zealand Transport Agency. From 2004/05 to 2007/08 funding was received by Land Transport NZ. Prior to this, funding was received by Transfund.

Source: The Treasury

**Table 6.14** – Economic and industrial services expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Departmental outputs	478	508	549	546	603	425	391	386	383	382
Employment initiatives	222	224	202	207	186	192	178	177	177	177
Non-departmental outputs	444	549	751	873	822	919	807	786	780	779
Reserve Electricity Generation	..	..	26	16	81	162	27	27	26	17
Flood relief	15	52	8	..	..	..	..	..	..	..
KiwiSaver	..	..	..	..	1,101	1,440	1,546	1,703	1,792	1,859
Broadband	..	..	..	..	..	57	62	62	62	62
Research & Development tax credits	..	..	..	..	37	208	250	290	332	373
Other expenses	33	111	56	(47)	59	146	147	190	198	198
<b>Economic and industrial service expenses</b>	<b>1,192</b>	<b>1,444</b>	<b>1,592</b>	<b>1,595</b>	<b>2,889</b>	<b>3,549</b>	<b>3,408</b>	<b>3,621</b>	<b>3,750</b>	<b>3,847</b>

Source: The Treasury

**Table 6.15** – Employment initiatives

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Training incentive allowance	42	36	32	29	27	25	25	25	26	26
Community employment projects	16	6	..	..	..	..	..	..	..	..
Subsidised work	100	102	84	88	67	75	61	60	59	59
Employment support for disabled	61	74	82	86	88	88	88	88	88	88
Other employment assistance schemes	3	6	4	4	4	4	4	4	4	4
<b>Employment initiatives</b>	<b>222</b>	<b>224</b>	<b>202</b>	<b>207</b>	<b>186</b>	<b>192</b>	<b>178</b>	<b>177</b>	<b>177</b>	<b>177</b>

Source: The Treasury

**Table 6.16** – Primary service expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Departmental expenses	269	272	350	342	354	398	377	374	376	376
Non-departmental outputs	81	114	97	80	109	129	115	110	108	94
Other expenses	18	8	20	16	78	18	15	15	14	14
<b>Primary service expenses</b>	<b>368</b>	<b>394</b>	<b>467</b>	<b>438</b>	<b>541</b>	<b>545</b>	<b>507</b>	<b>499</b>	<b>498</b>	<b>484</b>

Source: The Treasury

**Table 6.17** – Heritage, culture and recreation expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Community grants	3	6	7	7	7	8	9	9	10	10
Kyoto protocol	..	310	42	..	..	..	..	..	..	..
Emmission Trading Scheme	..	..	..	..	..	327	969	642	655	1,083
Departmental outputs	269	292	322	357	392	469	437	443	447	449
Non-departmental outputs	258	317	351	411	469	493	454	454	429	428
Other expenses	104	66	169	69	239	149	56	60	65	60
<b>Heritage, culture and recreation expenses</b>	<b>634</b>	<b>991</b>	<b>891</b>	<b>844</b>	<b>1,107</b>	<b>1,446</b>	<b>1,925</b>	<b>1,608</b>	<b>1,606</b>	<b>2,030</b>

Source: The Treasury

**Table 6.18** – Housing and community development expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Housing subsidies	27	31	23	25	28	33	32	32	31	31
Departmental outputs	77	100	117	134	141	176	145	139	135	130
Other non-departmental expenses	35	32	62	96	91	138	131	158	167	158
<b>Housing and community development expenses</b>	<b>139</b>	<b>163</b>	<b>202</b>	<b>255</b>	<b>260</b>	<b>347</b>	<b>308</b>	<b>329</b>	<b>333</b>	<b>319</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

Years ended 30 June - \$million	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 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	61,671	61,102	62,820	65,354	68,340	72,091
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	56,997	62,359	65,849	68,891	72,252	76,157
<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	5,637	(64)	(1,746)	(2,481)	(3,092)	(3,374)
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	5,586	(31)	(1,665)	(2,376)	(2,962)	(3,224)
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	2,384	1,909	374	(71)	(396)	(382)
<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	2,057	(5,909)	(5,300)	(6,603)	(6,815)	(7,307)
<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	31,390	32,087	34,400	43,821	48,626	53,666
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)	(12,953)	(10,430)	(8,502)	(5,799)	(3,146)	(380)
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	(19)	5,207	10,091	16,071	22,352	29,042
<b>NZS Fund</b>																	
NZS Fund net worth	..	..	..	..	..	615	1,884	3,956	6,555	9,861	12,973	14,212	17,440	20,638	24,175	28,024	32,158
<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	34.2	33.1	32.9	32.7	32.5	32.7
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	31.7	33.8	34.5	34.5	34.4	34.5
<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	3.1	(0.0)	(0.9)	(1.2)	(1.5)	(1.5)
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	3.1	(0.0)	(0.9)	(1.2)	(1.4)	(1.5)
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	1.3	1.0	0.2	(0.0)	(0.2)	(0.2)
<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	1.1	(3.2)	(2.8)	(3.3)	(3.2)	(3.3)
<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	17.4	17.4	18.0	21.9	23.1	24.3
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)	(7.2)	(5.7)	(4.5)	(2.9)	(1.5)	(0.2)
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	(0.0)	2.8	5.3	8.0	10.6	13.2
<b>NZS Fund</b>																	
NZS Fund net worth	..	..	..	..	..	0.5	1.4	2.8	4.3	6.3	7.7	7.9	9.5	10.8	12.1	13.3	14.6

## Economic Indicators

March Years	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	4.3	2.4	3.1	3.3	1.4	2.8	4.9	6.6	5.0	4.7	2.8	3.3	0.0	0.6	0.9	1.5	1.5
Public consumption	1.4	8.1	-0.5	5.7	-2.0	4.0	1.4	4.7	4.3	5.1	4.4	4.2	4.1	3.9	3.8	3.1	2.7
<b>TOTAL CONSUMPTION</b>	<b>3.7</b>	<b>3.6</b>	<b>2.2</b>	<b>3.8</b>	<b>0.6</b>	<b>3.0</b>	<b>4.1</b>	<b>6.2</b>	<b>4.9</b>	<b>4.8</b>	<b>3.2</b>	<b>3.5</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>1.9</b>	<b>1.8</b>
Residential investment	4.9	3.0	-13.0	19.5	-13.3	2.0	23.6	15.0	2.9	-5.2	-2.7	3.7	-17.4	-9.4	8.0	10.1	8.9
Non-market investment	18.3	14.0	-4.8	13.0	-13.8	21.9	13.7	15.6	14.2	-1.0	-4.9	-0.5	12.2	4.2	2.0	2.0	2.0
Market investment	4.3	-2.2	2.6	6.9	8.0	6.9	2.3	12.2	11.9	8.4	-0.7	6.2	4.4	-2.9	2.0	4.7	5.4
<b>TOTAL INVESTMENT</b>	<b>5.1</b>	<b>0.2</b>	<b>-2.3</b>	<b>10.6</b>	<b>0.4</b>	<b>6.8</b>	<b>7.8</b>	<b>13.1</b>	<b>9.2</b>	<b>4.4</b>	<b>-1.9</b>	<b>4.2</b>	<b>-1.2</b>	<b>-4.4</b>	<b>3.1</b>	<b>5.7</b>	<b>6.1</b>
Stock Change (contribution to growth)	-0.4	-0.2	-0.3	1.2	-0.3	0.1	-0.1	0.2	0.3	-0.5	-0.9	0.9	0.3	-0.4	-0.2	-0.1	0.0
<b>GROSS NATIONAL EXPENDITURE</b>	<b>3.6</b>	<b>2.7</b>	<b>0.9</b>	<b>6.3</b>	<b>0.3</b>	<b>3.9</b>	<b>4.7</b>	<b>7.7</b>	<b>6.1</b>	<b>4.1</b>	<b>1.2</b>	<b>4.5</b>	<b>0.6</b>	<b>-0.4</b>	<b>1.7</b>	<b>2.6</b>	<b>2.8</b>
Exports	4.7	3.9	2.9	7.4	6.3	3.0	7.8	0.9	4.7	-0.1	3.1	2.3	-2.4	4.7	4.9	4.7	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	9.7	0.4	-2.5	0.3	2.4	3.2
<b>EXPENDITURE ON GDP</b>	<b>3.1</b>	<b>3.1</b>	<b>1.2</b>	<b>5.2</b>	<b>2.4</b>	<b>3.5</b>	<b>5.0</b>	<b>4.0</b>	<b>3.8</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>3.4</b>	<b>3.1</b>
<b>GDP (production measure)</b>	<b>3.5</b>	<b>1.7</b>	<b>0.5</b>	<b>5.3</b>	<b>2.4</b>	<b>3.8</b>	<b>5.0</b>	<b>3.8</b>	<b>3.8</b>	<b>2.7</b>	<b>1.6</b>	<b>3.0</b>	<b>0.1</b>	<b>1.8</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>
- annual % change	2.0	0.3	2.5	6.5	0.7	4.8	4.5	4.8	2.4	2.5	2.3	1.9	0.2	2.5	3.4	3.4	3.0
Real GDP per capita	1.9	0.5	-0.3	4.8	1.8	2.8	3.2	1.9	2.3	1.6	0.4	1.9	-0.8	0.8	2.3	2.5	2.2
Nominal GDP (expenditure basis)	4.9	3.7	1.7	6.0	5.7	7.5	5.1	6.8	7.2	4.9	5.2	7.4	3.1	3.0	4.6	5.1	5.0
GDP deflator	1.8	0.7	0.5	0.9	3.2	3.9	0.2	2.7	3.2	1.9	2.5	4.9	3.4	1.2	1.3	1.7	1.8
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	0.8	0.3	-0.3	0.4	1.3	1.8
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	3.7	4.4	5.1	5.1	4.8	4.6
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	4.2	5.5	4.3	4.0	3.8	3.5
CPI inflation (ann % change, March qtr)	1.8	1.3	-0.1	1.5	3.1	2.6	2.5	1.5	2.8	3.3	2.5	3.4	4.5	2.3	2.4	2.4	2.4
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	2.8	17.4	3.4	4.2	3.7	3.3
Import prices (merchandise, OTI)	-3.4	0.8	3.7	4.3	15.3	-0.9	-8.2	-11.6	-2.0	1.8	7.2	-4.5	13.5	6.5	5.4	4.7	3.8
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	-13.8	-14.6	-12.2	-11.5	-11.0	-11.0
Current account balance - % of GDP	-6.0	-5.3	-4.2	-6.4	-4.4	-3.1	-3.4	-4.8	-6.9	-9.2	-8.2	-7.8	-8.0	-6.5	-5.8	-5.3	-5.0
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	62.7	59.7	57.1	55.0	53.5
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	7.5	7.0	6.7	6.5	6.3
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	6.0