

Core Crown Expense Tables⁶

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	14,252	14,682	15,598	16,768	17,877	19,475	21,139	22,114	22,925	23,572
GSF	591	718	761	645	690	680	370	390	437	494
Health	8,111	8,813	9,547	10,355	11,297	12,395	13,397	13,371	13,358	13,324
Education	7,585	7,930	9,914	9,269	9,551	10,964	11,284	11,304	11,311	11,332
Core government services	2,091	2,567	2,507	4,816	3,371	3,853	3,620	3,632	3,697	3,774
Law and order	1,843	1,977	2,235	2,699	2,894	3,116	3,267	3,302	3,302	3,319
Defence	1,311	1,275	1,383	1,517	1,562	1,735	1,810	1,807	1,797	1,796
Transport and communications	1,461	1,635	1,818	2,405	2,244	2,954	2,253	1,864	1,740	1,615
Economic and industrial services	1,192	1,444	1,592	1,595	2,889	3,145	2,673	2,594	2,590	2,585
Primary services	368	394	467	438	541	545	611	545	553	559
Heritage, culture and recreation	634	991	891	844	1,107	1,062	1,507	1,711	1,594	2,638
Housing and community development	139	163	202	255	260	312	365	356	360	346
Other	52	32	49	68	254	120	562	247	739	284
Finance costs	2,252	2,274	2,356	2,329	2,460	2,507	2,470	2,998	3,575	4,330
Forecast for future new spending	..	..	..	..	..	..	254	1,436	2,533	3,622
Top- down expense adjustment	..	..	..	..	..	( 500)	(300)	(225)	(150)	(150)
Core Crown expenses	41,882	44,895	49,320	54,003	56,997	62,363	65,282	67,446	70,361	73,440

Source: The Treasury

Table 4.1 – Social security and welfare expenses

(\$ million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	13,181	13,326	14,246	15,435	16,288	17,427	19,059	20,036	20,775	21,388
Social rehabilitation & compensation	118	152	145	163	199	336	329	322	319	319
Departmental expenses	705	781	858	845	850	1,107	1,124	1,123	1,102	1,102
Other non-departmental expenses	248	423	349	325	540	605	627	633	729	763
Social security and welfare expenses	14,252	14,682	15,598	16,768	17,877	19,475	21,139	22,114	22,925	23,572

Source: The Treasury

⁶ Historical data contained in the expense tables have been restated on a NZ IFRS basis for material changes.

Table 4.2 – 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	7,746	8,246	8,665	9,186	9,666
Domestic Purposes Benefit	1,569	1,547	1,493	1,468	1,478	1,528	1,647	1,711	1,759	1,786
Unemployment Benefit	1,084	831	712	613	458	588	1,078	1,268	1,283	1,205
Invalids Benefit	976	1,026	1,073	1,132	1,216	1,258	1,297	1,337	1,375	1,391
Family Tax Credit	833	846	1,285	1,699	1,897	2,123	2,158	2,191	2,204	2,298
Accommodation Supplement	702	750	843	877	891	988	1,166	1,248	1,282	1,296
Sickness Benefit	470	510	541	573	582	610	692	736	747	751
Disability Allowance	257	267	261	270	278	390	417	439	461	479
Income Related Rents	340	370	395	434	465	501	540	586	635	683
In Work Tax Credit	..	..	70	461	563	586	578	552	529	498
Child Tax Credit	155	141	154	44	11	6	3	2	2	1
Special Benefit	140	175	162	106	71	..	..	..	..	..
Benefits paid in Australia	103	91	80	71	58	52	45	39	35	22
Paid Parental Leave	63	76	96	122	135	143	150	159	163	168
Childcare Assistance	58	79	110	139	150	160	178	189	202	212
War Disablement Pensions	102	107	113	122	134	143	150	156	163	168
Veteran's Pension	110	119	128	143	161	176	189	201	212	220
Other benefits	330	308	316	351	392	429	525	557	537	544
Benefit expenses	13,181	13,326	14,246	15,435	16,288	17,427	19,059	20,036	20,775	21,388

Source: The Treasury

Table 4.3 – 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	538	553	573	596
Domestic Purposes Benefit	110	109	106	100	97	101	107	109	109	110
Unemployment Benefit	104	78	64	52	37	47	85	99	98	91
Accommodation Supplement	249	243	249	251	245	266	311	328	331	331
Invalids Benefit	70	74	76	78	82	86	88	89	91	92
Sickness Benefit	42	45	47	48	48	50	56	58	58	58

Source: The Treasury

Table 4.4 – 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	680	370	390	437	494
GSF pension expenses	591	718	761	645	690	680	370	390	437	494

Source: The Treasury

Table 4.5 – 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	208	212	213	213	213
Health service purchasing	7,452	8,113	8,805	9,614	10,503	11,376	12,346	12,292	12,253	12,241
Other non-departmental outputs	71	160	135	99	97	98	107	102	101	99
Health payments to ACC	409	356	372	425	463	667	686	719	745	725
Other expenses	18	27	61	37	28	46	46	45	46	46
Health expenses	8,111	8,813	9,547	10,355	11,297	12,395	13,397	13,371	13,358	13,324

Source: The Treasury

Table 4.6 – 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	10,040	10,936	10,913	10,895	10,888
National Disability Support Services	793	620	699	755	834	890	895	898	898	898
Public Health Service Purchasing	218	231	292	312	357	446	515	481	460	455
Health service purchasing	7,452	8,113	8,805	9,614	10,503	11,376	12,346	12,292	12,253	12,241

Source: The Treasury

Table 4.7 – Education expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Early childhood education	393	444	555	617	860	1,049	1,125	1,189	1,237	1,255
Primary and secondary schools	3,692	3,934	4,153	4,325	4,552	4,986	5,111	5,109	5,104	5,133
Tertiary funding	2,535	2,496	4,047	3,322	3,266	3,921	4,013	3,992	3,963	3,954
Departmental expenses	679	737	821	875	828	916	926	915	912	909
Other education expenses	286	319	338	130	45	92	109	99	95	81
Education expenses	7,585	7,930	9,914	9,269	9,551	10,964	11,284	11,304	11,311	11,332
Places	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ECE ¹	109,513	113,009	115,903	123,196	133,903	143,863	147,541	150,228	151,460	151,797

¹ Full-time equivalent based on 1,000 funded child hours per year.

Sources: Ministry of Education, The Treasury

Table 4.8 – Primary and secondary education expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Primary	1,884	1,964	2,062	2,141	2,262	2,504	2,583	2,593	2,589	2,611
Secondary	1,385	1,524	1,618	1,682	1,761	1,925	1,957	1,949	1,946	1,946
School transport	106	109	118	125	131	149	158	163	168	173
Special needs support	221	231	245	263	278	290	295	296	297	298
Professional Development	84	95	101	104	108	105	104	94	90	91
Schooling Improvement	12	11	9	10	12	13	14	14	14	14
Primary and secondary education expenses	3,692	3,934	4,153	4,325	4,552	4,986	5,111	5,109	5,104	5,133
Places	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary ¹	484,456	482,571	481,007	479,230	475,820	476,503	477,410	478,308	484,026	489,957
Secondary ¹	269,206	273,905	275,869	277,619	277,582	276,230	274,259	273,872	272,396	273,089

¹ From 2004, these have been restated and are now snapshots based as at 1 July for primary year-levels and 1 March for secondary year-levels.

Sources: Ministry of Education, The Treasury

Table 4.9 – Tertiary education expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Tuition	1,770	1,647	1,865	1,962	2,172	2,204	2,331	2,305	2,268	2,267
Other tertiary funding	66	68	110	339	358	539	537	506	498	481
Tertiary student allowances	380	359	354	382	386	429	462	470	473	470
Initial fair value change in student loans	..	..	1,415	..	..	..	..	..	..	..
Student loans	319	422	303	639	350	749	683	711	724	736
Tertiary education expenses	2,535	2,496	4,047	3,322	3,266	3,921	4,013	3,992	3,963	3,954
Places (year)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EFT students	247,975	240,734	227,416	226,238	226,787	233,942	234,850	234,503	234,106	234,097

Sources: Ministry of Education, The Treasury

Table 4.10 – Core Government service expenses

(\$ million)	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast
Official development assistance	237	297	330	330	362	474	461	486	510	559
Indemnity and guarantee expenses	9	..	..	..	..	140	62	60	59	58
Departmental expenses	1,096	1,570	1,403	1,402	1,557	1,657	1,667	1,663	1,647	1,625
Non-Departmental Expenses	..	..	..	237	277	423	288	309	327	338
Tax receivable write-down	350	350	338	2,479	701	685	660	668	703	745
Science expenses	283	170	157	163	168	180	193	195	195	195
Other expenses	116	180	279	205	306	294	289	251	256	254
Core Government service expenses	2,091	2,567	2,507	4,816	3,371	3,853	3,620	3,632	3,697	3,774

Source: The Treasury

Table 4.11 – 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	1,330	1,340	1,361	1,362	1,365
Ministry of Justice	178	257	299	454	367	386	399	387	391	389
Department of Corrections	439	483	572	662	787	838	921	967	967	981
Department for Courts	53	..	..	..	..	..	..	..	..	..
Other departments	81	72	76	60	91	112	121	120	119	119
Department expenses	1,595	1,708	1,923	2,262	2,443	2,666	2,781	2,835	2,839	2,854
Non-departmental outputs	178	218	262	354	326	360	389	355	350	350
Other expenses	70	51	50	83	125	90	97	112	113	115
Law and order expenses	1,843	1,977	2,235	2,699	2,894	3,116	3,267	3,302	3,302	3,319

Source: The Treasury

Table 4.12 – 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	1,675	1,750	1,738	1,741	1,740
NZDF write-offs	72	..	..	..	..	..	..	..	..	..
Other expenses	57	72	77	58	45	60	60	69	56	56
Defence expenses	1,311	1,275	1,383	1,517	1,562	1,735	1,810	1,807	1,797	1,796

Source: The Treasury

Table 4.13 – 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 ¹	1,222	1,346	1,482	1,874	1,966	1,656	1,322	1,355	1,395	1,394
Departmental outputs	83	97	101	113	137	90	67	63	63	63
Other non-departmental expenses	84	79	109	221	104	174	158	101	80	75
Asset impairments	66	47	47	47	..	587	..	..	..	..
Rail costs	3	63	77	142	24	421	682	320	177	58
Other expenses	3	3	2	8	13	26	24	25	25	25
Transport and communication expenses	1,461	1,635	1,818	2,405	2,244	2,954	2,253	1,864	1,740	1,615

¹ 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.

Prior to 2008/09 all NZTA funding was recognised as operating expenditure. However from 2008/09 some funding is now classified as capital resulting in a reduction to operating expenditure.

Source: The Treasury

Table 4.14 – 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	395	394	381	375	373
Employment initiatives	222	224	202	207	186	187	176	171	168	166
Non-departmental outputs	444	549	751	873	822	828	851	804	779	779
Reserve Electricity Generation	..	..	26	16	81	16	27	27	26	17
Flood relief	15	52	8	..	..	..	..	..	..	..
KiwiSaver	..	..	..	..	1,102	1,420	919	940	956	982
Research & Development tax credits	..	..	..	..	37	154	7	..	..	..
Other expenses	33	111	56	(47)	58	145	299	271	286	268
Economic and industrial services expenses	1,192	1,444	1,592	1,595	2,889	3,145	2,673	2,594	2,590	2,585

Source: The Treasury

Table 4.15 – 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	30	23	20	16	15
Community employment projects	16	6	..	..	..	..	..	..	..	..
Subsidised work	100	102	84	88	67	65	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	3	5	4
Employment initiatives	222	224	202	207	186	187	176	171	168	166

Source: The Treasury

Table 4.16 – 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	381	385	376	375	375
Non-departmental outputs	81	114	97	80	109	80	200	155	164	169
Other expenses	18	8	20	16	78	84	26	14	14	15
Primary service expenses	368	394	467	438	541	545	611	545	553	559

Source: The Treasury

Table 4.17 – 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	9	8	8	10	10
Kyoto protocol	..	310	42	..	..	..	..	..	..	..
Emission Trading Scheme	..	..	..	..	..	23	484	757	649	1,698
Departmental outputs	269	292	322	357	392	440	442	431	440	444
Non-departmental outputs	258	317	351	411	469	464	494	466	438	432
Other expenses	104	66	169	69	239	126	79	49	57	54
Heritage, culture and recreation expenses	634	991	891	844	1,107	1,062	1,507	1,711	1,594	2,638

Source: The Treasury

Table 4.18 – 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	38	38	62	68	59
Departmental outputs	77	100	117	134	141	153	160	152	150	144
Other non-departmental expenses	35	32	62	96	91	121	167	142	142	143
Housing and community development	139	163	202	255	260	312	365	356	360	346

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 potential liabilities dependent on an uncertain event occurring. Contingent liabilities are not recognised in the Statement of Financial Position because either it is not probable the event will occur, or the amount of the obligation cannot be reliably measured. 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 is a segment representing 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 revenue.

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

Fiscal drag

In a tax system with multiple tax thresholds, as taxable incomes increase, tax revenues increase more than proportionately. This occurs because a higher proportion of an individual's income is taxed at the higher rate as their income increases. The additional increase in taxes is known as fiscal drag because it has the effect of removing aggregate demand from the economy.

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 excludes 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 Government's debt obligations to external parties.

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 cash flow from operations

OBEGAL 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 and the Bank for International Settlements, are excluded from the net core Crown debt measure as are the assets of the NZS Fund. Advances such as student loans and loans to District Health Boards are also excluded.

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 (OBEGAL)

The OBEGAL is the operating balance before gains and losses.

OBEGAL 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 cash flow 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 corporate 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 sterling.

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

June 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
\$ millions																	
Revenue and Expenses																	
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	58,392	56,374	57,094	60,245	64,948
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	62,363	65,282	67,446	70,361	73,440
Surpluses																	
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	(2,916)	(7,739)	(9,265)	(9,583)	(8,423)
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	(3,295)	(7,948)	(9,410)	(9,605)	(8,214)
Total Crown operating balance	1,863	2,048	1,705	1,405	1,208	2,286	1,621	7,309	5,931	9,542	8,023	2,384	(9,303)	(5,729)	(7,111)	(7,115)	(5,773)
Cash Position																	
Core Crown residual cash	3,913	484	2,048	(386)	349	216	1,217	520	3,104	2,985	2,877	2,057	(8,458)	(11,865)	(12,521)	(12,304)	(10,891)
Debt																	
GSID (excluding liquidity mgmt)	36,236	38,475	37,307	36,580	37,194	36,650	36,617	36,017	35,478	33,903	30,647	31,390	44,217	50,973	62,427	70,657	78,469
Net core Crown debt (incl NZS Fund)	30,317	30,472	25,923	25,895	24,908	24,773	22,647	19,902	13,324	6,302	1,620	(2,676)	3,814	14,061	24,934	35,178	44,022
Net core Crown debt	30,317	30,472	25,923	25,895	24,908	25,388	24,531	23,858	19,879	16,163	13,380	10,258	15,482	27,319	39,759	51,910	62,634
NZS Fund																	
NZS Fund net worth	..	..	..	..	..	615	1,884	3,956	6,555	9,861	12,973	14,212	13,275	14,590	15,791	17,124	18,604
% GDP																	
Revenue and Expenses																	
Core Crown revenue excl NZS Fund	33.5	33.7	31.4	31.5	32.0	31.7	32.7	32.3	33.6	35.9	34.6	34.4	32.7	32.2	31.2	31.5	32.1
Core Crown expenses	31.7	32.5	32.4	31.4	30.9	29.8	30.1	29.2	29.5	31.1	31.9	31.8	34.9	37.3	36.9	36.7	36.3
Surpluses																	
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	(1.6)	(4.4)	(5.1)	(5.0)	(4.2)
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	(1.8)	(4.5)	(5.2)	(5.0)	(4.1)
Total Crown operating balance	1.9	2.0	1.6	1.3	1.0	1.8	1.2	5.1	3.9	6.0	4.7	1.3	(5.2)	(3.3)	(3.9)	(3.7)	(2.9)
Cash Position																	
Core Crown residual cash	4.0	0.5	2.0	(0.3)	0.3	0.2	0.9	0.4	2.0	1.9	1.7	1.1	(4.7)	(6.8)	(6.9)	(6.4)	(5.4)
Debt																	
GSID (excluding liquidity mgmt)	36.6	37.9	35.6	32.9	31.4	29.1	27.6	25.2	23.3	21.4	18.1	17.5	24.8	29.1	34.2	36.9	38.7
Net core Crown debt (incl NZS Fund)	30.6	30.0	24.8	23.3	21.0	19.7	17.1	13.9	8.8	4.0	1.0	(1.5)	2.1	8.0	13.6	18.4	21.7
Net core Crown debt	30.6	30.0	24.8	23.3	21.0	20.2	18.5	16.7	13.1	10.2	7.9	5.7	8.7	15.6	21.8	27.1	30.9
NZS Fund																	
NZS Fund net worth	..	..	..	..	..	0.5	1.4	2.8	4.3	6.2	7.7	7.9	7.4	8.3	8.6	8.9	9.2

Economic Indicators

March Years	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Annual average % change	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	4.3	2.3	3.1	3.3	1.4	2.8	4.9	6.5	5.1	4.6	2.8	3.2	-0.4	-1.3	-1.5	-0.1	1.9
Public consumption	1.4	7.4	-0.4	5.8	-2.1	4.1	1.3	4.9	4.2	4.9	4.0	4.3	3.6	3.3	2.8	1.9	1.5
TOTAL CONSUMPTION	3.7	3.5	2.3	3.8	0.6	3.1	4.1	6.2	4.9	4.6	3.1	3.5	0.5	-0.3	-0.5	0.4	1.8
Residential investment	4.9	3.0	-13.0	19.5	-13.3	2.0	23.6	15.0	2.9	-5.2	-2.3	4.3	-25.2	-22.7	7.1	18.7	20.6
Non-market investment	18.3	14.0	-4.8	13.0	-13.8	21.9	13.7	15.6	14.2	-0.3	-5.6	7.4	15.9	5.2	-2.2	-3.6	3.8
Market investment	4.3	-2.2	2.6	6.9	8.0	6.9	2.3	12.2	11.9	8.2	0.7	4.7	-5.0	-23.4	3.1	18.4	11.5
TOTAL INVESTMENT	5.1	0.2	-2.3	10.6	0.4	6.8	7.8	13.1	9.2	4.4	-0.6	4.3	-9.6	-21.0	6.0	17.4	12.8
Stock change (contribution to growth)	-0.4	-0.2	-0.3	1.2	-0.3	0.1	-0.1	0.2	0.3	-0.4	-0.9	0.8	0.2	-1.0	0.5	0.1	-0.1
GROSS NATIONAL EXPENDITURE	3.5	2.6	0.9	6.3	0.3	3.9	4.7	7.7	6.2	4.2	1.4	4.4	-1.9	-5.8	1.3	3.9	4.2
Exports	4.7	3.9	2.9	7.4	6.3	3.0	7.8	0.9	4.6	0.0	3.1	2.9	-4.2	-1.5	2.4	4.1	6.0
Imports	6.4	2.5	2.1	11.3	-0.7	4.0	7.2	12.7	12.5	4.2	-1.6	9.6	-3.1	-14.3	0.6	7.3	6.4
EXPENDITURE ON GDP	3.1	2.9	1.2	5.2	2.4	3.5	5.0	4.0	3.8	3.0	2.7	2.3	-1.8	-1.9	2.0	2.9	4.0
GDP (production measure)	3.5	1.7	0.5	5.3	2.4	3.6	4.9	4.3	3.8	3.0	1.8	3.1	-0.9	-1.7	1.8	2.9	4.0
- annual % change	2.0	0.3	2.6	6.4	0.7	4.6	4.6	5.3	2.3	2.9	2.4	2.1	-2.7	0.1	2.3	3.4	4.1
Real GDP per capita	1.9	0.5	-0.3	4.7	1.8	2.7	3.0	2.4	2.4	1.8	0.6	2.1	-1.9	-2.7	0.8	1.9	3.1
Nominal GDP (expenditure basis)	4.9	3.7	1.7	6.0	5.7	7.5	5.1	6.8	7.2	5.0	5.4	7.4	0.7	-2.7	3.7	4.5	5.7
GDP deflator	1.8	0.8	0.5	0.9	3.2	3.9	0.2	2.7	3.2	1.9	2.5	4.9	2.5	-0.7	1.7	1.5	1.6
Output gap (% deviation, March qtr)	0.6	-1.7	-1.7	1.8	-0.6	0.4	1.0	2.5	1.6	1.8	2.0	1.9	-0.9	-1.9	-2.2	-1.5	0.0
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	0.8	0.7	-3.4	-2.2	1.8	3.5
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	5.0	7.5	7.5	6.3	5.1
Wages (average ordinary-time hourly, ann % change)	4.3	2.6	3.0	1.7	3.2	3.7	2.3	3.4	3.5	5.3	4.6	4.6	4.2	2.2	1.2	1.3	1.6
CPI inflation (ann % 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	3.0	2.4	1.7	1.2	1.6
Merchandise terms of trade (SNA basis)	0.0	-1.8	0.9	0.2	3.4	4.0	-5.6	4.3	3.5	-2.1	-1.1	8.4	0.9	-11.8	0.8	3.6	2.4
Current account balance - \$billion	-5.8	-5.4	-4.4	-7.0	-5.1	-3.9	-4.5	-6.7	-10.3	-14.6	-13.8	-14.2	-15.4	-12.0	-9.8	-10.3	-11.1
Current account balance - % of GDP	-6.0	-5.3	-4.2	-6.4	-4.4	-3.1	-3.4	-4.8	-6.8	-9.3	-8.3	-8.0	-8.6	-6.9	-5.4	-5.5	-5.5
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	53.7	49.5	52.0	52.1	52.1
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	3.7	2.5	2.5	3.8	5.4
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	4.6	5.2	5.2	5.6	5.8