

6

Core Crown Expense Tables¹³

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	15,598	16,768	17,877	19,382	21,185	22,175	22,935	23,644	24,396	25,334
GSF pension expenses	761	645	690	655	328	281	302	383	439	480
Health	9,547	10,355	11,297	12,368	13,128	13,774	14,353	14,332	14,242	14,236
Education	9,914	9,269	9,551	11,455	11,724	12,039	12,257	12,266	12,077	12,236
Core government services	2,507	4,816	3,371	5,293	2,974	6,357	5,564	4,296	4,352	4,457
Law and order	2,235	2,699	2,894	3,089	3,191	3,526	3,555	3,438	3,423	3,418
Defence	1,383	1,517	1,562	1,757	1,814	1,890	1,911	1,863	1,863	1,862
Transport and communications	1,818	2,405	2,244	2,663	2,345	2,330	2,378	2,096	2,087	2,082
Economic and industrial services	1,592	1,595	2,889	2,960	2,839	2,755	2,235	1,901	1,849	1,872
Primary services	467	438	541	534	507	731	755	706	698	700
Heritage, culture and recreation	891	844	1,107	1,002	1,281	2,437	1,947	1,535	1,490	1,485
Housing and community development	202	255	260	297	306	1,046	333	299	287	290
Other	49	68	254	118	80	625	635	476	474	473
Finance costs	2,356	2,329	2,460	2,429	2,311	3,078	3,714	4,325	4,701	5,254
Forecast for future new spending	..	..	..	..	..	..	463	1,040	1,815	3,007
Top-down expense adjustment	..	..	..	..	..	(250)	(310)	(50)	(50)	(50)
Core Crown expenses	49,320	54,003	56,997	64,002	64,013	72,794	73,027	72,550	74,143	77,136

Source: The Treasury

Table 6.1 – Social security and welfare expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Welfare benefits	14,246	15,435	16,288	17,366	18,961	19,917	20,852	21,593	22,237	23,166
Social rehabilitation and compensation	145	163	199	336	331	120	81	112	113	112
Departmental expenses	858	845	850	1,092	1,130	1,154	1,118	1,104	1,098	1,100
Child support impairment	151	183	193	205	371	280	446	533	643	643
Other non-departmental expenses ¹	198	142	347	383	392	704	438	302	305	313
Social security and welfare expenses	15,598	16,768	17,877	19,382	21,185	22,175	22,935	23,644	24,396	25,334

Note 1: Other non-departmental expenses in the 2011 forecast include costs associated with the Canterbury earthquakes.

Source: The Treasury

¹³ 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)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	6,414	6,810	7,348	7,744	8,290	8,833	9,575	10,214	10,887	11,666
Domestic Purposes Benefit	1,493	1,468	1,478	1,530	1,693	1,765	1,895	1,950	1,997	2,062
Unemployment Benefit	712	613	458	586	930	959	1,029	1,007	900	862
Invalid's Benefit	1,073	1,132	1,216	1,260	1,303	1,307	1,347	1,382	1,414	1,452
Family Tax Credit	1,285	1,699	1,897	2,062	2,168	2,214	2,178	2,149	2,101	2,097
Accommodation Supplement	843	877	891	989	1,154	1,202	1,264	1,295	1,306	1,335
Sickness Benefit	541	573	582	613	710	742	782	807	832	860
Disability Allowance	261	270	278	390	411	410	411	406	415	425
Income-Related Rents	395	434	465	512	522	559	587	623	663	705
In Work Tax Credit	70	461	563	584	595	592	567	560	527	500
Child Tax Credit	154	44	11	6	4	3	2	2	1	1
Special Benefit	162	106	71	..	..	..	..	..	..	..
Benefits paid in Australia	80	71	58	50	45	40	37	22	19	16
Paid Parental Leave	96	122	135	143	154	155	164	173	184	194
Childcare Assistance	110	139	150	159	178	190	188	185	181	180
War Disablement Pensions	113	122	134	125	137	136	137	136	133	131
Veteran's Pension	128	143	161	176	179	178	179	176	174	172
Other benefits	316	351	392	437	488	632	510	506	503	508
Benefit expenses	14,246	15,435	16,288	17,366	18,961	19,917	20,852	21,593	22,237	23,166

Source: The Treasury

Table 6.3 – Beneficiary numbers

(Thousands)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	482	495	508	522	540	561	583	607	628	650
Domestic Purposes Benefit	106	100	97	101	110	114	118	118	118	119
Unemployment Benefit	64	52	37	48	78	81	84	80	70	66
Accommodation Supplement	249	251	245	267	312	322	330	332	329	331
Invalid's Benefit	76	78	82	86	88	88	89	89	89	89
Sickness Benefit	47	48	48	50	58	60	61	62	62	63

Source: Ministry of Social Development

Table 6.4 – Health expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental outputs	174	180	206	206	211	201	200	201	201	201
Health services purchasing	8,805	9,614	10,503	11,354	12,077	12,539	13,231	13,159	13,084	13,086
Other non-departmental outputs	135	99	97	98	106	124	119	117	111	111
Health payments to ACC	372	425	463	667	691	854	752	804	795	786
Other expenses	61	37	28	43	43	56	51	51	51	52
Health expenses	9,547	10,355	11,297	12,368	13,128	13,774	14,353	14,332	14,242	14,236

Source: The Treasury

Table 6.5 – Health services purchasing

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Payments to District Health Boards	7,814	8,547	9,312	10,038	10,670	11,115	11,749	11,665	11,650	11,666
National disability support services	699	755	834	889	930	974	1,028	1,013	1,013	1,013
Public health services purchasing	292	312	357	427	477	450	454	481	421	407
Health services purchasing	8,805	9,614	10,503	11,354	12,077	12,539	13,231	13,159	13,084	13,086

Source: The Treasury

Table 6.6 – Education expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Early childhood education	555	617	860	1,030	1,184	1,366	1,424	1,486	1,528	1,564
Primary and secondary schools	4,153	4,325	4,552	4,936	5,157	5,431	5,487	5,578	5,405	5,550
Tertiary funding	4,047	3,322	3,266	4,564	4,465	4,209	4,273	4,210	4,160	4,145
Departmental expenses	821	875	828	888	898	983	1,027	979	974	966
Other education expenses	338	130	45	37	20	50	46	13	10	11
Education expenses	9,914	9,269	9,551	11,455	11,724	12,039	12,257	12,266	12,077	12,236
Places	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Early childhood education ¹	115,903	123,196	133,863	142,014	155,108	163,973	172,195	176,793	180,842	186,304

Note 1: Full-time equivalent based on 1,000 funded child hours per year. From 2004, these have been restated and are now snapshots based as at 1 July.

Sources: Ministry of Education, The Treasury

Table 6.7 – Primary and secondary education expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Primary	2,062	2,141	2,262	2,484	2,622	2,779	2,809	2,869	2,790	2,892
Secondary	1,618	1,682	1,761	1,898	1,972	2,076	2,091	2,114	2,019	2,050
School transport	118	125	131	152	160	163	172	180	186	193
Special needs support	245	263	278	290	297	312	318	318	313	318
Professional development	101	104	108	101	95	91	88	88	88	88
Schooling improvement	9	10	12	11	11	10	9	9	9	9
Primary and secondary education expenses	4,153	4,325	4,552	4,936	5,157	5,431	5,487	5,578	5,405	5,550
Places	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary ¹	481,007	479,230	475,820	474,630	473,431	475,454	481,114	486,630	492,555	500,821
Secondary ¹	275,869	277,619	277,582	280,062	281,095	283,286	281,774	277,806	272,943	268,125

Note1: Restated in 1999, these are now snapshots based as at 1 July for primary year levels (years 1 to 8) and 1 March for secondary year levels (years 9 to 13). These numbers include special school rolls but exclude health camps, hospital schools and home schooling.

Sources: Ministry of Education, The Treasury

Table 6.8 – Tertiary education expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Tuition	1,865	1,962	2,172	2,287	2,398	2,368	2,369	2,381	2,369	2,371
Other tertiary funding	110	339	452	522	489	444	460	440	440	440
Tertiary student allowances	354	382	386	444	570	626	627	570	525	507
Initial fair value change in student loans	1,415	..	..	..	..	..	..	..	..	..
Student loans	303	639	256	1,311	1,008	771	817	819	826	827
Tertiary education expenses	4,047	3,322	3,266	4,564	4,465	4,209	4,273	4,210	4,160	4,145
Places (year)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estimated funded places ¹	223,761	225,652	225,836	234,230	239,978	240,232	244,339	242,533	242,633	242,687
Actual delivered places ¹	226,891	230,319	229,224	246,041	250,422					

Note 1: Tertiary places are the number of equivalent full time (EFT) students in: student achievement component; adult and community education; and youth guarantee programmes. Note that historical place numbers have been revised so will differ from previous published EFT numbers. Place numbers are based on calendar years rather than fiscal years.

Sources: Ministry of Education, The Treasury

Table 6.9 – Core government service expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Official development assistance	330	330	362	458	435	493	525	509	534	559
Indemnity and guarantee expenses	..	..	..	992	7	402	59	58	58	58
Departmental expenses	1,403	1,402	1,557	1,668	1,324	1,539	1,653	1,613	1,608	1,619
Non-departmental expenses	..	237	277	117	236	456	524	545	550	571
Tax receivable write-down and impairments	338	2,479	701	1,654	590	1,053	1,104	1,068	1,112	1,157
Science expenses	157	163	168	179	191	177	119	121	122	125
Other expenses ¹	279	205	306	225	191	2,237	1,580	382	368	368
Core government service expenses	2,507	4,816	3,371	5,293	2,974	6,357	5,564	4,296	4,352	4,457

Note 1: Other expenses in the forecast period include costs associated with the Canterbury earthquakes.

Source: The Treasury

Table 6.10 – Law and order expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Police	976	1,086	1,198	1,326	1,349	1,344	1,337	1,334	1,329	1,329
Ministry of Justice	299	454	367	379	372	413	451	444	438	439
Department of Corrections	572	662	787	829	903	1,017	997	1,014	1,014	1,014
NZ Customs Service ¹	12	12	12	12	13	122	138	147	148	147
Other departments	64	48	79	80	102	105	99	69	72	72
Department expenses	1,923	2,262	2,443	2,626	2,739	3,001	3,022	3,008	3,001	3,001
Non-departmental outputs	262	354	326	380	399	447	444	358	359	360
Other expenses	50	83	125	83	53	78	89	72	63	57
Law and order expenses	2,235	2,699	2,894	3,089	3,191	3,526	3,555	3,438	3,423	3,418

Note1: Previously the majority of NZ Customs Service expenses were classified as core government services.

Source: The Treasury

Table 6.11 – Defence expenses

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
NZDF core expenses	1,306	1,459	1,517	1,697	1,747	1,799	1,852	1,813	1,813	1,812
Other expenses	77	58	45	60	67	91	59	50	50	50
Defence expenses	1,383	1,517	1,562	1,757	1,814	1,890	1,911	1,863	1,863	1,862

Source: The Treasury

Table 6.12 – Transport and communication expenses

(\$million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Transport Agency ¹	1,482	1,874	1,966	1,562	1,778	1,704	1,793	1,838	1,902	1,902
Departmental outputs	101	113	137	83	63	65	66	65	65	65
Other non-departmental expenses	109	221	104	170	58	121	142	92	91	87
Asset impairments	47	47	..	320	..	..	..	..	..	..
Rail funding	77	142	24	507	418	410	347	77	3	3
Other expenses	2	8	13	21	28	30	30	24	26	25
Transport and communication expenses	1,818	2,405	2,244	2,663	2,345	2,330	2,378	2,096	2,087	2,082

Note 1: Since 2008/09 funding has been provided to New Zealand Transport Agency (NZTA). From 2004/05 to 2007/08 funding was provided to Land Transport NZ. 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 6.13 – Economic and industrial services expenses

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental outputs	549	546	603	389	382	446	426	413	416	414
Employment initiatives	202	207	186	185	220	231	228	196	196	196
Non-departmental outputs	751	873	822	809	927	842	698	598	556	551
Reserve electricity generation	26	16	81	20	23	20	11	..	..	..
Flood relief	8	..	..	..	..	..	..	..	..	..
KiwiSaver	..	..	1,102	1,281	1,024	1,039	656	614	596	631
Research and development tax credits	..	..	37	154	..	..	..	..	..	..
Other expenses	56	(47)	58	122	263	177	216	80	85	80
Economic and industrial services expenses	1,592	1,595	2,889	2,960	2,839	2,755	2,235	1,901	1,849	1,872

Source: The Treasury

Table 6.14 – Employment initiatives

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Training incentive allowance	32	29	27	30	19	20	16	15	15	15
Subsidised work	84	88	67	63	109	120	121	89	89	89
Employment support for the disabled	82	86	88	88	88	87	87	88	88	88
Other employment assistance schemes	4	4	4	4	4	4	4	4	4	4
Employment initiatives	202	207	186	185	220	231	228	196	196	196

Source: The Treasury

Table 6.15 – Primary service expenses

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental expenses	350	342	354	360	352	361	386	372	370	373
Non-departmental outputs	97	80	109	89	136	156	228	198	191	170
Biological research ¹	..	..	..	..	..	168	105	106	102	102
Other expenses	20	16	78	85	19	46	36	30	35	55
Primary service expenses	467	438	541	534	507	731	755	706	698	700

¹ Biological research was previously classified as an economic and industrial services expense.

Source: The Treasury

Table 6.16 – Heritage, culture and recreation expenses

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Community grants	7	7	7	8	8	8	7	7	7	7
Kyoto protocol	42	..	..	..	..	..	..	..	..	..
Emissions Trading Scheme	..	..	..	17	80	1,232	692	400	415	422
Departmental outputs	322	357	392	426	415	447	559	532	519	510
Non-departmental outputs	351	411	469	467	637	462	501	472	470	471
Other expenses	169	69	239	84	141	288	188	124	79	75
Heritage, culture and recreation expenses	891	844	1,107	1,002	1,281	2,437	1,947	1,535	1,490	1,485

Source: The Treasury

Table 6.17 – Housing and community development expenses

(\$ million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Housing subsidies	23	25	28	37	44	68	67	58	51	55
Departmental outputs	117	134	141	148	140	147	122	104	102	101
Other non-departmental expenses	62	96	91	112	122	831	144	137	134	134
Housing and community development expenses	202	255	260	297	306	1,046	333	299	287	290

Source: The Treasury

Glossary of Terms

ACC insurance liability

The ACC insurance liability is the gross liability of the future cost of ACC claims incurred prior to balance date. 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, Vote Education). All amounts within baselines are included in the forecasts.

Consumer Price Index (CPI)

Statistics New Zealand's official index to measure the rate of change in prices of goods and services purchased by households.

Contingent assets

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

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.

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 expenses

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

Core Crown revenue

Core Crown revenue primarily consists of tax revenue collected by the Government, but

also includes investment income, sales of goods and services and other revenue.

Corporate tax

The sum of net company tax, non-resident withholding tax (NRWT) and 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 represents a current account surplus, a net outflow 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, operating balance before gains and losses) adjusted for short-term fluctuations of actual GDP around trend GDP. The estimate provides a picture of the underlying trend fiscal position and helps measure 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 such as the age, gender or ethnic make-up.

Domestic bond programme

The amount and timing of additional government bonds expected to be issued in the next financial year.

Excise duties

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

Financial assets

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

Fiscal impulse

A summary measure of how changes in fiscal policy affect aggregate demand. To isolate discretionary changes, fiscal impulse is calculated on a cyclically-adjusted basis and 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 is required to explicitly indicate its intentions for operating expenses and operating revenues, and the impact of its intentions on 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 defined principles of responsible fiscal management as outlined in the Act and must cover a period of (at least) 10 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.

Gains and Losses

Gains and losses typically arise from the revaluation of assets and liabilities, such as investments in financial assets and long-term liabilities for ACC and the Government Superannuation Fund. Gains and losses are reported directly as a movement in net worth (eg, asset revaluation reserves) or indirectly through the statement of financial performance. The impact of gains and losses on the operating balance can be volatile. The operating balance (before gains and losses) indicator can provide a more useful measure of underlying stewardship.

GDP deflator

An index of changes in the general price level in the economy. It is calculated as the ratio of nominal GDP to real GDP.

Gross domestic product (GDP)

A measure of the value of all goods and services produced in New Zealand; changes in GDP measure growth or contraction in economic activity or output. GDP can be measured as the actual dollar value of goods and services at today's prices (nominal GDP), or excluding the effects of price changes over time (real GDP).

Gross domestic product (expenditure)

The sum of total final expenditure on goods and services in the economy.

Gross national expenditure (GNE)

A measure of total expenditure on final goods and services by New Zealand residents.

Gross sovereign-issued debt (GSID)

Includes all debt issued by the sovereign (the core Crown). It therefore includes Government stock held within the Crown (eg, by the NZS Fund, ACC and EQC).

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 unit of labour input (where labour inputs might be measured as hours worked or the number of people employed).

Line-by-line consolidation

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, State-owned enterprises, 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

Aggregate monetary conditions measure the degree to which short-term interest rates and the exchange rate either support or restrict economic growth.

Monetary policy

The Reserve Bank implements its monetary policy decisions by adjusting its Official Cash Rate (OCR) in an effort to maintain stability in general level of prices within a defined annual CPI target range.

Tightening monetary policy means raising the OCR in order to moderate aggregate demand pressures and reduce inflationary pressures. Easing monetary policy has the reverse effect.

Net core Crown cash flow from operations

Operating balance (before gains and losses) less retained items (eg, net surplus of State-owned enterprises, Crown entities and NZS Fund net revenue) less non-cash items (eg, depreciation).

Net core Crown debt

Represents GSID less core Crown financial assets (excluding advances and financial assets held by the NZS Fund). Advances and financial assets held by the NZS Fund are excluded as these assets are less liquid and/or they are made for public policy reasons rather than for the purposes associated with government financing. Net core Crown debt provides information about the sustainability of the Government's accounts, and is used by some international rating agencies when determining the creditworthiness of a country.

Net international investment position (NIIP)

Measures the net value of New Zealand's international assets and liabilities at a point in time.

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.

Net worth excluding social assets

A measure that provides the Government with an idea of how its assets which earn a financial return match its liabilities. The measure consists of the financial assets of the core Crown and Crown entities, all assets of State-owned enterprises (excluding the physical assets of KiwiRail), and total liabilities.

New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)

These standards are approved by the Accounting Standards Review Board in New Zealand. They are based on 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 balance

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

The impact of gains and losses on the operating balance can be volatile so the operating balance before gains and losses can provide a more useful measure of underlying stewardship.

Output gap

The difference between actual and potential GDP. Potential GDP is the level of output an economy can sustain without acceleration of inflation.

Productivity

The amount of output (eg, GDP) per unit of input.

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.

Public Private Partnership (PPP)

No single widely accepted definition for the term PPP exists. However, most descriptions characterise a PPP as an arrangement between a public sector entity and a private sector entity to deliver a public sector asset (normally infrastructure or a public facility) and/or service. In this way, PPP arrangements offer an alternative to traditional public sector procurement methods used to accomplish a public duty or responsibility.

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 registered banks. It is a liquidity mechanism used to settle wholesale obligations between registered 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

A category of government decisions or circumstances which may have a material impact on the fiscal position. 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 which meets 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 at a given point in time, regardless of whether or not it has actually been paid.

Top-down adjustment

An adjustment to expenditure forecasts to reflect the extent to which departments use appropriations (upper spending limits) when preparing their forecasts. As appropriations apply to the core Crown only, no adjustment is required to State-owned enterprises or Crown entity forecasts.

Total borrowings

Total borrowings represent the Government’s debt obligations to external parties. Total borrowings can be split into sovereign-guaranteed debt and non-sovereign-guaranteed debt. Non-sovereign-guaranteed debt represents the debt obligations of State-owned enterprises and Crown entities that are not explicitly guaranteed by the Crown.

Tradable/non-tradable

There is no official definition of the tradable sector. In this document the tradable sector is the part of the economy particularly exposed to foreign competition. It includes primary, manufacturing and tourism industries. Non-tradable output is estimated as a residual of total real GDP.

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, 2010/11 or 2011 will generally mean “year ended 30 June” unless otherwise stated.

Time Series of Fiscal and Economic Indicators

Fiscal Indicators

June years	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
\$millions																	
Revenue and expenses																	
Core Crown revenue	32,880	34,946	37,842	39,945	43,440	46,219	51,045	55,735	58,211	61,819	59,482	56,216	56,950	61,061	66,367	71,491	76,413
Core Crown expenses	33,939	34,829	36,559	37,513	39,897	41,882	44,895	49,320	54,003	56,997	64,002	64,013	72,794	73,027	72,550	74,143	77,136
Surpluses																	
Total Crown OBEGAL	128	594	1,422	2,471	4,366	5,573	7,075	7,091	5,860	5,637	(3,893)	(6,315)	(16,728)	(9,741)	(4,097)	(719)	1,297
Total Crown operating balance	1,705	1,405	1,208	2,286	1,621	7,309	5,931	9,542	8,023	2,384	(10,505)	(4,509)	(9,437)	(7,293)	(1,350)	2,292	4,587
Cash position																	
Core Crown residual cash	2,048	(386)	349	216	1,217	520	3,104	2,985	2,877	2,057	(8,639)	(9,000)	(14,951)	(13,482)	(8,951)	(5,393)	(4,051)
Debt																	
Gross debt ¹	37,307	36,580	37,194	36,650	36,617	36,017	35,478	33,903	30,647	31,390	43,356	53,591	71,578	77,764	79,183	88,705	86,242
Gross debt incl RB settlement cash and bank bills	37,307	36,580	37,194	36,650	36,617	36,017	35,478	35,867	36,805	37,745	50,973	58,891	76,778	82,964	84,383	93,905	91,442
Net core Crown debt (incl NZS Fund) ²	25,923	25,895	24,908	24,773	22,647	19,902	13,324	6,302	1,620	(2,676)	5,633	12,549	23,648	35,804	43,126	46,957	49,191
Net core Crown debt ²	25,923	25,895	24,908	25,388	24,531	23,858	19,879	16,163	13,380	10,258	17,119	26,738	41,502	54,872	63,619	68,989	72,875
Net worth																	
Total Crown net worth	10,121	12,605	15,450	22,825	28,012	39,595	54,240	83,971	96,827	105,514	99,515	94,988	85,519	78,272	76,939	79,251	83,853
Nominal GDP	106,163	112,588	119,991	127,511	134,664	145,202	154,368	161,894	172,049	183,385	185,331	189,122	199,819	209,178	222,916	234,237	246,098
% GDP																	
Revenue and expenses																	
Core Crown revenue	31.0	31.0	31.5	31.3	32.3	31.8	33.1	34.4	33.8	33.7	32.1	29.7	28.5	29.2	29.8	30.5	31.0
Core Crown expenses	32.0	30.9	30.5	29.4	29.6	28.8	29.1	30.5	31.4	31.1	34.5	33.8	36.4	34.9	32.5	31.7	31.3
Surpluses																	
Total Crown OBEGAL	0.1	0.5	1.2	1.9	3.2	3.8	4.6	4.4	3.4	3.1	(2.1)	(3.3)	(8.4)	(4.7)	(1.8)	(0.3)	0.5
Total Crown operating balance	1.6	1.2	1.0	1.8	1.2	5.0	3.8	5.9	4.7	1.3	(5.7)	(2.4)	(4.7)	(3.5)	(0.6)	1.0	1.9
Cash position																	
Core Crown residual cash	1.9	(0.3)	0.3	0.2	0.9	0.4	2.0	1.8	1.7	1.1	(4.7)	(4.8)	(7.5)	(6.4)	(4.0)	(2.3)	(1.6)
Debt																	
Gross debt ¹	35.1	32.5	31.0	28.7	27.2	24.8	23.0	20.9	17.8	17.1	23.4	28.3	35.8	37.2	35.5	37.9	35.0
Gross debt incl RB settlement cash and bank bills	35.1	32.5	31.0	28.7	27.2	24.8	23.0	22.2	21.4	20.6	27.5	31.1	38.4	39.7	37.9	40.1	37.2
Net core Crown debt (incl NZS Fund) ²	24.4	23.0	20.8	19.4	16.8	13.7	8.6	3.9	0.9	(1.5)	3.0	6.6	11.8	17.1	19.3	20.0	20.0
Net core Crown debt ²	24.4	23.0	20.8	19.9	18.2	16.4	12.9	10.0	7.8	5.6	9.2	14.1	20.8	26.2	28.5	29.5	29.6
Net worth																	
Total Crown net worth	9.5	11.2	12.9	17.9	20.8	27.3	35.1	51.9	56.3	57.5	53.7	50.2	42.8	37.4	34.5	33.8	34.1
Notes:																	
1 Excludes Reserve Bank settlement cash and bank bills.																	
2 Excludes advances.																	

Economic Indicators

March Years	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual average % change	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	3.0	3.3	1.4	2.7	4.8	6.2	4.5	4.4	2.5	3.3	-1.1	0.4	1.5	1.4	2.6	3.4	2.9
Public consumption	-0.3	5.8	-2.1	4.2	1.4	4.9	4.6	4.9	4.1	5.0	4.2	0.2	2.4	1.0	-0.8	-0.4	0.6
TOTAL CONSUMPTION	2.2	3.8	0.6	3.0	4.0	5.9	4.6	4.5	2.8	3.7	0.1	0.4	1.7	1.3	1.8	2.5	2.4
Residential investment	-13.0	19.5	-13.3	2.0	23.6	14.9	2.6	-5.1	-1.4	3.8	-23.2	-13.0	0.9	0.8	53.5	17.4	2.7
Non-market investment	-4.8	13.0	-13.8	21.9	10.7	15.7	11.0	5.9	-7.0	-7.9	15.6	-5.6	-5.2	10.0	-6.7	-3.1	4.7
Market investment	1.7	7.4	7.3	6.9	2.8	13.0	11.9	11.3	-1.5	9.4	-3.3	-10.0	7.5	4.3	13.0	9.8	2.5
TOTAL INVESTMENT	-2.9	10.9	-0.1	6.8	8.0	13.6	8.8	6.6	-2.2	6.3	-7.7	-9.4	5.3	5.6	18.8	11.0	3.0
Stock change (contribution to growth)	-0.3	1.2	-0.3	0.1	-0.1	0.2	0.3	-0.5	-0.7	0.6	0.2	-2.2	1.8	0.0	-0.4	-0.2	0.0
GROSS NATIONAL EXPENDITURE	0.8	6.4	0.2	3.8	4.7	7.6	5.8	4.5	1.0	4.8	-1.4	-3.6	4.5	1.7	5.3	4.5	2.5
Exports	2.9	7.4	6.3	3.0	7.8	1.1	4.8	-0.2	2.9	3.2	-3.5	4.6	1.9	3.0	2.9	2.2	2.1
Imports	2.1	11.3	-0.7	4.0	7.2	12.7	12.5	4.2	-1.6	10.1	-4.4	-9.4	10.5	2.5	6.9	6.8	1.7
EXPENDITURE ON GDP	1.0	5.2	2.4	3.5	5.0	4.0	3.6	3.3	2.2	2.9	-1.1	0.7	2.1	1.6	4.0	3.0	2.7
GDP (production measure)	0.6	5.4	2.5	3.6	4.9	4.4	3.8	3.2	0.8	3.0	-1.6	-0.7	1.0	1.8	4.0	3.0	2.7
- annual % change	2.7	6.5	0.8	4.6	4.6	5.3	2.6	2.4	1.7	2.2	-3.6	1.8	-0.2	3.1	4.1	2.6	2.8
Real GDP per capita	-0.2	4.8	1.9	2.7	3.0	2.4	2.4	2.1	-0.4	1.9	-2.5	-1.9	-0.1	1.0	3.2	2.0	1.8
Nominal GDP (expenditure basis)	1.8	6.0	5.7	7.5	5.1	6.9	7.1	5.6	5.0	7.8	1.8	1.1	5.3	4.7	6.4	5.4	4.9
GDP deflator	0.8	0.8	3.2	3.9	0.2	2.8	3.3	2.3	2.8	4.7	2.9	0.4	3.2	3.1	2.3	2.4	2.1
Output gap (% deviation, March year average)	-1.9	0.6	0.1	0.1	1.0	1.4	1.7	2.2	1.2	3.2	0.9	-1.0	-1.3	-1.1	0.0	-0.1	-0.2
Employment	-0.6	1.9	2.0	2.9	2.8	3.0	3.6	2.8	2.2	1.3	0.9	-1.3	0.9	1.1	2.5	1.8	1.3
Unemployment (% March quarter s.a.)	7.5	6.5	5.5	5.3	5.0	4.3	3.9	4.0	3.9	3.9	5.1	6.0	6.8	5.7	4.8	4.8	4.6
Wages (average ordinary-time hourly, ann % change)	3.0	1.7	3.2	3.7	2.3	3.5	3.6	5.4	4.7	4.7	5.4	1.0	2.8	4.1	4.1	4.2	4.0
CPI inflation (ann % change)	-0.1	1.5	3.1	2.6	2.5	1.5	2.8	3.3	2.5	3.4	3.0	2.0	4.5	3.1	2.4	2.5	2.6
Merchandise terms of trade (SNA basis)	0.9	0.2	3.4	4.0	-5.6	4.3	3.5	-2.0	-1.1	8.5	-0.1	-7.5	10.4	-1.7	0.2	1.4	1.3
Current account balance - \$billion	-4.2	-7.1	-4.4	-3.4	-4.1	-6.1	-9.3	-13.9	-13.3	-14.4	-14.7	-4.5	1.0	-8.4	-11.5	-15.6	-16.8
Current account balance - % of GDP	-4.0	-6.4	-3.7	-2.7	-3.1	-4.3	-6.1	-8.7	-7.9	-7.9	-8.0	-2.4	0.5	-4.1	-5.2	-6.8	-6.9
TWI (March quarter)	57.6	54.1	50.5	51.6	60.6	66.9	69.6	68.3	68.8	71.9	53.7	65.3	67.2	66.7	64.5	60.3	56.0
90-day bank bill rate (March quarter)	4.5	6.0	6.4	5.0	5.8	5.5	6.9	7.6	7.8	8.8	3.7	2.7	3.0	3.0	3.9	4.7	5.0
10-year bond rate (March quarter)	5.7	7.3	6.0	6.7	6.0	5.9	6.0	5.7	5.9	6.3	4.6	5.9	5.6	5.7	5.7	5.9	6.0