

# A Snapshot of the 2014 Financial Statements of the Government

The New Zealand Government:

**2,645** entities

**\$89.4 billion** revenue

**\$92.2 billion** expenditure

**\$2.9 billion** operating deficit

**\$256.1 billion** assets

**\$175.3 billion** liabilities



Embargo: Contents not for communication in any form before 3pm on Tuesday 7 October 2014.

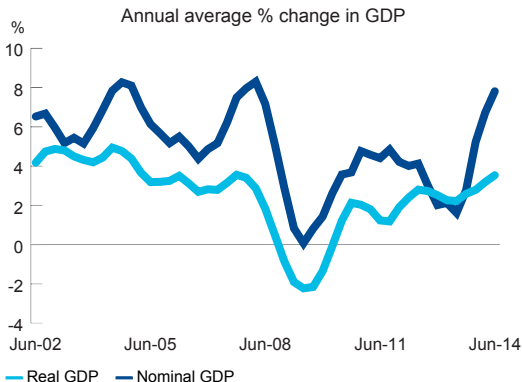
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<http://www.treasury.govt.nz/financialstatements/yearend/jun14snapshot>

New Zealand Government

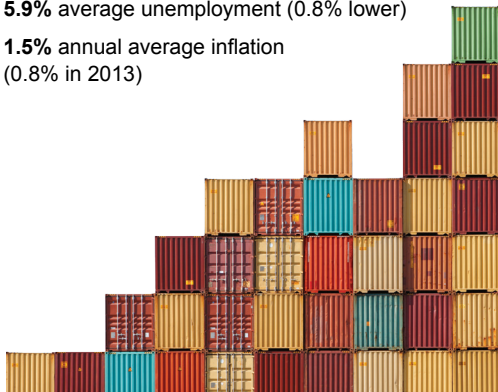
# The economy continued to grow

Real gross domestic product growth accelerated to an annual average rate of **3.5%**, with strong growth in construction, primary industries and some services. Nominal activity strengthened **7.8%**, as export prices increased.

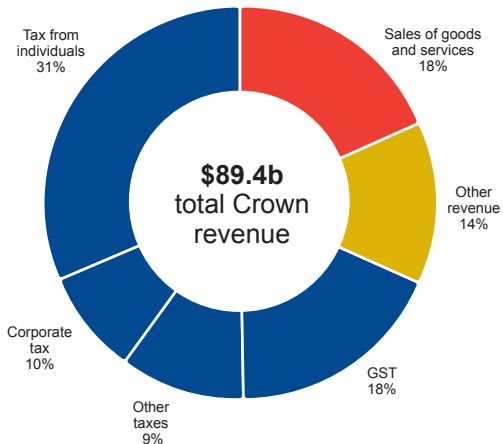


## Facts and figures – June Year

- » **\$229.1 billion** nominal GDP (up 7.8%)
- » **\$154.0 billion** real GDP (up 3.5%)
- » **\$68.5 billion** export receipts (up 9.8%)
- » **1,399,200** average full-time employees (38,500 more)
- » **\$28.11** average hourly rate (up 2.6%)
- » **5.9%** average unemployment (0.8% lower)
- » **1.5%** annual average inflation (0.8% in 2013)



# Where does the Government's money come from?

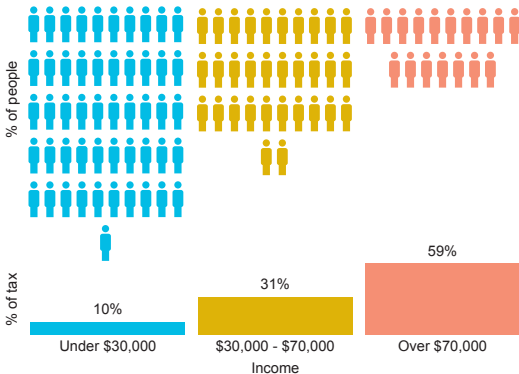


- » **68%** of revenue was from collection of tax (\$2.7 billion more than last year)
- » **83%** of sales of goods and services were from SOEs (eg, NZ Post, electricity companies, Air New Zealand)
- » **14%** was from other sources (eg, ACC, EQC, and fire service levies)

## Total revenue \$89.4 billion

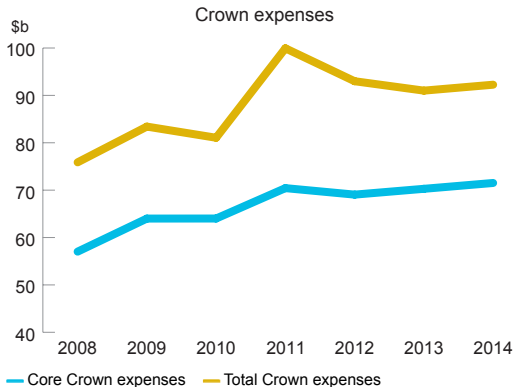
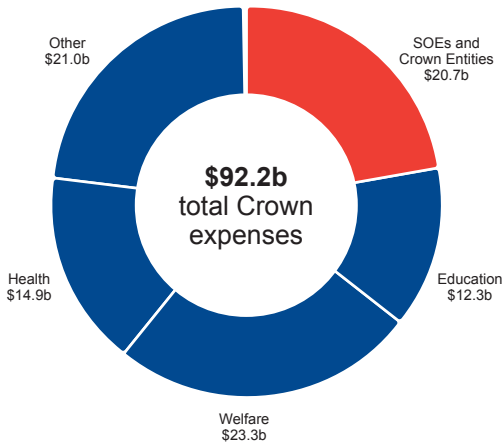
- » \$2.7 billion increase from last year
- » Represents 39.0% of GDP
- » Core Crown tax revenue was \$61.5 billion

## Who pays income tax, and how much?



- » Next March tax year 3.5 million New Zealanders are expected to pay tax of \$28.6 billion – an average of \$8,171 each

# Your tax dollar – where was it spent?



**Total Crown expenses were \$1.2 billion more than last year with Health and New Zealand Superannuation expenditure having increased.**



**\$71.5 billion**  
core Crown  
expenses

**55% of all spending**  
welfare, education and health

**22% of all spending**  
by SOEs and Crown entities

# Your dollar provided

## \$50.5 billion on welfare, health, education



### Social welfare

**\$10.9 billion** to provide **640,000** superannuitants with income support and **\$4.5 billion** to **312,000** people receiving Jobseeker Support and Emergency Benefit, Sole Parent Support and Supported Living Payment.



### Health

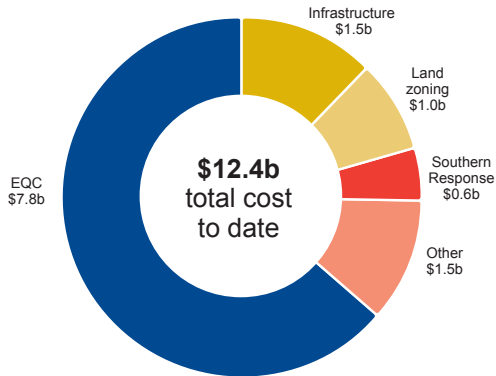
**\$11.2 billion** of funding to District Health Boards, which contributed to a range of hospital- and community-based services, including almost **162,000** elective surgeries and **92%** of eight-month-olds being immunised.



### Education

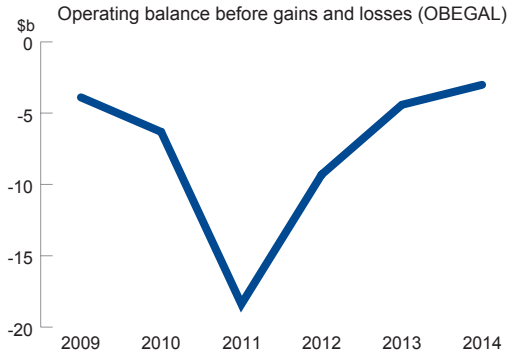
**\$12.3 billion** helped to fund over **200,000** enrolments in early childhood education, over **750,000** school students and **350,000** tertiary students.

## Rebuilding Canterbury



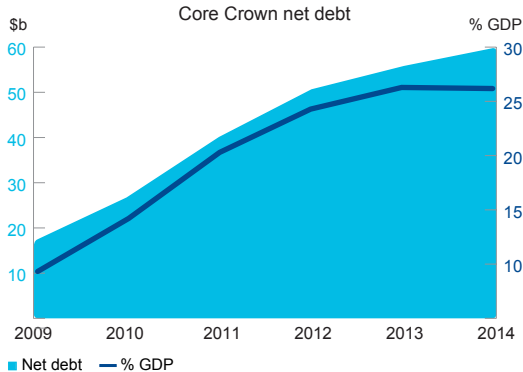
- » **\$12.4 billion** total cost so far, \$9.1 billion of that was recorded in 2011, \$1.9 billion in 2012, \$0.5 billion last year and \$0.9 billion this year
- » **Nearly 63%** are the costs of EQC, with 424,651 building claims, with \$1.9 billion paid this year
- » **7,687** red zone properties with only 6% yet to be settled

# Gap between spending and income narrows



## \$2.9 billion deficit

- » Third year of reduced deficit
- » Largest deficit was \$18.4 billion in 2011
- » Economic growth and continued spending are the key drivers

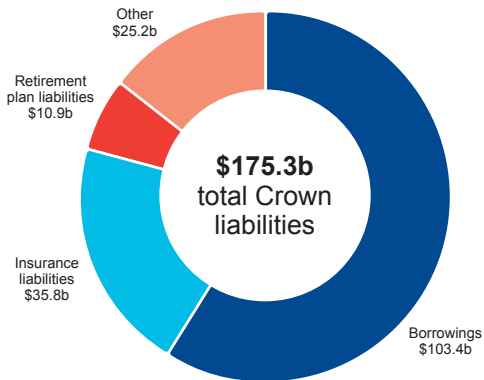


## \$59.9 billion core Crown net debt

- » \$4.1 billion increase from last year due to continuing cash deficits
- » 0.1% decrease as a percentage of GDP



# What does the Government owe?

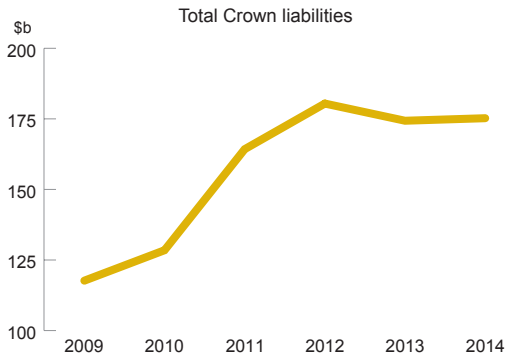


» **\$103.4 billion** of borrowings, \$7.7 billion issued with \$2.2 billion used to repurchase debt and \$0.9 billion to reduce Treasury bills outstanding. Overall net cash from borrowing was \$4.6 billion

» **\$35.8 billion** of insurance liabilities, \$1.8 billion less than last year, as earthquake claims continue to be settled

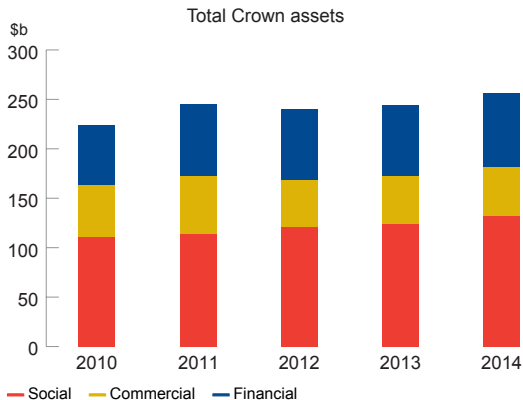
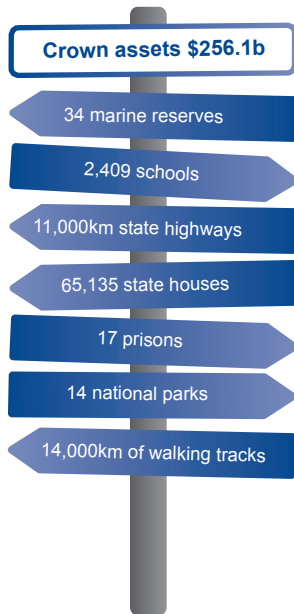
## Liabilities trend

Total Crown liabilities increased by \$0.9 billion as the Government borrowed money to meet the cash deficit. This was offset somewhat by lower insurance and retirement plan liabilities.



In addition to the Crown liabilities, the Crown is exposed to a number of contingent liabilities and implicit risks. These contingent liabilities may, if crystalised, increase the Crown's liabilities.

# What does the Government own?



» **\$132.4 billion**

of social assets (eg, schools, hospitals and social housing) have increased by \$8.1 billion from last year

» **\$74.6 billion**

of financial assets with a \$2.3 billion increase from last year

» **\$49.0 billion**

of commercial assets (mainly SOEs) with a \$1.3 billion increase from last year