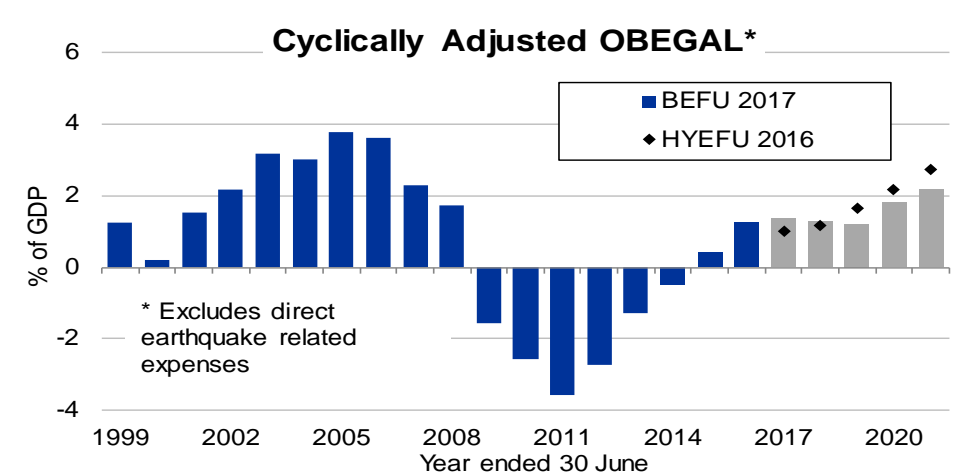
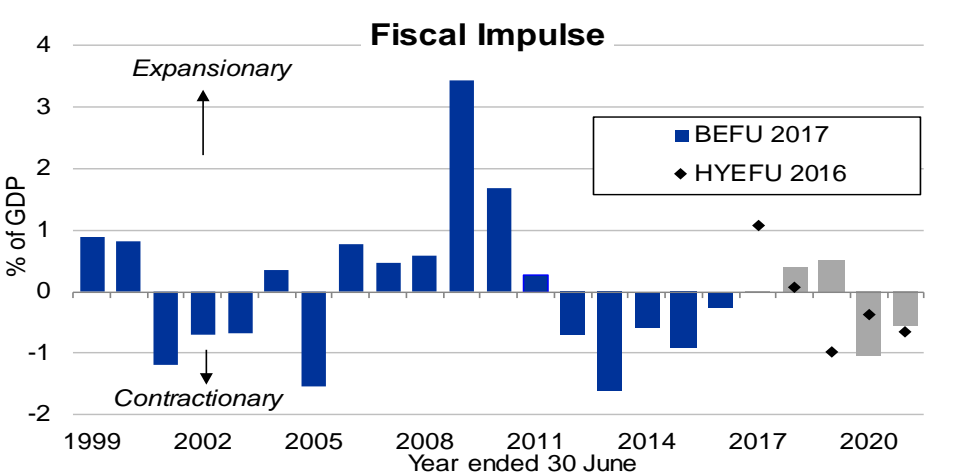
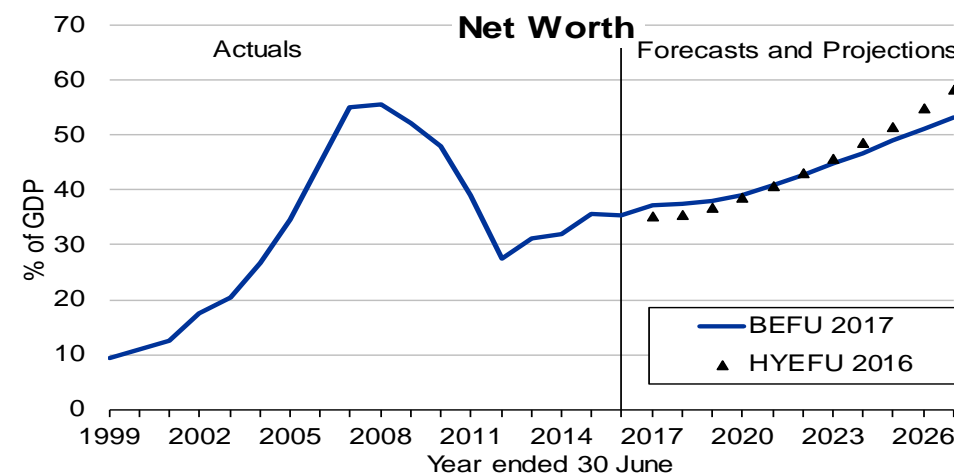
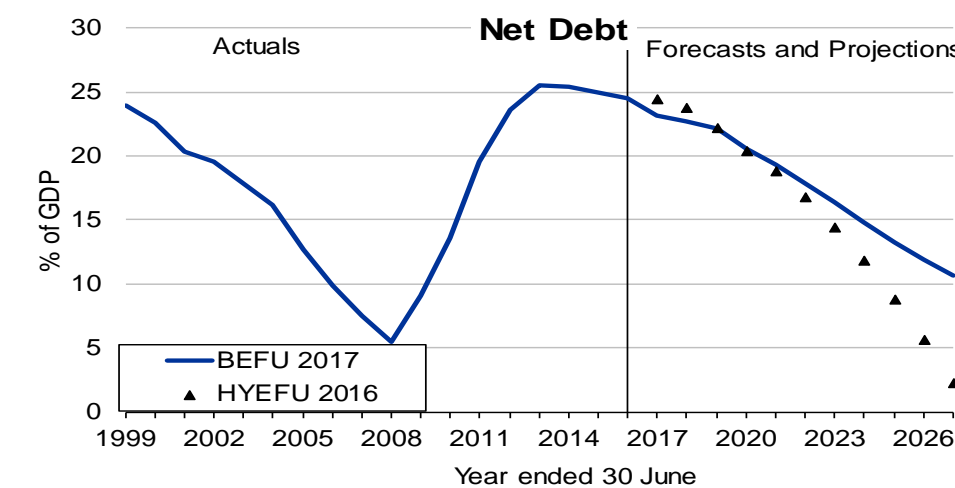
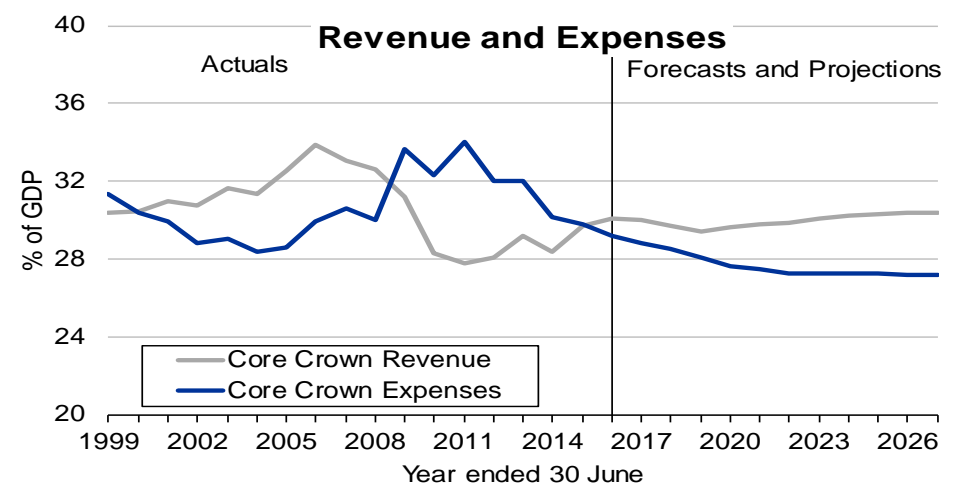
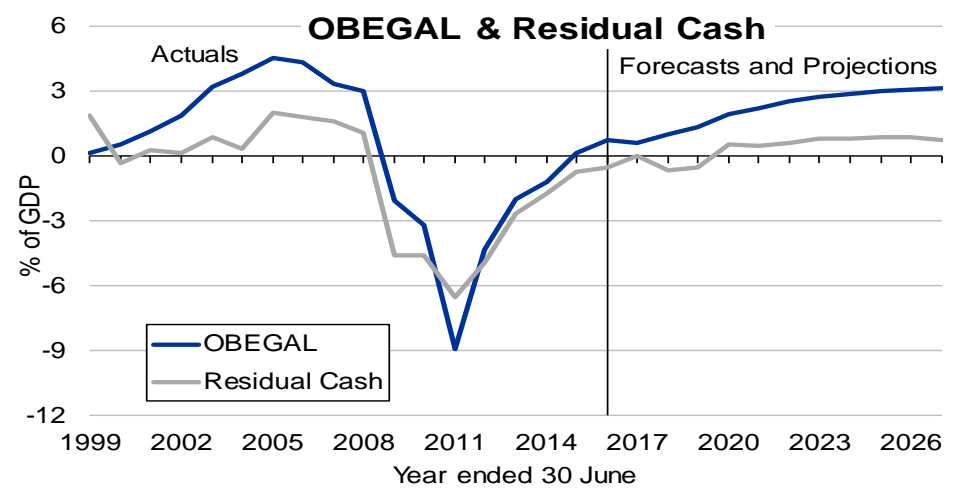
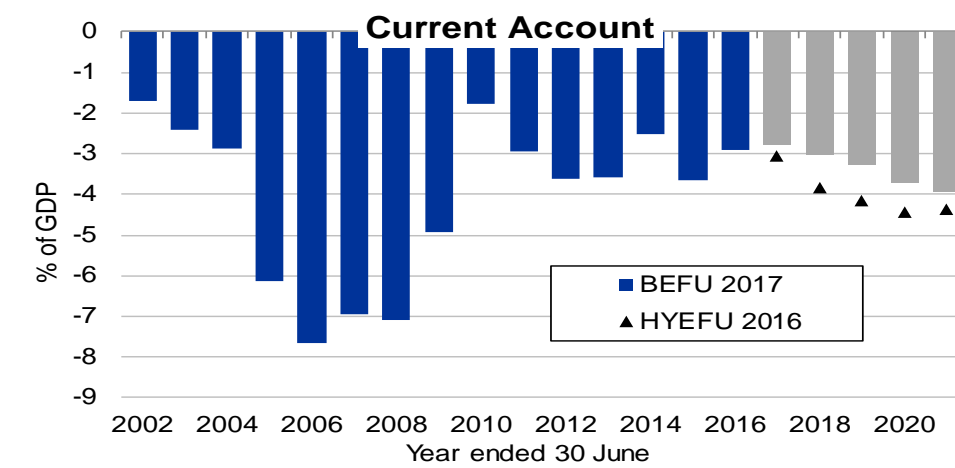
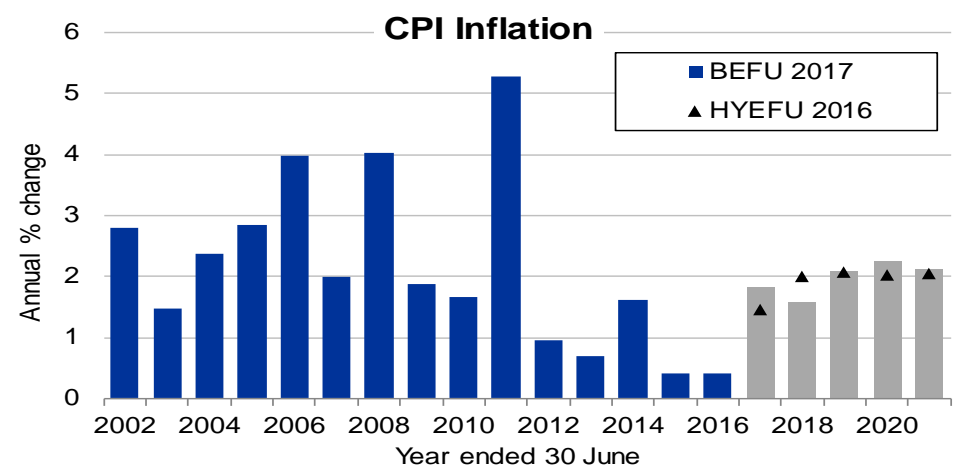
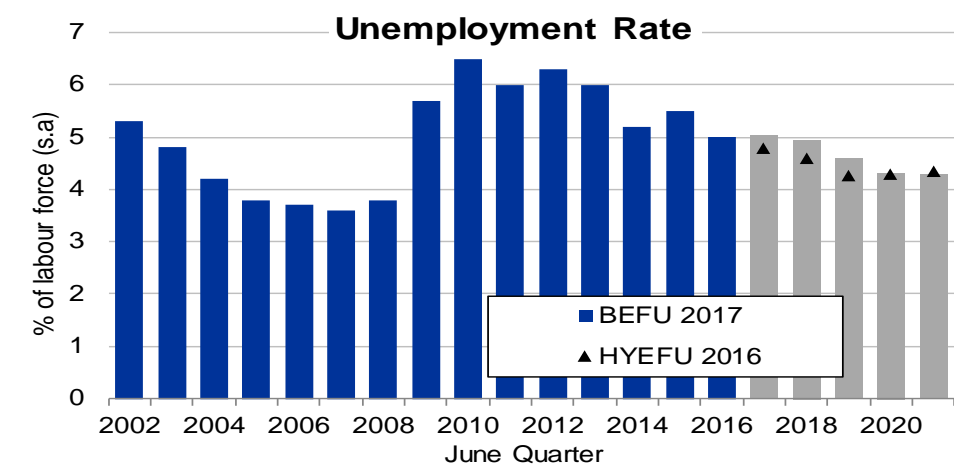
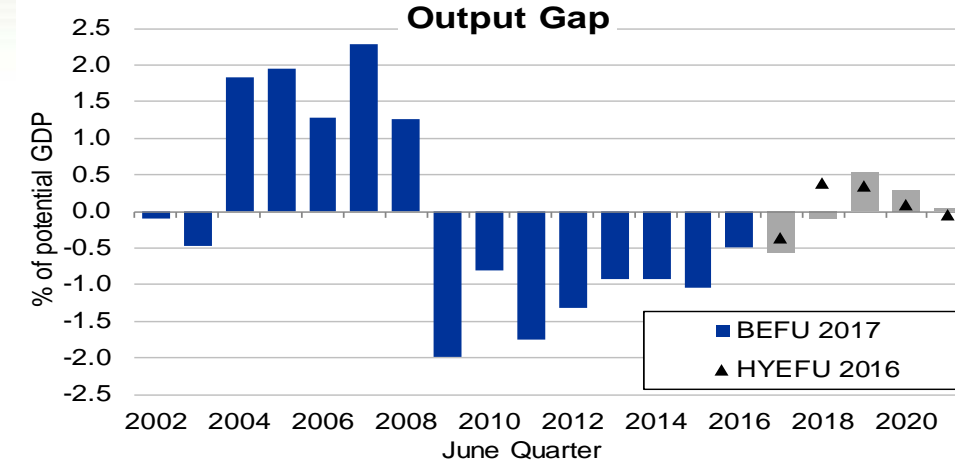
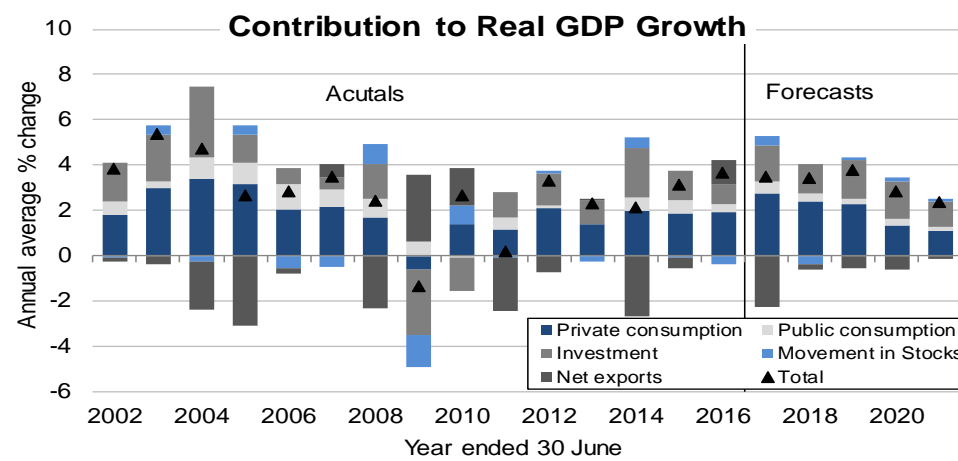
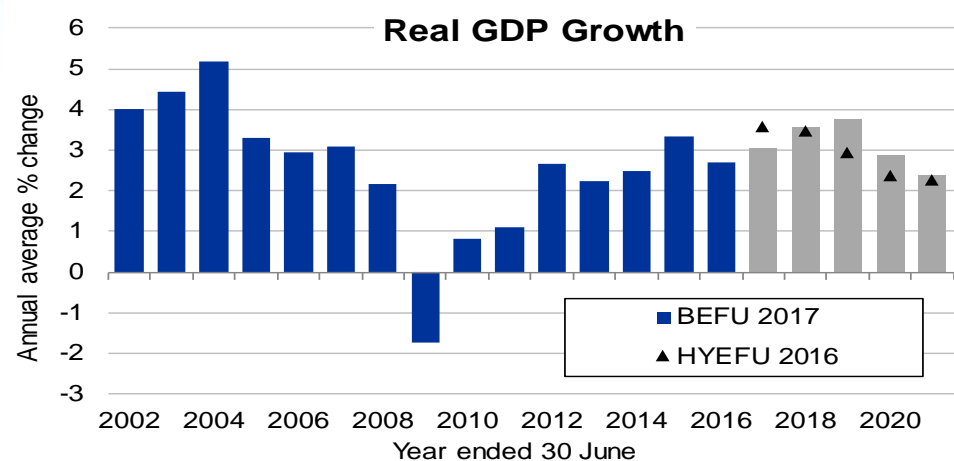


Economic and Fiscal Forecasts Dashboard – Budget Economic and Fiscal Update 2017 (BEFU)



Economic and Fiscal Forecasts Dashboard – Budget Economic and Fiscal Update 2017(BEFU)

Economic Forecasts at 13 April 2017

BEFU 2017

Summary of Economic Forecasts

(Annual average percent change, unless specified otherwise)

June Years	2016	2017	2018	2019	2020	2021
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	3.2	4.6	3.9	3.7	2.2	1.8
Public consumption	1.9	3.0	2.0	1.4	1.4	1.1
Total consumption	2.9	4.2	3.5	3.2	2.0	1.7
Residential investment	6.3	6.7	0.3	8.7	8.8	3.3
Business investment	2.7	6.4	6.8	5.9	5.7	4.5
Total investment	3.6	6.5	5.1	6.6	6.5	4.2
Stocks (contribution to GDP growth)	-0.4	0.4	-0.4	0.1	0.2	0.1
Gross national expenditure	2.7	5.5	3.7	4.1	3.3	2.4
Exports	5.1	-0.6	3.4	3.3	2.7	2.9
Imports	1.3	6.3	3.7	4.5	4.2	2.9
GDP (expenditure measure)	3.7	3.5	3.4	3.8	2.8	2.4
GDP (production measure)	2.7	3.1	3.5	3.8	2.9	2.4
annual % change (production)	3.5	3.2	3.7	3.5	2.6	2.3
Potential GDP	2.7	3.2	3.3	3.0	2.9	2.6
Output gap (June qtr, % of potential)	-0.5	-0.6	-0.1	0.5	0.3	0.0
Nominal GDP (Expenditure basis)	4.2	6.2	4.8	5.4	5.0	4.2
Real GDP per capita (Production basis)	0.7	0.9	1.4	1.8	1.3	1.1
Employment	2.3	5.1	2.5	2.0	1.8	1.3
Unemployment Rate (June qtr, % of labour force, sa)	5.0	5.0	5.0	4.6	4.3	4.3
Labour Productivity (Hours worked basis)	-0.3	-2.3	1.3	1.9	1.1	1.1
Wages (QES average hourly ord time earnings, apc)	2.1	1.2	2.6	2.3	2.2	2.1
Net Migration (000s)	69.0	72.5	66.7	52.4	36.4	20.0
90-day Bank Bill Rate (June quarter av)	2.4	2.0	2.0	2.7	3.4	3.9
TWI (June quarter av)	73.6	76.1	76.6	76.9	76.7	74.7
CPI Inflation (apc)	0.4	1.8	1.6	2.1	2.2	2.1
House Price Inflation (apc)	14.0	5.1	7.8	3.9	3.1	2.2
Current account balance (% of GDP)	-2.9	-2.8	-3.0	-3.3	-3.7	-3.9
Terms of Trade (goods) - SNA Basis	-2.4	6.2	-0.2	0.0	0.4	0.2
Household saving ratio (% of HHDI)	-2.2	-0.7	-1.2	0.0	0.2	0.6

Balance Sheet Forecasts at 3 May 2017

Year ending 30 June	2016	2017	2018	2019	2020	2021
\$ billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Financial assets	138.3	141.9	138.9	143.5	150.3	154.9
Property, plant and equipment	134.5	138.2	142.6	145.8	147.8	148.6
Other assets	19.9	21.2	21.3	23.2	25.2	27.9
Total Assets	292.7	301.3	302.8	312.5	323.3	331.3
- Percent of GDP	115.6	112.1	107.5	105.2	103.7	102.0
Borrowings	114.0	114.6	111.5	113.9	114.3	109.9
Other	83.2	80.8	79.8	80.2	81.1	82.7
Total Liabilities	197.2	195.4	191.3	194.1	195.4	192.6
- Percent of GDP	77.9	72.7	67.9	65.3	62.7	59.3
Net worth attributable to Crown	89.4	100.0	105.6	112.6	122.1	133.0
Net worth attributable to minority interest	6.2	5.9	5.7	5.8	5.7	5.7
Total Net Worth	95.5	105.9	111.4	118.4	127.8	138.7
- Percent of GDP	37.7	39.4	39.5	39.9	41.0	42.7

Fiscal Forecasts/Projections at 3 May 2017

Table - Reconciliation from operating balance to residual core Crown cash

Year ending 30 June	2016	2017	2018	2019	2020	2021
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	(24.1)	(25.4)	(26.2)	(27.4)	(28.2)	(29.1)
Health	(15.6)	(16.2)	(17.1)	(17.2)	(17.2)	(17.2)
Education	(13.2)	(13.4)	(14.0)	(14.1)	(14.2)	(14.4)
Core government services	(4.1)	(4.1)	(4.8)	(4.4)	(4.3)	(4.1)
Finance costs	(3.6)	(3.6)	(3.5)	(3.4)	(3.7)	(3.8)
Forecast new operating spending	..	(0.2)	(0.3)	(2.0)	(3.6)	(5.4)
Other core Crown expenses	(13.4)	(14.6)	(14.6)	(15.0)	(15.0)	(15.2)
Total core Crown expenses	(73.9)	(77.5)	(80.5)	(83.5)	(86.2)	(89.2)
Core Crown revenue	76.1	80.8	83.8	87.5	92.5	96.8
Net surpluses/(deficits) of SOEs and CEs	(0.4)	(1.7)	(0.4)	0.0	(0.2)	(0.4)
Total Crown OBEGAL	1.8	1.6	2.9	4.1	6.1	7.2
Gains and losses	(7.2)	7.8	2.6	2.9	3.4	3.6
Total Crown operating balance	(5.4)	9.4	5.5	7.0	9.5	10.8
Net retained surpluses of SOEs, CEs and NZS Fund	7.4	(5.6)	(2.2)	(3.0)	(3.2)	(3.2)
Non-cash items and working capital movements	1.2	1.2	0.9	0.7	1.2	1.5
Net core Crown cash flow from operations	3.3	5.0	4.2	4.7	7.5	9.1
Purchase of physical assets	(2.0)	(2.6)	(2.4)	(2.2)	(1.8)	(1.6)
Advances and capital injections	(2.6)	(2.2)	(3.2)	(2.7)	(2.3)	(1.9)
Contribution to NZS Fund	..	..	..	..	..	(2.2)
Forecast for future new capital spending	..	(0.2)	(0.4)	(1.3)	(1.6)	(2.0)
Core Crown residual cash	(1.3)	0.1	(1.8)	(1.6)	1.7	1.4
Opening net debt	60.6	61.9	62.3	64.1	65.7	64.2
Core Crown residual cash (above)	1.3	(0.1)	1.8	1.6	(1.7)	(1.4)
Other valuation changes in financial assets and financial liabilities	(0.0)	0.5	0.0	0.0	0.2	(0.0)
Closing net debt	61.9	62.3	64.1	65.7	64.2	62.8

Year ending 30 June	2016	2017	2018	2019	2020	2021
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	12.3	13.0	13.7	14.4	15.2	15.9
Other transfer payments and subsidies	12.0	12.5	12.8	13.3	13.2	13.5
Finance costs	3.6	3.6	3.5	3.4	3.7	3.8
Other expenses	46.0	48.4	50.5	52.4	54.1	56.0
Core Crown expenses	73.9	77.5	80.5	83.5	86.2	89.2

Year ending 30 June	2016	2017	2018	2019	2020	2021
\$ billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
2016 core Crown expenses	73.9	73.9	73.9	73.9	73.9	73.9
New spending (operating allowances)						
Budget 2016 decisions		1.9	1.9	1.9	2.0	2.0
Budget 2017 decisions		..	1.6	1.9	1.9	1.9
Budget 2018 operating allowance		..	..	1.7	1.7	1.7
Budget 2019 operating allowance		..	..	..	1.7	1.7
Budget 2020 operating allowance		..	..	..	..	1.8
Family Incomes Package		..	0.2	0.6	0.5	0.5
Care and Support Workers Pay Equity Settlement		..	0.3	0.4	0.4	0.4
Existing policies						
NZS payments		0.8	1.4	2.1	2.9	3.7
Other social assistance		0.4	0.6	0.9	1.0	1.2
Debt impairments		..	0.2	0.2	0.2	0.2
Finance costs		..	(0.1)	(0.2)	0.1	0.2
Other expenses						
Earthquake expenses - Canterbury		..	(0.5)	(0.5)	(0.5)	(0.5)
Earthquake expenses - Kaikoura		0.3	..	..	..	..
Other changes		0.2	1.0	0.6	0.3	0.4
Core Crown expenses		77.5	80.5	83.5	86.2	89.2

Year ending 30 June	2016	2017	2018	2019	2020	2021
% of GDP	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Core Crown expenses	29.2	28.8	28.6	28.1	27.7	27.5
Total Crown operating balance before gains and losses	0.7	0.6	1.0	1.4	2.0	2.2
Total Crown operating balance	(2.1)	3.5	2.0	2.4	3.0	3.3
Core Crown residual cash	(0.5)	0.0	(0.6)	(0.5)	0.5	0.4
Net core Crown debt	24.4	23.2	22.8	22.1	20.6	19.3



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