



2015 BUDGET

Budget Policy Statement

Hon Bill English, Minister of Finance

16 December 2014

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New Zealand Government

Budget Policy Statement

Executive Summary

The Government's economic programme continues to build a faster-growing economy with more jobs and rising incomes, and to support New Zealand families in need.

This programme involves returning to surplus and reducing debt; creating a more productive and competitive economy through a wide-ranging series of micro-economic reforms; embedding a focus on results to ensure better value for money from public services; and continuing to support the rebuilding of Christchurch.

Budget 2015 will continue to implement this programme.

New Zealand remains on track for solid economic growth, more jobs and rising incomes. Forecasts show economic growth averaging about 2.8 per cent over the next five years, together with rising wages and higher levels of employment.

While the economy continues to grow solidly in real terms, growth in nominal gross domestic product (GDP) is expected to be more muted and lower than previously forecast. This is owing to a weaker outlook for export prices and lower-than-expected inflation.

As a result, the *Half Year Economic and Fiscal Update* forecasts a small operating deficit of \$572 million (0.2 per cent of GDP) in 2014/15, although the Government believes the final accounts published late next year will show a surplus for 2014/15.

A modest surplus of \$565 million is forecast in 2015/16, with surpluses growing significantly thereafter and debt beginning to fall. The latest forecasts show net debt falling to 20 per cent of GDP by 2020, in line with the Government's long-term fiscal objective.

At the same time as getting its own finances in order, the Government is continuing with its economic plan, including a sustained rebalancing towards the internationally-competing sectors of the economy. A broad range of targeted microeconomic reforms is underway through the Government's Business Growth Agenda and these initiatives are helping to lift New Zealand's productivity and competitiveness.

Budget 2015 will continue to invest in public services and in improving public sector performance and results. As in previous Budgets, the priority for new spending in Budget 2015 will continue to be health and education.

The Government is looking at ways to help families and children in material hardship and the Budget will contain some measures to address this issue. Another focus for Budget 2015 will be continuing work to deliver better outcomes from social housing.

The Budget will also contribute to the Government's ongoing work in supporting the rebuilding of Christchurch.

Economic Context

The New Zealand economy is continuing to expand at a solid rate and the outlook is for sustained economic growth.

Growth is forecast to average around 2.8 per cent a year over the next five years, and is slightly higher than forecast in the *Pre-election Economic and Fiscal Update*. Business confidence remains at historically high levels, there is strong activity in the manufacturing and services sectors, and companies are employing more people and paying higher wages.

By mid-2019, an additional 153,000 people are forecast to be in work, the average full-time wage is expected to rise to around \$64,000, and the unemployment rate is forecast to drop to 4.5 per cent. Inflation and interest rates remain well below levels seen during the previous economic cycle.

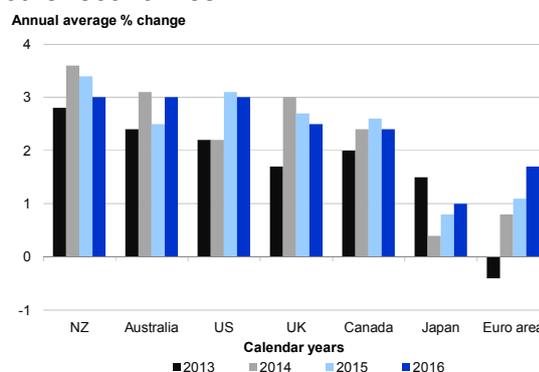
New Zealand's relatively strong economic performance compared to other countries is demonstrated by continued increases in net inwards migration, which is expected to peak at 52,400 people in the year to March 2015.

The Canterbury rebuild continues to contribute to economic activity, with the total cost expected to be around 20 per cent of annual GDP – most of that funded from insurance payouts. However, Canterbury is only one part of the story, as economic growth and population growth are happening across the country.

As shown in Figure 1, the New Zealand economy is expected to grow more strongly on average over the near term than many other developed economies, including the euro area, the United States, Australia, the United Kingdom, Japan and Canada.

Global factors will continue to affect New Zealand. These influences include slower growth in the Australian economy as mining investment declines, falling global prices for many commodities, a weaker outlook for emerging economies, uncertainties around the withdrawal of monetary stimulus in the United States and Europe, and rapid credit growth and property values in China that could pose risks to its financial stability.

Figure 1 – Economic growth compared to other economies



Sources: The Treasury, OECD

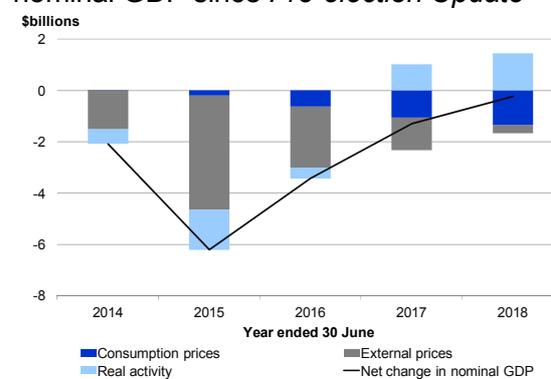
While New Zealand’s economy continues to grow solidly in real terms (how much the economy produces each year), the growth in nominal GDP (the dollar value of what is produced) is expected to be more muted and less than previously forecast. This is owing to a weaker outlook for export prices – particularly dairy prices – and lower-than-expected inflation.

Governments around the world are facing similar challenges and New Zealand is not immune to these global trends.

As a result, New Zealand’s nominal economy is expected to be about \$13.2 billion lower over the next four years than was forecast in the *Pre-election Update*, including data revisions (Figure 2). In turn, this flows through to slightly slower growth in tax revenue, and therefore to a slightly lower operating balance.

Although the Reserve Bank has tightened monetary policy this year, the Official Cash Rate at 3.5 per cent continues to provide support to domestic demand and overall economic growth. The Reserve Bank has indicated that a period of assessment remains appropriate before considering further policy adjustment. Current forecasts have short-term interest rates remaining around their current levels until late 2015 before rising. The Government has also taken steps to help ensure interest rates can stay low for longer by easing supply pressures around housing and reducing government spending as a proportion of GDP.

Figure 2 – Components of the change in nominal GDP since *Pre-election Update*



Source: The Treasury

In addition, the economy’s high net migration inflows, labour force participation rate and rates of investment expenditure are adding to the productive capacity of the economy, which will help take pressure off interest rates and free up resources for the tradable sector.

Table 1 – Summary of the Treasury’s economic forecasts

	2014	2015	2016	2017	2018	2019
March years, %	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Economic growth	3.2	3.5	3.4	2.8	2.3	2.2
Consumer Price Inflation	1.5	1.3	2.0	2.1	2.0	2.0
Unemployment rate (March quarter)	6.0	5.4	5.1	4.7	4.5	4.5
Current account (% of GDP)	-2.7	-5.3	-6.2	-5.8	-5.7	-5.9

Sources: Statistics New Zealand, the Treasury

Fiscal Outlook

The Government has set out a credible path back to surplus and a plan to start repaying debt. This involves reining in expense growth by improving public sector productivity, focusing on results and getting on top of the longer-term drivers of government spending. Changing the way the public sector operates means we have been able to improve public services at the same time as keeping spending under control.

That plan is working. The fiscal outlook has improved markedly over the past six years. Tax revenue has increased as the economy has recovered. But the biggest contribution to the fiscal turnaround has been considered expenditure restraint that rigorously tests spending for value and results, without resorting to slashing public spending or increasing taxes as other countries have been forced to do.

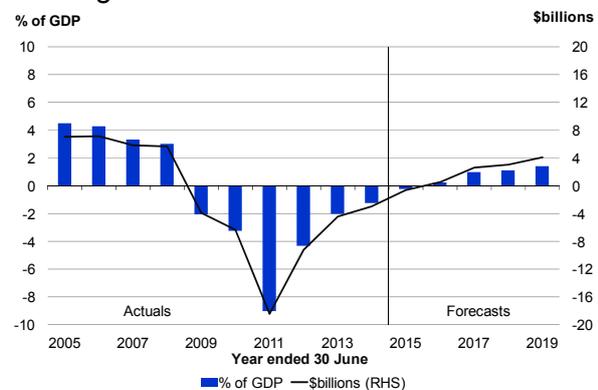
Because the nominal economy is weaker than expected in the *Pre-election Update*, the operating balance before gains and losses (OBEGAL) in 2014/15 has dropped from a forecast surplus of \$297 million in the *Pre-election Update* to a forecast deficit of \$572 million (0.2 per cent of GDP).

The Government does not intend to respond to this latest forecast by changing its existing spending and revenue plans for 2014/15, as we are already halfway through the financial year. It is important to provide certainty to taxpayers and recipients of public services, and in any event the OBEGAL forecasts can change a great deal between updates.

The final financial accounts for 2014/15 are not published until late next year and the Government believes those accounts will show an OBEGAL surplus, due to the underlying strength of the economy.

The *Half Year Update* forecasts a modest surplus of \$565 million in 2015/16, with surpluses growing significantly thereafter (Table 2). Even under this scenario, New Zealand continues to be one of the first Organisation for Economic Co-operation and Development (OECD) countries expected to achieve surplus since the global financial crisis.

Figure 3 – Total Crown operating balance before gains and losses



Source: The Treasury

Table 2 – Changes in OBEGAL since the *Pre-election Update*

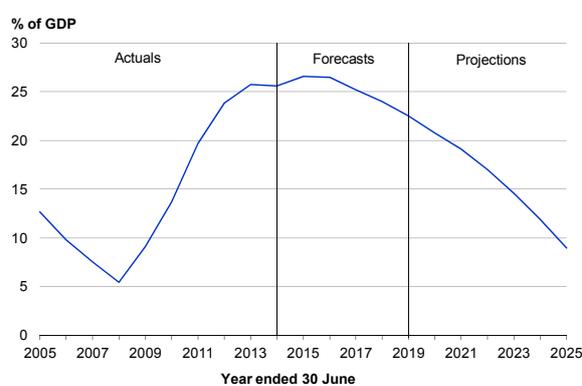
Year ending 30 June \$billions	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
OBEGAL – 2014 <i>Pre-election Update</i>	0.3	0.8	1.9	3.0
<i>Changes in forecasts:</i>				
Tax revenue (forecast changes)	(0.6)	(1.0)	(0.5)	(0.3)
Benefit expenses (forecast changes)	-	-	0.1	0.2
Net finance costs	-	0.1	0.1	0.2
ACC results	-	(0.1)	(0.1)	(0.1)
Change in Budget allowances	-	0.5	1.0	0.1
Other changes	(0.3)	0.3	0.1	-
<i>Total changes since <i>Pre-election Update</i></i>	(0.9)	(0.2)	0.7	0.1
OBEGAL – 2014 <i>Half Year Update</i>	(0.6)	0.6	2.6	3.1

We are committed to responsible long-term fiscal management and will reduce net core Crown debt to 20 per cent of GDP by 2020. The latest forecasts show that we are on track to achieve this with net core Crown debt projected to peak at 26.5 per cent of GDP in 2014/15 before reducing to 19.1 per cent of GDP in 2020/21 (see Figure 4).

Due to lower capital spending than previously forecast, residual cash is now expected to return to surplus in 2017/18, a year earlier than in the *Pre-election Update*, which means the Government is expected to start repaying debt in dollar terms from 2017/18.

The latest forecasts also show the Government is on track to reduce and maintain core Crown expenses to around 29 per cent of GDP by 2017/18, down from a peak of 34.6 per cent of GDP in 2010/11.

Figure 4 – Net core Crown debt¹



Source: The Treasury

¹ Assumptions underlying the projections beyond 2019 can be found on the Treasury website: www.treasury.govt.nz/government/fiscalstrategy/model

Table 3 – Updated fiscal forecasts with comparison to the *Pre-election Update*

Year ending 30 June \$billions	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
OBEGAL				
Half Year Update	(0.6)	0.6	2.6	3.1
Pre-election Update	0.3	0.8	1.9	3.0
Change	(0.9)	(0.2)	0.7	0.1
Residual Cash				
Half Year Update	(4.0)	(3.5)	(0.1)	0.6
Pre-election Update	(4.6)	(2.9)	(0.4)	(0.3)
Change	0.6	(0.6)	0.3	0.9
Net Debt				
Half Year Update	63.5	67.0	67.0	66.4
Pre-election Update	64.3	67.0	67.5	67.9
Change	(0.8)	0.0	(0.5)	(1.5)
Net Debt (% of GDP)				
Half Year Update	26.5	26.5	25.2	24.0
Pre-election Update	26.8	26.7	25.8	25.0
Change	(0.3)	(0.2)	(0.6)	(1.0)

Budget Priorities

Budget 2015 will continue to progress the Government's programme and priorities, which are:

- Responsibly managing the Government's finances
- Building a more productive and competitive economy
- Delivering better public services within tight financial constraints, and
- Rebuilding Christchurch, our second-biggest city.

Responsibly managing the Government's finances

The Government's focus remains on successfully managing the growing economy and delivering our fiscal objectives. Within the current fiscal and economic outlook, the Government's fiscal priorities are, in order:

- 1 Returning to surplus this year and maintaining surpluses over subsequent years
- 2 Reducing net government debt to 20 per cent of GDP by 2020, including repaying net debt in dollar terms in 2017/18
- 3 Further reducing Accident Compensation Corporation (ACC) levies on households and businesses
- 4 Beginning to reduce income taxes from 2017 with a focus on low and middle-income earners, and
- 5 Using any further fiscal headroom – including from positive revenue surprises – to get debt down to 20 per cent of GDP sooner than 2020.

Budget 2014 set the operating spending allowance at \$1.5 billion a year for Budget 2015, growing thereafter at 2 per cent per Budget, with a signal that these amounts could be shifted between Budgets as necessary.

The Government is committed to keeping within this overall envelope across the next three Budgets. In line with our fiscal priorities, this *Budget Policy Statement* confirms a reduced allowance of \$1 billion a year each for Budget 2015 and Budget 2016. These reductions have been re-phased into Budget 2017 (see Table 4). The \$2.5 billion allowance in Budget 2017 will allow consideration of modest tax reductions and/or additional debt repayment, subject to economic and fiscal conditions at the time.

The Government will continue to allow for around \$1 billion in each Budget for new spending, net of any reprioritisation. This is consistent with the level of new spending in the previous two Budgets.

Table 4 – Operating allowances

\$millions	Budget 2015	Budget 2016	Budget 2017
Revised operating allowances	1,000	1,000	2,500
Previous operating allowances in 2014 FSR	1,500	1,530	1,561
Change in operating allowances	(500)	(530)	939

Budget 2015 will also indicate the Government's intentions around ACC levy reductions. With ACC in good financial health, it is appropriate to reduce levies further to ensure ACC is not overcharging households and businesses.

For the economy, the benefits and economic impacts of ACC levy reductions will be similar to a tax cut. Owing to the significant impact ACC levy changes can have on the economy and the Government's accounts, decisions about the general direction of levies beyond 2015/16 will be taken next year in the context of Budget decisions. Final decisions on levy rates for 2016/17 and 2017/18 will be made following public consultation and recommendations by ACC.

The Government remains committed to effectively and efficiently managing its assets, including making better use of existing capital spending. New capital spending in Budget 2015 will continue to be funded from reprioritisation of existing capital and, in particular, from the remaining proceeds of the Government share offers. Budget 2015 will set out more details of allocations from the Future Investment Fund for capital investment in new public assets such as schools and hospitals.

As with operating spending, the Government will have a significant focus on rigorously testing and reviewing the performance of baseline capital expenditure. The Government remains committed to its balance sheet strategy as outlined at Budget 2014, including the intention to develop performance targets to better support management of the Crown's balance sheet. The Government will continue to use private sector capital and disciplines where appropriate and more actively monitor Crown-owned entities to improve their performance and reduce risks for taxpayers.

Contributions to the New Zealand Superannuation Fund (NZS Fund) are projected to resume in 2020/21.

Building a more productive and competitive economy

The Government is focused on building a more productive, confident and competitive economy that will deliver higher incomes and higher living standards for New Zealanders.

Through the Business Growth Agenda, we are helping give businesses the confidence to invest, innovate, export, and create more jobs and wealth in New Zealand. The Business Growth Agenda sets out a wide-ranging programme of microeconomic reforms. It builds on policies of the past six years which, for example, have:

- Reformed the tax system to reward hard work and saving
- Changed labour laws to give employers the confidence to hire new staff
- Invested heavily in skills, training and apprenticeships
- Set time limits for consenting of large and medium-sized projects under the Resource Management Act 1991
- Enabled the Housing Accord with Auckland Council which will see 39,000 new consents issued over three years, and
- Introduced a competitive new system for processing oil and gas exploration permits.

Budget 2015 will continue to support the Government's Business Growth Agenda to:

- Grow our skills and talent to help meet the needs of businesses, raise labour productivity and to grow offshore
- Improve our resource management regime which will allow us to be more efficient in economic production
- Have an infrastructure system that supports businesses to connect both domestically and internationally while at the same time improving our environmental outcomes
- Enable firms to access the capital they need to grow
- Have innovative firms that are more competitive and have strong links with the skills system, and
- Make the most of the opportunities available to New Zealand businesses in international markets, so we can grow the economy and increase investment in skills and innovation.

In particular, the Government will continue to implement its comprehensive work programme to address housing affordability.

We are building momentum towards increasing the supply of housing, particularly in Auckland and Christchurch. The Housing Accords and Special Housing Areas Act 2013 enables councils and the Government to free up land, and provides access to streamlined consenting processes for residential developments.

We are also working with the private sector, local government, iwi and community groups to secure large-scale housing developments with a mix of social, affordable and general housing.

Delivering better public services

The Government is committed to getting better results and better value for money from the public services it provides to New Zealanders.

The public sector represents a quarter of New Zealand's economy and has a big influence on how our society and economy perform. The Government's approach to public sector reform has focused on improving the drivers of long-term performance. Over the longer term, what is good for communities through better services is also good for the Government's books through more effective spending.

We have taken opportunities to bolster frontline public services, get more efficiency in back-office functions and focus government agencies squarely on getting better results for New Zealanders.

The Prime Minister has set 10 challenging results for the public service to achieve over the next few years. These include reducing crime, reducing long-term welfare dependency and reducing educational underachievement.

Achieving these results will require a stronger focus on users and customers, with services designed around their needs rather than agency boundaries. We are making good progress towards achieving these priorities and Budget 2015 will set out the next steps.

As in previous Budgets, the priority for new spending in Budget 2015 will be health and education. Most other areas will be expected to remain within current baselines, so there will be a strong focus on driving the best value from existing spending.

As signalled previously, the Government is looking at ways to help families and children in material hardship and the Budget will contain some measures to address this issue. As a first step, the Government will look hard at the billions of dollars already spent on vulnerable families and children to determine whether this can be better spent.

Another focus for Budget 2015 will be continuing work to deliver better outcomes from social housing for New Zealanders in need. The Government has made it possible for more registered community housing providers to supply houses for people with high needs, and to receive the subsidy for income-related rents that was previously available only through Housing New Zealand. Community housing providers will continue to grow in importance in the social housing sector.

Core Crown expenses are expected to total around \$73 billion this year, rising to \$83 billion by 2018/19. However, the Government's active financial management means expenditure continues to decline as a proportion of GDP, from 30.5 per cent this year to 29 per cent over the next five years. Together, health and education expenses are currently around \$28 billion, just under 40 per cent of total core Crown expenses. Social security and welfare expenses are around \$24 billion or just over 30 per cent of total core Crown expenses.

Over time, the Government will look to evolve the Budget process and public sector commissioning so that it:

- Better identifies solutions for the most at-risk groups who need individualised solutions based on local circumstances
- Draws on new ideas to improve current approaches
- Recognises and challenges the effectiveness of existing spending and delivery mechanisms
- Involves customers, communities and providers in ideas sourcing, and
- Is based on joined-up data that tells us where, when and whom to invest in.

Rebuilding Christchurch, our second-biggest city

The Government remains committed to rebuilding Christchurch and is making a significant contribution to the rebuild, including from the Earthquake Commission (EQC), of around \$16.0 billion – up from the \$15.8 billion estimate in the *Pre-election Update*.

Significant rebuilding is underway and will continue in future years.

Construction of the University of Canterbury's new Science and Innovation Centre is starting this year and work is already underway on remediating and replacing engineering facilities. Work on developing the Bus Interchange and supporting roading changes is expected to be completed by mid 2015. The Justice Precinct is expected to be in operation in early 2017, and the Government and Christchurch City Council have an agreed horizontal infrastructure work programme that is expected to be completed in 2018.

An additional 1,700 public servants across 17 agencies will be re-located in the central city from 2017. This decision will support the revitalisation of the central city and has already encouraged private sector investment in four buildings in the central city core.

The Canterbury District Health Board's (DHB's) hospitals' redevelopment is well underway, with new facilities at Burwood Hospital expected to be completed in 2016 and the new Acute Services building at Christchurch Hospital scheduled to open in 2018. Around \$1 billion will be invested in rebuilding and repairing 115 schools. There are currently 20 major education capital projects underway and many more minor works projects. One school has already opened, another will open in early 2015, and a further five schools are on track to open in January 2016.

Developing the city as a destination is progressing, with the Avon River Precinct and new public realm work expected to be completed by September 2016. The Government continues to work with the Council on the remaining business cases for replacing civic facilities.

EQC's total gross cost of settling Canterbury earthquake claims is estimated at \$11.7 billion. To date, \$8.1 billion has been incurred, with the balance comprised of remaining dwelling claims and complex land claims.

Over 90 per cent of EQC's total dwelling claims have now been resolved. The managed repair programme is approaching completion, with around 63,500 repairs finished to date. It is now expected that the majority of the remaining managed repairs will be completed in the first half of 2015.

EQC sought a Declaratory Judgment from the High Court to confirm its approach to settling land with increased flood vulnerability. The Court decision, released on 10 December, supports the existing approach and clears the way for EQC to assess and make payments where land repair is not feasible or consentable. EQC plans to begin settlements as soon as possible in 2015.

Table 5 – Net earthquake expenses

Year ending 30 June \$millions	2011-14 Actual	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	Outside forecast period	Total Half Year Update	Total Pre-election Update
Local infrastructure	1,473	110	110	113	-	-	-	1,806	1,828
Crown assets	158	513	675	521	157	-	-	2,024	2,046
Land zoning	1,009	16	35	48	31	-	-	1,139	1,089
Christchurch central city rebuild	588	412	192	128	(21)	2	(175)	1,126	1,117
Welfare support	288	9	4	3	2	-	-	306	306
Southern Response support package	582	21	(32)	(14)	(4)	2	-	555	492
Other costs	628	209	117	51	36	53	-	1,094	1,023
Core Crown Canterbury earthquake recovery costs	4,726	1,290	1,101	850	201	57	(175)	8,050	7,901
EQC (net of reinsurance proceeds)	7,784	(255)	(124)	-	-	-	-	7,405	7,404
Other SOE and CEs	(129)	177	176	187	76	8	-	495	506
Total Crown	12,381	1,212	1,153	1,037	277	65	(175)	15,950	15,811

Conclusion

The Government's comprehensive and ongoing economic programme is laying the foundations for a stronger economy, sustainable jobs and higher incomes. It will leave New Zealanders well-placed to take advantage of the many opportunities available over the next few years and to withstand future global shocks when they come our way.

A handwritten signature in black ink, appearing to read 'Bill English', written in a cursive style.

Hon Bill English
Minister of Finance

16 December 2014

Annex

Long-term Fiscal Objectives and Short-term Fiscal Intentions

The Government remains committed to the long-term fiscal objectives set out in the *Fiscal Strategy Report 2014*, as shown in Table A1. These are consistent with the principles of responsible fiscal management as set out in the Public Finance Act 1989.

Table A1 – Long-term fiscal objectives

Budget Policy Statement 2015

Debt

Manage total debt at prudent levels.

We will reduce net debt to a level no higher than 20 per cent of GDP by 2020. We will work towards achieving this earlier as conditions permit.

Beyond 2020, we intend to maintain net debt within a range of around 10 per cent to 20 per cent of GDP over the economic cycle.

Operating balance

Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the NZS Fund, and ensure consistency with the debt objective.

Operating expenses

To meet the operating balance objective, the Government will control the growth in government spending so that, over time, core Crown expenses are reduced to below 30 per cent of GDP.

Operating revenues

Ensure sufficient operating revenue to meet the operating balance objective.

Net worth

Ensure net worth remains at a level sufficient to act as a buffer to economic shocks. Consistent with the debt and operating balance objectives, we will start building up net worth ahead of the full fiscal impact of the demographic change expected in the mid-2020s.

The Government's short-term fiscal intentions are also substantially unchanged, although have included minor changes since Budget 2014 reflecting revisions to the fiscal forecasts and changes to operating allowances (see Table A2). As demonstrated by the forecasts contained in the *Half Year Update*, which incorporate the changes to operating allowances, Budget 2015 accords with these short-term fiscal intentions.

Table A2 – Short-term fiscal intentions

<i>Budget Policy Statement 2015</i>	<i>Fiscal Strategy Report 2014</i>
<p>Debt</p> <p>Gross sovereign-issued debt (including Reserve Bank settlement cash and Reserve Bank bills) is forecast to be 31.0 per cent of GDP in 2018/19.</p> <p>Net core Crown debt (excluding NZS Fund and advances) is forecast to be 22.5 per cent in 2018/19.</p>	<p>Debt</p> <p>Gross sovereign-issued debt (including Reserve Bank settlement cash and Reserve Bank bills) is forecast to be 34.0 per cent of GDP in 2017/18.</p> <p>Net core Crown debt (excluding NZS Fund and advances) is forecast to be 23.8 per cent in 2017/18.</p>
<p>Operating balance</p> <p>Our intention is to return the operating balance (before gains and losses) to surplus in 2014/15. The operating balance (before gains and losses) is forecast to be -0.2 per cent of GDP in 2014/15, and 0.2 per cent of GDP in 2015/16. This is consistent with the long-term objective for the operating balance.</p> <p>The operating balance is forecast to be 0.8 per cent of GDP in 2014/15.</p>	<p>Operating balance</p> <p>Our intention is to return the operating balance (before gains and losses) to surplus as soon as practical and no later than 2014/15, subject to any significant shocks.</p> <p>The operating balance (before gains and losses) is forecast to be -1.1 per cent of GDP in 2013/14. The operating balance (before gains and losses) is forecast to be 0.2 per cent of GDP in 2014/15. This is consistent with the long-term objective for the operating balance.</p> <p>The operating balance is forecast to be 1.3 per cent of GDP in 2014/15.</p>
<p>Expenses</p> <p>Our intention is to support a return to fiscal surplus by restraining the growth in core Crown expenses – so that they are reduced to around 30 per cent of GDP by 2015/16.</p> <p>Core Crown expenses are forecast to be 29.0 per cent of GDP in 2018/19.</p> <p>Total Crown expenses are forecast to be 37.7 per cent of GDP in 2018/19.</p> <p>This assumes new operating allowances over the Parliamentary term of \$1 billion in Budgets 2015 and 2016, and \$2.5 billion in Budget 2017.</p>	<p>Expenses</p> <p>Our intention is to support a return to fiscal surplus by restraining the growth in core Crown expenses – so that they are reduced to around 30 per cent of GDP by 2015/16.</p> <p>Core Crown expenses are forecast to be 29.9 per cent of GDP in 2017/18.</p> <p>Total Crown expenses are forecast to be 38.8 per cent of GDP in 2017/18.</p> <p>This assumes a new operating allowance of \$1.5 billion per annum from Budgets 2015, growing at 2 per cent in each Budget thereafter (GST exclusive).</p>
<p>Revenues</p> <p>Total Crown revenues are forecast to be 39.3 per cent of GDP in 2018/19.</p> <p>Core Crown revenues are forecast to be 30.4 per cent of GDP in 2018/19.</p> <p>Core Crown tax revenues are forecast to be 27.9 per cent of GDP in 2018/19.</p>	<p>Revenues</p> <p>Total Crown revenues are forecast to be 40.3 per cent of GDP in 2017/18.</p> <p>Core Crown revenues are forecast to be 31.1 per cent of GDP in 2017/18.</p> <p>Core Crown tax revenues are forecast to be 28.5 per cent of GDP in 2017/18.</p>
<p>Net worth</p> <p>Total Crown net worth is forecast to be 36.8 per cent of GDP in 2018/19.</p> <p>Total net worth attributable to the Crown is forecast to be 35.0 per cent of GDP in 2018/19.</p>	<p>Net worth</p> <p>Total Crown net worth is forecast to be 34.9 per cent of GDP in 2017/18.</p> <p>Total net worth attributable to the Crown is forecast to be 32.8 per cent of GDP in 2017/18.</p>