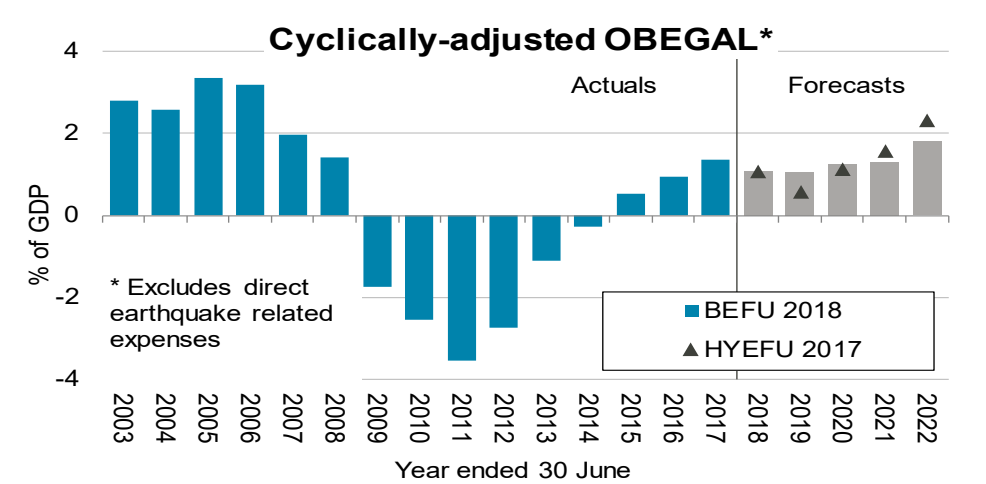
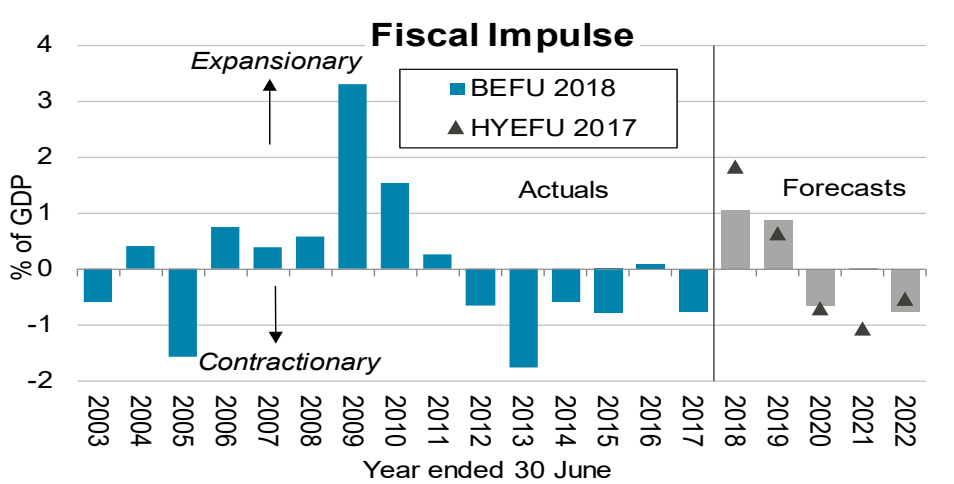
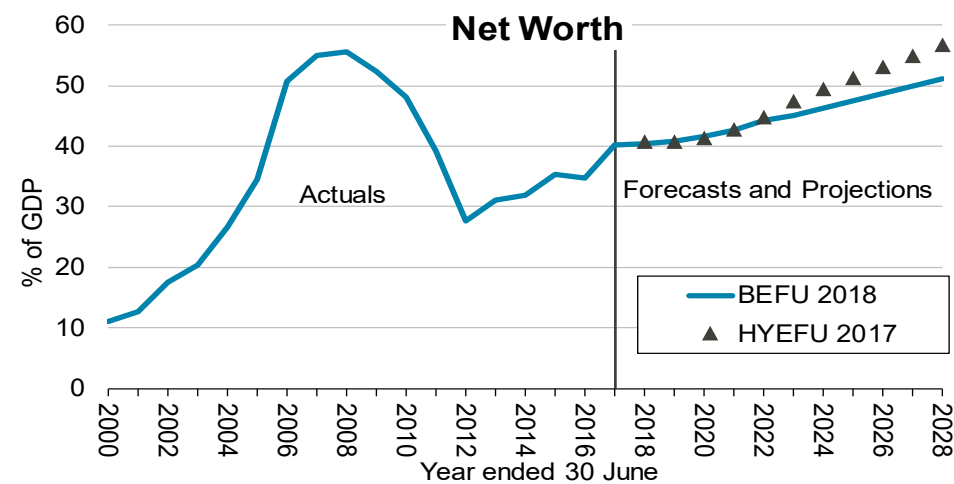
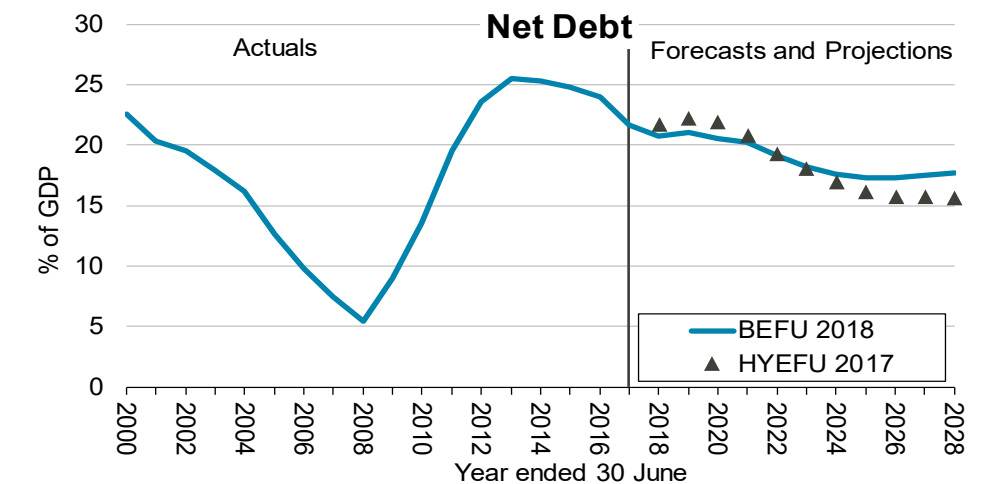
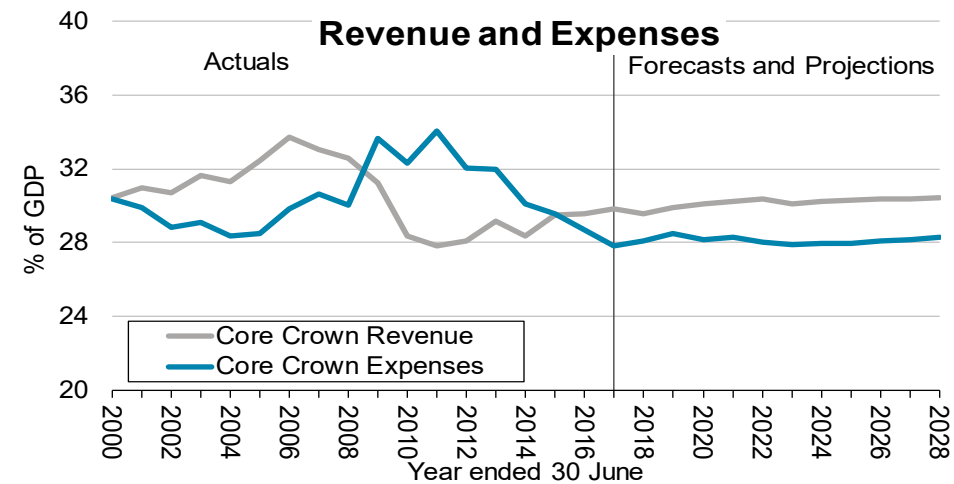
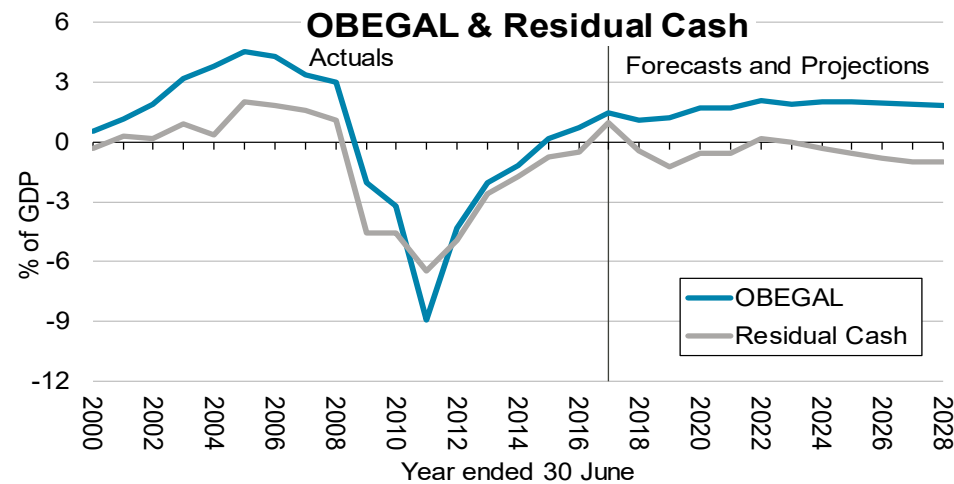
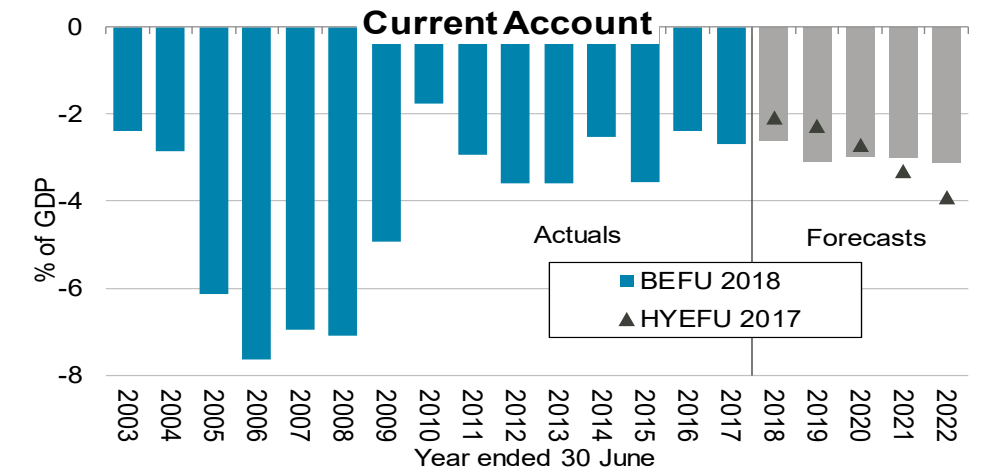
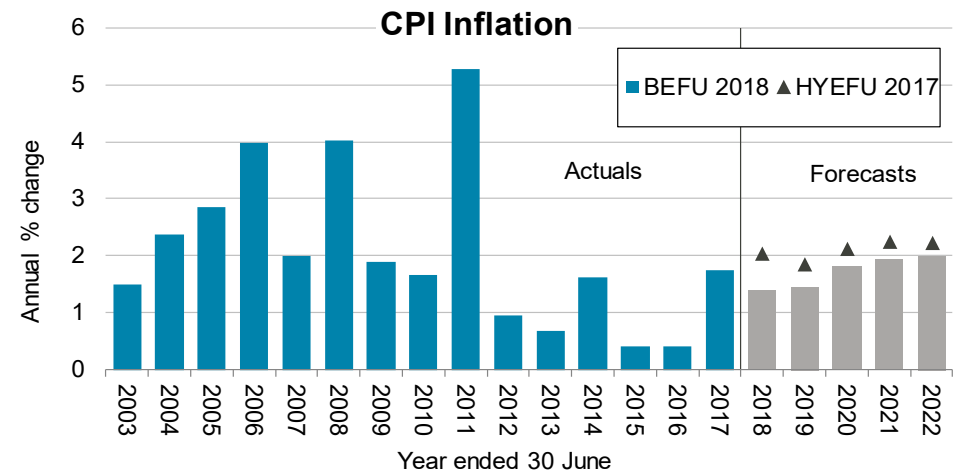
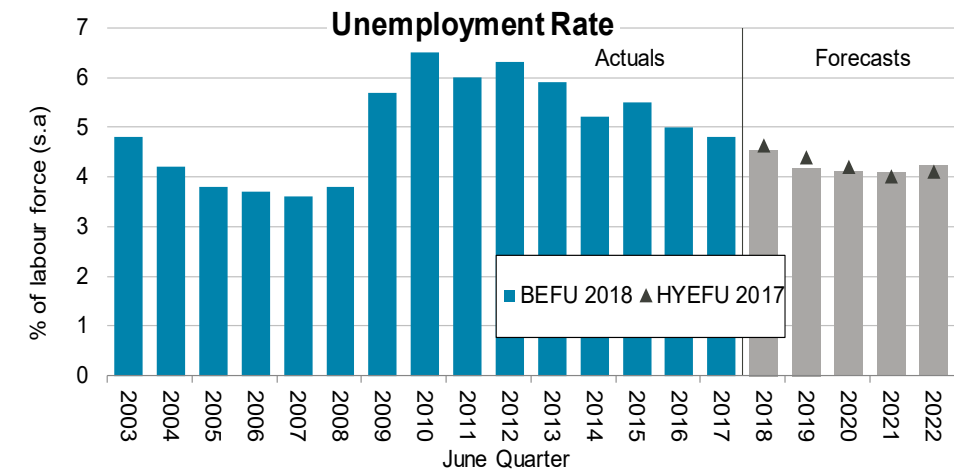
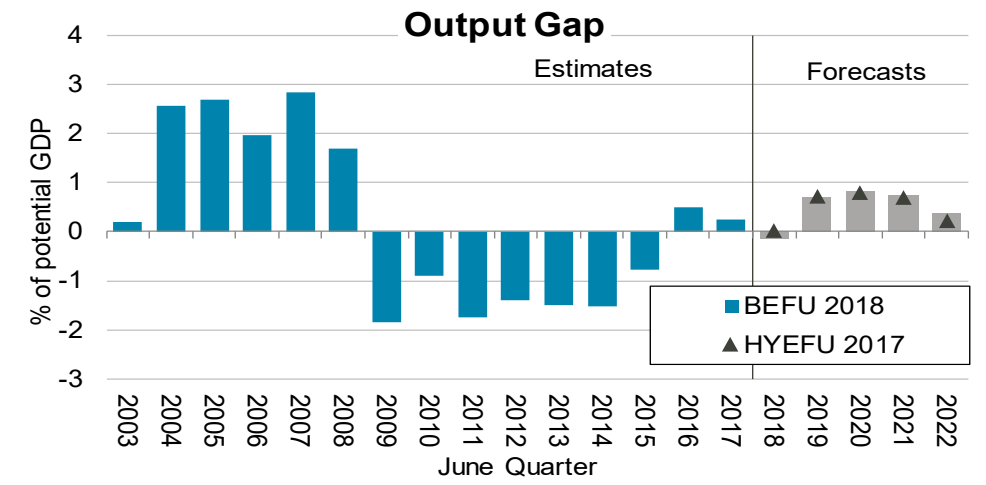
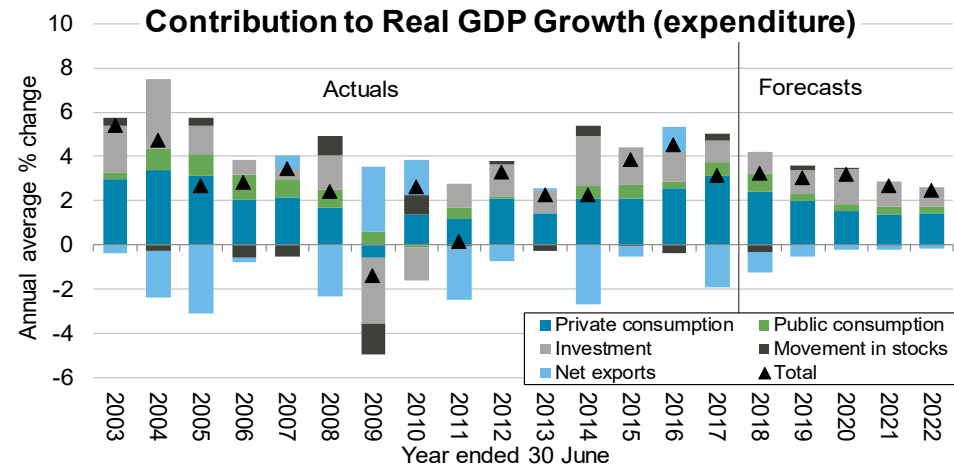
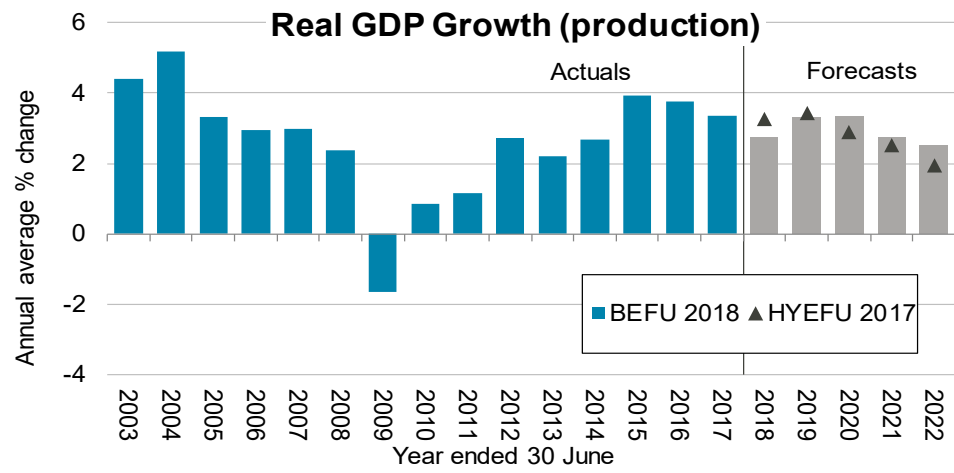


# Economic and Fiscal Forecasts Dashboard – Budget Economic and Fiscal Update 2018 (BEFU)



# Economic and Fiscal Forecasts Dashboard – Budget Economic and Fiscal Update 2018 (BEFU)

## Economic Forecasts at 11 April 2018

BEFU 2018

Summary of Economic Forecasts

(Annual average percent change, unless specified otherwise)

June Years	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Private consumption	5.2	4.0	3.2	2.5	2.3	2.3
Public consumption	3.2	4.4	1.7	1.7	1.8	1.7
<b>Total consumption</b>	<b>4.7</b>	<b>4.1</b>	<b>2.9</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>
Residential investment	4.9	2.3	1.4	5.0	5.5	3.9
Business investment	3.9	4.5	5.3	6.8	4.1	3.2
<b>Total investment</b>	<b>4.1</b>	<b>3.9</b>	<b>4.3</b>	<b>6.3</b>	<b>4.4</b>	<b>3.3</b>
Stocks (contribution to GDP growth)	0.3	-0.3	0.2	0.0	0.0	0.0
<b>Gross national expenditure</b>	<b>4.7</b>	<b>3.5</b>	<b>3.6</b>	<b>3.3</b>	<b>2.7</b>	<b>2.5</b>
Exports	0.1	4.2	2.0	3.8	2.8	2.5
Imports	6.0	6.4	3.2	3.8	2.9	2.5
<b>GDP (expenditure measure)</b>	<b>3.1</b>	<b>3.2</b>	<b>3.1</b>	<b>3.2</b>	<b>2.7</b>	<b>2.5</b>
<b>GDP (production measure)</b>	<b>3.3</b>	<b>2.8</b>	<b>3.3</b>	<b>3.4</b>	<b>2.7</b>	<b>2.5</b>
annual % change (production)	2.8	2.6	3.8	3.0	2.7	2.3
Potential GDP	3.1	3.0	2.9	2.9	2.8	2.7
Output gap (June qtr, % of potential)	0.2	-0.1	0.7	0.8	0.7	0.4
Nominal GDP (Expenditure basis)	6.4	6.1	4.7	5.0	4.6	4.5
Real GDP per capita (Production basis)	1.2	0.7	1.3	1.7	1.3	1.3
Employment	5.2	3.8	2.1	1.9	1.5	1.3
Unemployment Rate (June qtr, % of labour force, sa)	4.8	4.5	4.2	4.1	4.1	4.2
Labour Productivity (Hours worked basis)	-1.6	-0.9	1.2	1.4	1.4	1.3
Wages (QES average hourly ord time earnings, apc)	1.6	3.2	2.7	3.1	3.3	3.4
Net Migration (000s)	72.5	65.7	52.4	37.9	29.8	25.0
90-day Bank Bill Rate (June quarter av)	2.0	2.0	2.6	3.4	3.9	4.0
TWI (June quarter av)	76.5	74.9	75.8	75.5	75.4	75.0
CPI Inflation (apc)	1.7	1.4	1.5	1.8	1.9	2.0
House Price Inflation (apc)	5.5	7.0	2.8	2.0	3.4	3.7
Current account balance (% of GDP)	-2.7	-2.6	-3.1	-3.0	-3.0	-3.1
Terms of Trade (goods) - SNA Basis	4.8	5.1	-0.5	0.8	0.2	0.0
Household saving ratio (% of household disposable income)	-2.8	-2.1	-0.6	0.1	0.9	1.0

## Balance Sheet Forecasts at 26 April

Year ending 30 June	2017	2018	2019	2020	2021	2022
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Financial assets	147.1	153.0	149.7	157.8	164.2	179.5
Property, plant and equipment	144.6	149.8	155.9	159.4	162.4	163.9
Other assets	21.9	22.1	23.3	25.3	28.2	31.4
<b>Total Assets</b>	<b>313.6</b>	<b>324.9</b>	<b>328.9</b>	<b>342.5</b>	<b>354.8</b>	<b>374.8</b>
Percent of GDP	114.4	111.6	108.0	107.0	106.0	107.1
Borrowings	111.8	116.0	112.9	117.2	118.2	125.4
Other	85.3	85.3	85.7	86.3	88.0	89.1
<b>Total Liabilities</b>	<b>197.1</b>	<b>201.3</b>	<b>198.6</b>	<b>203.5</b>	<b>206.2</b>	<b>214.5</b>
Percent of GDP	71.9	69.2	65.2	63.6	61.6	61.3
Net worth attributable to Crown	110.5	117.6	124.5	133.3	142.9	154.7
Net worth attributable to minority interest	6.0	6.0	5.8	5.7	5.7	5.6
<b>Total Net Worth</b>	<b>116.5</b>	<b>123.6</b>	<b>130.3</b>	<b>139.0</b>	<b>148.6</b>	<b>160.3</b>
Percent of GDP	42.5	42.5	42.8	43.5	44.4	45.8

## Fiscal Forecasts at 26 April

Table - Reconciliation from operating balance to net core Crown debt

Year ending 30 June	2017	2018	2019	2020	2021	2022
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	(25.3)	(26.1)	(28.9)	(30.0)	(31.2)	(32.5)
Health	(16.2)	(17.2)	(18.1)	(18.1)	(18.0)	(18.1)
Education	(13.3)	(13.9)	(14.7)	(14.8)	(15.1)	(15.2)
Core government services	(4.0)	(5.1)	(5.0)	(4.7)	(4.8)	(4.7)
Finance costs	(3.5)	(3.5)	(3.4)	(3.4)	(3.5)	(3.3)
Forecast new operating spending	..	(0.2)	(0.8)	(3.1)	(5.7)	(8.1)
Other core Crown expenses	(14.0)	(15.7)	(15.8)	(16.0)	(16.4)	(16.2)
<b>Total core Crown expenses</b>	<b>(76.3)</b>	<b>(81.7)</b>	<b>(86.7)</b>	<b>(90.1)</b>	<b>(94.7)</b>	<b>(98.1)</b>
<b>Core Crown revenue</b>	<b>81.8</b>	<b>86.0</b>	<b>91.0</b>	<b>96.2</b>	<b>101.2</b>	<b>106.3</b>
Net surpluses/(deficits) of SOEs and CEs	(1.4)	(1.2)	(0.6)	(0.7)	(0.8)	(0.9)
<b>Total Crown OBEGAL</b>	<b>4.1</b>	<b>3.1</b>	<b>3.7</b>	<b>5.4</b>	<b>5.7</b>	<b>7.3</b>
Gains and losses	8.2	3.9	3.1	3.4	3.9	4.4
<b>Total Crown operating balance</b>	<b>12.3</b>	<b>7.0</b>	<b>6.8</b>	<b>8.8</b>	<b>9.6</b>	<b>11.7</b>
Net retained surpluses of SOEs, CEs and NZS Fund	(6.4)	(2.8)	(2.5)	(2.6)	(3.0)	(3.4)
Non-cash items and working capital movements	0.4	1.3	0.7	0.5	0.8	0.9
<b>Net core Crown cash flow from operations</b>	<b>6.3</b>	<b>5.5</b>	<b>5.0</b>	<b>6.7</b>	<b>7.4</b>	<b>9.2</b>
Purchase of physical assets	(2.2)	(2.7)	(2.6)	(2.9)	(2.7)	(1.8)
Advances and capital injections	(1.6)	(3.3)	(3.9)	(2.5)	(2.0)	(1.5)
Contribution to NZS Fund	..	(0.5)	(1.0)	(1.5)	(2.2)	(2.5)
Forecast for future new capital spending	..	(0.2)	(1.3)	(1.5)	(2.4)	(2.7)
<b>Core Crown residual cash</b>	<b>2.6</b>	<b>(1.3)</b>	<b>(3.9)</b>	<b>(1.7)</b>	<b>(1.9)</b>	<b>0.7</b>
Opening net debt	61.9	59.5	60.4	64.2	65.9	67.6
Core Crown residual cash (above)	(2.6)	1.3	3.9	1.7	1.9	(0.7)
Other valuation changes in financial assets and financial liabilities	0.2	(0.4)	(0.1)	0.0	(0.2)	0.1
<b>Closing net debt</b>	<b>59.5</b>	<b>60.4</b>	<b>64.2</b>	<b>65.9</b>	<b>67.6</b>	<b>67.0</b>
Year ending 30 June	2017	2018	2019	2020	2021	2022
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
New Zealand Superannuation	13.0	13.7	14.5	15.4	16.3	17.4
Other transfer payments and subsidies	12.2	12.7	14.7	14.9	15.3	15.7
Finance costs	3.5	3.5	3.4	3.4	3.5	3.3
Other expenses	47.6	51.8	54.1	56.4	59.6	61.7
<b>Core Crown expenses</b>	<b>76.3</b>	<b>81.7</b>	<b>86.7</b>	<b>90.1</b>	<b>94.7</b>	<b>98.1</b>
Year ending 30 June	2017	2018	2019	2020	2021	2022
\$billions	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>2017 core Crown expenses</b>	<b>76.3</b>	<b>76.3</b>	<b>76.3</b>	<b>76.3</b>	<b>76.3</b>	<b>76.3</b>
New spending (operating allowances)						
Budget 2017 decisions		1.6	1.9	1.9	1.9	1.9
100 day plan expenditure		0.3	1.8	2.0	2.2	2.3
Care and support workers pay equity		0.3	0.4	0.4	0.4	0.4
Budget 2018 operating allowance		0.1	2.6	2.7	3.1	3.5
Budget 2019 operating allowance				2.4	2.4	2.4
Budget 2020 operating allowance					2.4	2.4
Budget 2021 operating allowance						2.4
Existing policies						
NZS payments		0.7	1.5	2.4	3.3	4.3
Other social assistance		0.6	1.3	1.4	1.6	1.9
Debt impairments		0.4	0.2	0.2	0.2	0.2
Finance costs		(0.1)	(0.1)	(0.2)	(0.0)	(0.2)
GSF expenses		(0.1)	(0.1)	(0.1)	(0.0)	(0.0)
Treaty settlements		0.2	0.4	0.2	0.2	0.2
Other changes		1.4	0.5	0.5	0.7	0.1
<b>Core Crown expenses</b>		<b>81.7</b>	<b>86.7</b>	<b>90.1</b>	<b>94.7</b>	<b>98.1</b>
Year ending 30 June	2017	2018	2019	2020	2021	2022
% of GDP	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Core Crown expenses	27.8	28.1	28.5	28.2	28.3	28.0
Total Crown operating balance before gains and losses	1.5	1.1	1.2	1.7	1.7	2.1
Total Crown operating balance	4.5	2.4	2.2	2.8	2.9	3.3
Core Crown residual cash	0.9	(0.4)	(1.3)	(0.5)	(0.6)	0.2
Net core Crown debt	21.7	20.8	21.1	20.6	20.2	19.1

