



THE TREASURY

Kaitiaki Take Kōwhiri

New Zealand Government

The 2016 Snapshot

The key facts and figures of the Financial Statements
of the Government for the year ended 30 June 2016



Embargo: Contents not for communication in any form before **1pm on Thursday 13 October 2016**.

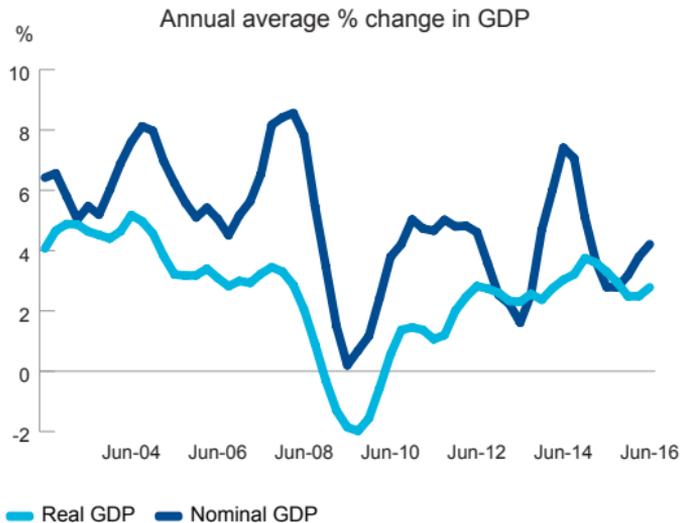
Disclaimer: This publication is not audited. It is not intended to be read as a full picture of the New Zealand Government's financial performance or position.

<http://www.treasury.govt.nz/financialstatements/yearend/jun16snapshot>

The economy

Real gross domestic product growth annual average rate was **2.8%** mainly due to robust growth in construction, household consumption and tourism.

In current dollar terms, the value of output increased **4.2%** in the June 2016 year, up from 2.8% growth in the previous June year.



Facts and figures – June year (compared to 2015)



\$251.8 billion nominal GDP (▲ \$10.2b)



\$227.2 billion real GDP (▲ \$6.1b)



1,484,000 average full time equivalent employees (▲ 40,175)



\$29.62 average ordinary time hourly rate (▲ 2.1%)



5.2% average unemployment (▼ 0.2%)



0.3% annual average inflation (▼ 0.3%)

Where does the Government's money come from?

Total revenue: \$98.2b (39.0% of GDP)

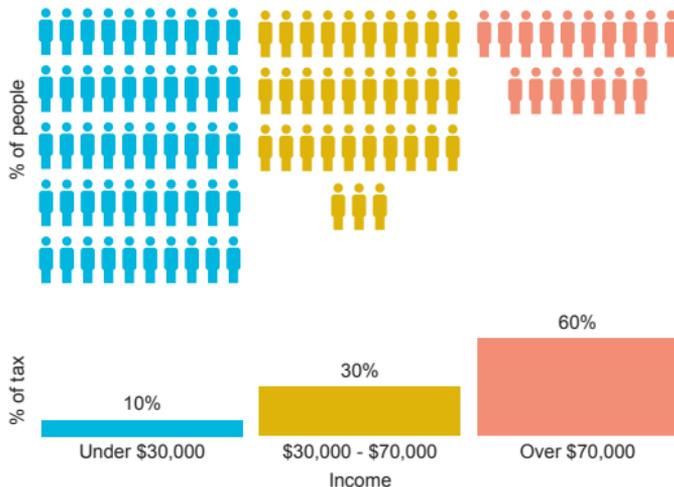


- » **71%** of revenue was from collection of tax (▲ \$3.6b)
- » **83%** of sales of goods & services are from SOEs (eg, NZ Post and listed companies)
- » **12%** of total revenue was from other sources (eg, ACC, EQC, interest and fire service levies)

Core Crown tax revenue

\$70.4 billion (▲ \$3.8b)
28.0% of GDP

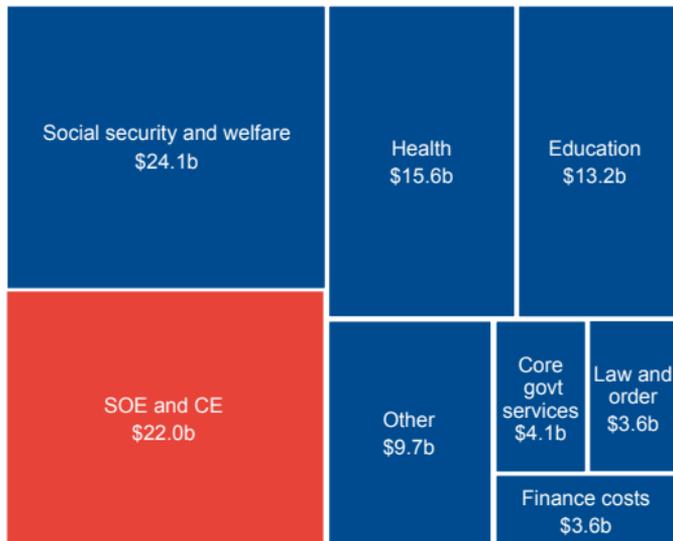
Who pays income tax, and how much?



Next March tax year 3.6 million New Zealanders are expected to pay individuals tax of \$31.2 billion – an average of \$8,667 each

How was the money spent?

Total expenses: \$95.9b (38.1% of GDP)



- » **\$73.9 billion** core Crown expenses (▲ \$1.6b)
- » **23%** of all spending was by SOEs and Crown Entities

\$52.9 billion was spent on welfare, health, education

Social welfare



\$12.3 billion to provide **690,600** superannuitants with income support and **\$4.3 billion** to **295,000** people receiving Jobseeker Support and Emergency Benefit, Sole Parent Support and Supported Living Payment.

Health



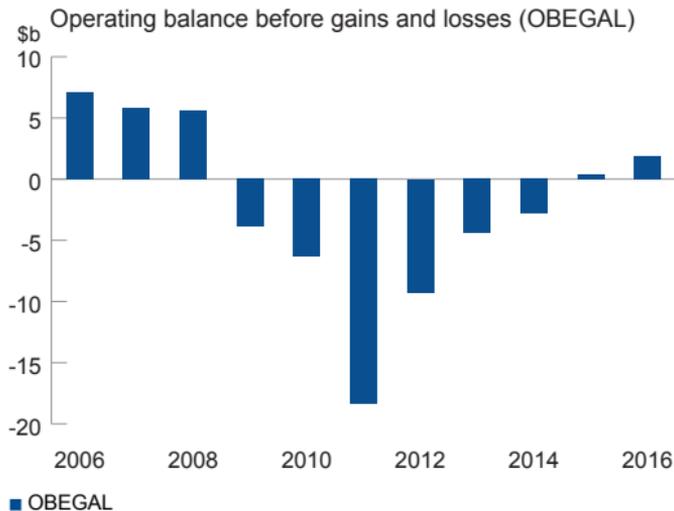
\$11.8 billion of funding to District Health Boards, which contributed to services to meet the needs of each district's population. The health and disability system provided over **13.2 million** visits to GPs and over **1.1 million** presentations to emergency departments.

Education

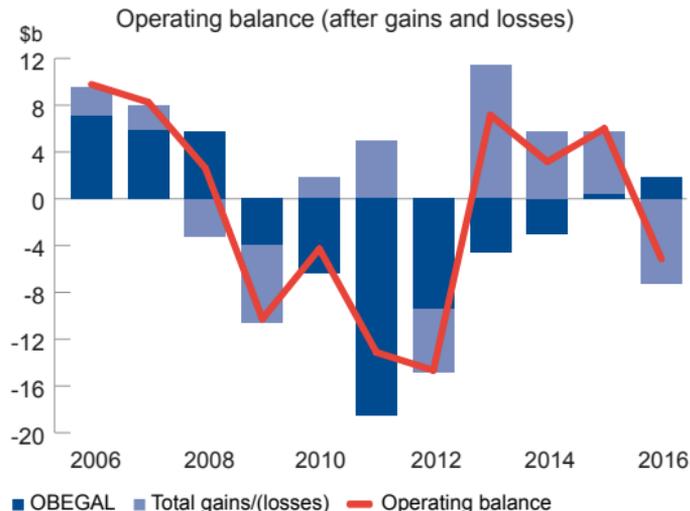


\$13.2 billion helped to fund **96.6%** participation in early childhood education, **83.3%** of 18 year olds to achieve NCEA Level 2 or equivalent and **358,000** tertiary students.

OBEGAL surplus continued to grow



- » **\$1.8 billion** surplus (▲ \$1.4b)
- » Growth in tax revenue has outpaced growth in expenditure
- » Core Crown tax revenue was \$3.8 billion more than last year
- » Core Crown expenses increased \$1.6 billion from last year



- » Gains and losses can be volatile
- » Net losses for the year were **\$7.2 billion** (▲ \$12.6b)
- » Valuations of long term liabilities resulted in large losses for the ACC insurance liability and the Government Superannuation Fund retirement liability
- » These losses combined with the OBEGAL surplus resulted in a \$5.4 billion operating balance deficit (▲ \$11.2b)

Cash deficit increased core Crown net debt

Analysis of cash deficit	\$b
Operating cash surplus	3.3
Core Crown capital spend	(4.6)
Cash deficit	(1.3)



Capital Spend (▲ \$1.2b)

» Advances

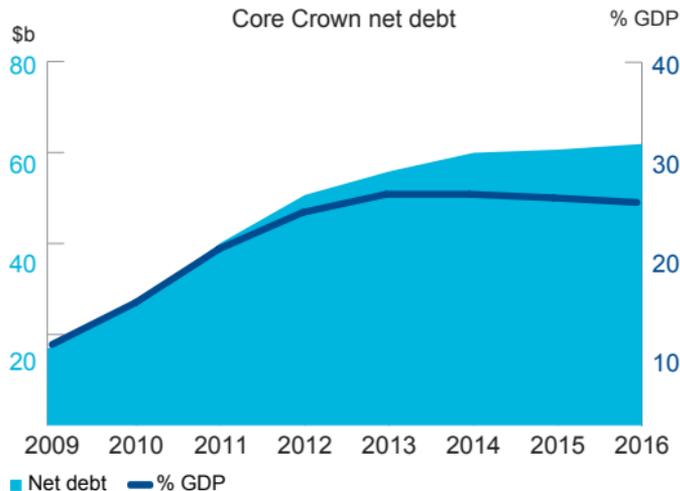
Student Loans (\$304m)
NZTA Loans (\$138m)

» Purchase of Physical Assets

Education (\$604m)
Defence (\$381m)
Justice (\$198m)
Health (\$174m)
Corrections (\$143m)

» Investments

NZTA (\$1,107m)
Southern Response (\$443m)
KiwiRail (\$210m)
Crown Fibre Holdings (\$190m)



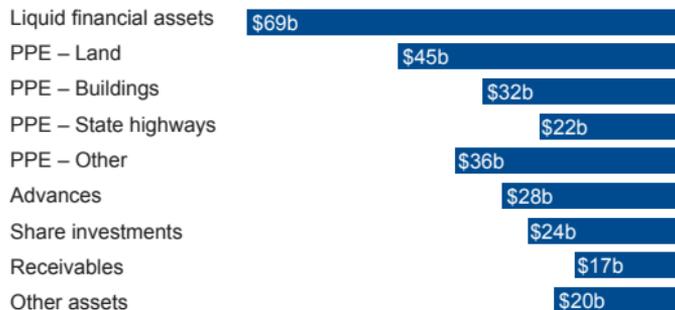
\$61.9 billion core Crown net debt

- » \$1.2 billion increase from last year due to continuing cash deficits
- » Relatively flat as a percentage of GDP (0.5% decrease on last year)



The Crown balance sheet

Assets \$293b



Liabilities \$197b

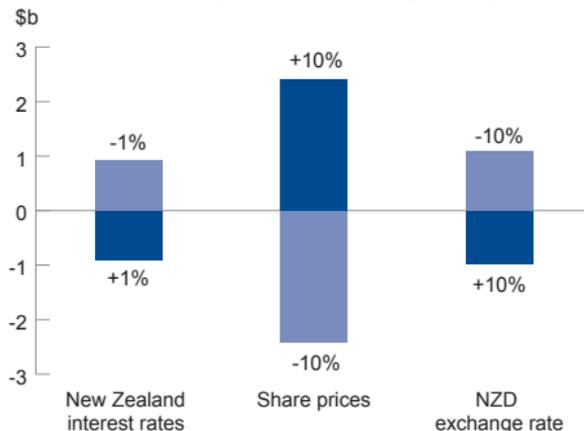


- » The Crown balance sheet grew over the year with total assets reaching \$293 billion
- » Liabilities stand at \$197 billion
- » Financial assets and liabilities are particularly sensitive to changes in market rates such as share prices

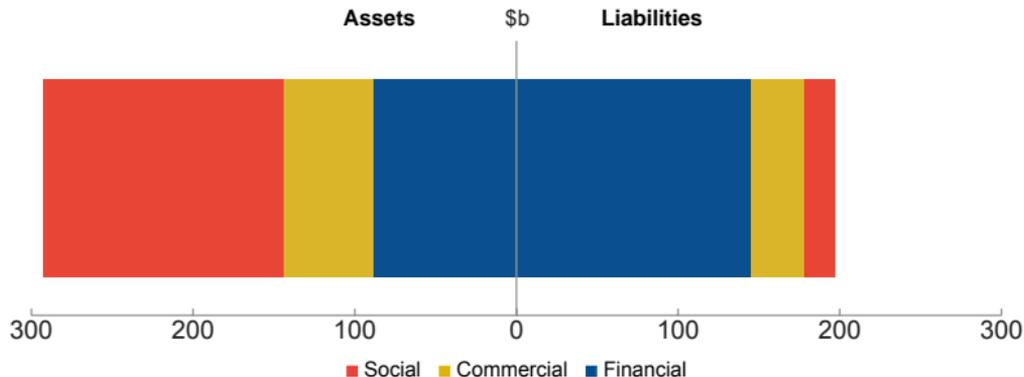


Balance sheet sensitivities

Impact on operating balance of change in key market rates



Balance sheet composition



» Social sector net worth \$130.2 billion

\$149.4 billion of social sector assets (eg, schools, hospitals and social housing), an increase of \$9.7 billion from last year.

Social sector liabilities were \$19.2 billion, a \$1.6 billion increase driven mainly by an increase in the New Zealand ETS provision.



» Financial sector net worth (\$56.4 billion)

Financial sector assets were fairly stable, with a \$0.9 billion increase from last year to \$87.9 billion.

Financial sector liabilities grew \$7.1 billion to \$144.4 billion, mainly due to the ACC insurance liability increasing by \$6.6 billion.



» Commercial sector net worth \$21.8 billion

Commercial sector assets increased by \$2.9 billion to \$55.3 billion, while commercial sector liabilities (\$33.6 billion) increased by \$1.5 billion from last year.

\$1.1 billion of the growth in both assets and liabilities was as a result of Kiwibank loans and deposits increasing by similar amounts, while property, plant and equipment valuation uplifts and additions helped increase commercial sector assets.