



THE TREASURY

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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**.

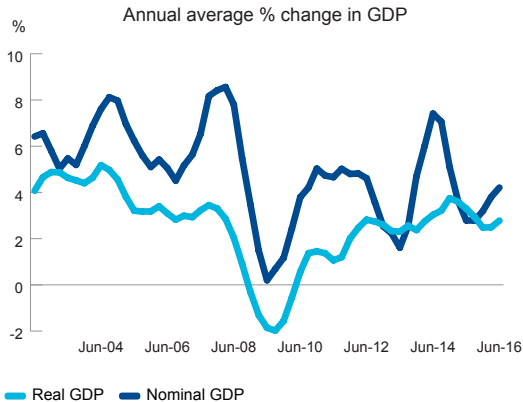
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<http://www.treasury.govt.nz/financialstatements/yearend/jun16snapshot>

# 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)

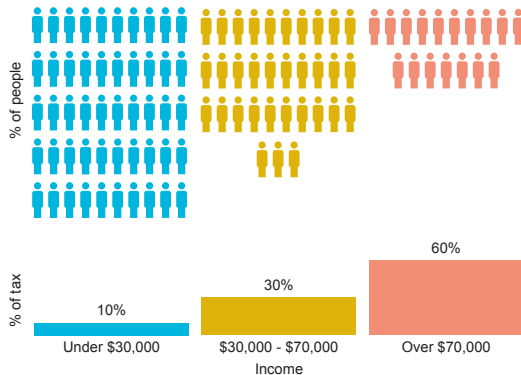


- » **71%** of revenue was from collection of tax (▲ \$3.6b)
- » **83%** of sales of goods & services are from SOEs (eg, NZ Post and listed companies)
- » **12%** of total revenue was from other sources (eg, ACC, EQC, interest and fire service levies)

## Core Crown tax revenue

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

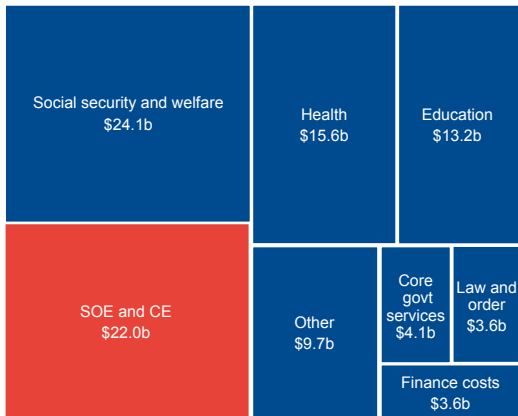
## Who pays income tax, and how much?



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



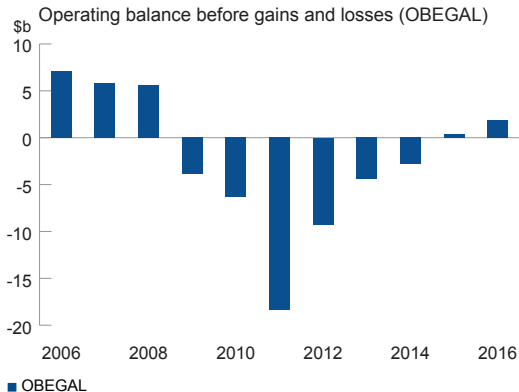
**\$11.8 billion** of funding to District Health Boards, which contributed to services to meet the needs of each district's population. The health and disability system provided over **13.2 million** visits to GPs and over **1.1 million** presentations to emergency departments.

## Education

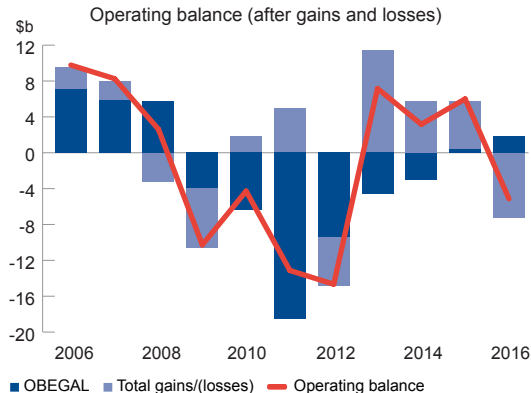


**\$13.2 billion** helped to fund **96.6%** participation in early childhood education, **83.3%** of 18 year olds to achieve NCEA Level 2 or equivalent and **358,000** tertiary students.

# OBEGAL surplus continued to grow



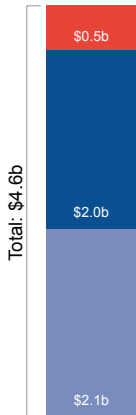
- » **\$1.8 billion** surplus (▲ \$1.4b)
- » Growth in tax revenue has outpaced growth in expenditure
- » Core Crown tax revenue was \$3.8 billion more than last year
- » Core Crown expenses increased \$1.6 billion from last year



- » 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)
<b>Cash deficit</b>	<b>(1.3)</b>



Capital Spend (▲ \$1.2b)

## » Advances

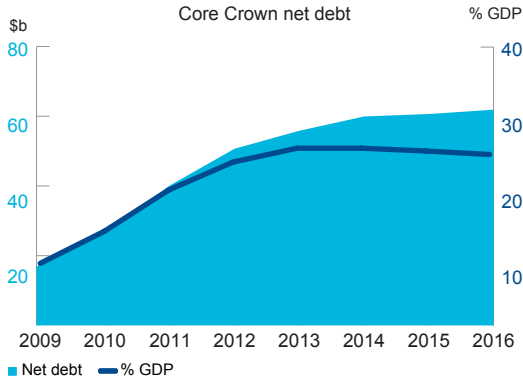
Student Loans (\$304m)  
NZTA Loans (\$138m)

## » 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

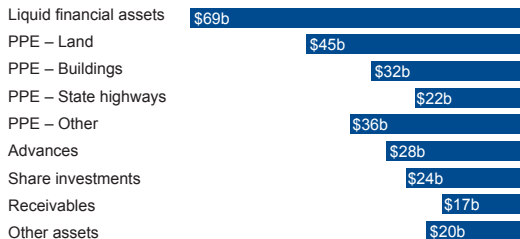
» \$1.2 billion increase from last year due to continuing cash deficits

» Relatively flat as a percentage of GDP (0.5% decrease on last year)

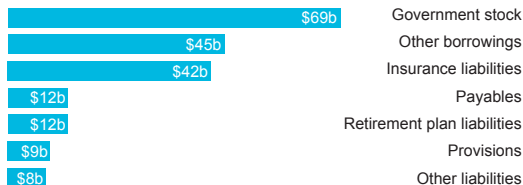


# The Crown balance sheet

## Assets \$293b



## Liabilities \$197b

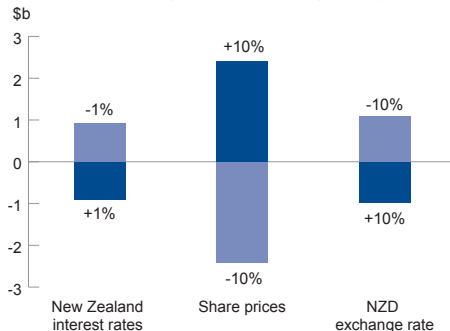


- » The Crown balance sheet grew over the year with total assets reaching \$293 billion
- » Liabilities stand at \$197 billion
- » Financial assets and liabilities are particularly sensitive to changes in market rates such as share prices

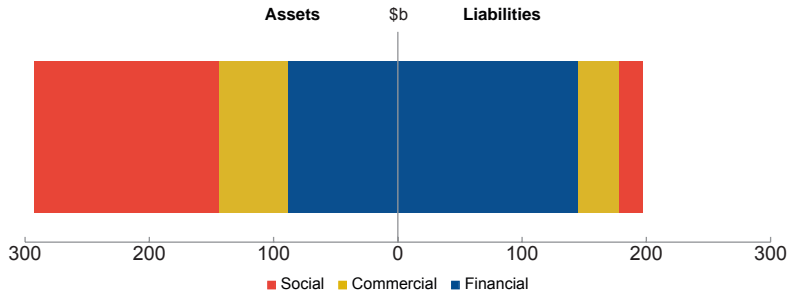


## Balance sheet sensitivities

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.