

**PUBLIC EXPENDITURE
AND ITS FINANCING: 1950-1979**

A Companion Volume to

**THE WELFARE STATE?
SOCIAL POLICY IN THE 1980s**

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NEW ZEALAND PLANNING COUNCIL
NZPC 12a

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A COMPANION VOLUME TO
THE WELFARE STATE ? -
SOCIAL POLICY IN THE 1980s.

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C O N T E N T S .

	<u>Page no.</u>
INTRODUCTION	5
PUBLIC EXPENDITURE : CONCEPTS AND MEASURES	6
PUBLIC EXPENDITURE : 1950 - 1979	10
FINANCING PUBLIC EXPENDITURE : 1950 - 1979	11
PUBLIC SECTOR EMPLOYMENT	12
PUBLIC EXPENDITURE GROWTH : NATIONAL SUPERANNUATION AND OTHER SOCIAL EXPENDITURE	13
TABLES	15
APPENDIX : DERIVATION OF ESTIMATES OF CAPITAL FORMATION	67

INTRODUCTION.

In the course of preparing The Welfare State? the Planning Council assembled certain data, some of them previously unpublished, relating to the pattern of public expenditure, the financing of public expenditure, and public sector employment that has evolved in New Zealand since 1950.

For two reasons the Council considered that it was important that this material should be published in conjunction with The Welfare State? In the first place, since these data provide the basis for the discussion of public expenditure and financing trends in The Welfare State? the Council wished to make them available to those wanting to evaluate the Council's arguments. Second, the disaggregated data on capital expenditure, and employment have not been published in one place before. This publication therefore should be of continuing use to those interested in the further analysis of public expenditure in New Zealand.

Before presenting these data it is useful to draw attention to some of the conceptual and technical aspects of measuring public expenditure both in absolute terms and in relation to other economic aggregates.

The Government Statistician has recently changed to an internationally standardised system of national accounting (SNA) and although the data in this publication were compiled primarily to provide a basis for the Council's discussion in The Welfare State? it was also recognised that this was an opportune time to put together a long historical series relating to public expenditure and revenue before the data underlying the "old" National Income and Expenditure Accounts were lost.

PUBLIC EXPENDITURE : CONCEPTS AND MEASURES .

In general terms "public expenditure" refers to the spending of central and local government.

However within the economy there is no obvious dividing line between what is government and what is not government. There is a continuum of institutions and organisations that include: non-trading central government departments and non-trading local authorities; central government trading departments and local authorities that at least in part produce the revenue required to cover their operating costs (the Post Office, the Electricity Department, the Railways, Harbour Boards, etc); wholly government-owned corporations that are required to cover their own operating costs (the Broadcasting Corporation, the Development Finance Corporation, the Bank of New Zealand, the Petroleum Corporation, Air New Zealand, etc); partly government-owned companies (such as New Zealand Steel, Tasman Pulp and Paper, or Maui Development); government-backed organisations such as the Dairy Board; and "pure" private enterprise (which may or may not receive government subsidies and incentives). Where any line is drawn that divides government (the public sector) from non-government (the private sector) must depend on the particular context.

For some purposes it is important to distinguish between those expenditures which involve the purchase of goods and services by government (and thus directly utilise labour and/or resources for purposes decided by government), and those expenditures which merely involve a transfer of income and purchasing power from some people or organisations in the community to others as benefits, pensions or subsidies. If one is interested in the finance required to pay for government's operations, both sorts of expenditure (referred to as final expenditure and transfers respectively) should be included. If one is interested in the proportion of the product or resources available to the economy that government is directly utilising, then transfers should be excluded.

There is also the question of whether the income tax paid on transfer payments and the salaries and wages of government employees should be included or excluded from measures of public expenditure. This is a complex issue since the provision of transfer payments or the employment of people in the public sector may result in reductions in income tax from other sources which wholly, or partially, offset the tax paid on the transfers or wages and salaries. For example the provision of National Superannuation may cause some recipients to reduce their primary income (by retiring or by working less). Similarly employing a person in the public sector does not alter the person's income and hence the government's revenue from income tax, except where that person would otherwise have been unemployed. When assessing the financing requirements of a programme of public expenditure it may for some purposes, and particularly for new projects, be useful to adjust the gross expenditure by deducting any consequent increase, or adding any consequent decrease, in government revenue.

Many non-trading government departments and local authorities generate revenue from fees, licences, fines, etc. that goes into the Consolidated Account. (In some cases, for example the Courts, the revenue generated is almost equal to their cost.) Public expenditure can therefore be measured either gross or net of such departmental receipts; the most appropriate measure will depend on the purpose for which it is being used.

Public expenditure can be measured in terms of cash outlays and receipts or in terms of the flows of resources underlying the cash flows. As with business accounting, it is often desirable to use an accrual rather than a cash basis to ensure a proper matching of expenditures and revenues in a given period and avoid distortions arising from the timing of payments to creditors or receipts from debtors. Government purchases of capital equipment, for example, are frequently financed by suppliers' credits so that cash expenditure does not come to charge until several years after the equipment is delivered and operating.

In practice the particular measure of public expenditure used for analysis depends not only on what, conceptually, would be most appropriate, but also on what data are available or can be assembled within the constraints of time and cost.

The Government's Budget is one source of data on public expenditure. Budget data include central, but not local government expenditure; they include final expenditure and transfers (both gross and net of departmental receipts), and also miscellaneous investment and financing transactions (mainly relating to the provision of equity and advances to wholly or partly government-owned corporations); they are not reduced by deducting any income tax paid by recipients e.g. National Superannuitants or public servants; and they are on a cash rather than an accrual basis.

Tables 1 and 2 provide information from this source on public expenditure and its financing for the fiscal (March) years 1968-1979. The expenditures in these tables are net expenditures and are generally arrived at by deducting trading and departmental receipts from gross expenditures.

Although information from the Government's Budget provides a useful indication of the main fiscal operations of central government in New Zealand, it is not adequate for a full analysis of public expenditure for several reasons. First, the Budget deals only with the fiscal operations of central government and ignores the operations of local government whose total spending accounted for about \$670 million in fiscal 1979. Apart from being quantitatively important, local governments are like central government in that they provide public services financed largely out of taxation (in the form of rates on property) and elected representatives make decisions about this "collective" resource allocation. Second, Budget data does not distinguish between current expenditures, capital expenditure and transfers. Third, some adjustments are required, particularly in respect of capital purchases, to ensure that expenditure is recorded in the year of purchase rather than the year in which goods are finally paid for.

In order to put public expenditure and revenue in its perspective in the total New Zealand economy it is necessary to use a consistent framework of accounting. Such a framework has, until recently, been provided by the Government Statistician's National Income and Expenditure Accounts. As the move to SNA suggests, the national accounts do have a number of weaknesses which can be

improved upon by changing to the more comprehensive, internally consistent and internationally standardised method. Notwithstanding these, the "old" national accounts provide the best available framework for analysing trends in public expenditure over a lengthy period.

Public expenditure in national accounting terms comprises central government and local authority expenditure net of receipts, and the capital formation of public trading enterprises which primarily sell their production in the market. The current expenditure of such public trading enterprises is not included: it is regarded as operating costs and the net trading income of these enterprises - gross sales less current expenditure - is treated as a source of revenue to finance public expenditure. Any operating losses are deducted from the combined operating profits of other public trading enterprises and government-owned corporations and result in a reduction in the contribution of net trading income to government revenue. Thus, for example, capital expenditure on railways development is included as part of public expenditure but the salaries of railways personnel and the railways' operating losses are not included.

In the national accounts, public expenditure includes both final public expenditure (distinguishing current and capital) and transfer payments, but unlike the Budget it does not include transactions in land (and other previously existing assets) and financial instruments; public expenditure is at least partially converted to an accrual basis in that the capital expenditure of the Post Office, Railways, Electricity Department, and Forestry are based on the increase of assets as shown in their respective balance sheets, and adjustments are made for capital formation financed by overseas credits. Expenditures are not reduced by deducting any income taxes paid by recipients e.g. National Superannuitants or public servants.

Table 3 shows public expenditure measured in national accounting terms and broken down into current expenditure on goods and services (public consumption), gross capital formation (public investment), which together add to public final expenditure, and transfers and other current expenditures, for the period fiscal 1950 to fiscal 1979.

Public final expenditure is one component of total final demand, the other components being private final expenditure and exports, and this is equal to total supply which comprises New Zealand's domestic production (GDP) and imports. Table 4 shows the components of final demand and supply and their relationship to GDP for the period 1950-1979.

It will be noted that, in some years, final domestic demand (GDE) exceeds domestic production. This means that the nation as a whole has been spending more than it has produced. The difference represents the extent to which imports of goods and services are financed by means other than export earnings (e.g. by borrowing or other forms of credit from overseas, or by drawing on overseas assets).

Table 4 also shows that if one is interested in the public and private sectors' relative shares of final domestic demand, then GDE is the appropriate economic aggregate against which to compare public (or private) final expenditure. However if one is interested in the financing of total public expenditure (i.e. transfers as well as final public expenditure), then GDP is the appropriate economic aggregate to use. The reason for this is that total public expenditure is financed primarily by taxation, and with a tax system that relies heavily on income tax, total tax revenues are constrained by the level of domestic production.

Two important points, both shown clearly by Table 4, should be noted in relation to comparisons of total public expenditure to GDP. First, an increase in total public expenditure relative to GDP does not necessarily mean a decrease in private final expenditure relative to GDP. Second, while a percentage of GDP is the most appropriate measure for considering the financing of public expenditure, total public expenditure expressed as a percentage of GDP does not represent the public sector's share of either domestic production or total product available to the economy.

The data so far discussed are expressed in money values. In a period when inflation has persistently reduced the value of the dollar in buying goods and services such data do not show changes in the volume of resources used by the public sector. For this it is necessary to deflate final expenditures by appropriate indices of price movements. Implicit deflators for aggregate public consumption and investment can be derived from the publications of the Department of Statistics. More detailed work has been done by Victoria University of Wellington's Project on Economic Planning (PEP) and by the Reserve Bank but these are not appropriate for deflating disaggregated functional components of public expenditure such as are contained in Table 5.

An interesting feature of these estimates is that during the period covered, and particularly in the early 1970's, the unit costs of public sector purchases rose faster than prices in general. One reason was that public sector wage rates increased more than wage rates in the private sector, especially in the health and education services. A second reason is that the public sector is relatively labour-intensive and thus the costs of public services may rise faster than prices generally if wages rise faster than other costs and if productivity in the public sector rises more slowly than in the private sector. Thus growth in the volume of resources used by the public sector is at most a partial explanation for the rise in the value of public final expenditure relative to GDP or GDE. Changes in relative costs have been a very important influence.

The focus of The Welfare State? is however on the problems of financing public expenditures, and the estimates of public expenditure that follow are therefore presented in terms of value rather than volume. Furthermore, for the reason given earlier, public expenditures are related to GDP rather than to any other economic aggregate. GDP has the added advantage of facilitating international comparison.

PUBLIC EXPENDITURE : 1950 - 1979

Table 5 provides a functional classification in national accounting terms of public expenditure from 1950-1979. There are no official estimates of the functional breakdown of public sector capital formation covering the entire period, and the unofficial estimates in Table 5 have been compiled by P. S. Bevin. Details of the methodology used are contained in the Appendix. Tables 6 and 7 express the data from Table 5 as percentages of GDP and Total Public Expenditure respectively.

Transfers and subsidies as identified in the national accounts (and hence in Tables 5, 6 and 7) comprise predominantly social security benefits and pensions, subsidies on milk, and subsidies to agriculture. However, since all budgetary activity has the effect of redistributing income, these items represent only part of the total effective transfer payments made by government. Tax reliefs are one particularly important category of effective transfers that are not shown in the national accounts. Thus a change between providing effective transfers by means of expenditure or by means of tax relief results in a change in measured transfer payments (and hence in total public expenditure) even if the original change does not significantly alter the distribution of income. One example of such a change occurred in 1973 when the tax exemption for children was abolished and replaced by an increase in the child benefit. As a result the level of transfer payments and total public expenditure rose although the overall economic effect of the change was negligible.

Interest on the public debt paid in New Zealand is classified as a transfer for national accounting purposes although it could be regarded as a payment for the service of money advanced to the public sector by the private sector and therefore, a part of public consumption.

Table 8 analyses the major social security transfers over the period 1950-1979, both in absolute terms and as a percentage of GDP, and includes an estimate of the after-tax transfer to the aged through Universal and National Superannuation. The table is based on cash outlays by the Department of Social Welfare and the total does not reconcile with the figures for social security transfers in Table 5 for this reason.

FINANCING PUBLIC EXPENDITURE : 1950 - 1979.

Table 9 shows how public expenditure has been financed over the period 1950-1979. Tables 10 and 11 express the data from Table 9 as percentages of GDP and Total Government Revenue respectively.

Although the market has a substantial influence on the level of revenue obtained from trading income, governments have frequently influenced the pricing, investment and financing policies of trading undertakings for social and macro-economic purposes so that the level of revenue from this source is, at least in part, dependent on similar considerations to the level of tax revenues.

As in the private sector, capital investment in the public sector is not usually financed entirely from current revenues. Thus the degree to which public expenditure is financed by borrowing rather than by taxation is in part dependent on the level of capital development being undertaken by public trading enterprises.

Expressing direct taxes as a percentage of private income, or components of private income, gives a measure of average direct tax rates. However in the context of monetary rewards for work the concept of "primary" income is more appropriate than that of private income. Primary income is defined as private income excluding social security benefits and pensions. It therefore includes interest paid in New Zealand on the public debt and represents the total reward for supplying the factors of production. Table 12 shows the proportions of total primary income, household primary income, company income, total household income, and total private income taken in direct tax for each year 1950-1979.

PUBLIC SECTOR EMPLOYMENT.

There are no comprehensive official consistent series of disaggregated employment figures for the various central and local government functions. In an attempt to overcome this gap Table 13 showing disaggregated public sector employment for 1960-1978 has been compiled by P.S. Bevin. The over-riding objective in compiling this table has been to achieve consistent series within sectors. Thus where no series was available for groups of employees (e.g. non-teaching education personnel) they have been excluded from the table. For this reason Table 13 is useful for looking at sectoral and total public sector trends over time. Table 14 gives a more accurate indication of the size and distribution of public sector employment as at 31 March 1978.

PUBLIC EXPENDITURE GROWTH : NATIONAL SUPERANNUATION AND OTHER SOCIAL EXPENDITURE .

Prepared for the New Zealand Planning Council by L. T. Evans.

This paper assesses the future cost of National Superannuation and its implications for the social expenditure budget.

The main influences on the gross cost of National Superannuation are the numbers of persons aged 60 or more and average-ordinary-time-weekly earnings. These earnings are affected by a complex interacting array of factors of which output, or gross domestic product, the labour force and employment are important examples. An examination of relationships between earnings, gross domestic product and the labour force suggests that, historically, a certain percentage increase (decrease) in gross domestic product per head of the labour force has been associated with the same percentage increase (decrease) in average-ordinary-time-weekly earnings*. Using this association and population and labour force projections it is straight forward to project the future cost of National Superannuation which corresponds to particular gross domestic product growth rates.

Annual Growth in Gross Domestic Product	Annual Growth in National Superannuation
1%	0.7%
2%	1.7%
3%	2.7%

The above projections enable future amounts available for other social expenditures to be delineated from total social expenditures. The following table contains estimates of possible growth rates of other social expenditure for the period 1978/79 - 1988/89.**

* Evidence concerning this association is available from the Planning Council on request. The relationship is the same for changes in nominal or real gross domestic product.

** The tabulated growth rates are based on population and labour force projections (medium immigration rate) by the Department of Statistics November 1978. Their calculation presumes that National Superannuation payments were determined from 80% of average-ordinary-time-weekly earnings throughout 1978/79.

Possible Annual Growth Rates In Social
 Expenditure Other than
 National Superannuation Payments
 1978/79 - 1988/89
 (percentages)

Annual Growth in Gross Domestic Product	Annual Growth in		
	Total	Social	Expenditure
	$\frac{1}{2}\%$	1%	2%
1%	0.4	1.1	2.5
2%	-0.1	0.6	2.1
3%	-0.7	0.0	1.6

In the event that gross domestic product grows at 2% per year and total social expenditure at 1% per year then the expenditure on items other than National Superannuation can grow at only 0.6% per annum. The tabulated growth rates illustrate that the higher the growth in gross domestic product, given the labour force, the higher the cost of National Superannuation. At the 1% product growth rate, the growth in National Superannuation payments is so low that expenditure on items other than the scheme can exceed that of total expenditure.

The tabulated growth rates suggest an important conclusion. If the growth rate of expenditure on all social programmes is held below the rate of growth of gross domestic product then the growth rate of other social expenditure will generally be even lower than that for total social expenditure. The difference is quite substantial at the higher rates of product growth and where the growth rate of total expenditure is held substantially below that of gross domestic product. This conclusion, of course, presumes that the National Superannuation scheme is not altered.

INDEX OF TABLES

		page no.
Table 1.	Central Government Expenditure and its Financing - (Budget Table 2 basis).	16
Table 2.	Central Government Expenditure and its Financing as a proportion of Net Central Government Expenditure - (Budget Table 2 basis).	20
Table 3.	Public Expenditure : 1950 - 1979.	24
Table 4.	Expenditure on Gross Domestic Product : 1950 - 1979.	25
Table 5.	Public Expenditure : 1950 - 1979.	26
Table 6.	Public Expenditures relative to GDP.	32
Table 7.	Public Expenditures as proportions of Total Government Expenditure.	38
Table 8.	Social Security Transfers : 1950 - 1979.	44
Table 9.	Financing of Public Expenditure : 1950 - 1979.	45
Table 10.	Sources of Finance for Public Expenditure relative to GDP.	51
Table 11.	Sources of Finance for Public Expenditure as proportions of Government Revenue Before Borrowing.	57
Table 12.	Average Direct Tax Rates : 1950 - 1979.	63
Table 13.	Public Sector Employment Trends : 1950 - 1979.	64
Table 14.	Numbers Employed in Public Sector at 31 March 1978.	66

TABLE 1.

CENTRAL GOVERNMENT EXPENDITURE AND ITS FINANCING .

(Budget Table 2 Basis)

Financial Years	1967-68	1968-69	1969-70	1970-71
Net Expenditure				
Administration	97.7	96.6	105.9	134.7
Foreign Relations	93.8	94.1	100.7	118.9
Development of Industry	115.4	102.1	96.0	137.2
Education	173.1	186.0	207.3	265.5
Social Services	295.8	304.2	324.4	355.7
Health	172.6	183.3	204.6	244.2
Transport and communications	95.0	101.3	113.4	148.8
Debt services and miscellaneous investment transactions	127.7	146.0	156.7	174.6
Subtotal	1,171.1	1,213.6	1,309.0	1,579.6
Miscellaneous financing transactions	40.8	32.9	44.5	56.5
Net Government Expenditure	1,211.9	1,246.5	1,353.5	1,636.1
Financed from -				
Taxation				
Income Tax	672.8	691.6	779.2	957.3
Customs, sales tax, and beer duty	206.5	225.0	250.4	303.9
Highways tax	63.0	66.3	78.8	82.0
Motor spirits tax	..	..	..	..
Other taxation	70.1	75.5	72.6	101.8
Total taxation	1,012.4	1,058.4	1,181.0	1,445.0
Interest, profits, and miscellaneous receipts	89.0	53.4	96.7	110.5
	1,101.4	1,111.8	1,277.7	1,555.5

(Continued on Page 18.)

(\$ million)

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
159.3	189.3	296.7	400.3	475.9	388.3	479.2	601.4
134.2	155.4	176.4	214.2	271.0	288.7	329.0	384.7
184.5	210.0	196.6	346.1	573.1	504.9	629.8	860.4
335.0	376.8	440.2	526.6	627.0	699.4	807.5	929.3
391.9	527.3	646.8	789.5	997.0	1,158.9	1,569.3	1,853.3
291.8	343.1	401.1	492.3	605.7	689.1	808.5	980.0
141.1	186.6	173.1	207.3	275.3	230.6	247.6	279.1
192.5	194.2	261.8	289.4	311.2	409.5	516.8	592.3
1,830.3	2,182.7	2,592.7	3,265.7	4,136.2	4,369.4	5,387.7	6,480.5
72.4	79.1	86.6	196.5	308.1	208.8	281.0	368.0
1,902.7	2,261.8	2,679.3	3,462.2	4,444.3	4,578.2	5,668.7	6,848.5
1,161.1	1,314.5	1,697.9	2,136.0	2,295.8	2,828.5	3,482.8	3,655.2
337.5	381.4	452.2	510.0	576.9	652.6	703.0	794.6
89.7	95.7	103.2	104.8	101.2	107.4	126.2	159.1
..	..	..	..	76.3	100.4	102.2	154.2
118.6	135.0	141.5	114.5	135.1	156.0	212.1	226.4
1,706.9	1,926.6	2,394.8	2,865.3	3,185.3	3,844.9	4,626.3	4,989.5
123.5	129.2	42.8	206.5	257.3	227.2	348.0	412.5
1,830.4	2,055.8	2,437.6	3,071.8	3,442.6	4,072.1	4,974.3	5,402.5

(Continued on page 19.)

Financial Years	1967-68	1968-69	1969-70	1970-71
Deficit to be financed	110.5	134.7	75.8	80.6
Borrowing in New Zealand	155.0	194.9	238.0	187.7
<u>Less</u> repayments in New Zealand	-57.4	-51.7	-151.7	-109.2
	97.6	143.2	86.3	78.5
<u>Plus</u> sales (less purchase) of investments	-20.4	+3.9	+19.3	+20.0
Net borrowing in New Zealand	77.2	147.1	105.6	98.5
Internal surplus (+) deficit (-)	-33.3	+12.4	+29.8	+17.9
Borrowing overseas	80.0	47.8	5.7	48.0
<u>Less</u> repayments overseas	-24.5	-46.7	-16.5	-21.1
	+55.5	+1.1	-10.8	+26.9
<u>Plus</u> sales (less purchase) of overseas investments	-20.4	-3.6	- 7.0	-29.8
Net borrowing overseas	+35.1	-2.5	-17.8	-2.9
Purchase of gold, etc.	..	..	..	-11.6
Cash surplus (+) deficit (-)	+1.8	+9.9	+12.0	+ 3.4

SOURCE: 1978 Budget (Parliamentary Paper B6), and Summary of Receipts and Payments of the Public Accounts for the year ending 31 March 1979 (Supplement to the New Zealand Gazette).

(\$ million)

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
72.3	206.0	241.7	390.4	1,001.7	506.1	694.4	1,446.0
218.3	658.4	460.9	209.6	1,100.9	629.4	799.4	1,214.9
-118.7	-340.0	-130.1	-144.7	-414.4	-238.6	-230.4	-369.9
99.6	318.4	330.8	64.9	686.5	390.8	569.0	845.0
-14.0	+20.5	-67.9	+75.0	+15.7	-12.8	-134.6	+152.6
85.6	338.9	262.9	139.9	702.2	378.0	434.4	997.6
+13.3	+132.9	+21.2	-250.5	-299.5	-128.1	-260.0	-448.4
106.6	29.5	1.5	316.8	483.1	421.4	832.6	554.4
-53.9	-100.7	-66.6	-35.1	-156.6	-278.9	-424.6	-267.6
+52.7	-71.2	-65.1	+281.7	+326.5	+142.5	+408.0	+286.8
-69.0	-48.3	+50.9	-35.6	-39.4	-12.7	-142.2	157.2
-16.3	-119.5	-14.2	+246.1	+287.1	+129.8	265.8	444.0
..
-3.0	+13.4	+7.0	-4.4	-12.4	+1.7	+5.8	-4.4

TABLE 2.

CENTRAL GOVERNMENT EXPENDITURE AND ITS FINANCING AS A PROPORTION OF NET CENTRAL GOVERNMENT EXPENDITURE.

Financial Years	(Budget Table 2 basis)			(Percentages)
	1967-68	1968-69	1969-70	1970-71
Net Expenditure				
Administration	8.06	7.75	7.82	8.23
Foreign Relations	7.74	7.55	7.44	7.27
Development of Industry	9.52	8.19	7.09	8.39
Education	14.28	14.92	15.32	16.23
Social Services	24.41	24.40	23.97	21.74
Health	14.24	14.71	15.86	14.93
Transport and communications	7.84	8.13	8.38	9.09
Debt Services and Miscellaneous investment transactions	10.54	11.71	11.58	10.67
Subtotal	96.63	97.36	97.45	96.55
Miscellaneous Financing transactions	3.37	2.64	3.29	3.45
Net Government Expenditure	100.00	100.00	100.00	100.00
Financed from -				
Taxation				
Income Tax	55.52	55.48	57.57	58.51
Customs, Sales tax, and beer duty	17.04	18.05	18.50	18.57
Highways Tax	5.20	5.32	5.82	5.01
Motor Spirits Tax	..	..	..	..
Other Taxation	5.78	6.06	5.36	6.22
Total taxation	83.54	84.91	87.26	88.32
Interest, profits, and miscellaneous receipts.	7.34	4.28	7.14	6.75
	90.88	89.19	94.40	95.07

(Continued on Page 22.)

(Percentages)

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
8.37	8.37	11.07	11.56	10.71	8.48	8.45	8.78
7.05	6.87	6.58	6.19	6.10	6.31	5.80	5.62
9.70	9.28	7.34	10.00	12.90	11.03	11.11	12.56
17.61	16.66	16.43	15.21	14.11	15.28	14.24	13.57
20.60	23.31	24.14	22.80	22.43	25.31	27.68	27.06
15.34	15.17	14.97	14.22	13.63	15.05	14.26	14.31
7.42	8.25	6.46	5.99	6.19	5.04	4.37	4.08
10.12	8.59	9.77	8.36	7.00	8.94	9.12	8.65
96.19	96.50	96.77	94.32	93.07	95.44	95.04	94.63
3.81	3.50	3.23	5.68	6.93	4.56	4.96	5.37
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
61.02	58.12	63.37	61.69	51.66	61.78	61.44	53.37
17.74	16.86	16.88	14.73	12.98	14.25	12.40	11.60
4.71	4.23	3.85	3.03	2.28	2.35	2.23	2.32
..	..	..	..	1.72	2.19	1.80	2.25
6.23	5.97	5.28	3.31	3.04	3.41	3.74	3.31
89.71	85.18	89.38	77.56	71.67	83.98	81.61	72.86
6.49	5.71	1.60	5.96	5.79	4.96	6.14	6.02
96.20	90.89	90.98	88.72	77.46	88.95	87.75	78.89

(Continued on Page 23.)

Financial Years	1967-68	1968-69	1969-70	1970-71
Deficit to be financed	9.12	10.81	5.60	4.93
Borrowing in New Zealand	12.79	15.64	17.58	11.47
<u>Less</u> repayments in New Zealand	-4.74	-4.15	-11.21	-6.67
	8.05	11.49	6.37	4.80
<u>Plus</u> sales (less purchase) of investments	-1.68	0.31	1.43	1.22
Net borrowing in New Zealand	6.37	11.80	7.80	6.02
Internal surplus (+) deficit (-)	-2.75	0.99	2.20	1.09
Borrowing overseas	6.60	3.83	0.42	2.93
<u>Less</u> repayments overseas	-2.02	-3.75	-1.22	-1.29
	4.58	0.08	-0.80	1.64
<u>Plus</u> sales (less purchase) of overseas investments	-1.68	-0.29	-0.52	-1.82
Net borrowing overseas	2.90	-0.20	-1.32	-0.18
Purchase of gold, etc.	0.00	0.00	-0.86	0.00
Cash surplus (+) deficit (-)	0.15	0.79	0.89	0.21

Source: Table 1

(Percentages)

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
3.80	9.11	9.02	11.28	22.54	11.05	12.25	21.11
11.47	29.11	17.20	6.05	24.77	13.75	14.10	17.74
-6.24	-15.03	-4.86	-4.18	-9.32	-5.21	-4.06	-5.40
5.23	14.08	12.35	1.87	15.45	8.54	10.04	12.34
-0.74	0.91	-2.53	2.17	0.35	-0.28	-2.37	2.23
4.50	14.98	9.81	4.04	15.80	8.26	7.66	14.57
0.70	5.88	0.79	-7.24	-6.74	-2.80	-4.59	-6.55
5.60	1.30	0.06	9.15	10.87	9.20	14.69	8.10
-2.83	-4.45	-2.49	-1.01	-3.52	-6.09	-7.49	-3.91
2.77	-3.15	-2.43	8.14	7.35	3.11	7.20	4.19
-3.63	-2.14	1.90	-1.03	-0.89	-0.28	-2.51	2.30
-0.86	-5.28	-0.53	7.11	6.46	2.84	4.69	6.48
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-0.16	0.59	0.26	-0.13	-0.28	0.04	0.10	-0.06

Source:

1950-1977, Cover

1978-79, NZIER

TABLE 3.

PUBLIC EXPENDITURE : 1950 - 1979

(\$ million)

MARCH YEAR	CURRENT EXPENDITURE ON GOODS & SERVICES	GROSS DOMESTIC CAPITAL FORMATION	TOTAL FINAL EXPENDITURE	TRANSFERS & OTHER CURRENT EXPENDITURES	TOTAL
1950	140	94	234	147	381
1951	153	99	253	148	401
1952	186	106	292	176	468
1953	212	147	359	174	533
1954	226	158	384	185	569
1955	227	164	391	193	584
1956	249	186	436	198	634
1957	274	203	477	209	686
1958	287	213	501	223	725
1959	302	212	516	248	764
1960	324	226	550	287	837
1961	346	233	579	312	891
1962	363	241	604	321	925
1963	394	255	649	329	979
1964	417	286	703	354	1057
1965	460	312	772	369	1140
1966	516	343	858	391	1249
1967	565	371	936	413	1349
1968	598	377	974	421	1395
1969	650	373	1024	439	1462
1970	721	382	1103	483	1586
1971	861	428	1293	547	1840
1972	1037	497	1534	637	2171
1973	1140	592	1732	794	2526
1974	1356	585	1941	968	2909
1975	1677	775	2452	1074	3527
1976	2031	1001	3032	1385	4416
1977	2299	994	3293	1587	4880
1978	2693	1105	3798	2075	5873
1979	3292	1178	4470	2365	7035

SOURCE : Table 5.

TABLE 4

EXPENDITURE ON GROSS DOMESTIC PRODUCT : 1950 - 1979

(\$ million)

MARCH YEAR	PUBLIC FINAL EXPENDITURE	PRIVATE FINAL EXPENDITURE	DOMESTIC DEMAND (GDE)	EXPORTS	less IMPORTS	DOMESTIC PRODUCTION (GDP)
1950	234	853	1087		20	1107
1951	253	1080	1333	429	354	1408
1952	292	1216	1508	526	575	1459
1953	459	1066	1525	516	513	1528
1954	384	1222	1606	525	441	1690
1955	391	1536	1927	507	557	1877
1956	436	1586	2022	563	606	1979
1957	477	1608	2085	595	602	2078
1958	501	1793	2294	593	662	2225
1959	516	1813	2329	576	584	2321
1960	550	1824	2374	670	562	2482
1961	579	2169	2748	628	689	2687
1962	604	2246	2850	634	701	2783
1963	649	2337	2986	672	659	2999
1964	703	2547	3250	791	768	3273
1965	772	2781	3553	840	804	3589
1966	858	3123	3981	839	943	3877
1967	936	3175	4111	893	965	4039
1968	974	3219	4193	867	877	4183
1969	1024	3269	4293	1123	980	4436
1970	1103	3661	4764	1273	1130	4907
1971	1293	4425	5718	1296	1405	5609
1972	1534	4936	6470	1537	1481	6526
1973	1732	5632	7364	1946	1693	7617
1974	1941	6885	8826	2210	2223	8813
1975	2452	8368	10820	2119	3361	9578
1976	3032	8894	11926	2674	3448	11152
1977	3293	10375	13668	3713	4192	13189
1978	3798	11099	14897	4400	4793	14504
1979	4470	11920	16390	4729	4764	16355

Source:

1950-1977, Government Statistician's National Income and Expenditure Accounts; 1978-79, NZIER estimates.

PUBLIC EXPENDITURE : 1950 - 1979

(\$ millions)

SOURCE : Current expenditure, Transfers and Subsidies :
1950-77, Government Statistician's National Income
and Expenditure Accounts ; 1978-79, NZIER estimates.

Capital Formations : 1950-78 , estimates compiled
by P.S. Bevin (see Appendix); 1979, NZIER estimates.

- NOTES : (1) In this table hospital board spending is
included in Central Government expenditure on
health, whereas in the Government Statistician's
National Income and Expenditure Accounts it is
treated as local authority expenditure.
- (2) The figures in this table for current expendi-
ture on health were derived by adding to the
Government Statistician's published figures for
the current expenditure of the Health Department,
total transfers to hospital boards less the
estimated capital formation of hospital boards.
- (3) Local authority capital formation has not been
functionalised but the major items are roading
construction and maintenance, water supply,
airport development, electricity supply, and
public passenger transport.
- (4) "Other" includes several minor elements of
public capital formation as well as any small
difference between the estimated major compon-
ents and the official estimate of total public
capital formation.

MARCH YEAR	1950	1951	1952	1953	1954
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	17.2	20.0	23.2	23.6	25.2
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	5.4	5.0	5.0	5.0	5.0
LAW AND ORDER	3.6	3.0	3.4	2.8	3.2
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	9.8	10.0	10.6	12.8	13.2
HEALTH	31.5	34.4	41.1	43.2	45.8
EDUCATION	22.0	24.6	29.2	31.4	34.6
OTHER SOCIAL SERVICES	1.2	1.2	1.8	2.0	2.6
DEFENCE AND WAR	16.4	21.2	35.4	51.4	56.2
REHABILITATION	4.2	4.2	3.0	2.4	1.6
MAINTENANCE OF PUBLIC WORKS	6.6	5.0	8.0	9.0	5.8
TOTAL CENTRAL GOVERNMENT	117.9	128.6	160.7	183.6	193.2
LOCAL AUTHORITY	22.3	24.7	25.3	28.3	32.7
PUBLIC EXPENDITURE ON GOODS AND SERVICES	140.2	153.3	186.0	211.9	225.9
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	21.4	19.8	14.0	19.6	21.2
ELECTRICITY	12.8	18.2	18.6	26.6	25.4
RAILWAYS	8.0	8.6	9.8	15.2	14.4
POSTAL AND TELECOM	6.8	6.9	7.8	8.6	7.8
ROADING	4.4	3.4	4.8	5.8	6.4
FORESTRY	3.1	2.1	2.1	2.5	2.2
EDUCATION	4.6	5.0	5.4	9.6	11.7
HEALTH (HOSPITALS)	2.3	2.8	2.9	5.6	5.4
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	14.5	15.2	18.2	20.8	24.6
TOTAL CENTRAL GOVERNMENT	77.9	82.2	83.5	114.4	119.2
LOCAL AUTHORITY	15.7	17.2	22.1	32.4	38.6
PUBLIC EXPENDITURE ON CAPITAL FORMATION	93.6	99.4	105.6	146.8	157.8
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	83.9	93.6	105.4	106.8	114.7
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	28.0	29.6	30.5	29.7	31.3
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	4.4	4.4	4.4	4.7	5.4
NET TRANSFERS OVERSEAS	1.8	2.0	3.6	3.0	3.0
TOTAL TRANSFERS	118.1	129.6	143.9	144.2	154.4
SUBSIDIES	29.2	18.8	32.2	30.0	31.0
TOTAL PUBLIC EXPENDITURE	381.1	401.1	467.7	532.9	569.1
GROSS DOMESTIC PRODUCT	1107.0	1408.0	1459.0	1528.0	1690.0
GROSS DOMESTIC EXPENDITURE	1087.0	1333.0	1508.0	1525.0	1606.0

MARCH YEAR	1955	1956	1957	1958	1959
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	26.0	26.6	28.4	30.0	31.8
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	5.6	6.6	6.8	7.4	9.2
LAW AND ORDER	3.8	4.0	5.0	6.4	6.2
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	13.0	14.2	18.2	19.0	19.8
HEALTH	50.2	55.9	64.5	69.7	73.0
EDUCATION	38.4	42.4	46.2	51.4	55.8
OTHER SOCIAL SERVICES	2.6	2.8	3.2	3.2	3.2
DEFENCE AND WAR	47.2	50.0	52.2	49.8	51.4
REHABILITATION	2.0	2.0	2.0	1.6	1.6
MAINTENANCE OF PUBLIC WORKS	4.0	4.8	6.2	6.6	5.8
TOTAL CENTRAL GOVERNMENT	192.8	209.3	232.7	245.1	257.8
LOCAL AUTHORITY	33.7	39.9	41.1	42.3	44.6
PUBLIC EXPENDITURE ON GOODS AND SERVICES	226.5	249.2	273.8	287.4	302.4
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	18.8	20.8	20.0	16.2	17.2
ELECTRICITY	24.2	24.4	31.4	40.8	35.0
RAILWAYS	16.0	14.8	14.4	13.4	15.0
POSTAL AND TELECOM	8.6	10.2	12.4	12.6	12.7
ROADING	10.8	15.2	16.2	12.8	13.6
FORESTRY	1.1	2.9	3.1	3.0	1.2
EDUCATION	10.2	12.1	14.0	14.4	13.7
HEALTH (HOSPITALS)	6.2	7.3	6.7	8.5	10.0
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	25.5	27.6	26.7	26.1	26.4
TOTAL CENTRAL GOVERNMENT	121.4	135.4	144.9	147.9	144.8
LOCAL AUTHORITY	42.8	50.7	58.3	65.5	67.0
PUBLIC EXPENDITURE ON CAPITAL FORMATION	164.2	186.1	203.2	213.4	211.8
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	122.1	128.2	131.9	139.4	159.6
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	34.4	35.3	38.8	43.2	45.3
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	6.1	6.5	7.9	9.3	11.5
NET TRANSFERS OVERSEAS	4.0	3.2	4.2	4.0	4.2
TOTAL TRANSFERS	166.6	173.2	182.8	195.9	220.6
SUBSIDIES	26.8	24.8	26.6	27.2	27.0
TOTAL PUBLIC EXPENDITURE	584.1	633.3	686.4	723.9	761.8
GROSS DOMESTIC PRODUCT	1877.0	1979.0	2078.0	2225.0	2321.0
GROSS DOMESTIC EXPENDITURE	1927.0	2022.0	2085.0	2294.0	2329.0

Correction:

1960	1961	1962	1963	1964	1965	1966	1967
32.0	33.2	39.4	40.6	42.4	45.0	52.0	53.5
11.2	10.4	10.2	13.0	14.0	15.2	15.2	17.2
6.8	7.8	7.6	8.6	9.2	10.4	10.6	12.8
20.6	22.6	23.0	25.6	26.6	32.2	35.4	38.4
78.6	86.6	92.7	100.6	107.5	119.4	135.7	147.4
59.8	67.2	71.0	78.8	87.0	99.0	110.4	124.4
3.6	4.0	4.0	4.6	4.6	5.2	4.6	3.4
55.6	56.8	53.4	54.2	56.2	72.2	79.4	86.2
1.6	2.4	1.6	1.6	1.6	1.4	1.4	1.3
4.6	4.0	6.8	7.8	8.4	7.4	7.8	12.0
274.4	295.0	309.7	335.4	357.5	407.4	452.5	496.6
49.3	50.6	53.5	58.7	59.1	52.3	63.5	68.7
323.7	345.6	363.2	394.1	416.6	459.7	516.0	565.3
22.0	20.2	18.4	16.6	16.8	15.4	14.7	15.9
35.0	36.4	36.0	37.0	48.6	54.4	65.8	88.2
10.2	12.2	13.4	13.0	16.4	16.8	17.5	16.3
12.4	12.6	13.7	16.8	17.1	16.4	18.3	17.2
16.8	16.4	13.6	14.8	19.8	20.2	27.8	25.2
1.1	2.1	2.7	3.8	3.5	4.5	5.2	5.0
15.7	16.8	17.5	19.2	21.6	26.0	27.0	30.2
11.0	10.8	11.3	12.4	13.7	12.6	12.3	14.3
28.5	32.1	32.1	32.1	36.0	42.7	41.5	43.8
152.6	159.6	158.7	165.8	193.5	209.0	230.1	256.1
73.0	73.2	82.7	89.6	92.3	103.4	112.7	114.7
225.6	232.8	241.4	255.4	285.8	312.4	342.7	370.8
198.0	213.0	218.2	218.6	229.4	233.6	242.2	251.6
46.4	49.7	53.2	58.7	67.8	72.0	79.2	88.7
13.0	15.3	17.0	18.6	20.8	22.9	24.6	27.0
4.2	3.7	4.4	4.1	5.8	4.7	5.9	6.3
261.6	281.7	292.8	300.0	323.8	333.2	351.9	373.6
25.6	30.6	28.3	29.4	30.2	35.3	39.2	39.2
836.5	890.7	925.7	978.9	1056.4	1140.6	1249.8	1348.9
2482.0	2687.0	2783.0	2999.0	3273.0	3589.0	3877.0	4039.0
2374.0	2748.0	2850.0	2986.0	3250.0	3553.0	3981.0	4111.0

Correction

MARCH YEAR	1968	1969	1970	1971	1972
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	53.0	55.2	63.2	73.4	93.5
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	21.6	28.8	30.8	32.1	36.3
LAW AND ORDER	13.4	13.0	16.3	20.7	26.6
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	40.0	42.3	49.1	64.5	64.2
HEALTH	151.0	160.3	180.8	218.6	256.2
EDUCATION	136.8	145.6	168.4	214.9	279.6
OTHER SOCIAL SERVICES	5.2	7.0	4.9	5.8	7.8
DEFENCE AND WAR	83.7	95.9	102.6	122.8	121.8
REHABILITATION	1.2	1.1	1.1	1.0	0.9
MAINTENANCE OF PUBLIC WORKS	14.2	18.2	16.1	18.9	21.5
TOTAL CENTRAL GOVERNMENT LOCAL AUTHORITY	520.1 77.6	567.4 82.1	633.3 87.6	772.7 87.9	908.4 128.5
PUBLIC EXPENDITURE ON GOODS AND SERVICES	597.7	649.5	720.9	860.6	1036.9
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	15.7	15.1	15.7	13.3	8.8
ELECTRICITY	81.8	79.2	61.5	70.2	82.4
RAILWAYS	21.4	14.8	16.6	18.8	27.8
POSTAL AND TELECOM	17.8	16.6	21.1	25.9	24.7
ROADING	24.5	27.5	31.0	33.3	35.2
FORESTRY	7.1	6.6	6.4	7.3	8.5
EDUCATION	33.7	32.5	35.2	45.8	52.1
HEALTH (HOSPITALS)	17.2	18.5	19.3	20.1	26.9
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	42.6	44.7	47.7	51.6	69.5
TOTAL CENTRAL GOVERNMENT LOCAL AUTHORITY	261.7 114.8	255.6 117.5	254.5 127.7	286.3 141.9	335.9 161.1
PUBLIC EXPENDITURE ON CAPITAL FORMATION	376.5	373.1	382.2	428.1	497.0
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	269.1	277.5	298.4	328.0	365.9
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	94.2	103.6	113.4	120.9	130.5
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	30.1	32.3	35.0	37.5	40.6
NET TRANSFERS OVERSEAS	6.4	6.6	7.7	9.3	10.7
TOTAL TRANSFERS	399.8	420.0	454.5	495.7	547.7
SUBSIDIES	21.0	18.9	28.5	51.6	89.4
TOTAL PUBLIC EXPENDITURE	1395.0	1461.5	1586.1	1836.0	2171.0
GROSS DOMESTIC PRODUCT	4183.0	4436.0	4907.0	5609.0	6526.0
GROSS DOMESTIC EXPENDITURE	4193.0	4293.0	4764.0	5718.0	6470.0

1973	1974	1975	1976	1977	1978	1979
107.7	130.7	168.5	199.1	234.3	264.0	310.0
38.3	34.1	41.3	68.8	110.4	133.0	195.0
31.5	39.1	49.9	64.6	66.3	90.0	115.0
83.4	98.9	121.6	151.2	152.9	195.0	270.0
303.2	359.8	442.1	533.9	600.4	709.5	858.5
309.1	367.2	432.6	499.3	572.0	672.0	795.0
20.3	24.4	27.0	44.7	60.4	75.0	90.0
135.5	140.5	165.5	193.2	215.2	262.0	295.0
0.8	0.8	0.9	-	-	-	-
41.1	43.7	56.7	66.5	74.2	82.0	98.0
1070.9	1239.2	1506.1	1821.3	2086.1	2482.5	3026.5
69.4	116.7	171.3	209.4	213.3	210.5	265.5
1140.3	1355.9	1677.4	2030.7	2299.4	2693.0	3292.0
10.6	18.2	67.4	89.1	58.0	58.3	53.6
111.5	101.8	165.2	226.6	244.9	288.3	335.3
30.1	23.8	36.6	72.2	55.6	49.9	55.4
22.8	32.2	36.5	48.4	43.3	42.6	45.0
43.4	38.7	44.2	60.8	58.9	49.3	53.9
11.5	7.9	13.6	12.3	11.8	12.4	14.2
63.6	68.5	88.3	120.0	118.5	124.5	123.5
30.6	30.3	38.8	55.6	68.5	75.5	91.5
94.5	75.9	71.2	37.5	52.1	94.8	77.1
418.6	397.3	561.8	722.6	711.5	795.5	849.6
173.4	187.7	213.2	278.4	282.5	309.5	328.5
592.0	585.0	775.0	1001.0	994.0	1105.0	1178.1
487.5	593.6	675.2	846.4	1042.7	1448.0	1750.0
146.5	166.2	179.7	201.2	256.7	331.0	395.0
44.0	53.2	52.9	58.4	66.8	71.0	80.0
15.1	21.4	34.7	49.3	47.8	50.0	55.0
693.1	834.4	942.5	1155.3	1414.0	1900.0	2280.0
100.7	133.7	131.8	229.4	172.7	175.0	285.0
2526.1	2909.0	3526.7	4416.4	4880.1	5873.0	7035.1
7617.0	8813.0	9578.0	11152.0	13189.0	14504.0	16355.0
7364.0	8826.0	10820.0	11926.0	13683.0	14897.0	16390.0

TABLE 6.

PUBLIC EXPENDITURES RELATIVE TO GDP .

(percentages)

SOURCE : Table 5.

MARCH YEAR	1950	1951	1952	1953	1954
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	1.55	1.42	1.59	1.54	1.49
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	0.49	0.36	0.34	0.33	0.30
LAW AND ORDER	0.33	0.21	0.23	0.18	0.19
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	0.89	0.71	0.73	0.84	0.78
HEALTH	2.85	2.44	2.82	2.83	2.71
EDUCATION	1.99	1.75	2.00	2.05	2.05
OTHER SOCIAL SERVICES	0.11	0.09	0.12	0.13	0.15
DEFENCE AND WAR	1.48	1.51	2.43	3.36	3.33
REHABILITATION	0.38	0.30	0.21	0.16	0.09
MAINTENANCE OF PUBLIC WORKS	0.60	0.36	0.55	0.59	0.34
TOTAL CENTRAL GOVERNMENT	10.65	9.13	11.02	12.02	11.43
LOCAL AUTHORITY	2.01	1.75	1.73	1.85	1.94
PUBLIC EXPENDITURE ON GOODS AND SERVICES	12.66	10.89	12.75	13.87	13.37
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	1.93	1.41	0.96	1.28	1.25
ELECTRICITY	1.16	1.29	1.27	1.74	1.50
RAILWAYS	0.72	0.61	0.67	0.99	0.85
POSTAL AND TELECOM	0.62	0.49	0.53	0.56	0.46
ROADING	0.40	0.24	0.33	0.38	0.38
FORESTRY	0.28	0.15	0.14	0.16	0.13
EDUCATION	0.42	0.36	0.37	0.63	0.69
HEALTH (HOSPITALS)	0.20	0.20	0.20	0.36	0.32
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	1.31	1.08	1.24	1.36	1.46
TOTAL CENTRAL GOVERNMENT	7.03	5.84	5.72	7.48	7.05
LOCAL AUTHORITY	1.42	1.22	1.52	2.12	2.28
PUBLIC EXPENDITURE ON CAPITAL FORMATION	8.46	7.06	7.24	9.61	9.34
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	7.58	6.65	7.22	6.99	6.79
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	2.53	2.10	2.09	1.94	1.85
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	0.40	0.31	0.30	0.31	0.32
NET TRANSFERS OVERSEAS	0.16	0.14	0.25	0.20	0.18
TOTAL TRANSFERS	10.67	9.20	9.86	9.44	9.14
SUBSIDIES	2.64	1.34	2.21	1.96	1.83
TOTAL PUBLIC EXPENDITURE	34.43	28.49	32.06	34.88	33.67

correction:

MARCH YEAR	1955	1956	1957	1958	1959
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	1.39	1.34	1.37	1.35	1.37
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	0.30	0.33	0.33	0.33	0.40
LAW AND ORDER	0.20	0.20	0.24	0.29	0.27
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	0.69	0.72	0.88	0.85	0.85
HEALTH	2.68	2.83	3.10	3.13	3.14
EDUCATION	2.05	2.14	2.22	2.31	2.40
OTHER SOCIAL SERVICES	0.14	0.14	0.15	0.14	0.14
DEFENCE AND WAR	2.51	2.53	2.51	2.24	2.21
REHABILITATION	0.11	0.10	0.10	0.07	0.07
MAINTENANCE OF PUBLIC WORKS	0.21	0.24	0.30	0.30	0.25
TOTAL CENTRAL GOVERNMENT	10.27	10.58	11.20	11.01	11.11
LOCAL AUTHORITY	1.79	2.02	1.98	1.90	1.92
PUBLIC EXPENDITURE ON GOODS AND SERVICES	12.07	12.59	13.18	12.92	13.03
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	1.00	1.05	0.96	0.73	0.74
ELECTRICITY	1.29	1.23	1.51	1.83	1.51
RAILWAYS	0.85	0.75	0.69	0.60	0.65
POSTAL AND TELECOM	0.46	0.52	0.60	0.57	0.55
ROADING	0.58	0.77	0.78	0.58	0.59
FORESTRY	0.06	0.15	0.15	0.13	0.05
EDUCATION	0.54	0.61	0.67	0.65	0.59
HEALTH (HOSPITALS)	0.33	0.37	0.32	0.38	0.43
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	1.36	1.39	1.29	1.17	1.14
TOTAL CENTRAL GOVERNMENT	6.47	6.84	6.97	6.65	6.24
LOCAL AUTHORITY	2.28	2.56	2.81	2.94	2.88
PUBLIC EXPENDITURE ON CAPITAL FORMATION	8.75	9.40	9.78	9.59	9.13
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	6.51	6.48	6.35	6.27	6.88
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	1.83	1.78	1.87	1.94	1.95
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	0.32	0.33	0.38	0.42	0.50
NET TRANSFERS OVERSEAS	0.21	0.16	0.20	0.18	0.18
TOTAL TRANSFERS	8.88	8.75	8.80	8.80	9.50
SUBSIDIES	1.43	1.25	1.28	1.22	1.16
TOTAL PUBLIC EXPENDITURE	31.12	32.00	33.03	32.53	32.82

1960	1961	1962	1963	1964	1965	1966	1967
1.29	1.24	1.42	1.35	1.30	1.25	1.34	1.32
0.45	0.39	0.37	0.43	0.43	0.42	0.39	0.43
0.27	0.29	0.27	0.29	0.28	0.29	0.27	0.32
0.83	0.84	0.83	0.85	0.81	0.90	0.91	0.95
3.17	3.22	3.33	3.36	3.29	3.33	3.50	3.65
2.41	2.50	2.55	2.63	2.66	2.76	2.85	3.08
0.15	0.15	0.14	0.15	0.14	0.14	0.12	0.08
2.24	2.11	1.92	1.81	1.72	2.01	2.05	2.13
0.06	0.09	0.06	0.05	0.05	0.04	0.04	0.03
0.19	0.15	0.24	0.26	0.26	0.21	0.20	0.30
11.06	10.98	11.13	11.19	10.92	11.35	11.67	12.30
1.98	1.88	1.92	1.96	1.81	1.46	1.64	1.70
13.04	12.86	13.05	13.14	12.73	12.81	13.31	14.00
0.89	0.75	0.66	0.55	0.51	0.43	0.38	0.39
1.41	1.35	1.29	1.23	1.48	1.52	1.70	2.18
0.41	0.45	0.48	0.43	0.50	0.47	0.45	0.40
0.50	0.47	0.49	0.56	0.52	0.46	0.47	0.43
correction: 0.68	0.61	0.49	0.49	0.60	0.56	0.72	0.62
0.04	0.08	0.10	0.13	0.11	0.13	0.13	0.12
0.63	0.63	0.63	0.64	0.66	0.72	0.70	0.75
0.44	0.40	0.41	0.41	0.42	0.35	0.32	0.35
1.15	1.19	1.16	1.07	1.10	1.19	1.07	1.08
6.15	5.94	5.70	5.53	5.91	5.82	5.93	6.34
2.94	2.72	2.97	2.99	2.82	2.88	2.91	2.84
9.09	8.66	8.67	8.52	8.73	8.70	8.84	9.18
7.98	7.93	7.84	7.29	7.01	6.51	6.25	6.23
1.87	1.85	1.91	1.96	2.07	2.01	2.04	2.20
0.52	0.57	0.61	0.62	0.64	0.64	0.63	0.67
0.17	0.14	0.16	0.14	0.18	0.13	0.15	0.16
10.54	10.48	10.52	10.00	9.89	9.28	9.08	9.25
1.03	1.14	1.02	0.98	0.92	0.98	1.01	0.97
33.70	33.15	33.26	32.64	32.28	31.78	32.24	33.40

MARCH YEAR	1968	1969	1970	1971	1972
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	1.27	1.24	1.29	1.31	1.43
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	0.52	0.65	0.63	0.57	0.56
LAW AND ORDER	0.32	0.29	0.33	0.37	0.41
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	0.96	0.95	1.00	1.15	0.98
HEALTH	3.61	3.61	3.69	3.90	3.93
EDUCATION	3.27	3.28	3.43	3.83	4.28
OTHER SOCIAL SERVICES	0.12	0.16	0.10	0.10	0.12
DEFENCE AND WAR	2.00	2.16	2.09	2.19	1.87
REHABILITATION	0.03	0.02	0.02	0.02	0.01
MAINTENANCE OF PUBLIC WORKS	0.34	0.41	0.33	0.34	0.33
TOTAL CENTRAL GOVERNMENT	12.43	12.79	12.91	13.78	13.92
LOCAL AUTHORITY	1.86	1.85	1.78	1.57	1.97
PUBLIC EXPENDITURE ON GOODS AND SERVICES	14.29	14.64	14.69	15.34	15.89
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	0.37	0.34	0.32	0.24	0.13
ELECTRICITY	1.96	1.79	1.25	1.25	1.26
RAILWAYS	0.51	0.33	0.34	0.34	0.43
POSTAL AND TELECOM	0.43	0.37	0.43	0.46	0.38
ROADING	0.58	0.62	0.63	0.59	0.54
FORESTRY	0.17	0.15	0.13	0.13	0.13
EDUCATION	0.81	0.73	0.72	0.82	0.80
HEALTH (HOSPITALS)	0.41	0.42	0.39	0.36	0.41
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	1.02	1.01	0.97	0.92	1.07
TOTAL CENTRAL GOVERNMENT	6.26	5.76	5.19	5.10	5.15
LOCAL AUTHORITY	2.74	2.65	2.60	2.53	2.47
PUBLIC EXPENDITURE ON CAPITAL FORMATION	9.00	8.41	7.79	7.63	7.62
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	6.43	6.26	6.08	5.85	5.61
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	2.25	2.34	2.31	2.16	2.00
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	0.72	0.73	0.71	0.67	0.62
NET TRANSFERS OVERSEAS	0.15	0.15	0.16	0.17	0.16
TOTAL TRANSFERS	9.56	9.47	9.26	8.84	8.39
SUBSIDIES	0.50	0.43	0.58	0.92	1.37
TOTAL PUBLIC EXPENDITURE	33.35	32.95	32.32	32.73	33.27

1973	1974	1975	1976	1977	1978	1979
1.41	1.48	1.76	1.79	1.78	1.82	1.90
0.50	0.39	0.43	0.62	0.84	0.92	1.19
0.41	0.44	0.52	0.58	0.50	0.62	0.70
1.09	1.12	1.27	1.36	1.16	1.34	1.65
3.98	4.08	4.62	4.79	4.55	4.89	5.25
4.06	4.17	4.52	4.48	4.34	4.63	4.86
0.27	0.28	0.28	0.40	0.46	0.52	0.55
1.78	1.59	1.73	1.73	1.63	1.81	1.80
0.01	0.01	0.01	0.00	0.00	0.00	0.00
0.54	0.50	0.59	0.60	0.56	0.57	0.60
14.06	14.06	15.72	16.33	15.82	17.12	18.51
0.91	1.32	1.79	1.88	1.62	1.45	1.62
14.97	15.39	17.51	18.21	17.43	18.57	20.13
0.14	0.21	0.70	0.80	0.44	0.40	0.33
1.46	1.16	1.72	2.03	1.86	1.99	2.05
0.40	0.27	0.38	0.65	0.42	0.34	0.34
0.30	0.37	0.38	0.43	0.33	0.29	0.28
0.57	0.44	0.46	0.55	0.45	0.34	0.33
0.15	0.09	0.14	0.11	0.09	0.09	0.09
0.83	0.78	0.92	1.08	0.90	0.86	0.76
0.40	0.34	0.40	0.50	0.52	0.52	0.56
1.24	0.86	0.74	0.34	0.39	0.65	0.47
5.50	4.51	5.87	6.48	5.39	5.48	5.19
2.28	2.13	2.23	2.50	2.14	2.13	2.01
7.77	6.64	8.09	8.98	7.54	7.62	7.20
6.40	6.74	7.05	7.59	7.91	9.98	10.70
1.92	1.89	1.88	1.80	1.95	2.28	2.42
0.58	0.60	0.55	0.52	0.51	0.49	0.49
0.20	0.24	0.36	0.44	0.36	0.34	0.34
9.10	9.47	9.84	10.36	10.72	13.10	13.94
1.32	1.52	1.38	2.06	1.31	1.21	1.74
33.16	33.01	36.82	39.60	37.00	40.49	43.01

SECRETARY OF THE
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TABLE 7.

PUBLIC EXPENDITURES AS A PROPORTION
OF TOTAL PUBLIC EXPENDITURE .

(percentages)

SOURCE : Table 5

MARCH YEAR	1950	1951	1952	1953	1954
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	4.51	4.99	4.96	4.43	4.43
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	1.42	1.25	1.07	0.94	0.88
LAW AND ORDER	0.94	0.75	0.73	0.53	0.56
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	2.57	2.49	2.27	2.40	2.32
HEALTH	8.28	8.58	8.80	8.11	8.04
EDUCATION	5.77	6.13	6.24	5.89	6.08
OTHER SOCIAL SERVICES	0.31	0.30	0.38	0.38	0.46
DEFENCE AND WAR	4.30	5.29	7.57	9.65	9.88
REHABILITATION	1.10	1.05	0.64	0.45	0.28
MAINTENANCE OF PUBLIC WORKS	1.73	1.25	1.71	1.69	1.02
TOTAL CENTRAL GOVERNMENT	30.95	32.07	34.37	34.46	33.94
LOCAL AUTHORITY	5.84	6.15	5.40	5.30	5.75
PUBLIC EXPENDITURE ON GOODS AND SERVICES	36.79	38.22	39.77	39.76	39.69
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	5.62	4.94	2.99	3.68	3.73
ELECTRICITY	3.36	4.54	3.98	4.99	4.46
RAILWAYS	2.10	2.14	2.10	2.85	2.53
POSTAL AND TELECOM ROADING	1.79	1.72	1.66	1.61	1.37
FORESTRY	0.80	0.52	0.45	0.47	0.38
EDUCATION	1.21	1.25	1.15	1.80	2.06
HEALTH (HOSPITALS)	0.59	0.69	0.61	1.04	0.95
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	3.80	3.79	3.88	3.91	4.33
TOTAL CENTRAL GOVERNMENT	20.43	20.49	17.84	21.46	20.95
LOCAL AUTHORITY	4.13	4.29	4.73	6.09	6.78
PUBLIC EXPENDITURE ON CAPITAL FORMATION	24.56	24.78	22.58	27.55	27.73
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	22.02	23.34	22.54	20.04	20.15
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	7.35	7.38	6.52	5.57	5.50
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	1.15	1.10	0.94	0.88	0.95
NET TRANSFERS OVERSEAS	0.47	0.50	0.77	0.56	0.53
TOTAL TRANSFERS	30.99	32.31	30.77	27.06	27.13
SUBSIDIES	7.66	4.69	6.88	5.63	5.45
TOTAL PUBLIC EXPENDITURE	100.00	100.00	100.00	100.00	100.00

collection:

MARCH YEAR	1955	1956	1957	1958	1959
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	4.45	4.20	4.14	4.14	4.17
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	0.96	1.04	0.99	1.02	1.21
LAW AND ORDER	0.65	0.63	0.73	0.88	0.81
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	2.23	2.24	2.65	2.62	2.60
HEALTH	8.60	8.83	9.40	9.62	9.58
EDUCATION	6.57	6.70	6.73	7.10	7.32
OTHER SOCIAL SERVICES	0.45	0.44	0.47	0.44	0.42
DEFENCE AND WAR	8.08	7.90	7.60	6.88	6.75
REHABILITATION	0.34	0.32	0.29	0.22	0.21
MAINTENANCE OF PUBLIC WORKS	0.68	0.76	0.90	0.91	0.76
TOTAL CENTRAL GOVERNMENT	33.01	33.05	33.90	33.85	33.84
LOCAL AUTHORITY	5.76	6.30	5.99	5.85	5.86
PUBLIC EXPENDITURE ON GOODS AND SERVICES	38.78	39.35	39.89	39.70	39.70
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	3.22	3.28	2.91	2.24	2.26
ELECTRICITY	4.14	3.85	4.57	5.64	4.59
RAILWAYS	2.74	2.34	2.10	1.85	1.97
POSTAL AND TELECOM	1.47	1.61	1.81	1.74	1.67
ROADING	1.85	2.40	2.36	1.77	1.79
FORESTRY	0.19	0.47	0.46	0.41	0.15
EDUCATION	1.75	1.91	2.04	1.99	1.80
HEALTH (HOSPITALS)	1.05	1.15	0.98	1.18	1.32
OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	4.36	4.35	3.89	3.61	3.46
TOTAL CENTRAL GOVERNMENT	20.78	21.38	21.11	20.44	19.01
LOCAL AUTHORITY	7.33	8.01	8.49	9.04	8.79
PUBLIC EXPENDITURE ON CAPITAL FORMATION	28.11	29.39	29.60	29.48	27.80
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	20.90	20.24	19.22	19.26	20.95
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	5.89	5.57	5.65	5.97	5.95
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	1.04	1.03	1.15	1.28	1.51
NET TRANSFERS OVERSEAS	0.68	0.51	0.61	0.55	0.55
TOTAL TRANSFERS	28.52	27.35	26.63	27.06	28.96
SUBSIDIES	4.59	3.92	3.88	3.76	3.54
TOTAL PUBLIC EXPENDITURE	100.00	100.00	100.00	100.00	100.00

1960	1961	1962	1963	1964	1965	1966	1967
3.83	3.73	4.26	4.15	4.01	3.95	4.16	3.97
1.34	1.17	1.10	1.33	1.33	1.33	1.22	1.28
0.81	0.88	0.82	0.88	0.87	0.91	0.85	0.95
2.46	2.54	2.48	2.62	2.52	2.82	2.83	2.85
9.40	9.72	10.01	10.28	10.18	10.47	10.86	10.93
7.15	7.54	7.67	8.05	8.24	8.68	8.83	9.22
0.43	0.45	0.43	0.47	0.44	0.46	0.37	0.25
6.65	6.38	5.77	5.54	5.32	6.33	6.35	6.39
0.19	0.27	0.17	0.16	0.15	0.12	0.11	0.10
0.55	0.45	0.73	0.80	0.80	0.65	0.62	0.89
32.81	33.12	33.45	34.27	33.84	35.72	36.20	36.82
5.89	5.69	5.78	5.99	5.59	4.58	5.08	5.09
38.70	38.80	39.24	40.26	39.44	40.30	41.28	41.91
2.63	2.27	1.99	1.70	1.59	1.35	1.18	1.18
4.18	4.09	3.89	3.78	4.60	4.77	5.26	6.54
1.22	1.37	1.45	1.33	1.55	1.47	1.40	1.21
1.48	1.42	1.48	1.72	1.62	1.44	1.46	1.27
2.01	1.84	1.47	1.51	1.87	1.77	2.22	1.87
0.13	0.24	0.29	0.39	0.33	0.40	0.42	0.37
1.88	1.89	1.89	1.96	2.04	2.28	2.16	2.24
1.31	1.22	1.23	1.26	1.29	1.10	0.98	1.06
3.40	3.60	3.47	3.28	3.40	3.74	3.32	3.25
18.24	17.92	17.15	16.93	18.32	18.32	18.41	18.98
8.73	8.21	8.93	9.16	8.74	9.07	9.02	8.51
26.97	26.14	26.08	26.09	27.05	27.39	27.42	27.49
23.67	23.91	23.57	22.33	21.72	20.48	19.38	18.65
5.55	5.58	5.75	6.00	6.42	6.31	6.34	6.58
1.55	1.72	1.84	1.90	1.97	2.01	1.97	2.00
0.50	0.42	0.48	0.42	0.55	0.41	0.47	0.47
31.27	31.63	31.63	30.65	30.65	29.21	28.16	27.70
3.06	3.44	3.06	3.00	2.86	3.09	3.14	2.91
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

correction

This page replaces page 42 in Public Expenditure and its Financing: 1950-1979.

MARCH YEAR	1968	1969	1970	1971	1972
<i>CURRENT EXPENDITURE</i>					
GENERAL ADMINISTRATION	3.80	3.78	3.98	4.00	4.31
INTEREST ON GOVERNMENT DEBT PAID OVERSEAS	1.55	1.97	1.94	1.75	1.67
LAW AND ORDER	0.96	0.89	1.03	1.13	1.23
DEVELOPMENT OF PRIMARY AND SECONDARY INDUSTRY	2.87	2.89	3.10	3.51	2.96
HEALTH	10.82	10.97	11.40	11.90	11.80
EDUCATION	9.81	9.96	10.62	11.70	12.88
OTHER SOCIAL SERVICES	0.37	0.48	0.31	0.32	0.36
DEFENCE AND WAR	6.00	6.56	6.47	6.69	5.61
REHABILITATION	0.09	0.08	0.07	0.05	0.04
MAINTENANCE OF PUBLIC WORKS	1.02	1.25	1.02	1.03	0.99
TOTAL CENTRAL GOVERNMENT LOCAL AUTHORITY	37.28 5.56	38.82 5.62	39.93 5.52	42.08 4.79	41.84 5.92
PUBLIC EXPENDITURE ON GOODS AND SERVICES	42.85	44.44	45.45	46.87	47.76
<i>CAPITAL EXPENDITURE</i>					
HOUSING CONSTRUCTION	1.13	1.03	0.99	0.72	0.41
ELECTRICITY	5.86	5.42	3.88	3.82	3.80
RAILWAYS	1.53	1.01	1.05	1.02	1.28
POSTAL AND TELECOM	1.28	1.14	1.33	1.41	1.14
ROADING	1.76	1.88	1.95	1.81	1.62
FORESTRY	0.51	0.46	0.41	0.40	0.39
EDUCATION	2.42	2.22	2.22	2.49	2.40
HEALTH (HOSPITALS), OTHER (INCLUDING LAND CONSERVATION AND DEVELOPMENT)	1.23 3.05	1.27 3.06	1.21 3.01	1.10 2.81	1.24 3.20
TOTAL CENTRAL GOVERNMENT LOCAL AUTHORITY	18.76 8.23	17.49 8.04	16.04 8.05	15.59 7.73	15.47 7.42
PUBLIC EXPENDITURE ON CAPITAL FORMATION	27.00	25.53	24.10	23.32	22.89
<i>TRANSFERS AND SUBSIDIES</i>					
SOCIAL SECURITY TRANSFERS	19.29	18.99	18.81	17.86	16.85
INTEREST ON GOVERNMENT DEBT PAID IN NEW ZEALAND	6.75	7.09	7.15	6.58	6.01
INTEREST ON LOCAL AUTHORITY DEBT PAID IN NEW ZEALAND	2.16	2.21	2.21	2.04	1.87
NET TRANSFERS OVERSEAS	0.46	0.45	0.49	0.51	0.49
TOTAL TRANSFERS	28.66	28.74	28.66	27.00	25.23
SUBSIDIES	1.51	1.29	1.80	2.81	4.12
TOTAL PUBLIC EXPENDITURE	100.00	100.00	100.00	100.00	100.00

1973	1974	1975	1976	1977	1978	1979
4.26	4.49	4.78	4.51	4.80	4.50	4.41
1.52	1.17	1.17	1.56	2.26	2.26	2.77
1.25	1.34	1.41	1.46	1.36	1.53	1.63
3.30	3.40	3.45	3.42	3.13	3.32	3.84
12.00	12.37	12.54	12.09	12.30	12.08	12.20
12.24	12.62	12.27	11.31	11.72	11.44	11.30
0.80	0.84	0.77	1.01	1.24	1.28	1.28
5.36	4.83	4.69	4.37	4.41	4.46	4.19
0.03	0.03	0.03	0.00	0.00	0.00	0.00
1.63	1.50	1.61	1.51	1.52	1.40	1.39
42.39	42.60	42.71	41.24	42.75	42.27	43.02
2.75	4.01	4.86	4.74	4.37	3.58	3.77
45.14	46.61	47.56	45.98	47.12	45.85	46.79
0.42	0.63	1.91	2.02	1.19	0.99	0.76
4.41	3.50	4.68	5.13	5.02	4.91	4.77
1.19	0.82	1.04	1.64	1.14	0.85	0.79
0.90	1.11	1.04	1.10	0.89	0.73	0.64
1.72	1.33	1.25	1.38	1.21	0.84	0.77
0.45	0.27	0.39	0.28	0.24	0.21	0.20
2.52	2.35	2.50	2.72	2.43	2.12	1.76
1.21	1.04	1.10	1.26	1.40	1.29	1.30
3.74	2.61	2.02	0.85	1.07	1.61	1.10
16.57	13.66	15.93	16.36	14.58	13.55	12.08
6.86	6.45	6.05	6.30	5.79	5.27	4.67
23.44	20.11	21.98	22.67	20.37	18.81	16.75
19.30	20.41	19.15	19.16	21.37	24.66	24.88
5.80	5.71	5.10	4.56	5.26	5.64	5.61
1.74	1.83	1.50	1.32	1.37	1.21	1.14
0.60	0.74	0.98	1.12	0.98	0.85	0.78
27.44	28.68	26.72	26.16	28.97	32.35	32.41
3.99	4.60	3.74	5.19	3.54	2.98	4.05
100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE 8
SOCIAL SECURITY TRANSFERS⁽¹⁾ : 1950 - 1979,

(\$ million)

MARCH YEARS	AGED (BEFORE TAX)	AGED ⁽²⁾ (AFTER TAX)	CHILDREN ⁽³⁾	WIDOWS & SOLE PARENTS ⁽⁴⁾	WAR PENSIONS	OTHER ⁽⁵⁾	TOTAL (BEFORE TAX)	TOTAL (AFTER TAX)
1950	34.6	34.6	29.7	4.9	10.1	5.1	84.4	84.4
1955	58.0	58.0	36.4	6.2	15.4	6.4	122.4	122.4
1960	85.5	85.5	71.4	9.7	22.5	8.9	198.0	198.0
1965	110.3	110.3	74.7	12.6	27.3	10.0	234.9	234.9
1970	155.8	155.8	79.8	17.8	30.4	16.6	300.4	300.4
1971	177.2	177.2	81.0	21.9	31.6	18.5	330.2	330.2
1972	203.0	203.0	80.5	26.6	34.4	23.6	368.1	368.1
1973	249.1	235.1	135.1	35.3	38.7	30.7	488.9	474.9
1974	305.3	290.3	167.2	44.3	43.0	34.1	593.9	578.9
1975	365.8	347.8	159.5	58.1	48.4	40.6	672.4	654.4
1976	477.6	457.6	172.9	83.3	51.2	50.2	835.2	815.2
1977	601.3	553.3	163.9	119.8	66.6	63.2	1014.8	966.8
1978	926.5	754.5	183.1	153.7	68.3	83.3	1414.9	1242.9
1979	1162.9	932.7	153.6	190.8	76.9	124.2	1708.4	1478.2

(Percent of GDP)

1950	3.13	3.13	2.68	0.44	0.91	0.46	7.62	7.62
1955	3.09	3.09	1.94	0.33	0.82	0.34	6.52	6.52
1960	3.44	3.44	2.88	0.39	0.91	0.36	7.98	7.98
1965	3.07	3.07	2.08	0.35	0.76	0.28	6.54	6.54
1970	3.18	3.18	1.63	0.36	0.62	0.34	6.12	6.12
1971	3.16	3.16	1.44	0.39	0.56	0.33	5.89	5.89
1972	3.11	3.11	1.23	0.41	0.53	0.36	5.64	5.64
1973	3.27	3.09	1.77	0.46	0.51	0.40	6.42	6.23
1974	3.46	3.29	1.90	0.50	0.49	0.39	6.74	6.57
1975	3.82	3.63	1.67	0.62	0.51	0.42	7.02	6.83
1976	4.28	4.10	1.55	0.75	0.46	0.45	7.49	7.31
1977	4.56	4.20	1.24	0.91	0.50	0.48	7.69	7.33
1978	6.39	5.20	1.26	1.06	0.47	0.57	9.76	8.57
1979	7.11	5.70	0.94	1.17	0.47	0.76	10.45	9.04

Source: Annual Reports of the Department of Social Welfare.

- Notes:
- (1) Health Benefits and Accident Compensation are not included in this table.
 - (2) NZPC estimates.
 - (3) In 1973 the tax exemption for children was abolished and replaced by an increase in the rate of family benefits from \$1.50 to \$3.00 per week.
 - (4) Gross of maintenance received by the Department.
 - (5) Major items are Invalids, Sickness and Unemployment Benefits.

GOVERNMENT OF CANADA
LE GOUVERNEMENT DU CANADA
1980
1980
1980

TABLE 9.

FINANCING OF PUBLIC EXPENDITURE : 1950-1979.

(\$ Millions)

SOURCE : 1950-77, Government Statistician's National
Income and Expenditure Accounts; 1978-79,
NZIER estimates.

MARCH YEAR	1950	1951	1952	1953	1954
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	102.7	125.3	163.2	167.1	179.2
COMPANY INCOME TAX	57.7	65.1	80.2	81.3	81.8
LAND TAX	2.0	2.0	2.2	2.6	3.2
ESTATE AND GIFT DUTY	11.4	14.6	16.2	17.6	17.4
CENTRAL GOVERNMENT					
DIRECT TAX	173.8	207.0	262.0	268.6	281.6
LOCAL AUTHORITY RATES	20.4	22.2	26.0	27.8	29.6
TOTAL DIRECT TAXES	194.2	229.2	288.0	296.4	311.2
<i>INDIRECT TAXES</i>					
SALES TAX	29.6	33.6	43.6	44.0	42.2
CUSTOMS AND EXCISE DUTIES	52.6	57.2	75.8	65.4	64.4
MOTOR REGISTRATION, MOTOR SPIRITS TAX	7.2	8.0	9.2	9.8	12.4
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	8.0	10.0	10.6	11.6	13.0
CENTRAL GOVERNMENT					
INDIRECT TAX	97.4	108.6	139.2	131.0	132.0
LOCAL AUTHORITY INDIRECT TAX	2.2	2.4	2.8	3.0	3.0
TOTAL INDIRECT TAXES	99.6	111.0	142.0	134.0	135.0
TOTAL CENTRAL GOVERNMENT TAXES	271.2	315.8	401.0	399.6	413.6
TOTAL LOCAL AUTHORITY TAXES	22.8	24.6	28.8	30.8	32.6
TOTAL TAXATION	294.0	340.4	429.8	430.4	446.2
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	20.6	25.7	33.3	29.7	38.9
LOCAL AUTHORITY	8.6	8.4	7.0	8.8	10.8
TOTAL TRADING INCOME	29.2	34.1	40.3	38.5	49.7
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	3.0	3.0	3.8	4.8	4.0
NET TRADING INCOME	26.2	31.1	36.5	33.7	45.7
GOVERNMENT REVENUE BEFORE BORROWING	320.0	371.3	466.5	464.1	491.9
DEFICIT FINANCED BY BORROWING	61.3	30.2	1.8	69.0	77.4
GROSS DOMESTIC PRODUCT	1107.0	1408.0	1459.0	1528.0	1690.0

1955	1956	1957	1958	1959	1960	1961	1962
197.3	201.8	219.7	185.9	275.0	244.9	289.8	310.3
91.7	99.4	99.7	102.3	105.0	106.9	124.0	146.7
2.0	2.4	2.8	2.6	2.8	3.0	3.6	4.0
18.8	17.0	16.6	18.0	20.8	24.6	33.4	26.0
309.6	320.6	338.8	308.8	403.8	379.6	450.8	487.0
32.4	33.4	37.2	40.8	43.4	45.8	48.6	51.2
342.0	354.0	376.0	349.6	447.2	425.4	499.4	538.2
45.2	46.8	44.6	48.4	51.6	48.4	47.4	51.1
68.4	73.2	71.4	78.0	83.2	93.2	110.4	108.8
32.2	35.0	36.8	39.4	57.4	57.8	47.6	51.6
-	-	-	-	-	-	-	-
14.0	13.8	14.0	15.2	14.8	15.6	18.4	17.9
159.8	169.0	166.8	181.0	206.8	215.0	223.8	229.4
1.6	1.4	1.4	1.4	1.4	1.8	2.0	2.0
161.4	170.4	168.2	182.4	208.2	216.8	225.8	231.4
469.6	489.6	505.8	489.8	610.4	594.6	674.5	716.4
34.0	34.8	38.6	42.2	44.8	47.6	50.6	53.2
503.6	524.4	544.4	532.0	655.2	642.2	725.1	769.6
46.1	48.5	45.7	47.6	54.1	59.9	67.6	76.2
13.9	15.4	15.0	17.6	20.1	21.8	23.2	23.7
60.0	63.9	60.7	65.2	74.2	81.7	90.8	99.9
5.4	6.2	6.3	4.5	5.0	5.6	6.8	7.1
54.6	57.7	54.4	60.7	69.2	76.1	84.0	92.8
558.0	582.1	598.6	592.7	724.6	718.3	809.2	862.4
25.7	52.1	87.4	131.8	39.6	118.6	81.8	62.9
1877.0	1979.0	2078.0	2225.0	2321.0	2482.0	2687.0	2783.0

MARCH YEAR	1963	1964	1965	1966	1967
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	290.7	306.4	353.8	397.4	437.1
COMPANY INCOME TAX	142.1	160.1	193.9	208.5	227.3
LAND TAX	2.4	2.3	2.6	3.2	3.5
ESTATE AND GIFT DUTY	21.6	21.5	20.5	22.3	22.5
CENTRAL GOVERNMENT					
DIRECT TAX	456.8	490.2	570.8	631.4	690.4
LOCAL AUTHORITY RATES	55.4	60.6	68.8	70.3	76.3
TOTAL DIRECT TAXES	512.2	550.8	639.6	701.7	766.7
<i>INDIRECT TAXES</i>					
SALES TAX	52.4	64.2	77.0	76.6	78.9
CUSTOMS AND EXCISE DUTIES	103.8	111.6	114.5	121.7	126.8
MOTOR REGISTRATION, MOTOR SPIRITS TAX	52.2	56.8	61.0	65.8	70.1
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	17.6	18.9	20.7	21.9	22.2
CENTRAL GOVERNMENT INDIRECT TAX	226.2	251.5	273.2	286.1	297.9
LOCAL AUTHORITY INDIRECT TAX	2.0	2.3	2.8	2.9	2.9
TOTAL INDIRECT TAXES	228.2	253.8	276.0	289.0	300.8
TOTAL CENTRAL GOVERNMENT TAXES	683.0	741.7	844.1	917.5	988.3
TOTAL LOCAL AUTHORITY TAXES	57.4	62.9	71.6	73.2	79.2
TOTAL TAXATION	740.4	804.6	915.7	990.7	1067.5
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	81.6	96.5	108.2	117.8	112.0
LOCAL AUTHORITY	23.8	26.7	27.5	29.2	34.9
TOTAL TRADING INCOME	105.4	123.2	135.7	147.0	146.9
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	7.5	8.8	11.0	11.1	11.7
NET TRADING INCOME	97.9	114.4	124.7	135.9	135.2
GOVERNMENT REVENUE BEFORE BORROWING	838.3	919.0	1040.3	1126.6	1202.7
DEFICIT FINANCED BY BORROWING	140.2	137.6	99.7	122.5	145.7
GROSS DOMESTIC PRODUCT	2999.0	3273.0	3589.0	3877.0	4039.0

1968	1969	1970	1971	1972	1973	1974	1975
442.9	475.8	541.2	673.6	863.8	1015.7	1309.8	1694.0
229.9	215.7	238.0	283.7	297.3	298.8	388.1	442.0
4.4	2.7	2.9	3.1	3.8	3.4	3.3	3.4
21.4	23.6	26.1	29.2	24.8	28.4	33.8	41.1
698.6	717.9	808.1	989.5	1189.7	1346.3	1735.2	2180.8
81.2	88.6	95.5	103.6	110.5	131.6	140.7	168.6
779.8	806.5	903.6	1093.1	1300.2	1477.9	1875.9	2349.4
75.4	82.8	97.6	125.3	139.5	171.1	206.4	234.7
131.1	142.2	152.8	178.5	198.0	210.2	245.8	275.3
87.0	94.2	98.4	104.0	108.6	115.7	124.8	125.3
-	-	-	20.5	40.8	46.3	33.5	0.8
20.2	21.0	24.1	27.3	30.5	37.1	49.4	48.6
313.7	340.3	372.9	455.6	517.3	580.4	659.9	684.7
2.8	3.0	4.0	6.0	19.4	22.3	26.6	40.6
316.5	343.3	376.9	461.6	536.7	602.7	686.5	725.3
1012.3	1058.2	1181.0	1445.1	1707.0	1926.7	2395.1	2865.5
84.0	91.6	99.5	109.6	129.9	153.9	167.3	209.2
1096.3	1149.8	1280.5	1554.7	1836.9	2080.6	2562.4	3074.7
127.8	142.7	158.5	126.8	154.7	174.0	219.0	124.0
39.5	42.6	43.9	44.0	44.6	46.4	30.7	34.3
167.3	185.3	202.4	170.8	199.3	220.4	249.7	158.3
12.4	14.2	16.0	14.6	13.7	18.0	20.7	18.1
154.9	171.1	186.4	156.2	185.6	202.4	229.0	140.2
1251.2	1320.9	1466.9	1710.9	2022.5	2283.0	2791.4	3214.9
143.3	141.5	119.0	129.0	148.5	243.2	117.6	311.7
4183.0	4436.0	4907.0	5609.0	6526.0	7617.0	8813.0	9578.0

MARCH YEAR	1976	1977	1978	1979
<i>DIRECT TAXES</i>				
PERSONAL INCOME TAX	1867.5	2296.2	2887.6	3198.0
COMPANY INCOME TAX	428.3	532.3	595.2	457.0
LAND TAX	3.4	6.6	8.6	9.0
ESTATE AND GIFT DUTY	54.1	54.7	48.7	53.0
CENTRAL GOVERNMENT DIRECT TAX	2353.6	2894.5	3540.1	3717.0
LOCAL AUTHORITY RATES	207.0	245.7	297.0	350.0
TOTAL DIRECT TAXES	2560.6	3140.2	3837.1	4067.0
<i>INDIRECT TAXES</i>				
SALES TAX	311.4	353.3	371.5	450.0
CUSTOMS AND EXCISE DUTIES	265.4	299.3	331.5	345.0
MOTOR REGISTRATION, MOTOR SPIRITS TAX	201.4	228.5	271.1	359.0
PAYROLL TAX	-	-	-	-
OTHER CENTRAL GOVERNMENT	53.7	70.0	112.1	120.0
CENTRAL GOVERNMENT INDIRECT TAX	832.0	951.1	1086.2	1274.0
LOCAL AUTHORITY INDIRECT TAX	29.0	31.7	34.0	40.0
TOTAL INDIRECT TAXES	861.0	982.8	1120.2	1314.0
TOTAL CENTRAL GOVERNMENT TAXES	3185.6	3845.4	4626.3	4991.0
TOTAL LOCAL AUTHORITY TAXES	236.0	277.4	331.0	390.0
TOTAL TAXATION	3421.6	4122.8	4957.3	5381.0
<i>TRADING INCOME</i>				
CENTRAL GOVERNMENT	111.1	337.7	515.0	595.0
LOCAL AUTHORITY	42.0	41.0	50.0	60.0
TOTAL TRADING INCOME	153.1	378.7	565.0	655.0
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	20.2	23.6	27.0	35.0
NET TRADING INCOME	132.9	355.1	538.0	620.0
GOVERNMENT REVENUE BEFORE BORROWING	3554.5	4478.1	5495.3	6001.0
DEFICIT FINANCED BY BORROWING	861.9	402.2	378.0	1034.0
GROSS DOMESTIC PRODUCT	11152.0	13189.0	14504.0	16355.0

TABLE 10.

SOURCES OF FINANCE FOR PUBLIC EXPENDITURE
RELATIVE TO GDP .

(percentages)

SOURCE: Table 9

MARCH YEAR	1950	1951	1952	1953	1954
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	9.28	8.90	11.19	10.94	10.60
COMPANY INCOME TAX	5.21	4.62	5.50	5.32	4.84
LAND TAX	0.18	0.14	0.15	0.17	0.19
ESTATE AND GIFT DUTY	1.03	1.04	1.11	1.15	1.03
CENTRAL GOVERNMENT					
DIRECT TAX	15.70	14.70	17.96	17.58	16.66
LOCAL AUTHORITY RATES	1.84	1.58	1.78	1.82	1.75
TOTAL DIRECT TAXES	17.54	16.28	19.74	19.40	18.41
<i>INDIRECT TAXES</i>					
SALES TAX	2.67	2.39	2.99	2.88	2.50
CUSTOMS AND EXCISE DUTIES	4.75	4.06	5.20	4.28	3.81
MOTOR REGISTRATION, MOTOR SPIRITS TAX	0.65	0.57	0.63	0.64	0.73
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	0.72	0.71	0.73	0.76	0.77
CENTRAL GOVERNMENT					
INDIRECT TAX	8.80	7.71	9.54	8.57	7.81
LOCAL AUTHORITY INDIRECT TAX	0.20	0.17	0.19	0.20	0.18
TOTAL INDIRECT TAXES	9.00	7.88	9.73	8.77	7.99
TOTAL CENTRAL GOVERNMENT TAXES	24.50	22.43	27.48	26.15	24.47
TOTAL LOCAL AUTHORITY TAXES	2.06	1.75	1.97	2.02	1.93
TOTAL TAXATION	26.56	24.18	29.46	28.17	26.40
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	1.86	1.83	2.28	1.94	2.30
LOCAL AUTHORITY	0.78	0.60	0.48	0.58	0.64
TOTAL TRADING INCOME	2.64	2.42	2.76	2.52	2.94
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.27	0.21	0.26	0.31	0.24
NET TRADING INCOME	2.37	2.21	2.50	2.21	2.70
GOVERNMENT REVENUE BEFORE BORROWING	28.91	26.37	31.97	30.37	29.11
DEFICIT FINANCED BY BORROWING	5.54	2.14	0.12	4.52	4.58

1955	1956	1957	1958	1959	1960	1961	1962
10.51	10.20	10.57	8.36	11.85	9.87	10.79	11.15
4.89	5.02	4.80	4.60	4.52	4.31	4.61	5.27
0.11	0.12	0.13	0.12	0.12	0.12	0.13	0.14
1.00	0.86	0.80	0.81	0.90	0.99	1.24	0.93
16.49	16.20	16.30	13.88	17.40	15.29	16.78	17.50
1.73	1.69	1.79	1.83	1.87	1.85	1.81	1.84
18.22	17.89	18.09	15.71	19.27	17.14	18.59	19.34
2.41	2.36	2.15	2.18	2.22	1.95	1.76	1.84
3.64	3.70	3.44	3.51	3.58	3.76	4.11	3.91
1.72	1.77	1.77	1.77	2.47	2.33	1.77	1.85
-	-	-	-	-	-	-	-
0.75	0.70	0.67	0.68	0.64	0.63	0.68	0.64
8.51	8.54	8.03	8.13	8.91	8.66	8.33	8.24
0.09	0.07	0.07	0.06	0.06	0.07	0.07	0.07
8.60	8.61	8.09	8.20	8.97	8.73	8.40	8.31
25.02	24.74	24.34	22.01	26.30	23.96	25.10	25.74
1.81	1.76	1.86	1.90	1.93	1.92	1.88	1.91
26.83	26.50	26.20	23.91	28.23	25.87	26.99	27.65
2.46	2.45	2.20	2.14	2.33	2.41	2.52	2.74
0.74	0.78	0.72	0.79	0.87	0.88	0.86	0.85
3.20	3.23	2.92	2.93	3.20	3.29	3.38	3.59
0.29	0.31	0.30	0.20	0.22	0.23	0.25	0.26
2.91	2.92	2.62	2.73	2.98	3.07	3.13	3.33
29.73	29.41	28.81	26.64	31.22	28.94	30.12	30.99
1.37	2.63	4.21	5.92	1.71	4.78	3.04	2.26

MARCH YEAR	1963	1964	1965	1966	1967
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	9.69	9.36	9.86	10.25	10.82
COMPANY INCOME TAX	4.74	4.89	5.40	5.38	5.63
LAND TAX	0.08	0.07	0.07	0.08	0.09
ESTATE AND GIFT DUTY	0.72	0.66	0.57	0.58	0.56
CENTRAL GOVERNMENT					
DIRECT TAX	15.23	14.98	15.90	16.29	17.09
LOCAL AUTHORITY RATES	1.85	1.85	1.92	1.81	1.89
TOTAL DIRECT TAXES	17.08	16.83	17.82	18.10	18.98
<i>INDIRECT TAXES</i>					
SALES TAX	1.75	1.96	2.15	1.98	1.95
CUSTOMS AND EXCISE DUTIES	3.46	3.41	3.19	3.14	3.14
MOTOR REGISTRATION, MOTOR SPIRITS TAX	1.74	1.74	1.70	1.70	1.74
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	0.59	0.58	0.58	0.56	0.55
CENTRAL GOVERNMENT					
INDIRECT TAX	7.54	7.68	7.61	7.38	7.38
LOCAL AUTHORITY INDIRECT TAX	0.07	0.07	0.08	0.07	0.07
TOTAL INDIRECT TAXES	7.61	7.75	7.69	7.45	7.45
TOTAL CENTRAL GOVERNMENT TAXES					
	22.77	22.66	23.52	23.67	24.47
TOTAL LOCAL AUTHORITY TAXES	1.91	1.92	1.99	1.89	1.96
TOTAL TAXATION	24.69	24.58	25.51	25.55	26.43
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	2.72	2.95	3.01	3.04	2.77
LOCAL AUTHORITY	0.79	0.82	0.77	0.75	0.86
TOTAL TRADING INCOME	3.51	3.76	3.78	3.79	3.64
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.25	0.27	0.31	0.29	0.29
NET TRADING INCOME	3.26	3.50	3.47	3.51	3.35
GOVERNMENT REVENUE BEFORE BORROWING					
	27.95	28.08	28.99	29.06	29.78
DEFICIT FINANCED BY BORROWING					
	4.67	4.20	2.78	3.16	3.61

1968	1969	1970	1971	1972	1973	1974	1975
10.59	10.73	11.03	12.01	13.24	13.33	14.86	17.69
5.50	4.86	4.85	5.06	4.56	3.92	4.40	4.61
0.11	0.06	0.06	0.06	0.06	0.04	0.04	0.04
0.51	0.53	0.53	0.52	0.38	0.37	0.38	0.43
16.70	16.18	16.47	17.64	18.23	17.67	19.69	22.77
1.94	2.00	1.95	1.85	1.69	1.73	1.60	1.76
18.64	18.18	18.41	19.49	19.92	19.40	21.29	24.53
1.80	1.87	1.99	2.23	2.14	2.25	2.34	2.45
3.13	3.21	3.11	3.18	3.03	2.76	2.79	2.87
2.08	2.12	2.01	1.85	1.66	1.52	1.42	1.31
-	-	-	0.37	0.63	0.61	0.38	0.01
0.48	0.47	0.49	0.49	0.47	0.49	0.56	0.51
7.50	7.67	7.60	8.12	7.93	7.62	7.49	7.15
0.07	0.07	0.08	0.11	0.30	0.29	0.30	0.42
7.57	7.74	7.68	8.23	8.22	7.91	7.79	7.57
24.20	23.85	24.07	25.76	26.16	25.29	27.18	29.92
2.01	2.06	2.03	1.95	1.99	2.02	1.90	2.18
26.21	25.92	26.10	27.72	28.15	27.32	29.08	32.10
3.06	3.22	3.23	2.26	2.37	2.28	2.48	1.29
0.94	0.96	0.89	0.78	0.68	0.61	0.35	0.36
4.00	4.18	4.12	3.05	3.05	2.89	2.83	1.65
0.30	0.32	0.33	0.26	0.21	0.24	0.23	0.19
3.70	3.86	3.80	2.78	2.84	2.66	2.60	1.46
29.91	29.78	29.89	30.50	30.99	29.97	31.67	33.57
3.43	3.19	2.43	2.30	2.28	3.19	1.33	3.25

MARCH YEAR	1976	1977	1978	1979
<i>DIRECT TAXES</i>				
PERSONAL INCOME TAX	16.75	17.41	19.91	19.55
COMPANY INCOME TAX	3.84	4.04	4.10	2.79
LAND TAX	0.03	0.05	0.06	0.06
ESTATE AND GIFT DUTY	0.49	0.41	0.34	0.32
CENTRAL GOVERNMENT				
DIRECT TAX	21.10	21.95	24.41	22.73
LOCAL AUTHORITY RATES	1.86	1.86	2.05	2.14
TOTAL DIRECT TAXES	22.96	23.81	26.46	24.87
<i>INDIRECT TAXES</i>				
SALES TAX	2.79	2.68	2.56	2.75
CUSTOMS AND EXCISE DUTIES	2.38	2.27	2.29	2.11
MOTOR REGISTRATION, MOTOR SPIRITS TAX	1.81	1.73	1.87	2.20
PAYROLL TAX	-	-	-	-
OTHER CENTRAL GOVERNMENT	0.48	0.53	0.77	0.73
CENTRAL GOVERNMENT				
INDIRECT TAX	7.46	7.21	7.49	7.79
LOCAL AUTHORITY INDIRECT TAX	0.26	0.24	0.23	0.24
TOTAL INDIRECT TAXES	7.72	7.45	7.72	8.03
TOTAL CENTRAL GOVERNMENT TAXES				
	28.57	29.16	31.90	30.52
TOTAL LOCAL AUTHORITY TAXES	2.12	2.10	2.28	2.38
TOTAL TAXATION	30.68	31.26	34.18	32.90
<i>TRADING INCOME</i>				
CENTRAL GOVERNMENT	1.00	2.56	3.55	3.64
LOCAL AUTHORITY	0.38	0.31	0.34	0.37
TOTAL TRADING INCOME	1.37	2.87	3.90	4.00
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.18	0.18	0.19	0.21
NET TRADING INCOME	1.19	2.69	3.71	3.79
GOVERNMENT REVENUE BEFORE BORROWING				
	31.87	33.95	37.89	36.69
DEFICIT FINANCED BY BORROWING				
	7.73	3.05	2.61	6.32

TABLE 11

SOURCES OF FINANCE FOR PUBLIC EXPENDITURE AS A
PROPORTION OF GOVERNMENT REVENUE BEFORE BORROWING

(percentages)

Source : Table 9

MARCH YEAR	1950	1951	1952	1953	1954
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	32.09	33.75	34.98	36.01	36.43
COMPANY INCOME TAX	18.03	17.53	17.19	17.52	16.63
LAND TAX	0.63	0.54	0.47	0.56	0.65
ESTATE AND GIFT DUTY	3.56	3.93	3.47	3.79	3.54
CENTRAL GOVERNMENT					
DIRECT TAX	54.31	55.75	56.16	57.88	57.25
LOCAL AUTHORITY RATES	6.38	5.98	5.57	5.99	6.02
TOTAL DIRECT TAXES	60.69	61.73	61.74	63.87	63.26
<i>INDIRECT TAXES</i>					
SALES TAX	9.25	9.05	9.35	9.48	8.58
CUSTOMS AND EXCISE DUTIES	16.44	15.41	16.25	14.09	13.09
MOTOR REGISTRATION, MOTOR SPIRITS TAX	2.25	2.15	1.97	2.11	2.52
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	2.50	2.69	2.27	2.50	2.64
CENTRAL GOVERNMENT					
INDIRECT TAX	30.44	29.25	29.84	28.23	26.83
LOCAL AUTHORITY INDIRECT TAX	0.69	0.65	0.60	0.65	0.61
TOTAL INDIRECT TAXES	31.13	29.89	30.44	28.87	27.44
TOTAL CENTRAL GOVERNMENT TAXES					
	84.75	85.05	85.96	86.10	84.08
TOTAL LOCAL AUTHORITY TAXES					
	7.13	6.63	6.17	6.64	6.63
TOTAL TAXATION	91.87	91.68	92.13	92.74	90.71
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	6.44	6.92	7.14	6.40	7.91
LOCAL AUTHORITY	2.69	2.26	1.50	1.90	2.20
TOTAL TRADING INCOME	9.13	9.18	8.64	8.30	10.10
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.94	0.81	0.81	1.03	0.81
NET TRADING INCOME	8.19	8.38	7.82	7.26	9.29
GOVERNMENT REVENUE BEFORE BORROWING					
	100.00	100.00	100.00	100.00	100.00
DEFICIT FINANCED BY BORROWING					
	19.16	8.13	0.39	14.87	15.73

1955	1956	1957	1958	1959	1960	1961	1962
35.36	34.67	36.70	31.36	37.95	34.09	35.81	35.98
16.43	17.08	16.66	17.26	14.49	14.88	15.32	17.01
0.36	0.41	0.47	0.44	0.39	0.42	0.44	0.46
3.37	2.92	2.77	3.04	2.87	3.42	4.13	3.01
55.48	55.08	56.60	52.10	55.73	52.85	55.71	56.47
5.81	5.74	6.21	6.88	5.99	6.38	6.01	5.94
61.29	60.81	62.81	58.98	61.72	59.22	61.72	62.41
8.10	8.04	7.45	8.17	7.12	6.74	5.86	5.93
12.26	12.58	11.93	13.16	11.48	12.98	13.64	12.62
5.77	6.01	6.15	6.65	7.92	8.05	5.88	5.98
-	-	-	-	-	-	-	-
2.51	2.37	2.34	2.56	2.04	2.17	2.27	2.08
28.64	29.03	27.87	30.54	28.54	29.93	27.66	26.60
0.29	0.24	0.23	0.24	0.19	0.25	0.25	0.23
28.92	29.27	28.10	30.77	28.73	30.18	27.90	26.83
84.16	84.11	84.50	82.64	84.24	82.78	83.35	83.07
6.09	5.98	6.45	7.12	6.18	6.63	6.25	6.17
90.25	90.09	90.95	89.76	90.42	89.41	89.61	89.24
8.26	8.33	7.63	8.03	7.47	8.34	8.35	8.84
2.49	2.65	2.51	2.97	2.77	3.03	2.87	2.75
10.75	10.98	10.14	11.00	10.24	11.37	11.22	11.58
0.97	1.07	1.05	0.76	0.69	0.78	0.84	0.82
9.78	9.91	9.09	10.24	9.55	10.59	10.38	10.76
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
4.61	8.95	14.60	22.24	5.47	16.51	10.11	7.29

MARCH YEAR	1963	1964	1965	1966	1967
<i>DIRECT TAXES</i>					
PERSONAL INCOME TAX	34.68	33.34	34.01	35.27	36.34
COMPANY INCOME TAX	16.95	17.42	18.64	18.51	18.90
LAND TAX	0.29	0.25	0.25	0.28	0.29
ESTATE AND GIFT DUTY	2.58	2.34	1.97	1.98	1.87
CENTRAL GOVERNMENT					
DIRECT TAX	54.49	53.34	54.87	56.04	57.40
LOCAL AUTHORITY RATES	6.61	6.59	6.61	6.24	6.34
TOTAL DIRECT TAXES	61.10	59.93	61.48	62.28	63.75
<i>INDIRECT TAXES</i>					
SALES TAX	6.25	6.99	7.40	6.80	6.56
CUSTOMS AND EXCISE DUTIES	12.38	12.14	11.01	10.80	10.54
MOTOR REGISTRATION, MOTOR SPIRITS TAX	6.23	6.18	5.86	5.84	5.83
PAYROLL TAX	-	-	-	-	-
OTHER CENTRAL GOVERNMENT	2.10	2.06	1.99	1.94	1.85
CENTRAL GOVERNMENT					
INDIRECT TAX	26.98	27.37	26.26	25.40	24.77
LOCAL AUTHORITY INDIRECT TAX	0.24	0.25	0.27	0.26	0.24
TOTAL INDIRECT TAXES	27.22	27.62	26.53	25.65	25.01
TOTAL CENTRAL GOVERNMENT TAXES					
	81.47	80.71	81.14	81.44	82.17
TOTAL LOCAL AUTHORITY TAXES					
	6.85	6.84	6.88	6.50	6.59
TOTAL TAXATION	88.32	87.55	88.02	87.94	88.76
<i>TRADING INCOME</i>					
CENTRAL GOVERNMENT	9.73	10.50	10.40	10.46	9.31
LOCAL AUTHORITY	2.84	2.91	2.64	2.59	2.90
TOTAL TRADING INCOME	12.57	13.41	13.04	13.05	12.21
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.89	0.96	1.06	0.99	0.97
NET TRADING INCOME	11.68	12.45	11.99	12.06	11.24
GOVERNMENT REVENUE BEFORE BORROWING					
	100.00	100.00	100.00	100.00	100.00
DEFICIT FINANCED BY BORROWING					
	16.72	14.97	9.58	10.87	12.11

1968	1969	1970	1971	1972	1973	1974	1975
35.40	36.02	36.89	39.37	42.71	44.49	46.92	52.69
18.37	16.33	16.22	16.58	14.70	13.09	13.90	13.75
0.35	0.20	0.20	0.18	0.19	0.15	0.12	0.11
1.71	1.79	1.78	1.71	1.23	1.24	1.21	1.28
55.83	54.35	55.09	57.84	58.82	58.97	62.16	67.83
6.49	6.71	6.51	6.06	5.46	5.76	5.04	5.24
62.32	61.06	61.60	63.89	64.29	64.74	67.20	73.08
6.03	6.27	6.65	7.32	6.90	7.49	7.39	7.30
10.48	10.77	10.42	10.43	9.79	9.21	8.81	8.56
6.95	7.13	6.71	6.08	5.37	5.07	4.47	3.90
-	-	-	1.20	2.02	2.03	1.20	0.02
1.61	1.59	1.64	1.60	1.51	1.63	1.77	1.51
25.07	25.76	25.42	26.63	25.58	25.42	23.64	21.30
0.22	0.23	0.27	0.35	0.96	0.98	0.95	1.26
25.30	25.99	25.69	26.98	26.54	26.40	24.59	22.56
80.91	80.11	80.51	84.46	84.40	84.39	85.80	89.13
6.71	6.93	6.78	6.41	6.42	6.74	5.99	6.51
87.62	87.05	87.29	90.87	90.82	91.13	91.80	95.64
10.21	10.80	10.81	7.41	7.65	7.62	7.85	3.86
3.16	3.23	2.99	2.57	2.21	2.03	1.10	1.07
13.37	14.03	13.80	9.98	9.85	9.65	8.95	4.92
0.99	1.08	1.09	0.85	0.68	0.79	0.74	0.56
12.38	12.95	12.71	9.13	9.18	8.87	8.20	4.36
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.0
11.45	10.71	8.11	7.54	7.34	10.65	4.21	9.70

MARCH YEAR	1976	1977	1978	1979
<i>DIRECT TAXES</i>				
PERSONAL INCOME TAX	52.54	51.28	52.55	53.29
COMPANY INCOME TAX	12.05	11.89	10.83	7.62
LAND TAX	0.10	0.15	0.16	0.15
ESTATE AND GIFT DUTY	1.52	1.22	0.89	0.88
CENTRAL GOVERNMENT				
DIRECT TAX	66.21	64.64	64.42	61.94
LOCAL AUTHORITY RATES	5.82	5.49	5.40	5.83
TOTAL DIRECT TAXES	72.04	70.12	69.83	67.77
<i>INDIRECT TAXES</i>				
SALES TAX	8.76	7.89	6.76	7.50
CUSTOMS AND EXCISE DUTIES	7.47	6.68	6.03	5.75
MOTOR REGISTRATION, MOTOR SPIRITS TAX	5.67	5.10	4.93	5.98
PAYROLL TAX	-	-	-	-
OTHER CENTRAL GOVERNMENT	1.51	1.56	2.04	2.00
CENTRAL GOVERNMENT				
INDIRECT TAX	23.41	21.24	19.77	21.23
LOCAL AUTHORITY INDIRECT TAX	0.82	0.71	0.62	0.67
TOTAL INDIRECT TAXES	24.22	21.95	20.38	21.90
TOTAL CENTRAL GOVERNMENT TAXES				
	89.62	85.87	84.19	83.17
TOTAL LOCAL AUTHORITY TAXES	6.64	6.19	6.02	6.50
TOTAL TAXATION	96.26	92.07	90.21	89.67
<i>TRADING INCOME</i>				
CENTRAL GOVERNMENT	3.13	7.54	9.37	9.92
LOCAL AUTHORITY	1.18	0.92	0.91	1.00
TOTAL TRADING INCOME	4.31	8.46	10.28	10.91
LESS DIRECT TAX PAID BY TRADING DEPARTMENTS	0.57	0.53	0.49	0.58
NET TRADING INCOME	3.74	7.93	9.79	10.33
GOVERNMENT REVENUE BEFORE BORROWING				
	100.00	100.00	100.00	100.00
DEFICIT FINANCED BY BORROWING				
	24.25	8.98	6.88	17.23

TABLE 12

AVERAGE DIRECT⁽¹⁾ TAX RATES : 1950 - 1979

(percentages)

MARCH YEAR	DIRECT TAX PAID OUT OF TOTAL PRIVATE INCOME AS PROPORTION OF TOTAL PRIVATE INCOME ⁽²⁾	DIRECT TAX PAID OUT OF TOTAL HOUSEHOLD INCOME ⁽³⁾	DIRECT TAX PAID ON COMPANY INCOME (BEFORE DISTRIBUTION) AS PROPORTION OF COMPANY INCOME (BEFORE DISTRIBUTION)	DIRECT TAX PAID OUT OF HOUSEHOLD PRIMARY INCOME AS PROPORTION OF HOUSEHOLD PRIMARY INCOME ⁽⁴⁾	DIRECT TAX PAID OUT OF PRIMARY INCOME AS PROPORTION OF PRIMARY INCOME
1950	18	15	50	16	20
1951	17	14	46	15	19
1952	21	17	50	19	23
1953	20	17	52	19	23
1954	20	16	45	18	21
1955	20	16	47	18	22
1956	19	16	53	17	21
1957	20	16	51	18	21
1958	17	13	48	15	19
1959	21	18	48	20	23
1960	18	16	44	17	20
1961	20	17	43	19	22
1962	21	17	51	19	23
1963	19	15	44	17	20
1964	18	15	43	16	20
1965	19	16	46	17	21
1966	20	16	43	18	22
1967	21	17	48	19	23
1968	21	16	50	18	22
1969	20	17	41	19	22
1970	20	17	39	19	22
1971	22	18	44	20	23
1972	22	19	46	21	24
1973	21	19	33	21	22
1974	23	21	38	22	25
1975	26	24	45	26	28
1976	24	23	37	25	26
1977	26	24	41	26	28
1978	29	27	46	29	31
1979	26	26	30	28	28

Source: 1950-77, Government Statistician's National Income and Expenditure Accounts and Table 8; 1978-79 NZIER March 1979 Quarterly Predictions, plus Tables 5, 8 & 9.

Notes: (1) The major direct taxes are personal income tax, company income tax, local authority rates, and gift and death duties. (2) Total private income includes Rental Value of Owner-occupied Houses. (3) Total household income comprises total private income less Company Income (before distribution) and Surplus of Producer Boards and Primary Product Stabilisation Accounts. (4) Household primary income is defined as total household income less Social Security Benefits and Pensions.

TABLE 13

PUBLIC SECTOR EMPLOYMENT TRENDS : 1950-1978

YEAR	PUBLIC SERVICE (1)	TEACHING SERVICES (2)	HOSPITAL SERVICES (6)	ARMED SERVICES (7)	POLICE (8)	LOCAL AUTHORITIES (9)
1949	50,290	16,290 ⁽⁴⁾	14,895	7,902	1,541	..
1950	..	..	..	..	..	26,865
1960	61,576	24,786	23,135	12,771	2,453	32,008
1961	60,847	25,810	23,496	12,148	2,471	32,118
1962	61,393	27,253	24,428	12,787	2,478	32,438
1963	64,257	28,876	25,782	11,984	2,575	34,466
1964	64,570	30,207	26,952	12,932	2,611	34,817
1965	66,191	31,439	28,421	12,740	2,698	35,515
1966	66,733	32,776	29,820	12,852	2,749	36,426
1967	68,497	34,051	31,665	12,932	2,723	36,569
1968	69,623	36,257	31,350	13,237	2,847	37,314
1969	69,039	38,301	32,872	13,163	2,950	37,454
1970	70,630	39,703	33,942	13,287	3,119	38,087
1971	71,269	41,443	35,407	12,992	3,214	38,652
1972	74,132	42,723	37,598	12,637	3,702	39,538
1973	69,703	43,374	39,604	12,789	3,560	40,343
1974	72,147	43,082 ⁽³⁾	41,504	12,630	3,740	41,891
1975	76,795	45,799 ⁽³⁾	43,944	12,670	4,286	44,735
1976	79,199	46,048 ⁽³⁾	46,019	12,420	4,332	45,844
1977	78,894	45,284 ⁽³⁾	46,898	12,456	4,466	(5)
1978	83,242	(5)	48,719	12,764	4,700	(5)

NOTES

- (1) Source: State Services Commission Annual Report, Head count at approx. 31 March. Includes permanent, temporary staff and wage workers.
- (2) Source: Education Department Annual Report. Full time teaching staff on head count basis at various dates in year ending 31 March, usually previous 30 September. Includes primary, secondary, technical institute, teachers college, kindergarten and university teachers. Also includes student teachers. Does not include non-teaching staff other than manual training assistants at secondary schools. Does not include ancillary education staff such as administrative staff, caretakers, etc.
- (3) Excludes short term relief teachers previously included.
- (4) Estimate based on trend in separate series not consistent with series in this table.
- (5) Not yet available.
- (6) Source: 1949-70 Health Department Annual Reports. Staff employed by hospital boards on head count basis including part-time employees.
- Source: 1971-78 "N.Z. Health Statistics Reports" of National Health Statistics Centre and "Mental Health Data". Two changes occur in 1971 which make the series discontinuous. Staff

T O T A L				T O T A L		
('000)	AS PERCENT OF ESTIM- ATED TOTAL LABOUR FORCE	RAIL- WAYS (10)	POST (11) OFFICE	('000)	AS PERCENT OF ESTIM- ATED TOTAL LABOUR FORCE	ESTIMATED TOTAL LABOUR (12) FORCE ('000)
..	..	26,484	17,690	44.2	6.1	723.3
..
156.7	17.9	25,200	24,576	49.8	5.7	875.6
156.9	17.5	24,077	25,209	49.3	5.5	895.3
160.8	17.6	24,376	27,456	51.8	5.7	911.6
167.9	18.1	24,704	27,750	52.5	5.6	929.9
172.1	18.0	24,168	27,765	51.9	5.4	957.9
177.0	17.9	23,982	27,983	52.0	5.2	991.4
181.4	17.7	23,363	28,849	52.2	5.1	1026.0
186.4	17.7	23,231	29,804	53.0	5.0	1052.5
190.6	18.3	22,558	30,016	52.6	5.0	1043.4
193.8	18.3	21,412	30,671	52.1	4.9	1061.2
198.8	18.2	20,733	31,773	52.5	4.8	1090.7
203.0	18.3	21,032	32,359	53.4	4.8	1112.0
210.3	18.9	20,966	32,473	53.4	4.8	1112.9
209.4	18.2	21,300	33,165	54.5	4.7	1150.2
215.0	18.0	21,363	34,652	56.0	4.7	1191.3
228.2	18.9	22,543	36,903	59.4	4.9	1207.7
233.9	19.1	22,209	38,907	61.1	5.0	1222.0
N.A.	N.A.	21,993	38,230	60.2	4.9	1230.1
N.A.	N.A.	21,915	38,894	60.8	N.A.	(5)

numbers are measured on a full time equivalent instead of a head count basis. Personnel employed in the psychiatric services who were previously excluded are included. Trends up to 1970 should be considered separately from subsequent trends.

- (7) Source: Defence Department Annual Report. Head count at 31 March.
- (8) Source: N.Z. Police Department Annual Report. Head count at 31 March.
- (9) Source: N.Z. Yearbook.
- (10) Source: N.Z. Railways Annual Report. Head count at 31 March. Includes staff on Cook Strait ferries.
- (11) Source; N.Z.P.O. Annual Report. Head count of full time employees at 31 March.
- (12) Source: N.Z. Yearbook.

TABLE 14

NUMBERS EMPLOYED⁽¹⁾ IN THE PUBLIC SECTOR
AS AT 31 MARCH 1978

PUBLIC SERVICE	83,242
EDUCATION - Teaching Service	36,955
Non-teaching	10,134
Ancillary	8,507
University	6,620
HOSPITAL SERVICES	52,800 ⁽²⁾
ARMED SERVICES	12,764
POLICE	4,700
OTHERS	700
TOTAL	216,422
RAILWAYS	21,915
POST OFFICE	38,894

Source: State Services Commission, but see (2) below.

- Notes:
- (1) Numbers employed are recorded on a headcount basis.
 - (2) Planning Council Secretariat estimate derived from State Services Commission figure for full time equivalents (48,719).
 - (3) The figures in this table differ from those in Table 13 with respect to Education and Others. Education figures for teaching services in 1978 are not included in Table 13 because they are not on a consistent basis. Non-teaching and ancillary staff figures are not available for previous years and are therefore excluded from Table 13. University figures include non-teaching as well as teaching staff and no series is available for the former. "Others" is an estimate of staff in several departments including Legislative, Ombudsman's and Parliamentary Council for which previous years' figures are not available.

APPENDIX : DERIVATION OF ESTIMATES OF CAPITAL FORMATION.

Prepared for the New Zealand Planning Council by P. S. Bevin

The National Income and Expenditure Accounts published by the Government Statistician contain an estimate of aggregate gross capital formation by central government but do not contain a breakdown of this aggregate by major function. The analysis shown in Table 5 is based on independent estimates compiled for the New Zealand Planning Council. The fact that the Government Statistician does not publish a functional analysis is an indication of the difficulty of putting together consistent, reliable and comprehensive estimates. Nevertheless data is available, largely from various published sources, which is adequate to provide a good indication of trends in capital spending on the main government functions such as energy, transport, communications and welfare. Since the main aim is to highlight trends, the series has been compiled with an emphasis on consistency rather than comprehensiveness. The figures should not be interpreted as concrete estimates of capital formation by function for any particular year, but as indications of levels of investment relative to other years. For the years prior to 1972 the methodology and sources used are virtually identical to those used by the Government Statistician but for subsequent years the official methodology has changed and the two series cannot be quantitatively compared for each functional component. No attempt is made to reconcile the official aggregate with the sum of identified functional estimates. Instead any dollar discrepancy is simply included in "Other" as a residual. This residual is much larger in the years since 1972 because capital spending on land development and conservation has not been independently estimated. The co-operation and valuable assistance of the Statistics Department, notably Rodney Lewington and John McDonnell is gratefully acknowledged.

Details of the sources of information are as follows:

- Housing construction - Appendix to Annual Report of Ministry of Works and Development; Works programme expenditure on Housing.
- Electricity - N.Z. Electricity Department's Annual Report; Balance Sheet increase in 'Total Capital Outlay', Plus Depreciation Account figure for 'Replacements Renewals etc.'
- Railways - N.Z. Railways Annual Report; Capital expenditure table. Plus Works programme expenditure on Railway construction not included in N.Z.R. capital expenditure.
- Post & Telecommunications - N.Z. Post Office Annual Report; Balance Sheet increase in Telecommunications Assets only - other assets excluded because figures unavailable for years prior to 1960.

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