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SM/84/40
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

March 6, 1984

To: Members of the Executive Board
From: The Secretary
Subject: New Zealand - Staff Report for the 1983 Article IV Consultation

The following correction has been made in SM/84/40 (2/6/84):

<u>Page 18, Table 4, column 1, line 11:</u>	for "31.3" read "21.4"
<u>line 12:</u>	for "21.3" read "10.8"
<u>line 13:</u>	for "36.2" read "31.3"
<u>line 14:</u>	for "3.4" read "21.3"
<u>line 15:</u>	for "10.4" read "7.1"

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

Table 3. New Zealand: Domestic Developments and Forecasts

	1979/80	1980/81	1981/82	1982/83	1983/84 Official forecasts	1984/85 Official forecasts
(Percentage change from previous year; in constant 1977/78 prices)						
Demand and output						
Final consumption	1.1	1.4	1.2	-1.4	-0.1	0.8
Private	1.4	1.6	1.7	-1.7	-0.2	0.9
Public	...	...	-1.0	0.1	0.1	0.3
Gross fixed investment	...	...	18.0	6.2	0.3	-2.7
Private	2.1	1.8	21.3	-0.1	-3.5	1.8
Public	(-7.6)1/	(-3.1)1/	11.5	19.8	6.9	-9.8
Changes in stocks 2/	3.7	-2.2	1.4	-1.1	-1.1	1.7
Total domestic demand	2.9	-1.6	6.0	-0.8	-1.1	1.7
Exports of goods and services	2.8	2.8	3.0	2.5	7.3	1.9
Imports of goods and services	15.8	-6.6	11.6	2.1	0.3	3.4
External balance 2/	-3.9	3.2	-2.8	--	2.2	-0.5
Gross domestic product 3/	-1.0	1.6	3.2	-0.8	1.1	1.2
(Annual percentage changes)						
Prices, incomes and employment						
GDP deflator	18.4	15.2	14.9	11.7	3.3	5.8
Consumer prices	15.7	16.4	15.5	15.3	5.2	5.4
Nominal weekly wage rates	16.0	18.9	18.7	7.8	--	...
Real wages and salaries	1.0	2.5	4.2	-3.8	-3.6	-0.7
Real nonfarm operating surplus	-2.4	-2.8	6.8	6.7	2.9	-0.5
Real farm operating surplus	20.8	-20.0	-8.1	0.2	-5.7	-12.4
Real private disposable income	2.4	-1.1	2.8	-2.2	-0.9	0.9
Private savings ratio 4/	19.4	17.1	19.1	18.2	17.6	17.6
Manufacturing output	6.1	1.6	10.3	-1.6	...	...
Productivity in manufacturing	2.8	5.1	10.4	-2.3	...	...
Hourly earnings in manufacturing	15.9	18.4	19.0	11.9	...	...
Unit labor costs in manufacturing	12.7	12.7	7.8	14.5	...	...
Employment	1.3	-0.2	1.6	-0.7	1.1	0.8
Registered unemployment rate (in percent of labor force)	2.2	3.6	3.5	5.4	6.1	6.3

Sources: Department of statistics, Monthly Abstract of Statistics; and data provided by the New Zealand authorities.

1/ Total public expenditure (consumption and gross fixed investment).

2/ Contribution to growth of GDP.

3/ Treasury estimate based on expenditure flows; it generally differs from the Department of Statistics estimates. The later was 0.9 percent in 1979/80, -0.1 percent in 1980/81, and 3.2 percent in 1981/82.

4/ Private savings as a ratio to private disposable income.

Table 4. New Zealand: Budgetary Developments

	1979/80	1980/81	1981/82	1982/83		1983/84
	Outturns			Budget	Outturn	Budget 1/
(In millions of New Zealand dollars)						
Total revenue	6,560	7,609	9,378	10,887	10,906	11,195
Total expenditure	-7,587	-9,134	-11,187	-12,766	-12,673	-14,627
Budget deficit	-1,027	-1,525	-1,818	-1,879	-1,767	-3,232
(Percent of GDP)	(-4.9)	(-6.3)	(-6.4)	(-5.9)	(-5.6)	(-9.8)
Financed by:						
Monetary financing	949	634	1,042	1,107	862	1,442
Domestic bank financing 2/	505	306	288	498	220	...
Net foreign financing	444	328	754	609	642	...
Nonmonetary financing	496	393	483	711	905	1,790
Of which:						
Captive institutions	(...)	(146)	(173)	(96)	(120)	(...)
As proportion of net private saving	15.3	16.6	18.4	...	23.1	37.7
(In percent)						
Memorandum items:						
Percentage changes in:						
Total revenue	21.4	16.0	23.2	16.1	16.3	2.6
Total expenditure	10.8	20.4	22.6	14.0	13.2	15.4
Ratios to GDP						
Total revenue	31.3	31.5	32.8	...	34.4	33.8
Income tax revenue	21.3	22.0	22.8	...	23.5	22.6
Indirect tax revenue 3/	7.1	7.1	7.8	...	8.1	8.4
Total expenditure	36.2	37.9	39.2	...	40.0	44.2
Development of industry	3.4	3.3	4.1	...	4.5	5.5
Social services	10.4	10.7	10.6	...	11.8	12.0
Budget deficit	4.9	6.3	6.4	...	5.5	9.8
Noncyclical component	3.1	3.8	4.3	...	3.2	6.8
Cyclical component	1.8	2.5	2.1	...	2.3	3.0
Total public debt/GDP	49.3	48.1	50.3	...	59.1	...

Sources: Treasury, Budgets; and data provided by the New Zealand authorities.

^{1/} Including the effects of supplementary estimates.

^{2/} Including other financing items and changes in cash.

^{3/} Including highway tax revenue.