

Budget 2002

ADDITIONAL GAAP INFORMATION 2002 BUDGET ECONOMIC AND FISCAL UPDATE

As outlined in the Budget Economic and Fiscal Update, further detailed GAAP tables are provided on the Treasury's website.

Contained in this document is:

Current presentation of the forecasts

- OBERAC methodology and detailed calculations
- Reconciliation of the operating balance to net debt
- Movements in gross debt schedule
- Summary and detailed expense tables covering the period 1996/97 to 2005/06. The published documents only contained the period 2000/01 to 2005/06 (refer pages 195-202 of the 2002 Budget Economic and Fiscal Update). These tables have also been reconciled to the future presentation of core Crown.

Future presentation of the forecasts

- The future presentation of the GAAP tables are reproduced with an additional segment covering the 2000/01 year.
- A ten year summary (covering the period 1996/97 to 2005/06) is included of the statement of financial performance.

The restatement of the periods 1996/97 to 1999/2000 have been prepared by Treasury by reconstructing the full consolidation using annual reports of material SOEs and Crown entities. A degree of estimation has been required to compile this information.

Further information that will be added to the web in the forth-coming months will include the restatement of further history back to the early 1990s (at the time of the introduction of accrual accounting). As further history is recreated, the level of estimation in the compilation process will increase. In addition an expansion on the notes to the Financial Statements will be added to the web.

The Operating Balance Excluding Revaluations and Accounting policy Changes (OBERAC)

The OBERAC is an additional fiscal indicator that strips out revaluation movements and accounting policy changes to provide a measure of underlying financial stewardship. The OBERAC is not a measure of the controllable portion of the operating balance. As such, it does not isolate aspects of the operating balance (such as tax revenue and unemployment benefits) that arise from cyclical factors.

Revaluations have significantly affected the operating balance as it is a relatively small balancing item between two large numbers: total revenue and total expenses. Revaluation effects are not forecast beyond the current year as a matter of policy given their inherent uncertainty.

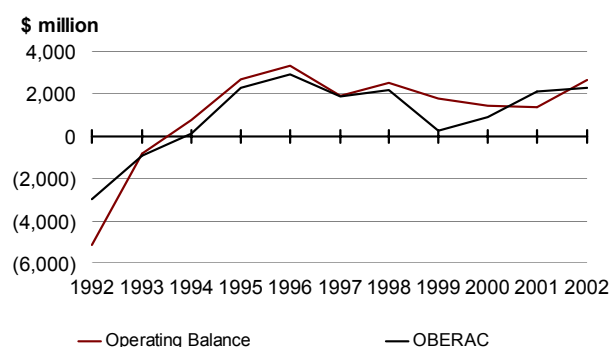
The OBERAC is calculated by adjusting for the following revaluation effects (unless the revaluation is a result of a policy decision):

- Net Present Valued assets and liabilities such as the GSF pension liability, ACC outstanding claims liability and NZS Fund assets
- market-valued financial assets and liabilities, such as tradeable MSDs
- gains or losses on sale. Selling an asset for greater (or less) than its book value is a terminal revaluation
- changes in accounting policy around the recognition of assets and liabilities. For example the recognition of the Public Trust reserves in 1999/2000 would be adjusted for had they met the materiality limit outlined below

The materiality limit for adjustments is \$100 million. Materiality is from a Crown-wide, rather than an individual department perspective and applies for any one year.

The graph below indicates the extent to which the OBERAC has differed from the operating balance reported in the accounts over the past ten years.

Figure 1 –



Source: The Treasury

Detail of OBERAC calculation

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Operating Balance	(5,149)	(819)	755	2,695	3,314	1,908	2,534	1,777	1,449	1,409	2,636
Adjustments											
GSF pension liability movements	420	664	111	155	226	(4)	(233)	429	(201)	164	(368)
ACC revaluation	-	-	-	-	-	-	-	-	(519)	420	42
NPF liability movement	-	-	-	-	-	-	-	-	-	253	-
Gain on sale of assets											
Contact	-	-	-	-	-	-	-	(1,421)	-	-	-
Airport companies	-	-	-	-	-	-	-	(204)	-	-	-
Hydro stations	-	-	-	-	-	-	-	(195)	-	-	-
Spectrum licences	-	-	-	-	-	-	-	-	-	(140)	-
Other sales (BNZ, TVNZ shares, etc)	-	(283)	(129)	-	-	-	-	(140)	-	-	-
Write-downs (Police and Defence)	-	-	-	-	-	-	-	-	155	103	-
(Gains)/losses on marketable securities and deposits	-	-	-	-	-	-	(110)	-	-	(102)	-
Unrealised forest revaluations	-	(766)	292	-	-	-	-	-	-	-	-
Exchange rate movements	1,764	296	(898)	(551)	(603)	-	-	-	-	-	-
Total adjustments	2,184	(89)	(624)	(396)	(377)	(4)	(343)	(1,531)	(565)	698	(326)
OBERAC	(2,965)	(908)	131	2,299	2,937	1,904	2,191	246	884	2,107	2,310

Source: The Treasury

Reconciliation of operating balance to net debt

(\$ million)	2001	2002	2003	2004	2005	2006
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Operating balance	1,409	2,636	2,288	3,078	3,937	4,242
Plus/(less) valuation items	698	(326)	-	-	-	-
OBERAC	2,107	2,310	2,288	3,078	3,937	4,242
Less NZS Fund contributions	-	(586)	(1,200)	(1,800)	(2,011)	(2,117)
Less after-tax income of the NZS Fund	-	(14)	(90)	(209)	(368)	(550)
Available after NZS Fund requirements	2,107	1,710	998	1,069	1,558	1,575
Decrease/(increase in net debt)	1,425	(191)	(773)	(1,152)	(157)	14
Difference	(682)	(1,901)	(1,771)	(2,221)	(1,715)	(1,561)

This difference comprises:

Non-cash elements of the OBERAC

SOE/CE retained surplus net of dividends (excluding valuation issues)	(523)	(654)	(523)	(921)	(1,085)	(1,209)
Depreciation	925	943	1,013	1,059	1,084	1,106
(Gain)/loss on sale of assets	8	2	-	-	-	-
Commercial forests and net FX movements	(40)	64	-	-	-	-
Student loan influences	(61)	67	47	44	37	41

Cash elements not in the OBERAC

Circulating currency	303	398	-	-	-	-
Net purchase of physical assets including capital contingency provision	(1,130)	(1,147)	(1,645)	(2,161)	(1,481)	(1,354)
Asset sale receipts	140	-	-	-	-	-
Net capital injections	34	(1,367)	(543)	(265)	(163)	(83)
Other working capital movements	(338)	(207)	(120)	23	(107)	(62)
Difference	(682)	(1,901)	(1,771)	(2,221)	(1,715)	(1,561)

Reconciliation of movements in gross debt

(\$ million)	2001	2002	2003	2004	2005	2006
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Opening balance gross debt	36,041	36,761	36,299	35,781	38,391	39,543
Cash flow from operations	(1,922)	(2,804)	(2,711)	(3,097)	(3,537)	(3,615)
Investment flows						
Net increase in advances	617	1,264	1,193	1,632	957	1,060
Net purchase of physical asset	1,130	1,147	1,425	1,361	981	994
Net (sale)/purchase of investments	(174)	1,367	543	265	163	83
Purchase of MSD's by NZS Fund	..	586	1,200	1,800	2,011	2,117
Forecast for future new capital spending	..	..	220	800	500	360
Sale of MSDs	1,001	(1,232)	(2,453)	(222)	28	(15)
Inflow from circulating currency	(303)	(398)	..	..	..	..
Change in cash	102	83	48	76	117	124
FX movt in liabilities	404	(575)	..	..	..	..
Other movt	(135)	100	17	(5)	(68)	5
Closing balance of gross debt	36,761	36,299	35,781	38,391	39,543	40,656

Expense Tables

The expense tables are based on the current presentation of the Crown forecasts. At the bottom of each table is the adjustment required to reconcile to core Crown as reported under the future presentation (ie, line-by-line consolidation).

These tables cover the period 1996/97 to 2005/06. The published documents only contained the period 2000/01 to 2005/06 (refer pages 195-202 of the 2002 Budget Economic and Fiscal Update).

Table B.1 – Expenses by category

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Social security and welfare	11,878	12,510	12,906	12,896	13,216	13,615	13,936	14,407	14,805	15,273
GSF Pension expense	742	493	1,132	478	855	339	671	680	680	719
Health	5,626	6,001	6,573	6,874	7,342	7,733	8,370	8,873	9,347	9,475
Education	5,335	5,714	5,899	6,310	6,690	7,150	7,494	7,674	7,747	7,850
Core government services	1,667	1,562	1,705	1,710	1,817	1,611	1,641	1,616	1,628	1,658
Law and order	1,281	1,345	1,499	1,531	1,560	1,771	1,734	1,737	1,734	1,727
Defence	946	1,065	1,030	1,247	1,267	1,188	1,166	1,208	1,159	1,146
Transport and communications	888	948	1,029	1,036	1,026	1,156	1,238	1,300	1,324	1,335
Economic and industrial services	763	840	858	944	1,141	1,187	1,275	1,268	1,261	1,272
Primary services	351	423	334	265	287	327	343	330	326	323
Heritage, culture and recreation	277	297	316	456	424	500	533	558	584	595
Housing and community	47	29	41	68	50	95	103	99	91	91
Other	68	167	34	45	75	109	114	110	110	110
Finance costs	3,072	2,804	2,516	2,373	2,483	2,303	2,339	2,425	2,501	2,572
Net foreign exchange (gains)/losses	12	13	(47)	(62)	(47)	64	..	..	..	..
Forecast for future new spending	..	..	..	..	..	..	230	700	1,180	2,080
Total Expenses (current presentation)	32,953	34,211	35,825	36,171	38,186	39,148	41,187	42,985	44,477	46,226
Core Crown Expenses (future presentation)										
Less GST on Crown spending	(1,370)	(1,471)	(1,549)	(1,725)	(1,661)	(1,863)	(1,956)	(2,135)	(2,201)	(2,302)
Plus GSF expenses	252	243	240	258	257	257	257	257	257	257
Other Eliminations	(127)	(131)	(149)	(168)	(83)	(40)	66	66	66	66
Core Crown Expenses	31,708	32,852	34,367	34,536	36,699	37,502	39,554	41,173	42,599	44,247

Source: The Treasury

Table B.2 – Social security and welfare

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Welfare benefits	11,145	11,730	12,006	12,072	12,385	12,685	12,991	13,474	13,877	14,342
Social rehabilitation & compensation	89	123	91	70	62	91	103	106	108	110
Departmental expenses	529	532	654	634	618	669	656	635	634	633
Other non-departmental expenses	115	125	155	120	151	170	186	192	186	188
Total Social Security and Welfare	11,878	12,510	12,906	12,896	13,216	13,615	13,936	14,407	14,805	15,273
Less GST on Crown Spending	13	13	17	13	9	1	1	1	1	1
Core Crown Social Security and Welfare (excluding GSF)	11,865	12,497	12,889	12,883	13,207	13,614	13,935	14,406	14,804	15,272

Source: The Treasury

Table B.3 – New Zealand superannuation and welfare benefits

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
New Zealand Superannuation	5,102	5,106	5,071	5,068	5,273	5,457	5,645	5,888	6,112	6,399
Domestic Purposes Benefit	1,447	1,501	1,451	1,433	1,444	1,486	1,521	1,570	1,599	1,631
Unemployment Benefit	1,327	1,436	369	..	..	1,406	1,364	1,419	1,451	1,468
Community Wage	..	..	1,486	1,937	1,849	..	..	..	..	..
Accommodation Supplement	662	793	843	867	795	723	744	784	820	856
Invalids Benefit	536	599	630	677	745	835	912	995	1,060	1,124
Sickness Benefit	379	400	97	..	..	382	409	433	448	462
Disability Allowance	179	198	204	204	210	223	235	247	259	273
Transitional Retirement Benefit	108	111	116	125	127	97	50	10	..	..
Income Related Rents	..	..	..	..	161	276	286	296	305	314
Family Support	785	874	912	899	878	870	870	872	874	876
Child Tax Credit	41	121	164	167	161	159	159	159	160	160
Special Benefit	74	60	44	35	40	50	59	63	65	66
Benefits paid in Australia	53	63	146	147	171	161	126	111	101	90
Paid Parental Leave	..	..	..	..	..	..	41	44	45	46
Other benefits	452	468	473	513	531	560	570	583	578	577
Total Welfare Benefits	11,145	11,730	12,006	12,072	12,385	12,685	12,991	13,474	13,877	14,342

Source: The Treasury

Table B.4 – Beneficiary numbers

(Thousands)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
New Zealand Superannuation	476	470	464	456	449	448	454	462	472	484
Domestic Purposes Benefit	112	115	113	111	110	110	110	111	112	112
Unemployment Benefit	144	152	..	..	..	141	134	136	137	136
Community Wage	..	..	204	200	189	..	..	..	..	..
Accommodation Supplement	296	310	320	324	297	270	267	273	279	284
Invalids Benefit	44	48	50	53	58	62	67	71	74	77
Sickness Benefit	34	36	..	..	..	35	37	38	39	39

Source: The Treasury

Table B.5 – GSF pension expense

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Pension expenses	746	726	703	679	691	707	671	680	680	719
Revaluation of Unfunded Liability	(4)	(233)	429	(201)	164	(368)	..	..	..	..
Total GSF pension expense	742	493	1,132	478	855	339	671	680	680	719
<i>Additional Pension Expenses (offset by revenue)</i>	252	242	240	258	257	257	257	257	257	257
Core Crown GSF	994	735	1,372	736	1,112	596	928	937	937	976

Source: The Treasury

Table B.6 – Health

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	58	58	58	59	116	139	150	135	134	133
Health service purchasing	5,333	5,723	6,107	6,401	6,807	7,011	7,639	8,100	8,608	8,716
Other non-departmental outputs	45	18	135	121	101	73	102	142	93	96
Health payments to ACC	193	185	237	264	291	478	457	478	502	519
Other expenses	(3)	17	36	29	27	32	22	18	10	11
Total Health Expenses	5,626	6,001	6,573	6,874	7,342	7,733	8,370	8,873	9,347	9,475
<i>Less GST on Crown Spending</i>	597	640	698	728	778	801	862	923	973	974
<i>Plus Other Eliminations</i>	..	..	..	..	96	87	87	87	87	87
Core Crown Health Expenses	5,029	5,361	5,875	6,146	6,660	7,019	7,595	8,037	8,461	8,588

Source: The Treasury

Table B.7 – Health service purchasing

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Personal health services:										
Northern	1,224	1,337	1,452	1,582	1,671	..	..	..	..	..
Midland	791	844	890	936	997	..	..	..	..	..
Central	933	981	1,047	1,104	1,174	..	..	..	..	..
Southern	858	910	1,004	1,015	1,097	..	..	..	..	..
Additional health purchases	68	96	70	..	..	..	..	..	..	..
Total Personal Health	3,874	4,168	4,463	4,637	4,939	..	..	..	..	..
Disability support services										
Northern	429	465	495	520	557	..	..	..	..	..
Midland	268	285	303	306	332	..	..	..	..	..
Central	345	361	383	411	428	..	..	..	..	..
Southern	321	343	355	410	426	..	..	..	..	..
Total Disability Support	1,363	1,454	1,536	1,647	1,743	..	..	..	..	..
Payments to District Health Boards	..	..	..	..	..	5,460	5,843	6,080	6,300	6,408
National Disability Support Services	..	..	..	..	..	1,345	1,422	1,466	1,530	1,530
Public Health Service Purchasing	96	101	108	117	125	206	374	554	778	778
Total Health Servicing Purchasing	5,333	5,723	6,107	6,401	6,807	7,011	7,639	8,100	8,608	8,716

Source: The Treasury

Table B.8 – Health-related payments to ACC

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Petrol excise	64	65	66	67	67	69	69	70	71	71
Medical treatment	129	120	171	197	224	409	388	408	431	448
Total Health related payments	193	185	237	264	291	478	457	478	502	519

Source: The Treasury

Table B.9 – Education

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Early childhood education	251	277	294	325	331	362	387	393	395	398
Primary and secondary schools	2,714	2,978	3,147	3,405	3,505	3,642	3,653	3,698	3,700	3,712
Tertiary funding	1,810	1,871	1,843	1,913	2,133	2,397	2,592	2,705	2,805	2,891
Departmental expenses	287	316	360	396	419	476	556	568	565	566
Other education expenses	273	272	255	271	302	273	306	310	282	283
Total Education Expenses	5,335	5,714	5,899	6,310	6,690	7,150	7,494	7,674	7,747	7,850
Less GST on Crown Spending	518	552	562	598	554	651	677	692	695	702
Core Crown Education	4,817	5,162	5,337	5,712	6,136	6,499	6,817	6,982	7,052	7,148

Source: The Treasury

Table B.10 – Primary and secondary education

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Primary	1,374	1,515	1,624	1,731	1,780	1,845	1,877	1,904	1,890	1,884
Secondary	1,073	1,158	1,155	1,312	1,333	1,301	1,303	1,333	1,354	1,371
Secondary allowances	8	..	..	..	..	..	..	..	..	..
School transport	89	94	93	100	106	109	112	112	113	114
Special needs support	170	211	275	262	286	284	247	235	235	236
Professional Development	..	..	..	..	..	87	97	97	91	90
Schooling Improvement	..	..	..	..	..	16	17	17	17	17
Total Schools Funding	2,714	2,978	3,147	3,405	3,505	3,642	3,653	3,698	3,700	3,712
Places (year)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Primary	456,490	466,460	466,500	465,863	463,000	465,000	464,000	459,000	458,000	455,000
Secondary	239,740	243,600	248,800	249,905	251,000	256,000	264,000	272,000	278,000	280,000

Sources: Ministry of Education, The Treasury

Table B.11 – Tertiary education

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Tuition	1,169	1,183	1,236	1,219	1,362	1,550	1,672	1,725	1,788	1,831
Other tertiary funding	252	258	128	161	153	183	220	233	234	234
Total Tertiary Education and Training	1,421	1,441	1,364	1,380	1,515	1,733	1,892	1,958	2,022	2,065
Tertiary student allowances	318	344	378	376	391	411	441	458	473	490
Student loan provision and write-offs	71	86	101	157	227	253	259	289	310	336
Total Tertiary Funding	1,810	1,871	1,843	1,913	2,133	2,397	2,592	2,705	2,805	2,891
Places (year)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EFT Students	145,686	148,978	169,469	175,166	192,000	213,000	223,000	230,000	236,000	242,000

Sources: Ministry of Education, The Treasury

Table B.12 – Core government services

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Official development assistance	184	195	204	219	226	223	230	227	226	226
Indemnity and guarantee expenses	..	(5)	(28)	10	253	..	..	..	..	..
Departmental expenses	931	888	892	867	901	938	1,006	986	984	1,017
Science expenses	312	389	405	424	247	244	261	275	281	296
Other expenses	240	95	232	190	190	206	144	128	137	119
Total Core Government Services	1,667	1,562	1,705	1,710	1,817	1,611	1,641	1,616	1,628	1,658
<i>Less GST on Crown Spending</i>	61	54	71	68	19	64	45	41	37	36
Total Core Crown Core Government Services	1,606	1,508	1,634	1,642	1,798	1,547	1,596	1,575	1,591	1,622

Source: The Treasury

Table B.13 – Law and order

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental expenses:										
Police	592	611	708	762	724	765	795	796	797	797
Ministry of Justice	12	11	11	12	13	15	15	15	15	15
Department of Corrections	261	290	324	328	369	416	402	406	402	395
Department for Courts	185	194	206	174	181	190	200	198	201	204
Other departments	92	92	99	65	67	70	75	76	76	76
Total Departments	1,142	1,198	1,348	1,341	1,354	1,456	1,487	1,491	1,491	1,487
Non-departmental outputs	105	109	114	150	177	205	203	195	207	204
Other expenses	34	38	37	40	29	110	44	51	36	36
Total Law and Order Expenses	1,281	1,345	1,499	1,531	1,560	1,771	1,734	1,737	1,734	1,727
<i>Less GST on Crown Spending</i>	15	16	17	22	19	6	6	6	6	6
Core Crown Law and Order	1,266	1,329	1,482	1,509	1,541	1,765	1,728	1,731	1,728	1,721

Source: The Treasury

Table B.14 – Defence

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
NZDF Core expenses	909	955	986	996	1,058	1,072	1,103	1,108	1,107	1,107
NZDF write-offs	37	..	5	77	104	..	..	..	..	..
NZDF East Timor deployment	..	..	..	22	22	20	..	..	..	..
DWI East Timor deployment	..	..	..	17	22	23	9	..	..	..
Other departments	..	110	31	51	36	38	42	42	39	39
GST on defence acquisitions	..	..	8	84	25	35	12	58	13	..
Total Defence Expenses	946	1,065	1,030	1,247	1,267	1,188	1,166	1,208	1,159	1,146
<i>Less GST on Crown Spending</i>	..	..	8	84	25	36	12	59	13	..
Core Crown Defence	946	1,065	1,022	1,163	1,242	1,152	1,154	1,149	1,146	1,146

Source: The Treasury

Table B.15 – Transport and communications

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Transfund	772	828	880	903	890	1,012	1,096	1,158	1,181	1,192
Departmental outputs	65	67	71	70	75	80	83	83	83	83
Other non-departmental expenses	51	52	61	57	52	56	54	54	54	54
Other expenses	..	1	17	6	9	8	5	5	6	6
Total Transport and Communications	888	948	1,029	1,036	1,026	1,156	1,238	1,300	1,324	1,335
<i>Less GST on Crown Spending</i>	<i>91</i>	<i>98</i>	<i>106</i>	<i>107</i>	<i>121</i>	<i>129</i>	<i>142</i>	<i>145</i>	<i>149</i>	<i>153</i>
Core Crown Transport	797	850	923	929	905	1,027	1,096	1,155	1,175	1,182

Source: The Treasury

Table B.16 – Economic and industrial

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Departmental outputs	264	292	450	374	422	420	445	437	432	431
Employment initiatives	278	294	166	209	204	221	241	244	241	244
Non-departmental outputs	151	159	176	198	423	424	432	441	445	456
Other expenses	70	95	66	163	92	122	157	146	143	141
Total Economic and Industrial Services	763	840	858	944	1,141	1,187	1,275	1,268	1,261	1,272
<i>Less GST on Crown Spending</i>	<i>52</i>	<i>71</i>	<i>45</i>	<i>63</i>	<i>104</i>	<i>142</i>	<i>147</i>	<i>150</i>	<i>154</i>	<i>157</i>
Core Crown Economic and Industrial Services	711	769	813	881	1,037	1,045	1,128	1,118	1,107	1,115

Source: The Treasury

Table B.17 – Employment initiatives

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Training benefit (including tax)	99	98	22	..	..	..	..	..	..	..
Training incentive allowance	29	34	30	35	36	45	43	43	43	43
Community employment projects	19	18	15	18	17	22	22	19	19	19
Job plus	81	..	..	..	..	..	..	..	..	..
Taskforce Green	35	..	..	..	..	..	..	..	..	..
Subsidised work	..	124	77	103	95	94	112	119	109	109
Employment support for disabled	..	..	17	50	53	58	61	61	68	70
Other employment assistance schemes	15	20	5	3	3	2	3	2	2	3
Total Employment Initiative Expenses	278	294	166	209	204	221	241	244	241	244

Source: The Treasury

Table B.18 – Primary services

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Departmental expenses	252	281	233	182	194	214	226	224	220	219
Non-departmental outputs	44	51	68	63	69	95	96	97	98	97
Other expenses	55	91	33	20	24	18	21	9	8	7
Total Primary Services Expenses	351	423	334	265	287	327	343	330	326	323
<i>Less GST on Crown Spending</i>	11	16	12	9	8	12	13	12	12	11
Core Crown Primary Services	340	407	322	256	279	315	330	318	314	312

Source: The Treasury

Table B.19 – Heritage, culture and recreation

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Housing subsidies	5	2	1	1	..	22	26	26	21	22
Departmental outputs	27	30	29	27	35	52	55	53	52	52
Other non-departmental expenses	15	(3)	11	40	15	21	22	20	18	17
Housing and Community Development	47	29	41	68	50	95	103	99	91	91
<i>Less GST on Crown Spending</i>	2	..	1	5	..	..	..	..	..	..
Core Crown Housing and Community Development	45	29	40	63	50	95	103	99	91	91

Source: The Treasury

Table B.20 – Housing and community development

(\$ million)	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Community grants	20	20	20	18	18	6	6	6	6	6
Departmental outputs	195	199	208	199	206	219	253	249	253	255
Non-departmental outputs	57	58	70	158	181	173	194	206	205	204
Other expenses	5	20	18	81	19	102	80	97	120	130
Total Heritage, Culture and Recreation	277	297	316	456	424	500	533	558	584	595
<i>Less GST on Crown Spending</i>	9	11	12	29	24	21	25	28	30	31
Core Crown Heritage, Culture and Recreation	268	286	304	427	400	479	508	530	554	564

Source: The Treasury

GAAP Tables-Line-by-Line Consolidation

The financial statements presentation is changing

The Public Finance Act 1989 and Fiscal Responsibility Act 1994 require the government to produce actual and forecast financial statements in accordance with generally accepted accounting practice (GAAP). This ensures that the financial statements and forecasts of the Crown are prepared on a basis familiar to readers of private sector financial statements – providing a transparent and independently established set of principles on which to measure a government’s financial activity.

GAAP will soon require the full line-by-line consolidation of SOEs and Crown entities (currently the accounts only consolidate the net surplus in the operating balance and net investment/net worth in the balance sheet). In addition, there are some adjustments that will impact on “core Crown” (defined below) results owing to changes to the treatment of GST on Crown spending and the treatment of the Government Superannuation Fund (GSF).

The following table outlines the presentation and how it is changing. It defines the key terms that are used within the following summary financial statements.

Current presentation of consolidation	Future presentation of consolidation
<p>The current presentation shows:</p> <p>Crown expenses and revenues with net SOE and Crown entity results</p> <p>Crown assets, liabilities, net Crown debt, gross Crown debt and net worth. The Crown balance sheet only includes a net investment in SOEs and Crown entities.</p>	<p>The future presentation will show the three institutional forms of:</p> <p>“core Crown” (existing information on revenues and expenses less GST on Crown expenses plus inclusion of full GSF numbers)</p> <p>SOE revenues, expenses, assets, liabilities</p> <p>Crown entity revenues, expenses, assets, liabilities.</p> <p>The sum of these three segments (less internal transactions) is the “total Crown”.</p> <p>The core Crown is different from the current presentation owing to the removal of GST on Crown expenses and the inclusion of the full accounts of the GSF.</p>

While the presentation is changing it is important to note that the net results for the Crown will be materially the same (ie, operating balance and net worth), although the

composition and total of items such as revenues, expenses, assets and liabilities will change.

A full explanation of the presentation change, what the impacts are and how to interpret the new information is outlined in a section contained at the end of the Fiscal Outlook chapter of the 2002 Budget Economic and Fiscal Update.

Accounting and Forecast Policies

The accounting and forecast policies are outlined in the previous set of GAAP tables. The substantive difference between the existing accounting policies and those underpinning the preparation of the future presentation is the consolidation policy itself. This change is outlined on the previous page.

Other than the consolidation policy, there are no substantive alterations to the existing accounting and forecast policies as a result of implementing full line-by-line consolidation of SOEs and Crown entities.

There is, however, a need for additional policies because of the inclusion of new classes of property, plant and equipment (physical assets). Essentially the new specific accounting policies relate to the valuation approach to electricity distribution equipment, electricity generation equipment and aircraft. These policies will be finalised as part of the 30 June 2003 Crown financial statements (the first set of fully consolidated accounts).

Contents and Definitions

Because of the different presentation used in the following summary financial statements, there are some new terms used to classify components of the statement of financial position and statement of borrowings. The following outlines a summary to the content and definitions of each section. More detailed notes are published on Treasury's website.

Financial performance (operating statement): The statement of financial performance is accompanied by a breakdown of both total Crown and core Crown expenses. There are no new classifications from those contained in the existing set of fiscal forecasts.

Financial position (balance sheet): The statement of financial position is accompanied by some analysis of key components. In terms of new definitions:

Borrowings are split between sovereign-guaranteed and non-sovereign-guaranteed. Essentially the debt of SOEs and Crown entities is not guaranteed explicitly by the Crown and so a distinction is made from the debt issued by the sovereign (eg, NZDMO and the Reserve Bank).

Another term is gross sovereign-issued debt. This is debt issued by the sovereign and so is a measure that does not eliminate any cross-holdings of Government stock held by entities such as the NZS Fund, GSF, ACC or EQC. The Government's debt objective uses this measure.

The ACC outstanding claims liability is shown separately in the balance sheet.

Cash flow statement:

The cash flow has been summarised.

There is no substantive change to the reconciliation of cash flows to the movement in domestic bonds. While there are cross-holdings of Government stock held by other entities within the consolidated accounts, these are not eliminated for the purposes of this statement as it provides a reference point for the Government's domestic debt programme.

Borrowing statement: The borrowings statement reflects the sovereign-guaranteed and non-sovereign-guaranteed split to borrowings (or debt). It includes ALL financial assets, including those of the GSF and the NZS Fund.

The measure of net Crown debt cannot be directly derived from the information in the borrowings statement. This is contained in more specific notes that outline the core Crown, SOE and Crown entity information separately.

Segment notes: These notes provide a summary of the operating statement, balance sheet and borrowings statement information by each of the three institutional segments that make up the Crown financial statements. These segments are the core Crown, SOEs and Crown entities – adding to total Crown after elimination of internal transactions.

Summary Table

The following summary tables outline the key fiscal variables, comparing from the current presentation to those contained in the following GAAP tables prepared using the future presentation. The first table is expressed as a percentage of GDP. The second table is expressed in nominal dollars.

Summary indicators	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
(% of GDP)	Actual	Actual	Actual	Actual	Actual	Estimated Actual	Forecast	Forecast	Forecast	Forecast
Revenue										
Current presentation	35.5%	35.7%	35.7%	34.1%	34.6%	34.2%	34.4%	34.4%	34.5%	34.4%
Future presentation of Core Crown	34.2%	34.3%	33.8%	32.3%	33.3%	32.9%	33.1%	33.0%	33.1%	33.1%
Future presentation of Total Crown	41.5%	42.1%	42.1%	39.7%	40.9%	42.5%	43.3%	43.3%	43.4%	43.2%
Expenses										
Current presentation	33.6%	34.3%	35.2%	33.8%	33.5%	32.5%	33.0%	32.7%	32.4%	32.3%
Future presentation of Core Crown	32.4%	32.9%	33.8%	32.3%	32.2%	31.2%	31.7%	31.4%	31.0%	30.9%
Future presentation of Total Crown	39.5%	40.0%	40.3%	38.3%	39.7%	40.3%	41.4%	41.0%	40.5%	40.3%
Operating balance										
Current presentation	1.9%	2.5%	1.7%	1.4%	1.2%	2.2%	1.8%	2.3%	2.9%	3.0%
Future presentation	1.9%	2.1%	1.7%	1.4%	1.2%	2.2%	1.8%	2.3%	2.9%	3.0%
OBERAC (no changes)	1.9%	2.2%	0.2%	0.8%	1.8%	1.9%	1.8%	2.3%	2.9%	3.0%
Gross debt										
Current presentation	36.7%	38.0%	36.1%	33.7%	32.2%	30.2%	28.6%	29.2%	28.8%	28.4%
Future presentation of Core Crown	35.0%	36.1%	33.8%	31.6%	29.6%	28.9%	28.4%	29.0%	28.6%	28.2%
Future presentation of Total Crown	37.8%	38.2%	35.2%	32.4%	30.4%	31.3%	30.5%	30.2%	29.4%	28.3%
Gross sovereign-issued debt (no change)	36.7%	38.0%	36.1%	33.7%	32.2%	30.2%	28.6%	29.2%	28.8%	28.4%
Net Crown debt										
Current presentation	25.9%	24.1%	21.3%	20.0%	17.5%	16.8%	16.8%	16.8%	16.2%	15.5%
Future presentation	24.1%	22.2%	19.1%	17.9%	14.9%	15.5%	16.5%	16.6%	16.0%	15.3%
Net worth (no change)	7.6%	9.9%	5.9%	8.0%	10.0%	11.8%	13.2%	14.9%	17.2%	19.4%
Tax and Sovereign revenue										
Tax revenue										
Current presentation	32.6%	33.1%	31.6%	31.8%	32.2%	31.9%	32.1%	32.1%	32.1%	31.9%
Future presentation of Core Crown	31.0%	31.5%	30.0%	30.1%	30.7%	30.3%	30.5%	30.4%	30.4%	30.2%
Future presentation of Total Crown	30.8%	31.2%	29.7%	29.9%	30.4%	30.1%	30.3%	30.1%	30.1%	29.9%
Total sovereign revenue (i.e. levies)										
Current presentation	32.9%	33.3%	31.9%	32.1%	32.5%	32.3%	32.5%	32.4%	32.4%	32.2%
Future presentation of Core Crown	31.3%	31.8%	30.3%	30.5%	31.0%	30.7%	30.9%	30.7%	30.8%	30.5%
Future presentation of Total Crown	33.0%	33.5%	31.8%	31.5%	32.4%	32.2%	32.3%	32.1%	32.0%	31.8%
Nominal GDP (\$ million)	97,933	99,790	101,761	107,064	114,145	120,309	124,964	131,293	137,201	143,026

Notes:

- Net Crown debt is a measure of core Crown borrowings less financial assets. It is defined to exclude the assets of the NZS Fund and the GSF as these can only be used for very specific purposes.
- Explanation of what causes the changes between the various measures is discussed in the detailed consolidation section contained at the end of the Fiscal Outlook chapter.

Summary Table (continued)

Summary indicators	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
(\$ million)	Actual	Actual	Actual	Actual	Actual	Estimated Actual	Forecast	Forecast	Forecast	Forecast
Revenue										
Current presentation	34,778	35,581	36,357	36,526	39,492	41,172	42,952	45,142	47,329	49,259
Future presentation of Core Crown	33,533	34,222	34,367	34,536	38,005	39,526	41,319	43,330	45,451	47,280
Future presentation of Total Crown	40,595	41,997	42,807	42,513	46,686	51,178	54,052	56,873	59,544	61,825
Expenses										
Current presentation	32,953	34,211	35,825	36,171	38,186	39,148	41,187	42,985	44,477	46,226
Future presentation of Core Crown	31,708	32,852	34,367	34,536	36,699	37,502	39,554	41,173	42,599	44,247
Future presentation of Total Crown	38,687	39,870	41,044	41,010	45,328	48,542	51,764	53,795	55,607	57,583
Operating balance										
Current presentation	1,908	2,534	1,777	1,449	1,409	2,636	2,288	3,078	3,937	4,242
Future presentation	1,908	2,127	1,763	1,503	1,358	2,636	2,288	3,078	3,937	4,242
OBERAC (no changes)	1,904	2,191	246	884	2,107	2,310	2,288	3,078	3,937	4,242
Gross debt										
Current presentation	35,972	37,892	36,712	36,041	36,761	36,299	35,781	38,391	39,543	40,656
Future presentation of Core Crown	34,267	36,002	34,425	33,812	33,811	34,799	35,441	38,041	39,193	40,306
Future presentation of Total Crown	36,999	38,125	35,777	34,675	34,652	37,623	38,159	39,600	40,277	40,492
Gross sovereign-issued debt (no change)	35,972	37,892	36,712	36,041	36,761	36,299	35,781	38,391	39,543	40,656
Net Crown debt										
Current presentation	25,324	24,069	21,701	21,396	19,971	20,162	20,935	22,087	22,244	22,230
Future presentation	23,619	22,179	19,414	19,167	17,021	18,662	20,595	21,737	21,894	21,880
Net worth (no change)	7,470	9,921	6,022	8,583	11,463	14,238	16,526	19,604	23,541	27,783
Tax and Sovereign revenue										
Tax revenue										
Current presentation	31,916	32,982	32,156	34,035	36,738	38,377	40,141	42,084	43,981	45,570
Future presentation of Core Crown	30,387	31,429	30,525	32,248	34,995	36,430	38,104	39,870	41,701	43,188
Future presentation of Total Crown	30,160	31,161	30,227	32,000	34,744	36,205	37,902	39,530	41,335	42,771
Total sovereign revenue (i.e. levies)										
Current presentation	32,179	33,240	32,456	34,411	37,123	38,870	40,613	42,571	44,474	46,076
Future presentation of Core Crown	30,650	31,687	30,825	32,624	35,380	36,923	38,576	40,357	42,194	43,694
Future presentation of Total Crown	32,304	33,477	32,381	33,686	37,013	38,684	40,356	42,084	43,965	45,484

Summary table – Statement of Financial Performance

(\$ million)	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/2000 Actual	2000/01 Actual	2001/02 Forecast	2002/03 Forecast	2003/04 Forecast	2004/05 Forecast	2005/06 Forecast
Revenue										
Tax revenue	30,160	31,161	30,227	32,000	34,744	36,205	37,902	39,530	41,335	42,771
Other sovereign levied revenue	2,144	2,316	2,154	1,686	2,269	2,479	2,454	2,554	2,630	2,713
Other revenue (investment income Sales of goods & services, other)	8,291	8,520	10,426	8,827	9,673	12,494	13,696	14,789	15,579	16,341
Total Crown Revenue (future presentation)	40,595	41,997	42,807	42,513	46,686	51,178	54,052	56,873	59,544	61,825
Expenses - by functional classification										
Social security and welfare	13,565	14,007	14,191	13,682	15,211	15,388	15,778	16,349	16,844	17,410
GSF	994	735	1,372	736	1,112	596	928	937	937	976
Health	4,980	5,173	5,671	5,593	6,802	7,485	7,833	8,229	8,596	8,713
Education	5,898	6,368	6,597	7,187	7,719	8,185	8,556	8,650	8,801	8,914
Core government services	1,599	1,523	1,643	1,642	1,688	1,460	1,498	1,477	1,492	1,522
Law and order	1,400	1,503	1,633	1,677	1,796	1,952	1,926	1,935	1,926	1,921
Defence	931	1,049	1,007	1,148	1,225	1,114	1,112	1,105	1,098	1,101
Transport and communications	1,999	2,134	2,011	2,389	2,335	4,362	6,051	6,318	6,604	6,729
Economic and industrial services	1,778	2,304	2,058	2,355	2,404	3,008	2,672	2,862	2,855	2,936
Primary services	918	993	976	934	919	1,002	1,018	1,015	1,031	1,045
Heritage, culture and recreation	983	1,009	1,024	1,036	975	1,017	1,006	1,043	1,079	1,120
Housing and community	406	424	369	379	445	489	536	552	559	574
Other	66	165	32	43	75	109	114	110	110	110
Finance costs	3,136	2,630	2,472	2,260	2,572	2,289	2,532	2,591	2,626	2,663
Net foreign exchange (gains)/losses	34	(147)	(12)	(51)	50	86	..	..	..	..
Forecast for future new spending	..	..	..	..	..	..	204	622	1,049	1,849
Total Crown Expenses (future presentation)	38,687	39,870	41,044	41,010	45,328	48,542	51,764	53,795	55,607	57,583
Operating balance	1,908	2,127	1,763	1,503	1,358	2,636	2,288	3,078	3,937	4,242

The following section is a recreation of what is contained in the 2002 Budget Economic and Fiscal Update (refer pages 181 to 192), though there is an additional segment for the 2000/01 period and some minor corrections have been made.

Statement of Financial Performance – total Crown

for the years ending 30 June

(\$ million)	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
Revenue						
Taxation revenue	34,744	36,205	37,902	39,530	41,335	42,771
Levies, fees, fines and penalties	2,269	2,479	2,454	2,554	2,630	2,713
Total Revenue Levied through the Crown's Sovereign Power	37,013	38,684	40,356	42,084	43,965	45,484
Sales of goods and services	7,234	9,667	10,690	11,419	11,916	12,355
Investment income	1,217	1,183	1,360	1,781	2,118	2,469
Other revenue	1,222	1,644	1,646	1,589	1,545	1,517
Total Crown Revenue	46,686	51,178	54,052	56,873	59,544	61,825
Expenses						
Subsidies and transfer payments	14,484	14,986	15,452	15,890	16,369	16,927
Personnel expenses	10,679	11,992	12,638	12,855	13,012	13,300
Operating expenses	16,885	19,515	20,938	21,837	22,551	22,844
Forecast for future new spending	..	..	204	622	1,049	1,849
Finance costs	2,646	2,289	2,532	2,591	2,626	2,663
Net foreign-exchange losses/(gains)	50	86	..	..	..	..
Revaluation movement in GSF liability	164	(368)	..	..	..	..
Revaluation movement in ACC liability	420	42	..	..	..	..
Total Crown expenses	45,328	48,542	51,764	53,795	55,607	57,583
Operating Balance	1,358	2,636	2,288	3,078	3,937	4,242

The Notes to the financial statements are contained on Treasury's website.

Statement of Financial Performance (continued) – analysis of expenses

for the years ending 30 June

Following is an analysis of total Crown expenses and core Crown expenses by functional classification. This information reconciles to segmental information within the notes to the forecasts.

(\$ million)	2001	2002	2003	2004	2005	2006
	Actual	Estimated Actual				
Total Crown expenses by functional classification						
Social security and welfare (includes GSF)	16,323	15,984	16,706	17,286	17,781	18,386
Health	6,802	7,485	7,833	8,229	8,596	8,713
Education	7,719	8,185	8,556	8,650	8,801	8,914
Core government services	1,688	1,460	1,498	1,477	1,492	1,522
Law and order	1,796	1,952	1,926	1,935	1,926	1,921
Defence	1,225	1,114	1,112	1,105	1,098	1,101
Transport and communications	2,335	4,362	6,051	6,318	6,604	6,729
Economic and industrial services	2,404	3,008	2,672	2,862	2,855	2,936
Primary services	919	1,002	1,018	1,015	1,031	1,045
Heritage, culture and recreation	975	1,017	1,006	1,043	1,079	1,120
Housing and community development	445	489	536	552	559	574
Other	75	109	114	110	110	110
Finance costs	2,572	2,289	2,532	2,591	2,626	2,663
Net foreign-exchange losses/(gains)	50	86	..	..	..	..
Forecast for future new spending	..	..	204	622	1,049	1,849
Total Expenses	45,328	48,542	51,764	53,795	55,607	57,583

Core Crown expenses by functional classification						
Social security and welfare (includes GSF)	14,319	14,210	14,863	15,343	15,741	16,248
Health	6,660	7,019	7,595	8,037	8,461	8,588
Education	6,136	6,499	6,817	6,982	7,052	7,148
Core government services	1,798	1,547	1,596	1,575	1,591	1,622
Law and order	1,541	1,765	1,728	1,731	1,728	1,721
Defence	1,242	1,152	1,154	1,149	1,146	1,146
Transport and communications	905	1,027	1,096	1,155	1,175	1,182
Economic and industrial services	1,037	1,045	1,128	1,118	1,107	1,115
Primary services	279	315	330	318	314	312
Heritage, culture and recreation	400	479	508	530	554	564
Housing and community development	50	95	103	99	91	91
Other	75	109	114	110	110	110
Finance costs	2,304	2,176	2,318	2,404	2,480	2,551
Net foreign-exchange (gains)/losses	(47)	64	..	..	..	..
Forecast for future new spending	..	..	204	622	1,049	1,849
Total Expenses	36,699	37,502	39,554	41,173	42,599	44,247

The Notes to the financial statements are contained on Treasury's website.

Statement of Financial Position – total Crown

as at 30 June

(\$ million)	2001	2002	2003	2004	2005	2006
	Actual	Estimated Actual	Forecast	Forecast	Forecast	Forecast
Assets						
Cash and bank balances	1,187	1,136	1,088	1,237	1,434	1,653
Marketable securities, deposits & equity investments	16,616	18,134	19,156	21,537	24,658	28,261
Advances	4,326	5,086	5,778	6,532	7,319	8,127
Receivables	7,629	8,723	8,855	9,000	9,247	9,354
Inventories	671	844	821	878	897	906
Other investments	281	306	397	383	369	355
Property, plant and equipment	45,875	48,494	49,544	50,326	50,614	50,372
Commercial forests	380	380	380	381	381	381
Intangible assets	168	752	679	604	532	461
Forecast for future new capital spending	..	..	220	1,020	1,520	1,880
Total Assets	77,133	83,855	86,918	91,898	96,971	101,750
Liabilities						
Payables and provisions	9,359	9,855	9,831	9,898	9,980	9,898
Borrowings - sovereign guaranteed	29,090	30,476	31,348	33,579	34,298	34,944
Borrowings - non-sovereign guaranteed	5,562	7,147	6,811	6,021	5,979	5,548
Provision for ACC outstanding claims liability	7,141	7,500	7,806	8,264	8,735	9,228
Provision for GSF pension liability	11,979	11,702	11,659	11,595	11,501	11,412
Currency issued	2,539	2,937	2,937	2,937	2,937	2,937
Total Liabilities	65,670	69,617	70,392	72,294	73,430	73,967
Total Assets less Total Liabilities	11,463	14,238	16,526	19,604	23,541	27,783
Crown Balance						
Taxpayer funds	3,405	6,148	8,436	11,514	15,451	19,693
Revaluation reserve	8,058	8,090	8,090	8,090	8,090	8,090
Crown Balance	11,463	14,238	16,526	19,604	23,541	27,783

The Notes to the financial statements are contained on Treasury's website.

Statement of Financial Position (continued) – analysis of NZS Fund and Debt

as at 30 June

(\$ million)	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
New Zealand Superannuation Fund						
Within MSDs and equity investments is the NZS Fund						
Opening balance	600	1,890	3,898	6,277
Gross contribution	..	586	1,200	1,800	2,011	2,117
Retained income (after tax)	..	14	90	208	368	550
NZS Fund balance	..	600	1,890	3,898	6,277	8,944

Gross and Net Debt Information

Total Crown Debt

Total Crown gross debt	34,652	37,623	38,159	39,600	40,227	40,492
Total sovereign-issued debt	36,761	36,299	35,781	38,391	39,543	40,656

Definitions of debt:

Total Crown gross debt is the total borrowings (both sovereign-guaranteed and non-sovereign guaranteed) of the total Crown. This equates to the amount in the total Crown balance sheet and represents the complete picture of whole-of-Crown debt obligations to external parties.

The balance sheet splits total Crown debt into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that debt held by SOEs and Crown entities is not explicitly guaranteed by the Crown. Any such debt that may be guaranteed is included in the sovereign-guaranteed total. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

Total sovereign-issued debt is debt issued by the sovereign (i.e., core Crown) and includes Government stock held by the NZS Fund, GSF, ACC or EQC for example. In other words, the total sovereign-issued debt does not eliminate any internal cross-holdings. The Government's debt objective uses this measure of debt.

Core Crown

Gross Crown debt	33,811	34,799	35,441	38,041	39,193	40,306
Financial assets	(17,319)	(18,737)	(19,896)	(23,362)	(26,736)	(30,530)
Borrowings less Financial Assets	16,492	16,062	15,545	14,679	12,457	9,776
NZS Fund assets	..	600	1,890	3,898	6,277	8,944
GSF assets	3,479	3,500	3,500	3,510	3,510	3,510
GSF cross-holdings of Government stock	(2,950)	(1,500)	(340)	(350)	(350)	(350)
Net Crown Debt	17,021	18,662	20,595	21,737	21,894	21,880

Statement of Movement in Equity – total Crown

for the years ending 30 June

(\$ million)	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
Opening Crown Balance	8,583	11,463	14,238	16,526	19,604	23,541
Operating balance for the year	1,358	2,636	2,288	3,078	3,937	4,242
Net revaluations	(128)	36	..	..	..	..
Total Recognised Revenues and Expenses	1,230	2,672	2,288	3,078	3,937	4,242
State highway recognition policy change	1,650	..	..	..	..	..
Conservation visitor asset recognition	..	103	..	..	..	..
Closing Crown Balance	11,463	14,238	16,526	19,604	23,541	27,783

The Notes to the financial statements are contained on Treasury's website.

Statement of Cash Flow – total Crown

for the years ending 30 June

(\$ million)	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
Cash Flows from Operations						
Cash was Provided from						
Total tax receipts (refer Note 1)	34,272	36,404	37,884	39,645	41,466	42,989
Total other sovereign receipts (refer Note 1)	2,503	2,107	2,449	2,521	2,608	2,695
Interest	1,129	1,479	1,436	1,545	1,632	1,802
Dividends	37	38	41	46	50	55
Sales of goods and services	7,772	9,085	10,214	10,510	11,088	11,530
Other operating receipts	923	965	1,630	1,602	1,597	1,455
Total Cash Provided from Operations	46,636	50,078	53,654	55,869	58,441	60,526
Cash was Disbursed to						
Subsidies and transfer payments	14,416	14,999	15,472	15,985	16,439	17,020
Personnel and operating payments	25,527	28,339	29,968	30,887	31,860	32,280
Finance costs	2,685	2,229	2,517	2,509	2,583	2,661
Forecast for future new spending	..	..	204	622	1,049	1,849
Total Cash Disbursed to Operations	42,628	45,567	48,161	50,003	51,931	53,810
Net Cash Flows from Operations	4,008	4,511	5,493	5,866	6,510	6,716
Cash Flows from Investing Activities						
Cash was Provided from						
Sale of physical assets	191	247	127	94	71	64
Total Cash Provided	191	247	127	94	71	64
Cash was Disbursed to						
Purchase of physical assets	2,702	2,999	3,420	3,357	2,914	2,532
Net increase in advances	603	839	768	759	794	849
Other net purchase/(sale) of marketable securities & deposits and other equity investments	1,263	2,661	1,310	2,332	3,066	3,245
Capitalised interest paid	21	20	4	4	4	4
Forecast for future new capital spending	..	..	220	800	500	360
Total Cash Disbursed	4,589	6,519	5,722	7,252	7,278	6,990
Net Cash Flows from Investing Activities	(4,398)	(6,272)	(5,595)	(7,158)	(7,207)	(6,926)
Net Cash Flows from Operating and Investing Activities	(390)	(1,761)	(102)	(1,292)	(697)	(210)
Cash Flows from Financing Activities						
Cash was Provided from						
Issue of circulating currency	303	398	..	..	..	..
Net issue of Government stock	1,067	1,627	1,025	2,160	760	546
Total Cash Provided	1,370	2,025	1,025	2,160	760	546
Cash was Disbursed to						
Net repayment/(issue) of foreign- currency borrowing	1,030	(227)	358	182	7	73
Net repayment/(issue) of other New Zealand-dollar borrowing	350	533	613	537	(141)	44
Total Cash Disbursed	1,380	306	971	719	(134)	117
Net Cash Flows from Financing Activities	(10)	1,719	54	1,441	894	429
Net Movement in Cash	(400)	(42)	(48)	149	197	219
Opening Cash Balance	1,587	1,187	1,136	1,088	1,237	1,434
Foreign-exchange gains on opening cash balances	..	(9)	..	..	..	..
Closing Cash Balance	1,187	1,136	1,088	1,237	1,434	1,653

The Notes to the financial statements are contained on Treasury's website.

Statement of Borrowings – total Crown

as at 30 June

(\$ million)	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
Sovereign Guaranteed Debt						
New Zealand-Dollar Debt						
Government stock	15,979	18,796	19,821	21,981	22,741	23,287
Treasury bills	5,239	4,892	5,330	5,290	5,266	5,243
Loans and foreign-exchange contracts	(272)	(374)	(823)	(711)	(730)	(606)
Retail stock and other	498	512	510	509	509	509
Total New Zealand-Dollar Debt	21,444	23,826	24,838	27,069	27,786	28,433
Foreign-Currency Debt						
United States dollars	4,780	4,249	4,278	4,276	4,277	4,277
Japanese yen	1,432	448	279	279	279	279
European and other currencies	1,434	1,953	1,953	1,955	1,956	1,955
Total Foreign-Currency Debt	7,646	6,650	6,510	6,510	6,512	6,511
Total Sovereign Guaranteed Debt	29,090	30,476	31,348	33,579	34,298	34,944
Non-Sovereign Guaranteed Debt						
New Zealand	4,621	4,936	4,736	4,128	4,184	3,858
United States dollars	474	1,765	1,623	1,409	1,293	1,188
Japanese yen	147	140	142	152	158	158
European and other currencies	320	306	310	332	344	344
Total Non-Sovereign Guaranteed Debt	5,562	7,147	6,811	6,021	5,979	5,548
Total Borrowings (Gross Debt)	34,652	37,623	38,159	39,600	40,277	40,492
Less						
Financial Assets (including restricted assets)						
Marketable Securities, Deposits and Equity Investments						
New Zealand dollars	7,058	9,225	9,514	11,525	14,262	17,462
United States dollars	5,282	4,504	4,600	4,633	4,671	4,713
Japanese yen	1,549	489	269	270	270	270
European and other currencies	506	878	759	631	491	343
Reserve Position at IMF	946	1,032	1,147	1,276	1,414	1,561
Equity investments New Zealand dollars	687	746	845	963	1,083	1,206
Equity investments foreign-currency	588	1,260	2,022	2,239	2,467	2,706
Total	16,616	18,134	19,156	21,537	24,658	28,261
Advances and Cash						
Student loans	4,143	4,799	5,531	6,295	7,074	7,863
Other advances	183	287	247	237	245	264
Cash	1,187	1,136	1,088	1,237	1,434	1,653
Total	5,513	6,222	6,866	7,769	8,753	9,780
Total Financial Assets	22,129	24,356	26,022	29,306	33,411	38,041
Borrowings less Financial Assets	12,523	13,267	12,137	10,294	6,866	2,451
Net New Zealand-dollar debt	12,807	12,569	12,349	10,940	7,872	3,843
Net foreign-currency debt	(284)	698	(212)	(646)	(1,006)	(1,392)
Borrowings less Financial Assets	12,523	13,267	12,137	10,294	6,866	2,451

The Notes to the financial statements are contained on Treasury's website.

The financial assets includes the assets of the NZS Fund and the GSF. The total of borrowings less financial assets is not a measure of net Crown debt.

Net Crown debt is shown in the following segmental notes. It is defined as core Crown borrowings less financial assets (not including the assets of the NZS Fund and the GSF).

Segment Notes to the Financial Statements – total Crown

Statement of Financial Performance (institutional form)

for the year ended 30 June 2001

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2001 \$m	2001 \$m	2001 \$m	2001 \$m	2001 \$m
Revenue					
Taxation revenue	34,995	-	-	(251)	34,744
Other sovereign levied income	385	1,904	-	(20)	2,269
Sales of goods and services	658	2,501	4,337	(262)	7,234
Investment income	1,443	673	34	(933)	1,217
Other revenues	524	10,660	54	(10,016)	1,222
Total revenue	38,005	15,738	4,425	(11,482)	46,686
Expenses by input type					
Subsidies and transfer payments	13,275	1,209	-	-	14,484
Personnel expenses	3,290	6,646	745	(2)	10,679
Operating expenses	17,386	7,223	3,030	(10,754)	16,885
Finance costs	2,631	206	219	(410)	2,646
FX losses/(gains)	(47)	42	50	5	50
GSF and ACC liability revaluation movements	164	420	-	-	584
Total expenses	36,699	15,746	4,044	(11,161)	45,328
Expenses by functional classification					
Social security and welfare	14,319	2,618	-	(614)	16,323
Health	6,660	3,596	-	(3,454)	6,802
Education	6,136	5,857	-	(4,274)	7,719
Other functional classifications	7,327	3,427	3,774	(2,666)	11,862
Forecast for future new spending	-	-	-	-	-
Finance costs and FX losses/(gains)	2,257	248	270	(153)	2,622
Total expenses	36,699	15,746	4,044	(11,161)	45,328
Operating balance	1,306	(8)	381	(321)	1,358

Statement of Financial Position (institutional form)

as at 30 June 2001

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2001 \$m	2001 \$m	2001 \$m	2001 \$m	2001 \$m
Assets					
Financial assets	17,319	9,446	444	(5,080)	22,129
Physical assets	27,157	11,012	7,706	-	45,875
Investment in SOEs and CEs	6,709	-	-	(6,709)	-
Other assets	7,084	1,527	1,410	(892)	9,129
Total assets	58,269	21,985	9,560	(12,681)	77,133
Liabilities					
Borrowings	33,811	3,131	2,790	(5,080)	34,652
Other liabilities	20,435	10,259	1,216	(892)	31,018
Total liabilities	54,246	13,390	4,006	(5,972)	65,670
Net worth	4,023	8,595	5,554	(6,709)	11,463
Analysis of financial assets and borrowings					
Taxpayer funds	(262)	5,570	4,806	(6,709)	3,405
Revaluation reserves	4,285	3,025	748	-	8,058
Net worth	4,023	8,595	5,554	(6,709)	11,463
Advances and cash	4,730	904	238	(359)	5,513
MSDs and equity investments	12,589	8,542	206	(4,721)	16,616
Total financial assets	17,319	9,446	444	(5,080)	22,129
Borrowings - Sovereign guaranteed	33,811	-	-	(4,721)	29,090
Borrowings - Non-sovereign guaranteed	-	3,131	2,790	(359)	5,562
Total borrowings	33,811	3,131	2,790	(5,080)	34,652
Borrowings less financial assets	16,492	(6,315)	2,346	-	12,523
Net Crown debt	17,021				
Gross sovereign-issued debt	36,761				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2002

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
(\$ million)	2002 \$m	2002 \$m	2002 \$m	2002 \$m	2002 \$m
Revenue					
Taxation revenue	36,430	-	-	(225)	36,205
Other sovereign levied income	493	2,000	-	(14)	2,479
Sales of goods and services	687	3,270	6,583	(873)	9,667
Investment income	1,303	571	31	(722)	1,183
Other revenues	613	12,252	377	(11,598)	1,644
Total revenue	39,526	18,093	6,991	(13,432)	51,178
Expenses by input type					
Subsidies and transfer payments	13,656	1,330	-	-	14,986
Personnel expenses	3,846	7,019	1,132	(5)	11,992
Operating expenses	18,128	8,877	5,222	(12,712)	19,515
Finance costs	2,176	205	220	(312)	2,289
FX losses/(gains)	64	-	22	-	86
GSF and ACC liability revaluation movements	(368)	42	-	-	(326)
Total expenses	37,502	17,473	6,596	(13,029)	48,542
Expenses by functional classification					
Social security and welfare	14,210	2,223	-	(449)	15,984
Health	7,019	5,409	-	(4,943)	7,485
Education	6,499	6,052	-	(4,366)	8,185
Other functional classifications	7,534	3,584	6,355	(2,960)	14,513
Forecast for future new spending	-	-	-	-	-
Finance costs and FX losses/(gains)	2,240	205	241	(311)	2,375
Total expenses	37,502	17,473	6,596	(13,029)	48,542
Operating balance	2,024	620	395	(403)	2,636

Forecast Statement of Financial Position (institutional form) as at 30 June 2002

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
(\$ million)	2002 \$m	2002 \$m	2002 \$m	2002 \$m	2002 \$m
Assets					
Financial assets	18,737	9,831	1,001	(5,213)	24,356
Physical assets	27,335	11,352	9,807	-	48,494
Investment in SOEs and CEs	7,662	-	-	(7,662)	-
Other assets	7,420	1,846	2,448	(709)	11,005
Total assets	61,154	23,029	13,256	(13,584)	83,855
Liabilities					
Borrowings	34,799	3,450	4,587	(5,213)	37,623
Other liabilities	20,083	10,204	2,416	(709)	31,994
Total liabilities	54,882	13,654	7,003	(5,922)	69,617
Net worth	6,272	9,375	6,253	(7,662)	14,238
Taxpayer funds	1,937	6,369	5,509	(7,667)	6,148
Revaluation reserves	4,335	3,006	744	5	8,090
Net worth	6,272	9,375	6,253	(7,662)	14,238
Analysis of financial assets and borrowings					
Advances and cash	6,087	878	147	(890)	6,222
MSDs and equity investments	12,650	8,953	854	(4,323)	18,134
Total financial assets	18,737	9,831	1,001	(5,213)	24,356
Borrowings - Sovereign guaranteed	34,799	-	-	(4,323)	30,476
Borrowings - Non-sovereign guaranteed	-	3,450	4,587	(890)	7,147
Total borrowings	34,799	3,450	4,587	(5,213)	37,623
Borrowings less financial assets	16,062	(6,381)	3,586	-	13,267
Net Crown debt	18,662				
Gross sovereign-issued debt	36,299				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2003

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2003 \$m	2003 \$m	2003 \$m	2003 \$m	2003 \$m
Revenue					
Taxation revenue	38,104	-	-	(202)	37,902
Other sovereign levied income	472	1,998	-	(16)	2,454
Sales of goods and services	704	3,082	7,671	(767)	10,690
Investment income	1,527	636	31	(834)	1,360
Other revenues	512	12,898	543	(12,307)	1,646
Total revenue	41,319	18,614	8,245	(14,126)	54,052
Expenses by input type					
Subsidies and transfer payments	13,972	1,480	-	-	15,452
Personnel expenses	3,932	7,191	1,518	(3)	12,638
Operating expenses	19,332	9,224	5,917	(13,331)	21,142
Finance costs	2,318	221	324	(331)	2,532
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
Total expenses	39,554	18,116	7,759	(13,665)	51,764
Expenses by functional classification					
Social security and welfare	14,863	2,318	-	(475)	16,706
Health	7,595	5,457	-	(5,219)	7,833
Education	6,817	6,316	-	(4,577)	8,556
Other functional classifications	7,757	3,804	7,435	(3,063)	15,933
Forecast for future new spending	204	-	-	-	204
Finance costs and FX losses/(gains)	2,318	221	324	(331)	2,532
Total expenses	39,554	18,116	7,759	(13,665)	51,764
Operating balance	1,765	498	486	(461)	2,288

Forecast Statement of Financial Position (institutional form) as at 30 June 2003

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2003 \$m	2003 \$m	2003 \$m	2003 \$m	2003 \$m
Assets					
Financial assets	19,896	10,685	848	(5,407)	26,022
Physical assets	27,695	11,917	9,932	-	49,544
Investment in SOEs and CEs	8,125	-	-	(8,125)	-
Other assets	7,783	1,902	2,377	(710)	11,352
Total assets	63,499	24,504	13,157	(14,242)	86,918
Liabilities					
Borrowings	35,441	3,548	4,577	(5,407)	38,159
Other liabilities	20,021	10,669	2,253	(710)	32,233
Total liabilities	55,462	14,217	6,830	(6,117)	70,392
Net worth	8,037	10,287	6,327	(8,125)	16,526
Taxpayer Funds	3,702	7,281	5,578	(8,125)	8,436
Revaluation reserves	4,335	3,006	749	-	8,090
Net worth	8,037	10,287	6,327	(8,125)	16,526
Analysis of financial assets and borrowings					
Advances and cash	7,250	856	74	(1,314)	6,866
MSDs and equity investments	12,646	9,829	774	(4,093)	19,156
Total financial assets	19,896	10,685	848	(5,407)	26,022
Borrowings - Sovereign guaranteed	35,441	-	-	(4,093)	31,348
Borrowings - Non-sovereign guaranteed	-	3,548	4,577	(1,314)	6,811
Total borrowings	35,441	3,548	4,577	(5,407)	38,159
Borrowings less financial assets	15,545	(7,137)	3,729	-	12,137
Net Crown debt	20,595				
Gross sovereign-issued borrowings	35,781				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2004

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2004 \$m	2004 \$m	2004 \$m	2004 \$m	2004 \$m
Revenue					
Taxation revenue	39,870	-	-	(340)	39,530
Other sovereign levied income	487	2,085	-	(18)	2,554
Sales of goods and services	662	3,132	8,375	(750)	11,419
Investment income	1,805	733	31	(788)	1,781
Other revenues	506	13,282	466	(12,665)	1,589
Total revenue	43,330	19,232	8,872	(14,561)	56,873
Expenses by input type					
Subsidies and transfer payments	14,476	1,414	-	-	15,890
Personnel expenses	3,937	7,331	1,591	(4)	12,855
Operating expenses	20,356	9,544	6,381	(13,822)	22,459
Finance costs	2,404	245	314	(372)	2,591
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
Total expenses	41,173	18,534	8,286	(14,198)	53,795
Expenses by functional classification					
Social security and welfare	15,343	2,411	-	(468)	17,286
Health	8,037	5,603	-	(5,411)	8,229
Education	6,982	6,425	-	(4,757)	8,650
Other functional classifications	7,785	3,850	7,972	(3,190)	16,417
Forecast for future new spending	622	-	-	-	622
Finance costs and FX losses/(gains)	2,404	245	314	(372)	2,591
Total expenses	41,173	18,534	8,286	(14,198)	53,795
Operating balance	2,157	698	586	(363)	3,078

Forecast Statement of Financial Position (institutional form) as at 30 June 2004

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2004 \$m	2004 \$m	2004 \$m	2004 \$m	2004 \$m
Assets					
Financial assets	23,362	11,749	805	(6,610)	29,306
Physical assets	27,968	12,203	10,155	-	50,326
Investment in SOEs and CEs	8,402	-	-	(8,402)	-
Other assets	8,448	1,997	2,572	(751)	12,266
Total assets	68,180	25,949	13,532	(15,763)	91,898
Liabilities					
Borrowings	38,041	3,576	4,593	(6,610)	39,600
Other liabilities	19,945	11,127	2,373	(751)	32,694
Total liabilities	57,986	14,703	6,966	(7,361)	72,294
Net worth	10,194	11,246	6,566	(8,402)	19,604
Taxpayer Funds	5,859	8,240	5,817	(8,402)	11,514
Revaluation reserves	4,335	3,006	749	-	8,090
Net worth	10,194	11,246	6,566	(8,402)	19,604
Analysis of financial assets and borrowings					
Advances and cash	8,930	920	67	(2,148)	7,769
MSDs and equity investments	14,432	10,829	738	(4,462)	21,537
Total financial assets	23,362	11,749	805	(6,610)	29,306
Borrowings - Sovereign guaranteed	38,041	-	-	(4,462)	33,579
Borrowings - Non-sovereign guaranteed	-	3,576	4,593	(2,148)	6,021
Total borrowings	38,041	3,576	4,593	(6,610)	39,600
Borrowings less financial assets	14,679	(8,173)	3,788	-	10,294
Net Crown debt	21,737				
Gross sovereign-issued borrowings	38,391				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2005

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2005 \$m	2005 \$m	2005 \$m	2005 \$m	2005 \$m
Revenue					
Taxation revenue	41,701	-	-	(366)	41,335
Other sovereign levied income	493	2,155	-	(18)	2,630
Sales of goods and services	662	3,194	8,825	(765)	11,916
Investment income	2,094	807	31	(814)	2,118
Other revenues	501	13,537	422	(12,915)	1,545
Total revenue	45,451	19,693	9,278	(14,878)	59,544
Expenses by input type					
Subsidies and transfer payments	14,880	1,489	-	-	16,369
Personnel expenses	3,934	7,420	1,662	(4)	13,012
Operating expenses	21,305	9,726	6,680	(14,111)	23,600
Finance costs	2,480	264	322	(440)	2,626
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
Total expenses	42,599	18,899	8,664	(14,555)	55,607
Expenses by functional classification					
Social security and welfare	15,741	2,516	-	(476)	17,781
Health	8,461	5,730	-	(5,595)	8,596
Education	7,052	6,464	-	(4,715)	8,801
Other functional classifications	7,816	3,925	8,342	(3,329)	16,754
Forecast for future new spending	1,049	-	-	-	1,049
Finance costs and FX losses/(gains)	2,480	264	322	(440)	2,626
Total expenses	42,599	18,899	8,664	(14,555)	55,607
Operating balance	2,852	794	614	(323)	3,937

Forecast Statement of Financial Position (institutional form) as at 30 June 2005

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2005 \$m	2005 \$m	2005 \$m	2005 \$m	2005 \$m
Assets					
Financial assets	26,736	12,897	973	(7,195)	33,411
Physical assets	27,852	12,351	10,411	-	50,614
Investment in SOEs and CEs	8,626	-	-	(8,626)	-
Other assets	8,970	2,090	2,680	(794)	12,946
Total assets	72,184	27,338	14,064	(16,615)	96,971
Liabilities					
Borrowings	39,193	3,554	4,725	(7,195)	40,277
Other liabilities	19,943	11,589	2,415	(794)	33,153
Total liabilities	59,136	15,143	7,140	(7,989)	73,430
Net worth	13,048	12,195	6,924	(8,626)	23,541
Taxpayer Funds	8,713	9,189	6,175	(8,626)	15,451
Revaluation reserves	4,335	3,006	749	-	8,090
Net worth	13,048	12,195	6,924	(8,626)	23,541
Analysis of financial assets and borrowings					
Advances and cash	9,987	979	87	(2,300)	8,753
MSDs and equity investments	16,749	11,918	886	(4,895)	24,658
Total financial assets	26,736	12,897	973	(7,195)	33,411
Borrowings - Sovereign guaranteed	39,193	-	-	(4,895)	34,298
Borrowings - Non-sovereign guaranteed	-	3,554	4,725	(2,300)	5,979
Total borrowings	39,193	3,554	4,725	(7,195)	40,277
Borrowings less financial assets	12,457	(9,343)	3,752	-	6,866
Net Crown debt	21,894				
Gross sovereign-issued borrowings	39,543				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2006

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2006 \$m	2006 \$m	2006 \$m	2006 \$m	2006 \$m
Revenue					
Taxation revenue	43,188	-	-	(417)	42,771
Other sovereign levied income	506	2,224	-	(17)	2,713
Sales of goods and services	665	3,459	9,204	(973)	12,355
Investment income	2,422	885	31	(869)	2,469
Other revenues	499	13,664	378	(13,024)	1,517
Total revenue	47,280	20,232	9,613	(15,300)	61,825
Expenses by input type					
Subsidies and transfer payments	15,363	1,564	-	-	16,927
Personnel expenses	4,005	7,602	1,697	(4)	13,300
Operating expenses	22,328	9,940	6,892	(14,467)	24,693
Finance costs	2,551	266	324	(478)	2,663
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
Total expenses	44,247	19,372	8,913	(14,949)	57,583
Expenses by functional classification					
Social security and welfare	16,248	2,620	-	(482)	18,386
Health	8,588	5,931	-	(5,806)	8,713
Education	7,148	6,528	-	(4,762)	8,914
Other functional classifications	7,863	4,027	8,589	(3,421)	17,058
Forecast for future new spending	1,849	-	-	-	1,849
Finance costs and FX losses/(gains)	2,551	266	324	(478)	2,663
Total expenses	44,247	19,372	8,913	(14,949)	57,583
Operating balance	3,033	860	700	(351)	4,242

Forecast Statement of Financial Position (institutional form) as at 30 June 2006

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2006 \$m	2006 \$m	2006 \$m	2006 \$m	2006 \$m
Assets					
Financial assets	30,530	14,133	1,276	(7,898)	38,041
Physical assets	27,699	12,421	10,252	-	50,372
Investment in SOEs and CEs	8,720	-	-	(8,720)	-
Other assets	9,207	2,193	2,776	(839)	13,337
Total assets	76,156	28,747	14,304	(17,457)	101,750
Liabilities					
Borrowings	40,306	3,593	4,491	(7,898)	40,492
Other liabilities	19,771	12,021	2,522	(839)	33,475
Total liabilities	60,077	15,614	7,013	(8,737)	73,967
Net worth	16,079	13,133	7,291	(8,720)	27,783
Taxpayer Funds	11,744	10,127	6,542	(8,720)	19,693
Revaluation reserves	4,335	3,006	749	-	8,090
Net worth	16,079	13,133	7,291	(8,720)	27,783
Analysis of financial assets and borrowings					
Advances and cash	11,155	1,069	92	(2,536)	9,780
MSDs and equity investments	19,375	13,064	1,184	(5,362)	28,261
Total financial assets	30,530	14,133	1,276	(7,898)	38,041
Borrowings - Sovereign guaranteed	40,306	-	-	(5,362)	34,944
Borrowings - Non-sovereign guaranteed	-	3,593	4,491	(2,536)	5,548
Total borrowings	40,306	3,593	4,491	(7,898)	40,492
Borrowings less financial assets	9,776	(10,540)	3,215	-	2,451
Net Crown debt	21,880				
Gross sovereign-issued borrowings	40,656				

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.