

# Generally Accepted Accounting Practice (GAAP) Series Tables

## Forecast Financial Statements

These forecasts have been prepared in accordance with the Fiscal Responsibility Act 1994.

They are based on the accounting policies and assumptions that follow. As with all such assumptions, there is a degree of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The forecasts have been prepared in accordance with the Statement of Responsibility and reflect the judgements and information known at the time they were prepared. They reflect all Government decisions and circumstances communicated to 2 December 2004.

Finalisation dates and key assumptions that underpin the preparation of the GAAP tables are outlined at the start of the Fiscal Outlook chapter on page 31.

### 10 year trend information

Summary indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(% of GDP)	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Revenue</b>										
Core Crown	31.7	32.4	31.9	33.4	33.4	33.6	33.9	34.0	34.1	34.3
Tax Revenue	29.1	29.6	28.9	30.5	30.3	30.4	30.6	30.5	30.5	30.6
Total Crown	37.8	38.8	39.9	43.7	43.0	43.0	43.7	43.9	43.9	44.0
<b>Expenses</b>										
Core Crown	31.4	31.3	30.3	32.0	29.6	30.4	30.9	31.7	32.2	32.3
Total Crown	36.5	37.7	38.1	42.3	37.8	39.3	39.8	40.7	41.1	41.0
<b>Operating balance</b>	1.4	1.2	1.9	1.5	5.3	3.7	4.0	3.3	2.9	3.0
<b>OBERAC</b>	0.8	1.8	2.2	4.3	4.7	4.3	4.0	3.3	2.9	3.0
<b>Net Worth</b>	7.8	9.8	15.0	18.2	25.3	27.3	30.4	32.6	34.0	35.4
<b>Gross sovereign-issued debt</b>	32.8	31.3	28.9	27.7	25.3	22.5	21.4	20.4	20.1	19.6
<b>Net core Crown debt</b>	19.5	17.0	15.4	13.5	10.8	8.7	8.0	7.8	7.6	7.4
<b>NZS Fund Balance</b>	0.0	0.0	0.5	1.4	2.8	4.2	5.8	7.4	9.0	10.6

# Statement of Accounting Policies and Forecast Assumptions

## General Accounting Policies and Forecast Assumptions

### *General accounting policies*

#### *Accounting policy*

These Forecast Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests and marketable securities & deposits and equity investments held for trading purposes.

Revaluations are made to reflect the forecast service potential or economic benefit obtained through control of the assets. The accrual basis of accounting has been used.

### *Forecast assumptions*

For forecast purposes, no revaluations of property, plant and equipment are projected beyond the current year.

## Specific Accounting Policies and Forecast Assumptions

### *Forecast periods*

The reporting periods covered by these Forecast Financial Statements are the years ending 30 June 2005, 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009.

Certain state-owned enterprises and Crown entities have different reporting periods from the Crown.

The forecasts for 30 June 2005 have generally been prepared using actual data to 30 September or 31 October 2004 (in some instances). Transactions for the remainder of the year are forecast in accordance with the Crown's accounting policies and forecast assumptions.

### *Changes in accounting policies*

All policies have been applied on a consistent basis during the forecast period. There have been no changes in accounting policies during the period.

***Changes in forecast assumptions***

Changes to the forecast assumptions used for the forecasts published in the 2004 *Budget Update* are outlined on page 31.

***Detailed accounting policies and forecast assumptions***

The specific accounting and forecasting policies are reproduced in full on Treasury's website at [www.treasury.govt.nz/defu/2004](http://www.treasury.govt.nz/defu/2004).

## Reporting Entity as at 2 December 2004

These Forecast Financial Statements are for the Crown reporting entity as specified in Part III of the Public Finance Act 1989. This comprises Ministers of the Crown and the following entities:

<p><b>Departments</b></p> <p>Agriculture and Forestry Archives New Zealand Building and Housing Child, Youth and Family Services Conservation Corrections Crown Law Culture and Heritage Customs Defence Economic Development Education Education Review Office Environment Fisheries Foreign Affairs and Trade Government Communications Security Bureau Health Inland Revenue Internal Affairs</p>	<p><b>Departments</b></p> <p>Justice Labour Land Information New Zealand Māori Development National Library New Zealand Defence Force Office of the Clerk Pacific Island Affairs Parliamentary Counsel Office Parliamentary Service Police Prime Minister and Cabinet Research, Science and Technology Security Intelligence Service Serious Fraud Office Social Development State Services Commission Statistics Transport Treasury Women's Affairs</p>	<p><b>State-owned enterprises</b></p> <p>Agriquality Limited Airways Corporation of New Zealand Limited Asure New Zealand Limited Electricity Corporation of New Zealand Limited Genesis Power Limited Landcorp Farming Limited Meridian Energy Limited Meteorological Service of New Zealand Limited Mighty River Power Limited New Zealand Post Limited New Zealand Railways Corporation Solid Energy New Zealand Limited Terralink Limited (in liquidation) Timberlands West Coast Limited Transmission Holdings Limited Transpower New Zealand Limited</p>
<p><b>Others</b></p> <p>Government Superannuation Fund New Zealand Superannuation Fund Reserve Bank of New Zealand</p>		<p>Air New Zealand Limited (included for disclosure purposes as if it were a SOE)</p>

<b>Crown entities</b>	
Accident Compensation Corporation	New Zealand Film Commission
Accounting Standards Review Board	New Zealand Fire Service Commission
Agriculture and Marketing Research and Development Trust	New Zealand Fish and Game Council
Alcohol Advisory Council of New Zealand	New Zealand Game Bird Habitat Trust Board
Animal Control Products Limited	New Zealand Government Property Corporation
Arts Council of New Zealand Toi Aotearoa	New Zealand Lotteries Commission
Asia New Zealand Foundation	New Zealand Lottery Grants Board
Broadcasting Commission	New Zealand Qualifications Authority
Broadcasting Standards Authority	New Zealand Sports Drug Agency
Career Services	New Zealand Symphony Orchestra
Children's Commissioner	New Zealand Teacher's Council
Civil Aviation Authority of New Zealand	New Zealand Tourism Board
Commerce Commission	New Zealand Trade and Enterprise
Crown research institutes (9)	New Zealand Venture Investment Fund Limited
District health boards (21)	Ngai Tahu Ancillary Claims Trust
Earthquake Commission	Office of Film and Literature Classification
Electoral Commission	Pacific Islands Business Development Trust
Electricity Commission	Pharmaceutical Management Agency
Energy Efficiency and Conservation Authority	Police Complaints Authority
Environmental Risk Management Authority	Privacy Commissioner
Families Commission	Public Trust
Fish and game councils (12)	Quotable Value Limited
Foundation for Research, Science and Technology	Radio New Zealand Limited
Government Superannuation Fund Authority	Reserve boards (26)
The Guardians of New Zealand Superannuation	Residual Health Management Unit
Health and Disability Commissioner	Retirement Commissioner
Health Research Council of New Zealand	Road Safety Trust
Health Sponsorship Council	School boards of trustees (2,531)
Housing New Zealand Corporation	Securities Commission
Human Rights Commission	Social Workers Registration Board
Land Transport New Zealand	Sport and Recreation New Zealand
Law Commission	Standards Council
Leadership Development Centre Trust	Takeovers Panel
Learning Media Limited	Te Reo Whakapuaki Irirangi (Te Mangai Paho)
Legal Services Agency	Te Taura Whiri I Te Reo Māori (Māori Language Commission)
Maritime Safety Authority of New Zealand	Television New Zealand Limited
Mental Health Commission	Tertiary Education Commission
Museum of New Zealand Te Papa Tongarewa	Tertiary education institutions (35)
New Zealand Antarctic Institute	Testing Laboratory Registration Council
New Zealand Artificial Limb Board	Transit New Zealand
New Zealand Blood Service	Transport Accident Investigation Commission

## Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
		2004 Actual	Previous Budget					
<b>Revenue</b>								
Taxation revenue	1	42,532	44,193	45,669	47,634	49,340	51,721	54,549
Levies, fees, fines and penalties	1	2,986	3,074	3,002	3,153	3,251	3,328	3,405
<b>Total Revenue Levied through the Crown's Sovereign Power</b>	<b>1</b>	<b>45,518</b>	<b>47,267</b>	<b>48,671</b>	<b>50,787</b>	<b>52,591</b>	<b>55,049</b>	<b>57,954</b>
Sales of goods and services	2	10,200	10,716	11,158	11,869	12,540	12,951	13,435
Investment income	3	2,653	2,517	2,793	3,315	3,766	4,257	4,724
Other revenue	4	2,016	2,025	2,021	2,100	2,123	2,149	2,192
<b>Total Revenue Earned through the Crown's Operations</b>		<b>14,869</b>	<b>15,258</b>	<b>15,972</b>	<b>17,284</b>	<b>18,429</b>	<b>19,357</b>	<b>20,351</b>
<b>Total Crown Revenue</b>		<b>60,387</b>	<b>62,525</b>	<b>64,643</b>	<b>68,071</b>	<b>71,020</b>	<b>74,406</b>	<b>78,305</b>
<b>Expenses</b>								
<b>By input type</b>								
Subsidies and transfer payments	5	15,466	16,249	15,986	17,026	18,059	19,049	19,759
Personnel expenses	6	12,501	13,027	13,444	13,938	14,131	14,248	14,343
Operating expenses	7	22,662	24,311	25,306	26,149	27,261	27,858	28,364
New operating spending for Budget 2005	8	..	441	461	1,489	1,654	1,821	1,922
Forecast new operating spending	8	..	..	..	..	1,338	3,274	5,320
Finance costs		2,602	2,436	2,703	2,780	2,785	2,798	2,757
Net foreign-exchange (gains)/losses		(29)	..	(89)	..	..	..	..
Movement in total GSF liability	15	(315)	(57)	443	(26)	(71)	(101)	(135)
Movement in total ACC liability	16	170	598	901	653	668	675	686
<b>Total Crown expenses</b>		<b>53,057</b>	<b>57,005</b>	<b>59,155</b>	<b>62,009</b>	<b>65,825</b>	<b>69,622</b>	<b>73,016</b>
<b>Revenues less Expenses</b>		<b>7,330</b>	<b>5,520</b>	<b>5,488</b>	<b>6,062</b>	<b>5,195</b>	<b>4,784</b>	<b>5,289</b>
Net surplus of TEIs		139	151	139	139	139	139	139
<b>Operating balance (including minority interest)</b>		<b>7,469</b>	<b>5,671</b>	<b>5,627</b>	<b>6,201</b>	<b>5,334</b>	<b>4,923</b>	<b>5,428</b>
Minority interest		(45)	..	..	..	..	..	..
<b>Operating Balance</b>		<b>7,424</b>	<b>5,671</b>	<b>5,627</b>	<b>6,201</b>	<b>5,334</b>	<b>4,923</b>	<b>5,428</b>

The revenues and expenses are GST exclusive.

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Financial Performance (continued)

for the years ending 30 June

Below is an analysis of total Crown expenses and core Crown expenses by functional classification. This information reconciles to segmental information within the Statement of Segments.

(\$ million)	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
	2004 Actual	Previous Budget					
<b>Total Crown expenses by functional classification</b>							
Social security and welfare	16,038	17,180	17,389	18,241	19,338	20,341	21,069
GSF pension expenses	660	985	1,458	1,041	1,028	1,014	1,005
Health	7,623	8,486	8,543	8,958	9,451	9,438	9,445
Education	8,349	8,706	8,786	9,128	9,371	9,593	9,712
Core government services	1,670	1,746	1,888	1,838	1,788	1,810	1,813
Law and order	2,022	2,133	2,150	2,189	2,219	2,209	2,215
Defence	1,259	1,225	1,229	1,196	1,199	1,185	1,188
Transport and communications	5,443	5,560	5,783	6,097	6,415	6,698	6,947
Economic and industrial services	4,070	4,559	4,968	5,183	5,319	5,451	5,580
Primary services	1,074	1,128	1,269	1,261	1,270	1,287	1,300
Heritage, culture and recreation	1,609	1,667	1,806	1,806	1,834	1,871	1,911
Housing and community development	615	630	689	684	699	715	715
Other	52	123	122	118	117	117	117
Finance costs	2,602	2,436	2,703	2,780	2,785	2,798	2,757
Net foreign-exchange (gains)/losses	(29)	..	(89)	..	..	..	..
New operating spending for Budget 2005	..	441	461	1,489	1,654	1,821	1,922
Forecast new operating spending	..	..	..	..	1,338	3,274	5,320
<b>Total Crown Expenses</b>	<b>53,057</b>	<b>57,005</b>	<b>59,155</b>	<b>62,009</b>	<b>65,825</b>	<b>69,622</b>	<b>73,016</b>
<b>Core Crown expenses by functional classification</b>							
Social security and welfare	14,252	14,787	14,691	15,663	16,653	17,578	18,212
GSF pension expenses	660	985	1,458	1,041	1,028	1,014	1,005
Health	8,111	8,827	8,819	9,330	9,828	9,854	9,867
Education	7,585	7,969	8,232	8,545	8,757	8,958	9,030
Core government services	1,741	1,818	1,977	1,910	1,862	1,884	1,887
Law and order	1,843	1,960	1,971	2,004	2,009	2,006	2,009
Defence	1,311	1,275	1,283	1,249	1,253	1,245	1,245
Transport and communications	1,461	1,498	1,620	1,772	1,891	1,972	2,025
Economic and industrial services	1,192	1,392	1,498	1,412	1,375	1,353	1,350
Primary services	368	409	441	398	390	391	387
Heritage, culture and recreation	634	723	762	725	724	723	725
Housing and community development	139	155	173	150	144	139	139
Other	52	123	124	119	117	118	117
Finance costs	2,252	2,112	2,240	2,285	2,202	2,191	2,183
Net foreign-exchange (gains)/losses	7	..	1	..	..	..	..
New operating spending for Budget 2005	..	441	461	1,489	1,654	1,821	1,922
Forecast new operating spending	..	..	..	..	1,338	3,274	5,320
<b>Total Core Crown Expenses</b>	<b>41,608</b>	<b>44,474</b>	<b>45,751</b>	<b>48,092</b>	<b>51,225</b>	<b>54,521</b>	<b>57,423</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Cash Flows

for the year ending 30 June

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>Cash Flows from Operations</b>							
<b>Cash was Provided from</b>							
Total tax receipts (refer Note 1)	42,308	43,992	45,691	47,641	49,366	51,756	54,593
Total other sovereign receipts (refer Note 1)	2,852	2,851	2,954	3,047	3,149	3,222	3,293
Interest	1,366	933	1,349	1,252	1,370	1,493	1,607
Dividends	56	64	72	86	97	99	108
Sales of goods and services	10,478	10,453	11,490	12,271	12,892	13,337	13,813
Other operating receipts	1,958	1,969	1,599	1,811	1,796	1,928	1,858
<b>Total Cash Provided from Operations</b>	<b>59,018</b>	<b>60,262</b>	<b>63,155</b>	<b>66,108</b>	<b>68,670</b>	<b>71,835</b>	<b>75,272</b>
<b>Cash was Disbursed to</b>							
Subsidies and transfer payments	15,370	16,244	15,927	17,196	18,289	19,317	20,031
Personnel and operating payments	32,398	34,314	35,077	36,969	37,741	38,662	39,082
Finance costs	2,256	2,175	2,295	2,340	2,323	2,306	2,360
Forecast new operating spending	..	441	461	1,489	2,992	5,095	7,242
<b>Total Cash Disbursed to Operations</b>	<b>50,024</b>	<b>53,174</b>	<b>53,760</b>	<b>57,994</b>	<b>61,345</b>	<b>65,380</b>	<b>68,715</b>
<b>Net Cash Flows from Operations</b>	<b>8,994</b>	<b>7,088</b>	<b>9,395</b>	<b>8,114</b>	<b>7,325</b>	<b>6,455</b>	<b>6,557</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was Provided from</b>							
Sale of physical assets	226	..	72	..	..	..	..
<b>Total Cash Provided</b>	<b>226</b>	<b>..</b>	<b>72</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Cash was Disbursed to</b>							
Purchase of physical assets	3,761	4,567	5,233	5,337	4,364	3,596	3,041
Net increase in advances	976	1,376	1,610	1,604	1,513	758	675
Net purchase/(sale) of marketable securities, deposits and other equity investments	2,556	767	3,993	2,899	2,625	2,655	2,353
Forecast new capital spending	..	228	158	815	941	414	550
<b>Total Cash Disbursed</b>	<b>7,293</b>	<b>6,938</b>	<b>10,994</b>	<b>10,655</b>	<b>9,443</b>	<b>7,423</b>	<b>6,619</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(7,067)</b>	<b>(6,938)</b>	<b>(10,922)</b>	<b>(10,655)</b>	<b>(9,443)</b>	<b>(7,423)</b>	<b>(6,619)</b>
<b>Net Cash Flows from Operating and Investing Activities</b>	<b>1,927</b>	<b>150</b>	<b>(1,527)</b>	<b>(2,541)</b>	<b>(2,118)</b>	<b>(968)</b>	<b>(62)</b>
<b>Cash Flows from Financing Activities</b>							
<b>Cash was Provided from</b>							
Issue of circulating currency	114	..	31	..	..	..	..
Net (repayment)/issue of Government stock <sup>1</sup>	(1,120)	(746)	(961)	(280)	(417)	1,404	458
<b>Total Cash Provided</b>	<b>(1,006)</b>	<b>(746)</b>	<b>(930)</b>	<b>(280)</b>	<b>(417)</b>	<b>1,404</b>	<b>458</b>
<b>Cash was Disbursed to</b>							
Net (issue)/repayment of foreign-currency borrowing	(129)	(245)	(780)	(1,181)	(603)	(298)	122
Net repayment/(issue) of other New Zealand-dollar borrowing	241	(131)	(789)	(1,292)	(1,997)	416	(73)
<b>Total Cash Disbursed</b>	<b>112</b>	<b>(376)</b>	<b>(1,569)</b>	<b>(2,473)</b>	<b>(2,600)</b>	<b>118</b>	<b>49</b>
<b>Net Cash Flows from Financing Activities</b>	<b>(1,118)</b>	<b>(370)</b>	<b>639</b>	<b>2,193</b>	<b>2,183</b>	<b>1,286</b>	<b>409</b>
<b>Net Movement in Cash</b>	<b>809</b>	<b>(220)</b>	<b>(888)</b>	<b>(348)</b>	<b>65</b>	<b>318</b>	<b>347</b>
<b>Opening Cash Balance</b>	<b>2,732</b>	<b>2,341</b>	<b>3,450</b>	<b>2,577</b>	<b>2,229</b>	<b>2,294</b>	<b>2,612</b>
Foreign-exchange (losses)/gains on opening cash	(91)	..	15	..	..	..	..
<b>Closing Cash Balance</b>	<b>3,450</b>	<b>2,121</b>	<b>2,577</b>	<b>2,229</b>	<b>2,294</b>	<b>2,612</b>	<b>2,959</b>

<sup>1</sup> Net issues of Government stock include movements within government stock holdings of entities such as NZS Fund, GSF, ACC and EQC. The Bonds Reconciliation at the end of these forecasts outlines NZDMO issues of Government stock.

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Cash Flows (continued)

for the year ending 30 June

(\$ million)	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
	2004 Actual	Previous Budget					
<b>Reconciliation Between the Forecast Net Cash Flows from Operations and the Operating Balance</b>							
<b>Net Cash Flows from Operations</b>	<b>8,994</b>	<b>7,088</b>	<b>9,395</b>	<b>8,114</b>	<b>7,325</b>	<b>6,455</b>	<b>6,557</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Valuation Changes</b>							
(Increase)/decrease in pension liabilities	315	57	(443)	26	71	101	135
(Increase)/decrease in ACC liability	(170)	(598)	(901)	(653)	(668)	(675)	(686)
Decrease/(increase) in NPF guarantee	(9)	..	..	..	..	..	..
Unrealised net foreign-exchange (losses)/gains	(225)	..	93	..	..	..	..
Non-cash movements in investments	648	425	411	482	504	539	577
Unrealised losses arising from changes in the value of commercial forests	(40)	..	..	..	..	..	..
<b>Total Valuation Changes</b>	<b>519</b>	<b>(116)</b>	<b>(840)</b>	<b>(145)</b>	<b>(93)</b>	<b>(35)</b>	<b>26</b>
<b>Physical Asset Movements</b>							
Depreciation	(2,347)	(2,535)	(2,596)	(2,680)	(2,828)	(2,959)	(2,983)
(Loss)/gain on sale of assets	15	..	..	..	..	..	..
<b>Total Physical Asset Movements</b>	<b>(2,332)</b>	<b>(2,535)</b>	<b>(2,596)</b>	<b>(2,680)</b>	<b>(2,828)</b>	<b>(2,959)</b>	<b>(2,983)</b>
<b>Other Non-cash Items</b>							
Student Loans	(80)	(5)	(68)	(70)	(73)	(74)	(121)
Amortisation of goodwill	(78)	(47)	(93)	(92)	(90)	(90)	(89)
Accrued income from NZS Fund	193	331	283	502	686	888	1,111
Other	(54)	78	139	139	139	139	139
<b>Total Other Non-cash Items</b>	<b>(19)</b>	<b>357</b>	<b>261</b>	<b>479</b>	<b>662</b>	<b>863</b>	<b>1,040</b>
<b>Movements in Working Capital</b>							
Increase/(decrease) in taxes receivable	468	106	(85)	(28)	(17)	(22)	(28)
Increase/(decrease) in other receivables	(24)	293	(73)	(221)	(95)	42	68
Increase/(decrease) in inventories	48	70	(3)	59	33	26	43
Decrease/(increase) in payables	(230)	408	(432)	623	347	553	705
<b>Total Movements in Working Capital</b>	<b>262</b>	<b>877</b>	<b>(593)</b>	<b>433</b>	<b>268</b>	<b>599</b>	<b>788</b>
<b>Operating Balance</b>	<b>7,424</b>	<b>5,671</b>	<b>5,627</b>	<b>6,201</b>	<b>5,334</b>	<b>4,923</b>	<b>5,428</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Movement in Equity

for the year ending 30 June

(\$ million)	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
	2004 Actual	Previous Budget					
<b>Opening Net Worth</b>	<b>23,781</b>	<b>29,732</b>	<b>35,463</b>	<b>41,109</b>	<b>47,310</b>	<b>52,644</b>	<b>57,567</b>
Operating balance for the year	7,424	5,671	5,627	6,201	5,334	4,923	5,428
Net revaluations	4,258	..	19	..	..	..	..
<b>Total Recognised Revenues and Expenses</b>	<b>11,682</b>	<b>5,671</b>	<b>5,646</b>	<b>6,201</b>	<b>5,334</b>	<b>4,923</b>	<b>5,428</b>
<b>Closing Net Worth</b>	<b>35,463</b>	<b>35,403</b>	<b>41,109</b>	<b>47,310</b>	<b>52,644</b>	<b>57,567</b>	<b>62,995</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
		2004 Actual	Previous Budget					
<b>Assets</b>								
Cash and bank balances	9	3,450	2,121	2,577	2,229	2,294	2,612	2,959
Marketable securities, deposits & equity investments	9	24,636	23,296	27,544	30,216	32,099	36,036	40,148
Advances	10	7,445	8,921	9,045	10,485	11,718	12,376	12,985
Receivables	11	10,587	9,952	10,429	10,180	10,068	10,088	10,128
Inventories		888	958	955	1,014	1,047	1,073	1,116
Other investments	12	259	253	256	252	251	251	251
Property, plant and equipment	13	57,940	56,194	60,376	63,145	64,762	65,566	65,796
TEI investment		4,367	4,610	4,532	4,818	5,013	5,179	5,356
Commercial forests		251	291	251	251	251	251	251
Intangible assets (including goodwill)		849	1,010	731	646	567	489	415
Forecast new capital spending		..	228	158	973	1,914	2,328	2,878
<b>Total Assets</b>		<b>110,672</b>	<b>107,834</b>	<b>116,854</b>	<b>124,209</b>	<b>129,984</b>	<b>136,249</b>	<b>142,283</b>
<b>Liabilities</b>								
Payables and provisions	14	12,486	10,127	12,379	12,351	12,602	12,754	12,886
Currency issued		3,009	3,072	3,040	3,040	3,040	3,040	3,040
Borrowings - sovereign guaranteed		29,958	26,620	27,700	26,550	25,274	25,593	25,572
Borrowings - non-sovereign guaranteed		6,867	8,237	8,393	10,098	10,967	11,264	11,208
Provision for GSF pension liability	15	13,542	14,014	13,985	13,959	13,888	13,787	13,652
Provision for ACC outstanding claims liability	16	9,347	10,361	10,248	10,901	11,569	12,244	12,930
<b>Total Liabilities</b>		<b>75,209</b>	<b>72,431</b>	<b>75,745</b>	<b>76,899</b>	<b>77,340</b>	<b>78,682</b>	<b>79,288</b>
<b>Total Assets less Total Liabilities</b>		<b>35,463</b>	<b>35,403</b>	<b>41,109</b>	<b>47,310</b>	<b>52,644</b>	<b>57,567</b>	<b>62,995</b>
<b>Net Worth</b>								
Taxpayer funds		15,486	19,721	21,252	27,453	32,787	37,710	43,138
Revaluation reserve	17	19,838	15,682	19,857	19,857	19,857	19,857	19,857
Minority Interest		139	..	..	..	..	..	..
<b>Net Worth</b>		<b>35,463</b>	<b>35,403</b>	<b>41,109</b>	<b>47,310</b>	<b>52,644</b>	<b>57,567</b>	<b>62,995</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Financial Position (continued)

as at 30 June

Below is an analysis of the NZS Fund and Gross and Net Debt information. The notes to the accounts provide breakdown of other key items.

(\$ million)	2005						
	2004 Actual	Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast

### New Zealand Superannuation Fund

Within MSDs & equity investments is the NZS Fund (except for cross holdings of investments with other parts of the Crown, for example the NZS Fund will hold NZ Government Stock). The following information includes all investments and income, including cross-holdings of NZ Government Stock and accrued interest on such stock.

Opening balance	1,884	3,885	3,956	6,346	9,055	11,954	15,185
Gross contribution	1,879	2,107	2,107	2,207	2,213	2,343	2,528
Income after tax	193	331	283	502	686	888	1,111
<b>NZS Fund balance</b>	<b>3,956</b>	<b>6,323</b>	<b>6,346</b>	<b>9,055</b>	<b>11,954</b>	<b>15,185</b>	<b>18,824</b>

### Gross and Net Debt Information

#### 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.

Gross 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 gross sovereign-issued debt does not eliminate any internal cross-holdings. The Government's debt objective uses this measure of debt.

#### Total Crown

<b>Total Crown gross debt</b>	<b>36,825</b>	<b>34,857</b>	<b>36,093</b>	<b>36,648</b>	<b>36,241</b>	<b>36,857</b>	<b>36,780</b>
<b>Gross sovereign-issued debt</b>	<b>35,527</b>	<b>32,663</b>	<b>33,846</b>	<b>33,409</b>	<b>32,905</b>	<b>34,056</b>	<b>34,931</b>

#### Core Crown

Gross sovereign issued debt	35,527	32,663	33,846	33,409	32,905	34,056	34,931
Financial assets	(26,752)	(26,051)	(29,529)	(32,216)	(34,247)	(38,116)	(41,995)
<b>Borrowings less financial assets</b>	<b>8,775</b>	<b>6,612</b>	<b>4,317</b>	<b>1,193</b>	<b>(1,342)</b>	<b>(4,060)</b>	<b>(7,064)</b>
NZS Fund and GSF financial assets	6,429	8,724	8,748	11,268	13,954	16,933	20,279
<b>Net Core Crown Debt</b>	<b>15,204</b>	<b>15,336</b>	<b>13,065</b>	<b>12,461</b>	<b>12,612</b>	<b>12,873</b>	<b>13,215</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Forecast Statement of Borrowings

for the years ending 30 June

(\$ million)	2005						
	2004 Actual	Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>Sovereign Guaranteed Debt</b>							
<b>New Zealand-Dollar Debt</b>							
Government stock	17,351	16,283	15,992	15,313	14,467	15,415	15,385
Treasury bills	5,525	5,393	5,390	5,273	5,327	5,332	5,338
Loans and foreign-exchange contracts	(1,098)	(500)	1,050	275	(625)	(1,618)	(1,615)
Retail stock and other	654	516	547	468	383	383	383
<b>Total New Zealand-Dollar Debt</b>	<b>22,432</b>	<b>21,692</b>	<b>22,979</b>	<b>21,329</b>	<b>19,552</b>	<b>19,512</b>	<b>19,491</b>
<b>Foreign-Currency Debt</b>							
United States dollars	3,079	1,998	1,879	2,379	2,880	3,280	3,280
Japanese yen	1,015	729	557	557	557	557	557
European and other currencies	3,432	2,201	2,285	2,285	2,285	2,244	2,244
<b>Total Foreign-Currency Debt</b>	<b>7,526</b>	<b>4,928</b>	<b>4,721</b>	<b>5,221</b>	<b>5,722</b>	<b>6,081</b>	<b>6,081</b>
<b>Total Sovereign Guaranteed Debt</b>	<b>29,958</b>	<b>26,620</b>	<b>27,700</b>	<b>26,550</b>	<b>25,274</b>	<b>25,593</b>	<b>25,572</b>
<b>Non-Sovereign Guaranteed Debt</b>							
New Zealand	4,283	7,247	6,341	7,366	8,123	8,482	8,670
United States dollars	1,679	867	1,556	2,236	2,348	2,291	2,182
Japanese yen	351	..	..	..	..	..	..
European and other currencies	554	123	496	496	496	491	356
<b>Total Non-Sovereign Guaranteed Debt</b>	<b>6,867</b>	<b>8,237</b>	<b>8,393</b>	<b>10,098</b>	<b>10,967</b>	<b>11,264</b>	<b>11,208</b>
<b>Total Borrowings (Gross Debt)</b>	<b>36,825</b>	<b>34,857</b>	<b>36,093</b>	<b>36,648</b>	<b>36,241</b>	<b>36,857</b>	<b>36,780</b>
<b>Less</b>							
<b>Financial Assets (including restricted assets)</b>							
<b>Marketable Securities, Deposits and Equity Investments</b>							
New Zealand dollars	7,089	7,055	10,768	10,343	8,922	9,441	10,147
United States dollars	4,069	3,789	3,978	4,783	5,611	6,372	6,777
Japanese yen	1,206	763	641	641	641	641	641
European and other currencies	2,814	765	899	891	880	825	811
Reserve Position at IMF	1,012	857	825	836	849	866	884
NZ equity investments	1,968	2,036	2,175	2,522	2,910	3,301	3,730
Foreign equity investments	6,478	8,031	8,258	10,200	12,286	14,590	17,158
<b>Total</b>	<b>24,636</b>	<b>23,296</b>	<b>27,544</b>	<b>30,216</b>	<b>32,099</b>	<b>36,036</b>	<b>40,148</b>
<b>Advances and Cash</b>							
Student loans	5,995	6,864	6,619	7,257	7,892	8,534	9,133
Other advances	1,450	2,057	2,426	3,228	3,826	3,842	3,852
Cash	3,450	2,121	2,577	2,229	2,294	2,612	2,959
<b>Total</b>	<b>10,895</b>	<b>11,042</b>	<b>11,622</b>	<b>12,714</b>	<b>14,012</b>	<b>14,988</b>	<b>15,944</b>
<b>Total Financial Assets</b>	<b>35,531</b>	<b>34,338</b>	<b>39,166</b>	<b>42,930</b>	<b>46,111</b>	<b>51,024</b>	<b>56,092</b>
<b>Borrowings less Financial Assets</b>	<b>1,294</b>	<b>519</b>	<b>(3,073)</b>	<b>(6,282)</b>	<b>(9,870)</b>	<b>(14,167)</b>	<b>(19,312)</b>
Net New Zealand-dollar debt	6,862	6,560	4,798	3,159	1,871	303	(1,619)
Net foreign-currency debt	(5,568)	(6,041)	(7,871)	(9,441)	(11,741)	(14,470)	(17,693)
<b>Borrowings less Financial Assets</b>	<b>1,294</b>	<b>519</b>	<b>(3,073)</b>	<b>(6,282)</b>	<b>(9,870)</b>	<b>(14,167)</b>	<b>(19,312)</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Statement of Actual Commitments

as at 31 October

(\$ million)	As at 31 October 2004	As at 30 June 2004
<b>Capital Commitments</b>		
Specialist military equipment	812	86
Land and buildings	1,755	1,611
Other property, plant and equipment	957	1,012
Other capital commitments	124	400
Investments	60	60
<b>Total Capital Commitments</b>	<b>3,708</b>	<b>3,169</b>
<b>Operating Commitments</b>		
Non-cancellable accommodation leases	1,321	1,492
Other non-cancellable leases	2,393	2,330
Non-cancellable contracts for the supply of goods and services	4,679	2,253
Other operating commitments	1,683	3,892
TEIs	325	..
<b>Total Operating Commitments</b>	<b>10,401</b>	<b>9,967</b>
<b>Total Commitments</b>	<b>14,109</b>	<b>13,136</b>
<b>Total Commitments by Institutional Segment</b>		
Core Crown	5,428	3,530
Crown entities	6,523	7,413
State-owned enterprises	2,158	2,193
<b>Total Commitments</b>	<b>14,109</b>	<b>13,136</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

## Statement of Actual Contingent Liabilities

as at 31 October

(\$ million)	As at 31 October 2004	As at 30 June 2004
Guarantees and indemnities	227	292
Uncalled capital	2,303	2,528
Legal proceedings and disputes	798	794
Other quantifiable contingent liabilities	1,383	1,371
<b>Total Quantifiable Contingent Liabilities</b>	<b>4,711</b>	<b>4,985</b>
<b>Total Quantifiable Contingent Liabilities by Institutional Segment</b>		
Core Crown	4,474	4,734
Crown Entities	51	53
State-owned enterprises	186	198
<b>Total Quantifiable Contingent Liabilities</b>	<b>4,711</b>	<b>4,985</b>
<b>Quantifiable Contingent Assets</b>		
Core Crown - Education and Transport	121	157
<b>Total Quantifiable Contingent Assets</b>	<b>121</b>	<b>157</b>

The accompanying Notes and Accounting policies are an integral part of these Statements.

A detailed Statement of Contingent Liabilities and Assets (quantified and unquantified) is outlined on pages 79 to 82 of the Specific Fiscal Risk chapter.

The Statement of Specific Risks (quantified and unquantified) is outlined on pages 68 to 78 of the Specific Fiscal Risk chapter.

## Forecast Statement of Segments

### 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
<b>Revenue</b>					
Taxation revenue	43,008	-	-	(476)	42,532
Other sovereign levied income	611	2,415	-	(40)	2,986
Sales of goods and services	736	1,700	8,209	(445)	10,200
Investment income	1,999	984	132	(462)	2,653
Other revenues	578	16,073	616	(15,251)	2,016
<b>Total revenue</b>	<b>46,932</b>	<b>21,172</b>	<b>8,957</b>	<b>(16,674)</b>	<b>60,387</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	14,058	1,408	-	-	15,466
Personnel expenses	4,315	6,566	1,624	(4)	12,501
Operating expenses	21,291	11,200	6,377	(16,206)	22,662
Finance costs	2,252	235	298	(183)	2,602
FX losses/(gains)	7	23	(59)	-	(29)
GSF and ACC liability revaluation movements	(315)	170	-	-	(145)
<b>Total expenses</b>	<b>41,608</b>	<b>19,602</b>	<b>8,240</b>	<b>(16,393)</b>	<b>53,057</b>
<b>Expenses by functional classification</b>					
Social security and welfare	14,252	2,199	-	(413)	16,038
Health	8,111	6,613	-	(7,101)	7,623
Education	7,585	6,175	-	(5,411)	8,349
Other functional classifications	9,401	4,357	8,001	(3,285)	18,474
Forecast new operating spending	-	-	-	-	-
Finance costs and FX losses/(gains)	2,259	258	239	(183)	2,573
<b>Total expenses</b>	<b>41,608</b>	<b>19,602</b>	<b>8,240</b>	<b>(16,393)</b>	<b>53,057</b>
<b>TEI's and Minority Interest</b>		139	(45)	-	94
<b>Operating balance</b>	<b>5,324</b>	<b>1,709</b>	<b>672</b>	<b>(281)</b>	<b>7,424</b>

### 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
<b>Assets</b>					
Financial assets	26,752	13,117	2,750	(7,088)	35,531
Physical assets	18,675	28,884	10,381	-	57,940
Investment in SOEs and CEs (including TEIs)	23,162	4,367	-	(23,162)	4,367
Other assets	9,088	2,589	2,147	(990)	12,834
<b>Total assets</b>	<b>77,677</b>	<b>48,957</b>	<b>15,278</b>	<b>(31,240)</b>	<b>110,672</b>
<b>Liabilities</b>					
Borrowings	34,719	3,757	5,437	(7,088)	36,825
Other liabilities	23,489	13,539	2,830	(1,474)	38,384
<b>Total liabilities</b>	<b>58,208</b>	<b>17,296</b>	<b>8,267</b>	<b>(8,562)</b>	<b>75,209</b>
<b>Net worth</b>	<b>19,469</b>	<b>31,661</b>	<b>7,011</b>	<b>(22,678)</b>	<b>35,463</b>
Taxpayer funds	13,626	19,126	5,412	(22,678)	15,486
Revaluation reserves	5,843	12,535	1,460	-	19,838
Minority Interest	-	-	139	-	139
<b>Net worth</b>	<b>19,469</b>	<b>31,661</b>	<b>7,011</b>	<b>(22,678)</b>	<b>35,463</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	8,919	1,794	2,305	(2,123)	10,895
MSDs and equity investments	17,833	11,323	445	(4,965)	24,636
<b>Total financial assets</b>	<b>26,752</b>	<b>13,117</b>	<b>2,750</b>	<b>(7,088)</b>	<b>35,531</b>
Borrowings - Sovereign guaranteed	34,719	-	-	(4,761)	29,958
Borrowings - Non-sovereign guaranteed	-	3,757	5,437	(2,327)	6,867
<b>Total borrowings</b>	<b>34,719</b>	<b>3,757</b>	<b>5,437</b>	<b>(7,088)</b>	<b>36,825</b>
<b>Borrowings less financial assets</b>	<b>7,967</b>	<b>(9,360)</b>	<b>2,687</b>	<b>-</b>	<b>1,294</b>
<b>Net Crown debt</b>	<b>15,204</b>				
<b>Gross sovereign-issued debt</b>	<b>35,527</b>				

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.

## Forecast Statement of Segments (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
<b>Revenue</b>					
Taxation revenue	46,121	-	-	(452)	45,669
Other sovereign levied income	633	2,416	-	(47)	3,002
Sales of goods and services	730	1,697	9,167	(436)	11,158
Investment income	2,362	871	163	(603)	2,793
Other revenues	735	16,578	664	(15,956)	2,021
<b>Total revenue</b>	<b>50,581</b>	<b>21,562</b>	<b>9,994</b>	<b>(17,494)</b>	<b>64,643</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	14,443	1,543	-	-	15,986
Personnel expenses	4,780	6,901	1,768	(5)	13,444
Operating expenses	23,844	11,675	7,145	(16,897)	25,767
Finance costs	2,240	257	362	(156)	2,703
FX losses/(gains)	1	(24)	(66)	-	(89)
GSF and ACC liability revaluation movements	443	901	-	-	1,344
<b>Total expenses</b>	<b>45,751</b>	<b>21,253</b>	<b>9,209</b>	<b>(17,058)</b>	<b>59,155</b>
<b>Expenses by functional classification</b>					
Social security and welfare	14,691	3,129	-	(431)	17,389
Health	8,819	7,192	-	(7,468)	8,543
Education	8,232	6,021	-	(5,467)	8,786
Other functional classifications	11,307	4,678	8,913	(3,536)	21,362
Forecast new operating spending	461	-	-	-	461
Finance costs and FX losses/(gains)	2,241	233	296	(156)	2,614
<b>Total expenses</b>	<b>45,751</b>	<b>21,253</b>	<b>9,209</b>	<b>(17,058)</b>	<b>59,155</b>
Net surplus TEIs	-	139	-	-	139
<b>Operating balance</b>	<b>4,830</b>	<b>448</b>	<b>785</b>	<b>(436)</b>	<b>5,627</b>

### 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
<b>Assets</b>					
Financial assets	29,529	13,807	3,445	(7,615)	39,166
Physical assets	19,232	29,650	11,494	-	60,376
Investment in SOEs and CEs (including TEIs)	23,857	4,532	-	(23,857)	4,532
Other assets	8,122	2,507	2,459	(308)	12,780
<b>Total assets</b>	<b>80,740</b>	<b>50,496</b>	<b>17,398</b>	<b>(31,780)</b>	<b>116,854</b>
<b>Liabilities</b>					
Borrowings	32,873	3,954	6,881	(7,615)	36,093
Other liabilities	23,565	14,057	2,779	(749)	39,652
<b>Total liabilities</b>	<b>56,438</b>	<b>18,011</b>	<b>9,660</b>	<b>(8,364)</b>	<b>75,745</b>
<b>Net worth</b>	<b>24,302</b>	<b>32,485</b>	<b>7,738</b>	<b>(23,416)</b>	<b>41,109</b>
Taxpayer funds	18,459	19,944	6,265	(23,416)	21,252
Revaluation reserves	5,843	12,541	1,473	-	19,857
<b>Net worth</b>	<b>24,302</b>	<b>32,485</b>	<b>7,738</b>	<b>(23,416)</b>	<b>41,109</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	9,156	1,641	1,589	(764)	11,622
MSDs and equity investments	20,373	12,166	1,856	(6,851)	27,544
<b>Total financial assets</b>	<b>29,529</b>	<b>13,807</b>	<b>3,445</b>	<b>(7,615)</b>	<b>39,166</b>
Borrowings - Sovereign guaranteed	32,873	-	-	(5,173)	27,700
Borrowings - Non-sovereign guaranteed	-	3,954	6,881	(2,442)	8,393
<b>Total borrowings</b>	<b>32,873</b>	<b>3,954</b>	<b>6,881</b>	<b>(7,615)</b>	<b>36,093</b>
<b>Borrowings less financial assets</b>	<b>3,344</b>	<b>(9,853)</b>	<b>3,436</b>	<b>-</b>	<b>(3,073)</b>
<b>Net Crown debt</b>	<b>13,065</b>				
<b>Gross sovereign-issued debt</b>	<b>33,846</b>				

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.

## Forecast Statement of Segments (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
<b>Revenue</b>					
Taxation revenue	48,159	-	-	(525)	47,634
Other sovereign levied income	655	2,545	-	(47)	3,153
Sales of goods and services	722	1,740	9,829	(422)	11,869
Investment income	2,683	904	222	(494)	3,315
Other revenues	599	17,380	708	(16,587)	2,100
<b>Total revenue</b>	<b>52,818</b>	<b>22,569</b>	<b>10,759</b>	<b>(18,075)</b>	<b>68,071</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	15,367	1,659	-	-	17,026
Personnel expenses	4,930	7,126	1,888	(6)	13,938
Operating expenses	25,536	12,103	7,574	(17,575)	27,638
Finance costs	2,285	270	397	(172)	2,780
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(26)	653	-	-	627
<b>Total expenses</b>	<b>48,092</b>	<b>21,811</b>	<b>9,859</b>	<b>(17,753)</b>	<b>62,009</b>
<b>Expenses by functional classification</b>					
Social security and welfare	15,663	3,018	-	(440)	18,241
Health	9,330	7,343	-	(7,715)	8,958
Education	8,545	6,278	-	(5,695)	9,128
Other functional classifications	10,780	4,902	9,462	(3,731)	21,413
Forecast new operating spending	1,489	-	-	-	1,489
Finance costs and FX losses/(gains)	2,285	270	397	(172)	2,780
<b>Total expenses</b>	<b>48,092</b>	<b>21,811</b>	<b>9,859</b>	<b>(17,753)</b>	<b>62,009</b>
Net surplus TEIs	-	139	-	-	139
<b>Operating balance</b>	<b>4,726</b>	<b>897</b>	<b>900</b>	<b>(322)</b>	<b>6,201</b>

### 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
<b>Assets</b>					
Financial assets	32,216	14,948	4,025	(8,259)	42,930
Physical assets	19,586	30,200	13,359	-	63,145
Investment in SOEs and CEs (including TEIs)	24,069	4,818	-	(24,069)	4,818
Other assets	9,062	2,510	2,453	(709)	13,316
<b>Total assets</b>	<b>84,933</b>	<b>52,476</b>	<b>19,837</b>	<b>(33,037)</b>	<b>124,209</b>
<b>Liabilities</b>					
Borrowings	32,157	4,122	8,628	(8,259)	36,648
Other liabilities	23,748	14,731	2,807	(1,035)	40,251
<b>Total liabilities</b>	<b>55,905</b>	<b>18,853</b>	<b>11,435</b>	<b>(9,294)</b>	<b>76,899</b>
<b>Net worth</b>	<b>29,028</b>	<b>33,623</b>	<b>8,402</b>	<b>(23,743)</b>	<b>47,310</b>
Taxpayer Funds	23,185	21,082	6,929	(23,743)	27,453
Revaluation reserves	5,843	12,541	1,473	-	19,857
<b>Net worth</b>	<b>29,028</b>	<b>33,623</b>	<b>8,402</b>	<b>(23,743)</b>	<b>47,310</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	9,927	1,599	3,631	(2,443)	12,714
MSDs and equity investments	22,289	13,349	394	(5,816)	30,216
<b>Total financial assets</b>	<b>32,216</b>	<b>14,948</b>	<b>4,025</b>	<b>(8,259)</b>	<b>42,930</b>
Borrowings - Sovereign guaranteed	32,157	-	-	(5,607)	26,550
Borrowings - Non-sovereign guaranteed	-	4,122	8,628	(2,652)	10,098
<b>Total borrowings</b>	<b>32,157</b>	<b>4,122</b>	<b>8,628</b>	<b>(8,259)</b>	<b>36,648</b>
<b>Borrowings less financial assets</b>	<b>(59)</b>	<b>(10,826)</b>	<b>4,603</b>	<b>-</b>	<b>(6,282)</b>
<b>Net Crown debt</b>	<b>12,461</b>				
<b>Gross sovereign-issued debt</b>	<b>33,409</b>				

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.

## Forecast Statement of Segments (continued)

### Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2007

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2007 \$m	2007 \$m	2007 \$m	2007 \$m	2007 \$m
<b>Revenue</b>					
Taxation revenue	49,881	-	-	(541)	49,340
Other sovereign levied income	671	2,630	-	(50)	3,251
Sales of goods and services	725	1,789	10,436	(410)	12,540
Investment income	3,109	977	237	(557)	3,766
Other revenues	597	17,872	712	(17,058)	2,123
<b>Total revenue</b>	<b>54,983</b>	<b>23,268</b>	<b>11,385</b>	<b>(18,616)</b>	<b>71,020</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	16,337	1,722	-	-	18,059
Personnel expenses	4,893	7,293	1,951	(6)	14,131
Operating expenses	27,864	12,426	8,016	(18,053)	30,253
Finance costs	2,202	277	489	(183)	2,785
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(71)	668	-	-	597
<b>Total expenses</b>	<b>51,225</b>	<b>22,386</b>	<b>10,456</b>	<b>(18,242)</b>	<b>65,825</b>
<b>Expenses by functional classification</b>					
Social security and welfare	16,653	3,220	-	(535)	19,338
Health	9,828	7,471	-	(7,848)	9,451
Education	8,757	6,632	-	(6,018)	9,371
Other functional classifications	10,793	4,786	9,967	(3,658)	21,888
Forecast new operating spending	2,992	-	-	-	2,992
Finance costs and FX losses/(gains)	2,202	277	489	(183)	2,785
<b>Total expenses</b>	<b>51,225</b>	<b>22,386</b>	<b>10,456</b>	<b>(18,242)</b>	<b>65,825</b>
Net surplus TEIs	-	139	-	-	139
<b>Operating balance</b>	<b>3,758</b>	<b>1,021</b>	<b>929</b>	<b>(374)</b>	<b>5,334</b>

### Forecast Statement of Financial Position (institutional form) as at 30 June 2007

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2007 \$m	2007 \$m	2007 \$m	2007 \$m	2007 \$m
<b>Assets</b>					
Financial assets	34,247	16,294	4,656	(9,086)	46,111
Physical assets	19,566	30,681	14,515	-	64,762
Investment in SOEs and CEs (including TEIs)	24,276	5,013	-	(24,276)	5,013
Other assets	9,854	2,510	2,497	(763)	14,098
<b>Total assets</b>	<b>87,943</b>	<b>54,498</b>	<b>21,668</b>	<b>(34,125)</b>	<b>129,984</b>
<b>Liabilities</b>					
Borrowings	31,354	4,260	9,713	(9,086)	36,241
Other liabilities	23,803	15,387	2,937	(1,028)	41,099
<b>Total liabilities</b>	<b>55,157</b>	<b>19,647</b>	<b>12,650</b>	<b>(10,114)</b>	<b>77,340</b>
<b>Net worth</b>	<b>32,786</b>	<b>34,851</b>	<b>9,018</b>	<b>(24,011)</b>	<b>52,644</b>
Taxpayer Funds	26,943	22,310	7,545	(24,011)	32,787
Revaluation reserves	5,843	12,541	1,473	-	19,857
<b>Net worth</b>	<b>32,786</b>	<b>34,851</b>	<b>9,018</b>	<b>(24,011)</b>	<b>52,644</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	10,915	1,646	4,223	(2,772)	14,012
MSDs and equity investments	23,332	14,648	433	(6,314)	32,099
<b>Total financial assets</b>	<b>34,247</b>	<b>16,294</b>	<b>4,656</b>	<b>(9,086)</b>	<b>46,111</b>
Borrowings - Sovereign guaranteed	31,354	-	-	(6,080)	25,274
Borrowings - Non-sovereign guaranteed	-	4,260	9,713	(3,006)	10,967
<b>Total borrowings</b>	<b>31,354</b>	<b>4,260</b>	<b>9,713</b>	<b>(9,086)</b>	<b>36,241</b>
<b>Borrowings less financial assets</b>	<b>(2,893)</b>	<b>(12,034)</b>	<b>5,057</b>	<b>-</b>	<b>(9,870)</b>
<b>Net Crown debt</b>	<b>12,612</b>				
<b>Gross sovereign-issued debt</b>	<b>32,905</b>				

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.

## Forecast Statement of Segments (continued)

### Forecast Statement of Financial Performance (institutional form)

for the year ended 30 June 2008

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008 \$m	2008 \$m	2008 \$m	2008 \$m	2008 \$m
<b>Revenue</b>					
Taxation revenue	52,281	-	-	(560)	51,721
Other sovereign levied income	684	2,694	-	(50)	3,328
Sales of goods and services	728	1,845	10,801	(423)	12,951
Investment income	3,541	1,072	231	(587)	4,257
Other revenues	578	18,117	714	(17,260)	2,149
<b>Total revenue</b>	<b>57,812</b>	<b>23,728</b>	<b>11,746</b>	<b>(18,880)</b>	<b>74,406</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	17,262	1,787	-	-	19,049
Personnel expenses	4,907	7,326	2,022	(7)	14,248
Operating expenses	30,262	12,722	8,256	(18,287)	32,953
Finance costs	2,191	287	513	(193)	2,798
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(101)	675	-	-	574
<b>Total expenses</b>	<b>54,521</b>	<b>22,797</b>	<b>10,791</b>	<b>(18,487)</b>	<b>69,622</b>
<b>Expenses by functional classification</b>					
Social security and welfare	17,578	3,220	-	(457)	20,341
Health	9,854	7,471	-	(7,887)	9,438
Education	8,958	6,632	-	(5,997)	9,593
Other functional classifications	10,845	5,212	10,278	(3,978)	22,357
Forecast new operating spending	5,095	-	-	-	5,095
Finance costs and FX losses/(gains)	2,191	262	513	(168)	2,798
<b>Total expenses</b>	<b>54,521</b>	<b>22,797</b>	<b>10,791</b>	<b>(18,487)</b>	<b>69,622</b>
Net surplus TEIs	-	139	-	-	139
<b>Operating balance</b>	<b>3,291</b>	<b>1,070</b>	<b>955</b>	<b>(393)</b>	<b>4,923</b>

### Forecast Statement of Financial Position (institutional form)

as at 30 June 2008

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008 \$m	2008 \$m	2008 \$m	2008 \$m	2008 \$m
<b>Assets</b>					
Financial assets	38,116	17,726	4,937	(9,755)	51,024
Physical assets	19,340	31,466	14,760	-	65,566
Investment in SOEs and CEs (including TEIs)	24,451	5,179	-	(24,451)	5,179
Other assets	10,227	2,539	2,535	(821)	14,480
<b>Total assets</b>	<b>92,134</b>	<b>56,910</b>	<b>22,232</b>	<b>(35,027)</b>	<b>136,249</b>
<b>Liabilities</b>					
Borrowings	32,173	4,816	9,623	(9,755)	36,857
Other liabilities	23,882	16,087	2,975	(1,119)	41,825
<b>Total liabilities</b>	<b>56,055</b>	<b>20,903</b>	<b>12,598</b>	<b>(10,874)</b>	<b>78,682</b>
<b>Net worth</b>	<b>36,079</b>	<b>36,007</b>	<b>9,634</b>	<b>(24,153)</b>	<b>57,567</b>
Taxpayer Funds	30,236	23,466	8,161	(24,153)	37,710
Revaluation reserves	5,843	12,541	1,473	-	19,857
<b>Net worth</b>	<b>36,079</b>	<b>36,007</b>	<b>9,634</b>	<b>(24,153)</b>	<b>57,567</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	11,735	1,677	4,493	(2,917)	14,988
MSDs and equity investments	26,381	16,049	444	(6,838)	36,036
<b>Total financial assets</b>	<b>38,116</b>	<b>17,726</b>	<b>4,937</b>	<b>(9,755)</b>	<b>51,024</b>
Borrowings - Sovereign guaranteed	32,173	-	-	(6,580)	25,593
Borrowings - Non-sovereign guaranteed	-	4,816	9,623	(3,175)	11,264
<b>Total borrowings</b>	<b>32,173</b>	<b>4,816</b>	<b>9,623</b>	<b>(9,755)</b>	<b>36,857</b>
<b>Borrowings less financial assets</b>	<b>(5,943)</b>	<b>(12,910)</b>	<b>4,686</b>	<b>-</b>	<b>(14,167)</b>
<b>Net Crown debt</b>	<b>12,873</b>				
<b>Gross sovereign-issued debt</b>	<b>34,056</b>				

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.

## Forecast Statement of Segments (continued)

### Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2009

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2009 \$m	2009 \$m	2009 \$m	2009 \$m	2009 \$m
<b>Revenue</b>					
Taxation revenue	55,142	-	-	(593)	54,549
Other sovereign levied income	696	2,759	-	(50)	3,405
Sales of goods and services	721	1,901	11,228	(415)	13,435
Investment income	3,989	1,164	245	(674)	4,724
Other revenues	568	18,232	675	(17,283)	2,192
<b>Total revenue</b>	<b>61,116</b>	<b>24,056</b>	<b>12,148</b>	<b>(19,015)</b>	<b>78,305</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	17,900	1,859	-	-	19,759
Personnel expenses	4,987	7,292	2,071	(7)	14,343
Operating expenses	32,488	12,889	8,561	(18,332)	35,606
Finance costs	2,183	292	502	(220)	2,757
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(135)	686	-	-	551
<b>Total expenses</b>	<b>57,423</b>	<b>23,018</b>	<b>11,134</b>	<b>(18,559)</b>	<b>73,016</b>
<b>Expenses by functional classification</b>					
Social security and welfare	18,212	3,321	-	(464)	21,069
Health	9,867	7,477	-	(7,899)	9,445
Education	9,030	6,636	-	(5,954)	9,712
Other functional classifications	10,889	5,292	10,632	(4,022)	22,791
Forecast new operating spending	7,242	-	-	-	7,242
Finance costs and FX losses/(gains)	2,183	292	502	(220)	2,757
<b>Total expenses</b>	<b>57,423</b>	<b>23,018</b>	<b>11,134</b>	<b>(18,559)</b>	<b>73,016</b>
Net surplus TEIs		139	-	-	139
<b>Operating balance</b>	<b>3,693</b>	<b>1,177</b>	<b>1,014</b>	<b>(456)</b>	<b>5,428</b>

### Forecast Statement of Financial Position (institutional form) as at 30 June 2009

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2009 \$m	2009 \$m	2009 \$m	2009 \$m	2009 \$m
<b>Assets</b>					
Financial assets	41,995	19,238	5,227	(10,368)	56,092
Physical assets	18,944	31,712	15,140	-	65,796
Investment in SOEs and CEs (including TEIs)	24,512	5,356	-	(24,512)	5,356
Other assets	10,725	2,578	2,572	(836)	15,039
<b>Total assets</b>	<b>96,176</b>	<b>58,884</b>	<b>22,939</b>	<b>(35,716)</b>	<b>142,283</b>
<b>Liabilities</b>					
Borrowings	32,679	4,901	9,568	(10,368)	36,780
Other liabilities	23,727	16,777	3,123	(1,119)	42,508
<b>Total liabilities</b>	<b>56,406</b>	<b>21,678</b>	<b>12,691</b>	<b>(11,487)</b>	<b>79,288</b>
<b>Net worth</b>	<b>39,770</b>	<b>37,206</b>	<b>10,248</b>	<b>(24,229)</b>	<b>62,995</b>
Taxpayer Funds	33,927	24,665	8,775	(24,229)	43,138
Revaluation reserves	5,843	12,541	1,473	-	19,857
<b>Net worth</b>	<b>39,770</b>	<b>37,206</b>	<b>10,248</b>	<b>(24,229)</b>	<b>62,995</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	12,442	1,705	4,772	(2,975)	15,944
MSDs and equity investments	29,553	17,533	455	(7,393)	40,148
<b>Total financial assets</b>	<b>41,995</b>	<b>19,238</b>	<b>5,227</b>	<b>(10,368)</b>	<b>56,092</b>
Borrowings - Sovereign guaranteed	32,679	-	-	(7,107)	25,572
Borrowings - Non-sovereign guaranteed	-	4,901	9,568	(3,261)	11,208
<b>Total borrowings</b>	<b>32,679</b>	<b>4,901</b>	<b>9,568</b>	<b>(10,368)</b>	<b>36,780</b>
<b>Borrowings less financial assets</b>	<b>(9,316)</b>	<b>(14,337)</b>	<b>4,341</b>	<b>-</b>	<b>(19,312)</b>
<b>Net Crown debt</b>	<b>13,215</b>				
<b>Gross sovereign-issued debt</b>	<b>34,931</b>				

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.

## Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>NOTE 1: Revenue Collected Through the Crown's Sovereign Power</b>							
<b>Income Tax Revenue (accrual)</b>							
<b>Individuals</b>							
Source deductions	16,908	17,701	18,175	19,224	20,141	21,207	22,357
Other persons	4,027	3,995	4,014	4,210	4,471	4,721	4,958
Refunds	(860)	(876)	(871)	(869)	(869)	(869)	(869)
Fringe benefit tax	410	432	442	456	477	492	513
<b>Total Individuals</b>	<b>20,485</b>	<b>21,252</b>	<b>21,760</b>	<b>23,021</b>	<b>24,220</b>	<b>25,551</b>	<b>26,959</b>
<b>Corporate Tax</b>							
Gross companies tax	6,099	6,416	6,907	7,336	7,368	7,584	8,021
Refunds	(180)	(187)	(203)	(219)	(223)	(223)	(223)
Non-resident withholding tax	800	803	893	768	766	795	838
Foreign-source dividend withholding payments	139	130	133	133	133	133	133
<b>Total Corporate Tax</b>	<b>6,858</b>	<b>7,162</b>	<b>7,730</b>	<b>8,018</b>	<b>8,044</b>	<b>8,289</b>	<b>8,769</b>
<b>Other Income Tax</b>							
Resident withholding tax on interest income	1,188	1,282	1,369	1,426	1,351	1,404	1,530
Resident withholding tax on dividend income	49	58	61	61	62	63	66
Estate and gift duties	2	2	2	2	2	2	2
<b>Total Other Income Tax</b>	<b>1,239</b>	<b>1,342</b>	<b>1,432</b>	<b>1,489</b>	<b>1,415</b>	<b>1,469</b>	<b>1,598</b>
<b>Total Income Tax</b>	<b>28,582</b>	<b>29,756</b>	<b>30,922</b>	<b>32,528</b>	<b>33,679</b>	<b>35,309</b>	<b>37,326</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	16,603	17,156	17,481	17,808	18,566	19,566	20,665
Refunds	(6,885)	(7,120)	(7,150)	(7,415)	(7,778)	(8,165)	(8,559)
<b>Total Goods and Services Tax</b>	<b>9,718</b>	<b>10,036</b>	<b>10,331</b>	<b>10,393</b>	<b>10,788</b>	<b>11,401</b>	<b>12,106</b>
<b>Other Taxation</b>							
Petroleum fuels excise	947	802	790	900	930	958	988
Tobacco excise	819	831	828	845	867	888	907
Customs duty	720	958	974	1,047	1,082	1,093	1,061
Road user charges	667	686	720	781	825	872	929
Alcohol excise	476	482	484	502	520	537	554
Gaming duties	261	299	281	288	294	301	307
Motor vehicle fees	211	211	216	223	228	235	244
Energy resources levies	75	77	65	68	68	68	68
Approved issuer levy (AIL) and cheque duty	56	55	58	59	59	59	59
<b>Total Other Indirect Taxation</b>	<b>4,232</b>	<b>4,401</b>	<b>4,416</b>	<b>4,713</b>	<b>4,873</b>	<b>5,011</b>	<b>5,117</b>
<b>Total Indirect Taxation</b>	<b>13,950</b>	<b>14,437</b>	<b>14,747</b>	<b>15,106</b>	<b>15,661</b>	<b>16,412</b>	<b>17,223</b>
<b>Total Tax Revenue Collected</b>	<b>42,532</b>	<b>44,193</b>	<b>45,669</b>	<b>47,634</b>	<b>49,340</b>	<b>51,721</b>	<b>54,549</b>
<b>Other Sovereign Revenues (accrual)</b>							
ACC levies	1,989	2,000	1,981	2,106	2,186	2,247	2,308
Fire Service levies	233	231	235	237	238	239	240
EQC levies	78	80	80	82	84	85	87
Other levies	686	763	706	728	743	757	770
<b>Total Other Sovereign Revenues</b>	<b>2,986</b>	<b>3,074</b>	<b>3,002</b>	<b>3,153</b>	<b>3,251</b>	<b>3,328</b>	<b>3,405</b>
<b>Total Sovereign Revenue</b>	<b>45,518</b>	<b>47,267</b>	<b>48,671</b>	<b>50,787</b>	<b>52,591</b>	<b>55,049</b>	<b>57,954</b>

## Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>NOTE 1: Receipts Collected Through the Crown's Sovereign Power</b>							
<b>Income Tax Receipts (cash)</b>							
<b>Individuals</b>							
Source deductions	17,012	17,702	18,175	19,224	20,141	21,207	22,357
Other persons	4,352	4,414	4,521	4,678	5,016	5,294	5,531
Refunds	(1,406)	(1,300)	(1,330)	(1,326)	(1,412)	(1,442)	(1,442)
Fringe benefit tax	410	428	435	453	471	490	510
<b>Total Individuals</b>	<b>20,368</b>	<b>21,244</b>	<b>21,801</b>	<b>23,029</b>	<b>24,216</b>	<b>25,549</b>	<b>26,956</b>
<b>Corporate Tax</b>							
Gross companies tax	7,169	7,135	7,730	7,985	8,066	8,327	8,774
Refunds	(1,088)	(1,091)	(939)	(888)	(904)	(943)	(943)
Non-resident withholding tax	776	794	882	768	766	795	838
Foreign-source dividend withholding payments	128	130	130	133	133	133	133
<b>Total Corporate Tax</b>	<b>6,985</b>	<b>6,968</b>	<b>7,803</b>	<b>7,998</b>	<b>8,061</b>	<b>8,312</b>	<b>8,802</b>
<b>Other Income Tax</b>							
Resident withholding tax on interest income	1,217	1,282	1,359	1,426	1,351	1,404	1,530
Resident withholding tax on dividend income	53	58	61	61	62	63	66
Estate and gift duties	2	2	2	2	2	2	2
<b>Total Other Income Tax</b>	<b>1,272</b>	<b>1,342</b>	<b>1,422</b>	<b>1,489</b>	<b>1,415</b>	<b>1,469</b>	<b>1,598</b>
<b>Total Income Tax</b>	<b>28,625</b>	<b>29,554</b>	<b>31,026</b>	<b>32,516</b>	<b>33,692</b>	<b>35,330</b>	<b>37,356</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	15,768	16,906	16,893	17,325	18,082	19,083	20,182
Refunds	(6,313)	(6,870)	(6,656)	(6,919)	(7,282)	(7,669)	(8,063)
<b>Total Goods and Services Tax</b>	<b>9,455</b>	<b>10,036</b>	<b>10,237</b>	<b>10,406</b>	<b>10,800</b>	<b>11,414</b>	<b>12,119</b>
<b>Other Taxation</b>							
Petroleum fuels excise	944	802	791	900	930	958	988
Tobacco excise	800	831	828	845	867	888	907
Customs duty	726	958	984	1,047	1,082	1,093	1,061
Road user charges	668	686	720	781	825	872	929
Alcohol excise	476	482	484	502	520	537	554
Gaming duties	260	299	279	289	295	302	308
Motor vehicle fees	223	211	216	228	228	235	244
Energy resources levies	75	78	68	68	68	68	68
Approved issuer levy (AIL) and cheque duty	56	55	58	59	59	59	59
<b>Total Other Indirect Taxation</b>	<b>4,228</b>	<b>4,402</b>	<b>4,428</b>	<b>4,719</b>	<b>4,874</b>	<b>5,012</b>	<b>5,118</b>
<b>Total Indirect Taxation</b>	<b>13,683</b>	<b>14,438</b>	<b>14,665</b>	<b>15,125</b>	<b>15,674</b>	<b>16,426</b>	<b>17,237</b>
<b>Total Tax Receipts Collected</b>	<b>42,308</b>	<b>43,992</b>	<b>45,691</b>	<b>47,641</b>	<b>49,366</b>	<b>51,756</b>	<b>54,593</b>
<b>Other Sovereign Receipts (cash)</b>							
ACC levies	2,008	1,936	1,969	2,073	2,159	2,220	2,275
Fire Service levies	233	232	235	237	238	239	240
EQC levies	79	81	81	82	82	83	83
Other levies	532	602	669	655	670	680	695
<b>Total Other Sovereign Receipts</b>	<b>2,852</b>	<b>2,851</b>	<b>2,954</b>	<b>3,047</b>	<b>3,149</b>	<b>3,222</b>	<b>3,293</b>
<b>Total Sovereign Receipts</b>	<b>45,160</b>	<b>46,843</b>	<b>48,645</b>	<b>50,688</b>	<b>52,515</b>	<b>54,978</b>	<b>57,886</b>

## Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	2004 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast

### NOTE 2: Sale of Goods and Services

The Statement of Segments shows the sale of goods and services as a total for each area of the Crown Estate (ie, total sales for core Crown, Crown entities and SOEs). The total for Crown entities includes such items as lottery sales, housing rental, CRI sales and so on. The total sales of SOEs represents the majority of their income from electricity generation and distribution services, postal services, advertising, air travel sales and so on.

### NOTE 3: Investment Income

NZS Fund investment income	206	446	422	750	1,025	1,325	1,661
Other investment income	2,000	1,568	1,868	2,015	2,134	2,263	2,383
Student loans	447	503	503	550	607	669	680
<b>Total Investment Income</b>	<b>2,653</b>	<b>2,517</b>	<b>2,793</b>	<b>3,315</b>	<b>3,766</b>	<b>4,257</b>	<b>4,724</b>

### NOTE 4: Other Revenue

Unrealised (losses)/gains arising from changes in the value of commercial forests	(40)	..	..	..	..	..	..
GSF contributions	110	100	92	81	73	65	55
Petroleum royalties	18	29	29	25	28	28	28
Cost recovery income from Fisheries	22	31	31	30	30	30	30
Other	1,906	1,865	1,869	1,964	1,992	2,026	2,079
<b>Total Other Revenue</b>	<b>2,016</b>	<b>2,025</b>	<b>2,021</b>	<b>2,100</b>	<b>2,123</b>	<b>2,149</b>	<b>2,192</b>

### NOTE 5: Subsidies and Transfer Payments

Social assistance grants							
New Zealand Superannuation	5,889	6,086	6,082	6,391	6,793	7,170	7,527
ACC payments	1,407	1,544	1,543	1,659	1,722	1,787	1,859
Unemployment Benefit	1,084	939	851	839	953	1,025	1,052
Domestic Purposes Benefit	1,569	1,577	1,564	1,535	1,553	1,594	1,626
Family Support	833	932	911	1,311	1,456	1,667	1,670
Student allowances	380	413	389	408	422	434	445
Other social assistance grants	3,931	4,339	4,201	4,457	4,732	4,949	5,157
Subsidies	110	135	144	130	133	129	129
Other transfer payments							
Official development assistance	238	259	264	259	259	259	259
Other	25	25	37	37	36	35	35
<b>Total Subsidies and Transfer Payments</b>	<b>15,466</b>	<b>16,249</b>	<b>15,986</b>	<b>17,026</b>	<b>18,059</b>	<b>19,049</b>	<b>19,759</b>

## Notes to the Forecast Financial Statements

(\$ million)	2005					
	2004 Actual	2004 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast

### NOTE 6: Personnel Expenses

The Statement of Institutional Segments shows the personnel expenses as a total for each area of the total Crown (ie, total personnel expenses for core Crown, Crown entities and SOEs).

GSF pension costs (excluding liability movement)	975	1,042	1,015	1,067	1,099	1,115	1,140
Other pension expenses	90	90	106	119	120	120	120
Other personnel expenses	11,436	11,895	12,323	12,752	12,912	13,013	13,083
<b>Total Personnel Expenses</b>	<b>12,501</b>	<b>13,027</b>	<b>13,444</b>	<b>13,938</b>	<b>14,131</b>	<b>14,248</b>	<b>14,343</b>

### NOTE 7: Operating Expenses

Operating expenses relate to those expenses incurred in the course of undertaking the functions and activities of every entity included in the Crown financial statements, excluding those separately identified in the Statement of Financial Performance and other notes. Items disclosed separately are those required by accounting standards (and are expanded on further in the annual Crown financial statements). These include depreciation, rental costs and goodwill amortised.

Other operating costs is the large residual. Most of it represents the payment made for services provided by third parties (roading maintenance for example) or for raw materials (fuel, medicines or inventory for example). It also includes other day-to-day operating costs.

#### Depreciation expense (by class of asset):

Buildings	749	803	825	838	839	842	844
Electricity distribution network	103	113	101	102	93	94	94
Electricity generation assets	146	183	183	192	216	237	238
Specialist military equipment (SME)	180	188	186	190	207	243	267
State highways	219	237	233	261	291	317	341
Aircraft (ex SME)	91	120	116	123	175	207	170
Other plant and equipment	789	799	886	906	935	940	949
Other assets	70	92	66	68	72	79	80
<b>Total depreciation costs</b>	<b>2,347</b>	<b>2,535</b>	<b>2,596</b>	<b>2,680</b>	<b>2,828</b>	<b>2,959</b>	<b>2,983</b>

#### Other operating items:

Rental and leasing costs	775	679	722	771	788	821	832
Change in provision for doubtful debts	459	74	528	486	532	558	572
Write off of bad debts	84	198	69	70	70	77	81
Goodwill amortised	78	47	93	92	90	90	89
Grants paid	309	310	326	340	351	354	358
Lottery prize payments	347	314	337	353	371	386	402
Loss/(gain) on sale of assets	(15)	..	..	..	..	..	..
Other operating expenses	18,278	20,154	20,635	21,357	22,231	22,613	23,047
<b>Total operating expenses</b>	<b>22,662</b>	<b>24,311</b>	<b>25,306</b>	<b>26,149</b>	<b>27,261</b>	<b>27,858</b>	<b>28,364</b>

### NOTE 8: Forecast New Operating Spending

New operating spending for Budget 2005	..	441	461	1,489	1,654	1,821	1,922
Forecast new operating spending	..	..	..	..	1,338	3,274	5,320
<b>Total Forecast for Future New Spending</b>	<b>..</b>	<b>441</b>	<b>461</b>	<b>1,489</b>	<b>2,992</b>	<b>5,095</b>	<b>7,242</b>

The forecast new operating spending represents an amount that indicates in broad terms the potential spending increases that could be introduced in each future budget round. The forecasts include \$2.3 billion for Budget 2005 rising to \$2.8 billion (GST inclusive), \$2.1 billion for 2006, \$2.2 billion for 2007 and \$2.3 billion for 2008. The remaining amounts for 2006 and 2007 are lower as some spending has already been allocated (e.g. as part of Health sector funding packages including removal of asset testing and some Education funding), leaving indicative totals of around \$1.5 billion (GST inclusive) for Budget 2005 and \$1.5 billion (GST inclusive) for Budget 2006.

## Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast

### NOTE 9: Cash and Marketable Securities, Deposits & Equity Investments

#### By category:

<b>Total Cash</b>	<b>3,450</b>	<b>2,121</b>	<b>2,577</b>	<b>2,229</b>	<b>2,294</b>	<b>2,612</b>	<b>2,959</b>
Marketable securities and deposits	15,178	12,372	16,287	16,656	16,053	17,279	18,375
Equity investments (e.g. shares)	8,446	10,067	10,432	12,724	15,197	17,891	20,888
Reserve position at the International Monetary Fund	1,012	857	825	836	849	866	885
<b>Total MSDs and Equity Investments</b>	<b>24,636</b>	<b>23,296</b>	<b>27,544</b>	<b>30,216</b>	<b>32,099</b>	<b>36,036</b>	<b>40,148</b>
<b>Total Cash and MSDs &amp; Equity Investments</b>	<b>28,086</b>	<b>25,417</b>	<b>30,121</b>	<b>32,445</b>	<b>34,393</b>	<b>38,648</b>	<b>43,107</b>

#### By portfolio management:

Reserve Bank and DMO managed funds	11,313	7,802	11,592	10,938	9,295	9,364	9,190
New Zealand Superannuation Fund	3,410	5,692	5,711	8,151	10,760	13,667	16,945
Government Superannuation Fund	3,019	3,032	3,037	3,117	3,194	3,266	3,334
ACC portfolio	4,276	4,277	4,768	5,313	5,920	6,559	7,228
EQC portfolio	1,589	1,559	1,705	1,831	1,969	2,119	2,283
Other holdings	1,029	934	731	866	961	1,061	1,168
<b>Total MSDs and Equity Investments</b>	<b>24,636</b>	<b>23,296</b>	<b>27,544</b>	<b>30,216</b>	<b>32,099</b>	<b>36,036</b>	<b>40,148</b>

The asset values above are net of any cross-holdings. For example the asset portfolios of the NZS Fund, GSF, EQC and ACC currently all hold amounts of NZ Government Stock. For financial reporting purposes these amounts are eliminated within the consolidated financial statements. The total portfolios are shown below, along with commentary on the restricted nature of some of the assets (for example the GSF assets are only available for the payment of GSF benefits – because of the restricted nature of these assets they are excluded from the definition of net debt).

#### Nature of financial assets – some are restricted in their purpose

Within the financial assets above, several portfolios are restricted in their nature in that they are only available to meet very specified purposes and are not available (by statute or other reasons) for general use by the Crown. It is for this reason that such assets are excluded from the definition of net debt – one of the Crown's key fiscal policy indicators.

#### New Zealand Superannuation Fund

The assets of the NZS Fund is the Government's means of building up assets to partially pre-fund future NZS expenses and may only be used for NZ Superannuation. The Government's contributions to the NZS Fund are calculated over a 40-year rolling horizon to ensure Superannuation entitlements over the next 40 years can be met.

#### Government Superannuation Fund

The GSF Authority administers the financial assets of the GSF totalling around \$3.4 billion. These assets result from contributions by employees built up through time and can only be applied to the ongoing payment of GSF benefits (as provided by the GSF Act). Also refer Note 15 Outstanding Liability associated with GSF benefits.

#### EQC – Natural Disaster Fund (NDF)

The EQC is New Zealand's primary provider of seismic disaster insurance to residential property owners. EQC administers the NDF, comprising capital and reserves. EQC draws on the NDF money to pay out claims for damage caused by natural disasters.

#### ACC portfolio

The ACC manages the ACC scheme. At present there is a substantial outstanding claims liability associated with past claims in excess of \$9.3 billion and is expected to increase. To manage the payment of these claims in the future, ACC is building up a matching portfolio of assets. The target is to have the residual claims fully funded by 2014. Also refer Note 16 Outstanding Claims Liability.

#### Individual portfolio information (including cross holdings of NZ Government Stock)

NZS Fund	3,956	6,323	6,346	9,055	11,954	15,185	18,824
GSF financial assets	3,375	3,400	3,375	3,465	3,551	3,631	3,707
ACC portfolio	6,176	6,186	6,886	7,657	8,515	9,419	10,364
EQC portfolio	4,367	4,602	4,684	5,020	5,379	5,764	6,178

## Notes to the Forecast Financial Statements

(\$ million)	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
	2004 Actual	Previous Budget					
<b>NOTE 10: Advances</b>							
Student loans (see analysis below)	5,995	6,864	6,618	7,257	7,892	8,534	9,133
Kiwibank deposits	1,038	1,581	1,851	2,615	3,189	3,189	3,189
Residential care loans	72	73	77	82	86	91	96
Maori development rural lending	48	48	48	48	48	48	48
Other	292	355	451	483	503	514	519
<b>Total Advances</b>	<b>7,445</b>	<b>8,921</b>	<b>9,045</b>	<b>10,485</b>	<b>11,718</b>	<b>12,376</b>	<b>12,985</b>
<b>Analysis of Student Loans</b>							
<b>Outstanding balance</b>							
Total loans outstanding (including interest)	6,821	7,775	7,512	8,232	8,951	9,673	10,351
Total provisions (capital and interest)	(826)	(911)	(894)	(975)	(1,059)	(1,139)	(1,218)
<b>Total Student Loans</b>	<b>5,995</b>	<b>6,864</b>	<b>6,618</b>	<b>7,257</b>	<b>7,892</b>	<b>8,534</b>	<b>9,133</b>
<b>Movement during the year</b>							
Opening balance	5,370	6,095	5,995	6,618	7,257	7,892	8,534
Amount advanced in current year	999	1,100	998	1,051	1,092	1,140	1,191
Interest accrued on outstanding loan balances	447	503	503	550	607	669	680
Repayment of base capital	(294)	(334)	(314)	(351)	(391)	(434)	(479)
Repayment of accrued interest	(216)	(204)	(238)	(270)	(306)	(343)	(382)
Interest written off and movement in provision for interest write-offs and doubtful debts	(319)	(304)	(333)	(350)	(374)	(400)	(419)
Other movements	8	8	7	9	7	10	8
<b>Closing Balance</b>	<b>5,995</b>	<b>6,864</b>	<b>6,618</b>	<b>7,257</b>	<b>7,892</b>	<b>8,534</b>	<b>9,133</b>
<b>NOTE 11: Receivables</b>							
Taxes receivable	5,843	5,577	5,758	5,730	5,713	5,691	5,663
Accounts receivable	4,294	3,996	4,285	4,117	4,100	4,160	4,232
Receivable from the sale and purchase of Maui gas	156	114	134	83	31	11	5
Prepayments	294	265	252	250	224	226	228
<b>Total Receivables</b>	<b>10,587</b>	<b>9,952</b>	<b>10,429</b>	<b>10,180</b>	<b>10,068</b>	<b>10,088</b>	<b>10,128</b>
<b>NOTE 12: Other Investments</b>							
International Bank for Reconstruction and Development	82	79	83	83	83	83	83
Asian Development Bank	89	81	89	89	89	89	89
Other	88	93	84	80	79	79	79
<b>Total Other Investments</b>	<b>259</b>	<b>253</b>	<b>256</b>	<b>252</b>	<b>251</b>	<b>251</b>	<b>251</b>

## Notes to the Forecast Financial Statements

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast

### NOTE 13: Property, Plant and Equipment

#### By Type

#### Gross Carrying Value

Land (valuation)	9,509	6,891	9,524	9,619	9,712	9,808	9,907
Properties intended for sale (valuation)	464	478	487	473	472	473	474
Buildings (valuation)	18,138	18,731	19,297	20,367	21,221	22,520	23,346
Electricity distribution network (valuation)	2,409	2,466	2,237	2,509	2,912	3,022	3,131
Electricity generation assets (cost)	4,915	6,259	5,610	6,281	6,919	7,416	8,035
Aircraft (ex SME) (valuation)	1,149	1,367	1,530	2,751	3,223	3,311	3,382
State highways (valuation)	13,082	13,445	13,606	14,215	14,797	15,332	15,922
Specialist military equipment (valuation)	2,780	3,038	3,114	3,406	3,664	3,780	3,770
Other plant and equipment (cost)	8,402	9,805	9,209	9,926	10,617	11,208	11,817
Other assets (valuation)	5,262	5,345	5,274	5,375	5,550	5,571	5,591
<b>Total Gross Carrying Value</b>	<b>66,110</b>	<b>67,825</b>	<b>69,888</b>	<b>74,922</b>	<b>79,087</b>	<b>82,441</b>	<b>85,375</b>

#### Accumulated Depreciation

Buildings	1,356	2,822	1,984	2,776	3,577	4,255	5,061
Electricity distribution network	451	386	202	308	405	503	600
Electricity generation assets	416	791	432	580	736	891	1,047
Aircraft (ex SME)	..	98	116	239	414	621	791
State highways	..	447	233	494	785	1,102	1,443
Specialist military equipment	482	671	650	730	937	1,180	1,447
Other plant and equipment	5,141	5,931	5,600	6,344	7,151	7,979	8,824
Other assets	324	485	295	306	320	344	366
<b>Total Accumulated Depreciation</b>	<b>8,170</b>	<b>11,631</b>	<b>9,512</b>	<b>11,777</b>	<b>14,325</b>	<b>16,875</b>	<b>19,579</b>

#### Net Carrying Value

Land (valuation)	9,509	6,891	9,524	9,619	9,712	9,808	9,907
Properties intended for sale (valuation)	464	478	487	473	472	473	474
Buildings (valuation)	16,782	15,909	17,313	17,591	17,644	18,265	18,285
Electricity distribution network (valuation)	1,958	2,080	2,035	2,201	2,507	2,519	2,531
Electricity generation assets (cost)	4,499	5,468	5,178	5,701	6,183	6,525	6,988
Aircraft (ex SME) (valuation)	1,149	1,269	1,414	2,512	2,809	2,690	2,591
State highways (valuation)	13,082	12,998	13,373	13,721	14,012	14,230	14,479
Specialist military equipment (valuation)	2,298	2,367	2,464	2,676	2,727	2,600	2,323
Other plant and equipment (cost)	3,261	3,874	3,609	3,582	3,466	3,229	2,993
Other assets (valuation)	4,938	4,860	4,979	5,069	5,230	5,227	5,225
<b>Total Net Carrying Value</b>	<b>57,940</b>	<b>56,194</b>	<b>60,376</b>	<b>63,145</b>	<b>64,762</b>	<b>65,566</b>	<b>65,796</b>

#### By Holding

Freehold assets	57,357	55,810	60,011	62,803	64,442	65,246	65,476
Leasehold assets	583	384	365	342	320	320	320
<b>Net carrying value</b>	<b>57,940</b>	<b>56,194</b>	<b>60,376</b>	<b>63,145</b>	<b>64,762</b>	<b>65,566</b>	<b>65,796</b>

### NOTE 14: Payables and Provisions

Accounts payable and accruals	7,493	5,425	7,278	7,251	7,500	7,646	7,745
Taxes repayable	2,355	2,134	2,326	2,326	2,326	2,326	2,326
Provisions	485	507	657	657	670	671	693
National Provident Fund guarantee	891	882	891	891	891	891	891
Provisions for employee entitlements	1,262	1,179	1,227	1,226	1,215	1,220	1,231
<b>Total Payables and Provisions</b>	<b>12,486</b>	<b>10,127</b>	<b>12,379</b>	<b>12,351</b>	<b>12,602</b>	<b>12,754</b>	<b>12,886</b>

## Notes to the Forecast Financial Statements

### NOTE 15: GSF Liability

The Government Superannuation Fund (GSF) liability has been calculated by the Government Actuary as at 31 October 2004 (the valuation date) for inclusion within the 2004 December Economic and Fiscal Update (DEFU). The liability arises from closed schemes for past and present public sector employees (set out in the GSF Act 1956). A projected Aggregate Funding method, based on 31 October 2004 membership data, was used for the valuation. This method requires the benefits payable from the GSF in respect of past service to be calculated and then discounted back to the valuation date.

The GSF liabilities included in the 2004 DEFU were calculated using discount rates derived from the market yield curve as at the 31 October 2004. This resulted in a long-term after-tax discount rate of 4.1% (4.4% as at 30 June 2004). The other principal long-term financial assumptions used in the calculation remained unchanged from 30 June 2004, which were an inflation rate of 2.0% and an annual salary increases rate, before any promotional effects, of 3.0%.

The 2004/05 movement in the net unfunded liability is \$409 million (reflecting an increase in the gross liability of \$443 million and an increase in the net assets of \$34 million). There are essentially three components driving this change, being changes to the economic assumptions applied since 30 June 2004, actual GSF experience to 31 October 2004 and the expected net movement in contributions, investment income and benefit payments. The change in underlying economic assumptions accounted for approximately \$372 million of the increase in the net unfunded liability, due largely to the change in discount rate (\$460 million) offset by a change in demographic assumptions (\$88 million). The net unfunded liability increased by \$126 million due to actual GSF experience to 31 October 2004. Finally the net liability is expected to decrease \$57 million due to movements in expected contributions, investment income and benefit payments. The changes from 2005/06 onwards reflect the expected net movement in investment income, contributions and benefit payments only.

#### Presentation approach

The projected gross liability is included within total liabilities. The GSF has available to it a portfolio of assets that partially offset the gross liability. The assets (less cross holdings of NZ Government stock) are included in the asset portion of the Crown's overall balance sheet. The component parts are shown in the reconciliation below.

(\$ million)	2005						
	2004 Actual	2004 Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>GSF liability and asset information</b>							
<b>Gross GSF liability</b>							
Opening gross liability	13,857	14,071	13,542	13,985	13,959	13,888	13,787
Net projected change	(315)	(57)	443	(26)	(71)	(101)	(135)
<b>Closing gross liability</b>	<b>13,542</b>	<b>14,014</b>	<b>13,985</b>	<b>13,959</b>	<b>13,888</b>	<b>13,787</b>	<b>13,652</b>
<b>Less net assets available to the GSF scheme</b>							
Opening asset value	3,182	3,313	3,375	3,409	3,502	3,589	3,673
Net projected change (investment income & contributions less membership payments)	193	87	34	93	87	84	81
<b>Closing net asset values</b>	<b>3,375</b>	<b>3,400</b>	<b>3,409</b>	<b>3,502</b>	<b>3,589</b>	<b>3,673</b>	<b>3,754</b>
<b>Net unfunded liability of the GSF schemes</b>							
Opening unfunded liability	10,675	10,758	10,167	10,576	10,457	10,299	10,114
Net projected change	(508)	(144)	409	(119)	(158)	(185)	(216)
<b>Net unfunded liability</b>	<b>10,167</b>	<b>10,614</b>	<b>10,576</b>	<b>10,457</b>	<b>10,299</b>	<b>10,114</b>	<b>9,898</b>

## Notes to the Forecast Financial Statements

### NOTE 16: ACC Claims Liability

#### Calculation information

PricewaterhouseCoopers Actuarial Pty Ltd have prepared the independent actuarial estimate of the ACC outstanding claims liability as at 30 June 2004. This estimate includes the expected future payments relating to accidents that occurred prior to balance date (whether or not the associated claims have been reported to, or accepted by, ACC) and also the expected administrative expenses of managing these claims.

The key economic variables that impact on changes to the valuation are the long-term Labour Cost Index (LCI) of 2.5% (unchanged from 30 June 2004) and the discount rate of 6.2% (6.5% at 30 June 2004). Other key variables in each valuation is the assumed rate at which long-term claimants will leave the scheme over the period. This assessment is largely based on scheme history.

#### Explanation of change

The total change in the gross ACC liability compared to the expected movement for 2004/05 from the estimate as at 30 June 2004 is \$296 million. The main driver of the change has been the decrease in the discount rate since the 30 June 2004 valuation.

#### Presentation approach

The projected gross liability is included within total liabilities. The ACC has available to it a portfolio of assets that partially offset the gross liability. The assets (less cross holdings of NZ Government stock) are included in the asset portion of the Crowns' overall balance sheet.

The approach followed in the past has been to show the movement in the ACC liability as a single net movement in the Statement of Financial Performance as part of the net surplus of SOEs and Crown entities. Now movements are shown within the component assets and liabilities.

(\$ million)	2005						
	2004 Actual	2005 Previous Budget	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
<b>ACC liability and asset information</b>							
<b>Gross ACC liability</b>							
Opening gross liability	9,155	9,763	9,347	10,248	10,901	11,569	12,244
Net projected change	192	598	901	653	668	675	686
<b>Closing gross liability</b>	<b>9,347</b>	<b>10,361</b>	<b>10,248</b>	<b>10,901</b>	<b>11,569</b>	<b>12,244</b>	<b>12,930</b>
<b>Less net assets available to ACC</b>							
Opening net asset value	4,901	5,943	5,969	6,688	7,483	8,341	9,261
Net projected change	1,068	716	719	795	858	920	971
<b>Closing net asset values</b>	<b>5,969</b>	<b>6,659</b>	<b>6,688</b>	<b>7,483</b>	<b>8,341</b>	<b>9,261</b>	<b>10,232</b>
<b>Net ACC reserves (net liability)</b>							
Opening reserves position	(4,254)	(3,820)	(3,378)	(3,560)	(3,418)	(3,228)	(2,983)
Net projected change	876	118	(182)	142	190	245	285
<b>Closing reserves position (net liability)</b>	<b>(3,378)</b>	<b>(3,702)</b>	<b>(3,560)</b>	<b>(3,418)</b>	<b>(3,228)</b>	<b>(2,983)</b>	<b>(2,698)</b>

### NOTE 17: Revaluation reserves

#### Asset Revaluation Reserves

<b>Opening Balance</b>	<b>15,624</b>	<b>15,682</b>	<b>19,838</b>	<b>19,857</b>	<b>19,857</b>	<b>19,857</b>	<b>19,857</b>
Net revaluations							
Land and buildings	3,855	..	18	..	..	..	..
State highways	308	..	..	..	..	..	..
Other assets	50	..	1	..	..	..	..
<b>Total Net Revaluations</b>	<b>4,213</b>	<b>..</b>	<b>19</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Transfer to taxpayer funds	1	..	..	..	..	..	..
<b>Closing Balance</b>	<b>19,838</b>	<b>15,682</b>	<b>19,857</b>	<b>19,857</b>	<b>19,857</b>	<b>19,857</b>	<b>19,857</b>

## Notes to the Forecast Financial Statements

(\$ million)	2005		2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast
	2004 Actual	2005 Previous Budget					
<b>NOTE 18: Core Crown</b>							
<b>Reconciliation of Core Crown Forecast Net Cash Flows from Operations with Forecast Net Cash Proceeds from Domestic Bonds (flows of Government stock involving NZS Fund and GSF are not eliminated)</b>							
<b>Core Crown Cash Flows from Operations</b>							
Total tax receipts	42,777	44,720	46,273	48,428	50,216	52,730	55,700
Total other sovereign receipts	428	488	564	551	565	577	590
Interest, profits and dividends	1,129	848	1,250	998	1,136	1,241	1,374
Sale of goods & services and other receipts	534	668	786	635	611	590	570
Subsidies and transfer payments	(14,250)	(14,701)	(14,384)	(15,537)	(16,567)	(17,531)	(18,173)
Personnel and operating expenses	(23,198)	(24,729)	(24,797)	(26,317)	(26,819)	(27,189)	(27,312)
Finance costs	(1,977)	(1,892)	(1,903)	(1,889)	(1,779)	(1,746)	(1,803)
Forecast new operating spending	..	(441)	(461)	(1,489)	(2,992)	(5,095)	(7,242)
<b>Net Cash Flows from Core Crown Operations</b>	<b>5,443</b>	<b>4,961</b>	<b>7,328</b>	<b>5,380</b>	<b>4,371</b>	<b>3,577</b>	<b>3,704</b>
Net purchase of physical assets	(1,299)	(1,277)	(1,705)	(1,396)	(1,040)	(884)	(769)
Net increase in advances	(1,725)	(857)	(772)	(868)	(982)	(836)	(759)
Net purchase of investments	(20)	(800)	(650)	(299)	(250)	(115)	(70)
Purchase of marketable securities and deposits by NZS Fund	(1,879)	(2,107)	(2,107)	(2,207)	(2,213)	(2,343)	(2,528)
Purchase of Reserve Bank reserves	..	(500)	(500)	(500)	(500)	(400)	..
Forecast new capital spending	..	(228)	(158)	(815)	(941)	(414)	(550)
<b>Available to Repay Debt/(Required to be Financed)</b>	<b>520</b>	<b>(808)</b>	<b>1,436</b>	<b>(705)</b>	<b>(1,555)</b>	<b>(1,415)</b>	<b>(972)</b>
<b>Financed by:</b>							
Other net sale/(purchase) of marketable securities and deposits	541	2,450	(1,179)	51	53	57	4
<b>Total Operating and Investing Activities</b>	<b>1,061</b>	<b>1,642</b>	<b>257</b>	<b>(654)</b>	<b>(1,502)</b>	<b>(1,358)</b>	<b>(968)</b>
<b>Used in:</b>							
Net (repayment)/issue of other New Zealand-dollar borrowing	2	(1,349)	(823)	193	1,048	(724)	140
Decrease/(increase) in cash	(250)	(3)	528	69	(24)	(26)	(39)
Issue of circulating currency	114	..	31	..	..	..	..
Net issue/(repayment) of foreign-currency borrowing	(216)	211	732	501	501	358	..
	<b>(350)</b>	<b>(1,141)</b>	<b>468</b>	<b>763</b>	<b>1,525</b>	<b>(392)</b>	<b>101</b>
<b>Net Cash Inflow/(Outflow) to be Offset by Domestic Bonds</b>	<b>711</b>	<b>501</b>	<b>725</b>	<b>109</b>	<b>23</b>	<b>(1,750)</b>	<b>(867)</b>
<b>Gross Cash Proceeds from Domestic Bonds</b>							
Domestic bonds (market)	2,212	2,311	2,052	2,473	2,754	1,750	3,367
Domestic bonds (non-market)	478	248	358	312	376	..	..
<b>Total Gross Cash Proceeds from Domestic Bonds</b>	<b>2,690</b>	<b>2,559</b>	<b>2,410</b>	<b>2,785</b>	<b>3,130</b>	<b>1,750</b>	<b>3,367</b>
Repayment of domestic bonds (market)	(3,044)	(2,797)	(2,797)	(2,574)	(2,777)	..	(2,500)
Repayment of domestic bonds (non-market)	(357)	(263)	(338)	(320)	(376)	..	..
<b>Net Cash (Repayments of)/Proceeds from Domestic Bonds</b>	<b>(711)</b>	<b>(501)</b>	<b>(725)</b>	<b>(109)</b>	<b>(23)</b>	<b>1,750</b>	<b>867</b>

## Glossary of Terms

### ***ACC unfunded liability***

The future cost of past ACC claims, less the asset reserves held to meet these claims. The ACC outstanding claims liability is the gross liability of the future cost of past ACC claims.

### ***Baselines***

The level of funding approved for any given spending area (eg, Education). All amounts within baselines are included in the forecasts.

### ***Contingent liability***

Contingent liabilities are costs, which the Crown will have to face if a particular event occurs. Typically, contingent liabilities consist of guarantees and indemnities, legal disputes and claims, and uncalled capital.

### ***Core Crown***

The core Crown represents the revenues, expenses, assets and liabilities of departments, the Reserve Bank, GSF and the NZS Fund.

### ***Corporate tax***

The sum of net company tax, non-resident withholding tax (NRWT) and foreign dividend withholding payments (FDWP).

### ***Current account***

A measure of the flows of income between New Zealand and the rest of the world. A net inflow to New Zealand is a current account surplus, while a net outflow is a deficit. The current account balance is commonly expressed as a percentage of GDP.

### ***Customs duty***

Duty levied on the imports of certain goods.

### ***Cyclically adjusted or structural fiscal balance***

An estimate of the fiscal balance adjusted for short-term fluctuations of actual GDP around the productive potential of the economy. The estimate provides a picture of the underlying trend fiscal position and an indication of the effects of policy decisions. Because it is based on a number of assumptions and is sensitive to new information, the estimate is subject to some uncertainty. Trends in the cyclically adjusted balance are, however, more reliable.

### ***Demographic changes***

Changes to the structure of the population, for example the age, sex or ethnic make-up of the population.

### ***Domestic bond programme***

The amount of new government stock (taking into account the repayment of maturing government stock) expected to be issued over the financial year to fund the Government's cash flow requirements.

### ***Excise duties***

Tax levied on the domestic production of alcohol, tobacco and light petroleum products (CNG, LPG and petrol).

### ***Financial assets***

Either cash or shares (equity) or a right to receive a financial instrument, which can be converted to cash (see net Crown debt).

### ***Operating allowance***

The amount included in the *Fiscal Strategy Report* projections for new spending and cost pressures. The allowance is a projection assumption.

***Fiscal Objectives (long-term)***

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the Fiscal Responsibility Act 1994. The objectives must be consistent with the principles of responsible fiscal management outlined in the Act.

***Forecast new capital spending***

An amount provided in the forecasts to represent the balance sheet impact of capital initiatives expected to be introduced over the forecast period.

***Forecast new operating spending***

An amount included in the forecasts to provide for the operating balance impact of policy initiatives and changes to demographics and other forecasting changes expected to occur over the forecast period.

***Fringe benefit tax (FBT)***

Tax levied on non-cash benefits provided to employees as part of remuneration packages.

***Gross Crown debt***

Total borrowings (financial liabilities).

***Gross domestic product (GDP)***

A measure of the value of all goods and services produced in New Zealand; changes in GDP measure growth in economic activity or output. GDP can be measured as the actual dollar value of goods and services measured at today's prices (nominal GDP), or excluding the effects of price changes over time (real GDP).

***Gross domestic product (expenditure)***

This is the sum of total final expenditures on goods and services in the economy.

***Gross national expenditure (GNE)***

Measures total expenditure on goods and services by New Zealand residents.

***Labour productivity***

Measures output per input of labour (where labour inputs might be measured as hours worked or people).

***Line-by-line consolidation***

This is a term used to refer to the general approach to the presentation of the Crown financial statements. It means that the revenues, expenses, assets and liabilities of all departments, the Reserve Bank, SOEs and Crown entities are included in the Crown financial statements.

***Marketable securities and deposits***

Assets held with financial institutions. These assets are held for both cash flow and investment purposes, and include any funds the Government has invested in the International Monetary Fund.

***Monetary conditions***

The combination of interest rates and the exchange rate.

***Monetary policy***

Action taken by the Reserve Bank to affect interest rates and the exchange rate in order to control inflation. Tightening monetary policy refers to actions taken by the Reserve Bank to raise interest rates (which can influence the exchange rate) in order to moderate demand pressures to reduce inflationary pressures.

***Net Crown debt***

Borrowings (financial liabilities) less cash and bank balances, marketable securities and deposits, and advances (financial assets). Net debt excludes the assets of the NZS Fund and GSF. Net Crown debt is a measure of the Core Crown.

***Net worth***

Assets less liabilities (also referred to as Crown balance).

**Operating balance**

The operating balance is the residual of revenues less expenses plus surpluses from state-owned enterprises and Crown entities. It is the Government's operating profit or loss.

**Operating balance excluding revaluation and accounting policy changes (OBERAC)**

The OBERAC is the operating balance adjusted for revaluation movements and accounting policy changes. It provides a measure of underlying stewardship.

**Participation rate**

Measures the percentage of the working age population in work or actively looking for work.

**Projections**

Projections of the key fiscal indicators beyond the five-year forecast period. The projections are based on long-run economic and fiscal assumptions. For example, the projections assume no economic cycle and constant long-run interest, inflation and unemployment rates.

**Provisional tax**

A thrice-yearly payment of tax on income that has not been taxed, or been under-taxed, at source (relates only to company tax and other persons' tax).

**Short-term fiscal intentions**

Under the Fiscal Responsibility Act 1994, the Government must indicate explicitly its intentions for operating expenses, operating revenues, the operating balance, debt and net worth over the next three years.

**Source deductions**

Tax withheld on wages, salaries, social welfare benefits, bonuses, lump-sum payments and superannuation fund contributions. About 80% of source deductions come from PAYE on wages and salaries. Source deductions is the biggest single tax type.

**Specific fiscal risks**

These are a category of Government decisions or circumstances which may have

a material impact on the fiscal position (excluding contingent liabilities). They are not included in the main forecasts because their fiscal impact cannot be reasonably quantified, the likelihood of realisation is uncertain and/or the timing is uncertain.

**Stock change**

The change in the value of stocks (raw materials, work in progress, and finished goods) during a given period.

**System of National Accounts (SNA)**

SNA is a comprehensive, consistent and flexible set of macroeconomic accounts to meet the needs of government and private sector analysts, policy-makers, and decision-takers. See [www.imf.org](http://www.imf.org) for further information.

**Tax revenue**

The accrual, rather than the cash ("tax receipts") measure of taxation. It is a measure of tax due, regardless of whether or not it has actually been paid.

**Thin capitalisation**

A tax rule applicable to a non-resident-owned business that limits tax deductions for interest payments based on its level of debt relative to its assets.

**Trade weighted index (TWI)**

A measure of movements in the New Zealand dollar against the currencies of our major trading partners. The currencies comprise the US dollar, the Australian dollar, the Japanese yen, the euro and the UK pound.

**Unit labour costs**

The wages and other costs associated with employment per unit of output.

**Year ended**

Graphs and tables use different expressions of the timeframe. For example, 2003/04 or 2004 will generally mean "year ended 30 June" unless otherwise stated.