

Financial Statements of the Government of New Zealand

For the Four Months Ended
31 October 2013



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New Zealand Government

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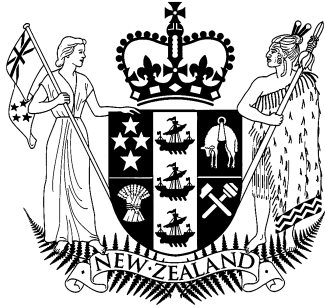
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COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the four months ended 31 October 2013 and its financial position as at that date.

The October results are reported against forecasts based on the *2013 Budget Economic and Fiscal Update (BEFU)*, published on 16 May 2013.

At a Glance

Table 1 – Key indicators for the four months ended 31 October 2013 compared to BEFU

\$ million	Year to date				Full Year
	October	October	Variance	Variance	June
	2013	2013	to BEFU	to BEFU	2014
	Actual ¹	Forecast ¹	\$m	%	BEFU Forecast ²
Core Crown					
Core Crown tax revenue	19,344	19,146	198	1.0	62,383
Core Crown revenue	21,509	21,494	15	0.1	68,382
Core Crown expenses	23,320	23,575	255	1.1	72,367
Core Crown residual cash	(3,264)	(3,418)	154	4.5	(6,886)
Gross debt ³	82,889	80,826	(2,062)	(2.6)	87,686
<i>as a percentage of GDP</i>	39.0%	38.0%			38.5%
Net debt ⁴	59,076	59,426	350	0.6	64,765
<i>as a percentage of GDP</i>	27.8%	27.9%			28.4%
Total Crown					
Operating balance before gains and losses	(1,746)	(2,141)	395	18.4	(2,033)
Operating balance	1,833	(1,465)	3,298	225.1	358
Net worth attributable to the Crown	69,300	66,768	2,532	3.8	61,997

1 Using GDP for the year ended 30 June 2013 of \$212,701 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2014 of \$227,892 million (Source: Treasury).

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

Core Crown includes Ministers, Departments, Offices of Parliament, the NZS Fund and the Reserve Bank of New Zealand but excludes State-owned enterprises and Crown entities.

Results for the four months ended 31 October 2013

Continuing the trend from last month, the total Crown's **operating balance before gains and losses** (OBEGAL) was a deficit of \$1.7 billion which was \$395 million less than expected, largely owing to the stronger than forecast core Crown tax revenue and lower than expected core Crown expenses.

Core Crown tax revenue of \$19.3 billion was 1.0% higher than forecast, largely due to stronger than anticipated other individuals' tax and customs and excise duties (\$171 million and \$78 million above forecast respectively). Continued strength in gross other persons tax and lower than expected refunds contributed to the other individuals' tax outcome, while greater than expected imports of tobacco products and the domestic production of refined fuels drove the customs and excise duties result. This improved performance was partially offset by \$101 million lower than expected corporate tax, which reflected lower than forecast provisional tax.

Core Crown expenses of \$23.3 billion were 1.1% lower than forecast, in part reflecting delays in earthquake expenses and treaty settlements (\$88 million and \$54 million respectively).

Gains in the Crown's investment portfolios were \$1.7 billion higher than expected, particularly the New Zealand Superannuation Fund. In addition, actuarial gains on the Accident Compensation Corporation's outstanding claims

liability and the Government Superannuation Fund's retirement liability arising from discount rate changes resulted in unforecast gains of \$798 million and \$539 million respectively. The better than expected core Crown revenue and expenses result, alongside stronger than expected gains, were the key reason for the total Crown's **operating balance inclusive** of gains and losses recording a \$1.8 billion surplus, compared with an expected \$1.5 billion deficit.

The Core Crown **residual cash deficit** at \$3.3 billion was \$154 million below forecast, consistent with the revenue and expense trend. The partial sale of share in Meridian Energy occurred during October. Total cash proceeds from the first instalment were just under \$1.3 billion. The forecasts included a figure of \$1.5 billion for 2013/14, which was based on the forecast proceeds for the entire Government Share Offers programme, spread evenly over four years, and so was not an estimate of proceeds from the Meridian share offer. Further information on the Meridian partial share sale is included on the next page.

As a result of the lower than forecasted residual cash deficit and higher than forecast issues of circulating currency, the core Crown's **net debt** was \$350 million lower than forecast at \$59.1 billion, or 27.8% of GDP.

Gross debt at \$82.9 billion (39.0% of GDP) was boosted by higher than expected government bond issuance, including the syndication of the new September 2030 inflation-indexed bonds in October.

Further analysis of the October results follows.

PARTIAL SALE OF MERIDIAN ENERGY LIMITED

Core Crown

On 23 October 2013 the price and allocations in relation to Meridian Energy Limited (Meridian) instalment receipts that were sold were confirmed (settled on 30 October for the NZX portion and 31 October for the ASX portion). The Government sold instalment receipts representing 48.98% of its shares in Meridian and will receive gross cash proceeds of \$1.883 billion once the final instalment is paid. The non-government holders of instalment receipts are referred to as non-controlling “minority interests”. The table below outlines the net assets of Meridian and the summary Core Crown results of the partial share sale:

Meridian	At date of share issue \$m
Property, plant and equipment	6,790
Financial assets	519
Other assets	130
Borrowings	(1,297)
Other liabilities	(1,546)
Net Assets	4,596
Carrying amount of minority interests (48.98%)	2,251
Gross proceeds	1,883
Present value discounting for the deferral of final instalment ¹	(33)
Estimated direct costs ²	(21)
Net proceeds	1,829
Estimated loss on disposal to minority interests	422
Carrying amount of minority interests (48.98%)	2,251

As a result of the sale of instalment receipts in Meridian to minority interests, the profit from its operations must be shared with the minority interests. However, because the Government retains control of the assets, no “sale” of Meridian assets is reported. As a result, 100% of the assets, liabilities, revenue and expenses of Meridian will continue to be included in the financial statements of the Government. The key change to the financial statements will be the disclosure of the non-controlling minority interests in those assets, liabilities, revenue and expenses.

The final instalment for Meridian of \$627.5 million is payable on 15 May 2015.

The Crown has received \$1,255 million cash proceeds from the first instalment.

The estimated impact of the partial sale on the Government’s key fiscal indicators at 31 October was as follows:

Indicator	Before Sale \$m	Impact \$m	After Sale \$m
Residual Cash	(4,519)	1,255	(3,264)
Net Debt	60,331	1,255	59,076

Total Crown

In addition to the Core Crown’s direct investment, a number of Crown Financial Institutions (CFI’s) have also invested in the company as part of their normal investment activities. These investments have the effect of increasing the total Crown investment and therefore reducing the overall minority interest to 46.65%. When the CFI investment is removed, the estimated loss on disposal reduces to \$378 million.

¹ The present value discount represents the difference between the present value of the receivable in today’s dollars of \$594.5 million and the nominal value of \$627.5 million to be received in May 2015.

² Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.

ANALYSIS

Table 2 – Key indicator variances for the four months ended 31 October 2013 compared to BEFU:

Item/indicator	Variance ³	Key drivers
Core Crown		
Core Crown revenue	\$15 million (higher than forecast)	<p>While core Crown revenue was close to forecast, core Crown tax was \$198m higher than forecast, partially offset by \$176m lower than forecast interest revenue received by the New Zealand Superannuation Fund (NZSF) and the Reserve Bank.</p> <p>Key drivers of the core Crown tax result were:</p> <ul style="list-style-type: none"> • Other Individuals tax was \$171m (16.1%) above forecast; due to continued strength in gross other persons tax and lower-than-forecast refunds. • Customs and excise duties were \$78m (6.5%) above forecast due to greater-than-expected imports of tobacco products and greater-than-expected production of refined fuels. <p>Partly offsetting the higher than forecast tax revenue was Corporate tax which was \$101m (3.6%) below forecast, due to lower than forecast provisional tax.</p> <p>Other tax types were close to forecast.</p>
Core Crown expenses	\$255 million (lower than forecast)	<p>Core Crown expenses were close to forecast at \$23.3b, 1.1% lower than expected.</p> <ul style="list-style-type: none"> • The Ministry of Business, Innovation and Employment had lower than forecast expenses of \$99m spread across a number of areas and were potentially timing related. • CERA expenses were \$88m lower than expected primarily due to delays in relation to property acquisitions in Port Hills. A land zoning review and announcement in relation to Port Hills properties were forecast to occur in September 2013 however this review has been postponed as a result of an August High Court decision. • Treaty expenses were \$54m below forecast due to delays in finalising negotiations.
Core Crown residual cash deficit	\$154 million (lower than forecast)	<p>The residual cash deficit was \$154m better than expected (at \$3,264m).</p> <ul style="list-style-type: none"> • Core Crown tax receipts were \$168m higher than expected. Most of this variance was a result of higher than forecast other individuals tax (\$102m) as explained in tax revenue above and NZSF paying more income tax than forecast (\$72m) mainly a result of the larger than expected gains on investment. • Personnel and other operating payments were \$191m lower than forecast mainly due to cash underspends in Treaty (\$132m) and CERA (\$80m) as explained in core Crown expenses above. <p>This favourable result was partially offset by cash proceeds from the partial sale of Meridian coming in \$245m lower than the \$1.5b forecast at Budget (the forecast was based on the forecast proceeds of the entire Government Share Offers programme, spread evenly over four years, and so was not an estimate of proceeds from the Meridian share offer).</p>

³ Favourable variances against forecast have a positive sign and unfavourable variances against forecast have a negative sign.

Item/indicator	Variance ³	Key drivers
Gross debt	(\$2,062 million) (higher than forecast)	Gross debt at \$82.9b was higher than forecast at 39.0% of GDP. This higher debt was mostly due to the NZDMO issuing higher levels of Government bonds earlier than forecast. Syndication issuance of \$1 - \$2b of a new inflation-indexed bond was anticipated by NZDMO in the three month period September – November. The syndication was forecast at \$1.5b for November, with \$2.5b issued earlier in October owing to strong demand.
Net debt	\$350 million (lower than forecast)	At \$59.1b, or 27.8% of GDP, net debt was \$350m below forecast. The result was due to the better-than-expected residual cash result explained earlier, as well as higher than forecast issues of circulating currency.
Total Crown		
Operating balance before gains and losses deficit	\$395 million (lower than forecast)	The OBEGAL deficit at \$1.7b was \$395m lower than forecast. The key drivers of the OBEGAL variance are the core Crown results previously discussed, in addition to SOE profits which are higher than forecast.
Operating balance	\$3,298 million (higher than forecast)	In addition to the \$395m lower OBEGAL deficit mentioned above was a \$1.7b positive variance from the Crown's investment portfolios, with the NZS Fund alone recording net gains that were \$1.4b above forecast (year-to-date). Changes in discount rates also saw ACC record unforecast actuarial gains of \$798m for the year-to-date continuing the trend that emerged towards the end of the 2012/13 year. The Government Super Fund (GSF) also recorded an unforecast actuarial gain of \$539m, primarily due to an increase in the discount rate applied to the retirement liability. Offsetting these higher than forecast gains were \$210m of losses in the Emissions Trading Scheme (ETS), mainly as a result of the New Zealand Unit carbon price increasing to NZ\$3.65 at 31 October from NZ\$0.24 at Budget 2013.
Net worth attributable to the Crown	\$2,532 million (higher than forecast)	Net worth was higher than forecast, at \$69.3b, largely reflecting the operating balance result of \$3.3b. This favourable variance was partly offset by a \$597m variance representing the difference between the estimated loss on disposal of Meridian in the October accounts versus the \$175m gain forecast at Budget.

Table 3 – Fiscal Strategy and financial results

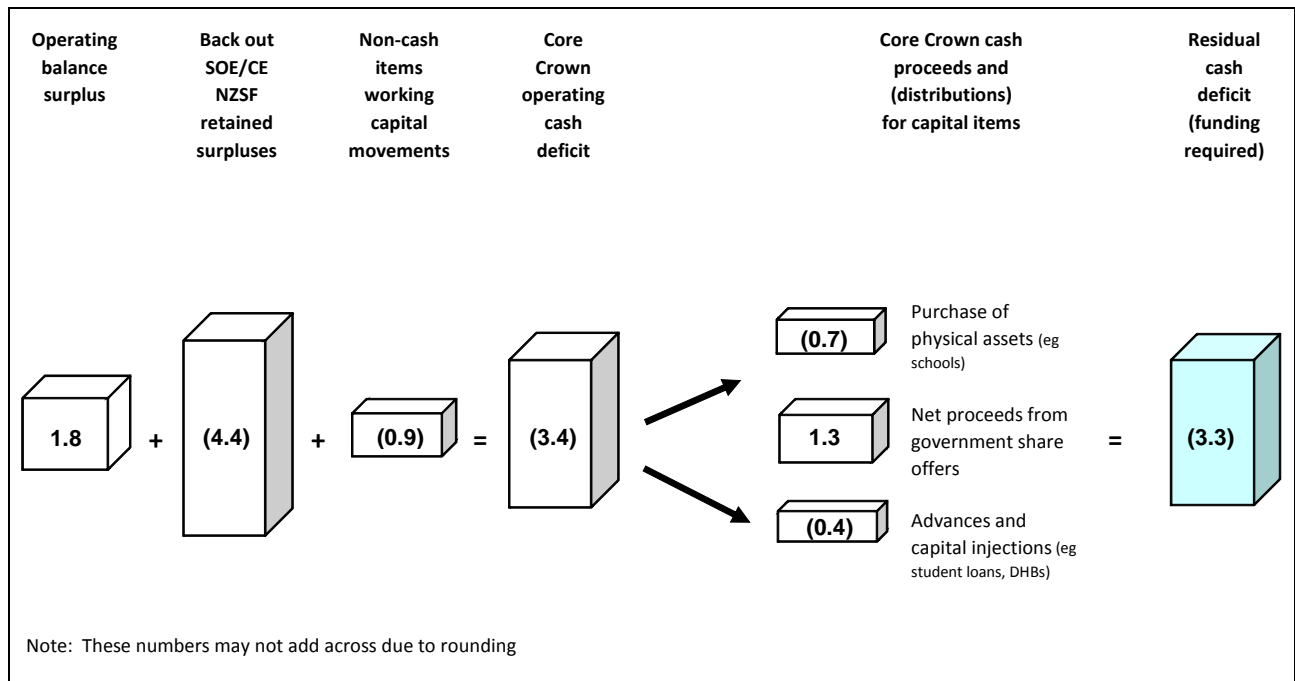
Fiscal Strategy		Financial Results		Ref	31 Oct 2013	31 Oct 2013			Annual
					Actual	Forecast	Variance	Variance ²	Forecast
					\$m	\$m	\$m	%	\$m
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	27.3%	27.0%					27.4%
	Core Crown taxation revenue ...		19,344	19,146	198	1.0		62,383	
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP	... combined with other core Crown revenue ...		2,165	2,348	(183)	(7.8)		5,999	
	... fund core Crown expenses...		(23,320)	(23,575)	255	1.1		(72,367)	
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	... and with SOE and Crown entity results and core Crown gains and losses...		3,644	616	3,028	491.6		4,343	
	... result in an operating surplus or deficit...		1,833	(1,465)	3,298	225.1		358	
	...with income in SOEs, CEs and the NZS Fund retained...		(4,374)	(998)	(3,376)	(338.3)		(5,490)	
	... and some items do not impact cash ...		(903)	(1,306)	403	30.9		1,915	
	... leaving operating cash flows to ...		(3,444)	(3,769)	325	8.6		(3,217)	
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020	... meet the capital expenditure budget ...		(667)	(782)	115	14.7		(3,013)	
	... make advances (e.g. to students and DHBs)...		(408)	(367)	(41)	(11.3)		(2,156)	
	... and receive proceeds from government share offers		1,255	1,500	(245)	(16.3)		1,500	
	With the residual cash ...		(3,264)	(3,418)	154	4.5		(6,886)	
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020	... when combined with opening net debt ...		55,835	55,835	-	-		55,835	
	... and fair value movements and other changes in financial assets and financial liabilities ...		(23)	173	196	113.5		2,044	
	... results in a closing net debt ...		59,076	59,426	350	0.6		64,765	
	... and as a % of GDP		27.8%	27.9%				28.4%	

1 GDP for the four months ended 31 October 2013 (actual and forecast) is the actual data for the year ended 30 June 2013 (Source: Statistics New Zealand) pro-rated for four months.

2 Percentage variances between the actual and comparative balances exceeding 500% are not shown.

Figure 1 – Application of core Crown cash flows (\$billions)

This diagram shows how the Operating Balance translates into cash available to the core Crown and how this cash was spent.



YEAR - ON - YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	October 2013 Actual \$m	October 2012 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	19,344	17,917	1,427	8.0
Other revenue	2,165	1,810	355	19.6
Total Core Crown Revenue	21,509	19,727	1,782	9.0
Core Crown expenses				
Social security and welfare	7,780	7,563	217	2.9
GSF pension expenses	85	104	(19)	(18.3)
Health	4,875	4,743	132	2.8
Education	4,089	3,993	96	2.4
Core government services	1,369	1,405	(36)	(2.6)
Law and order	1,163	1,127	36	3.2
Defence	616	586	30	5.1
Transport and communications	633	636	(3)	(0.5)
Economic and industrial services	694	705	(11)	(1.6)
Primary services	223	196	27	13.8
Heritage, culture and recreation	304	296	8	2.7
Environmental protection	143	147	(4)	(2.7)
Housing and community development	136	139	(3)	(2.2)
Other	56	108	(52)	(48.1)
Finance costs	1,154	1,198	(44)	(3.7)
Total Core Crown Expenses	23,320	22,946	374	1.6
Net surplus of SOE/CE's (and inter-segment eliminations)	65	354	(289)	(81.6)
OBEGAL	(1,746)	(2,865)	1,119	39.1
Total gains/(losses)	3,509	2,768	741	26.8
Other operating items	70	63	7	11.1
Operating Balance	1,833	(34)	1,867	-
Core Crown residual cash	(3,264)	(4,921)	1,657	33.7
Debt indicators				
Gross debt²	82,889	81,503	1,386	1.7
Net debt³	59,076	55,466	3,610	6.5

¹ Due to the seasonal nature of some expenditure it is not appropriate to annualise these changes.

² Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

³ Net core Crown debt excluding NZS Fund, student loans and other advances.

Revenue and Expenses

Core Crown taxation revenue for the four months ended 31 October 2013 increased by \$1,427 million (8.0%) on the same period last year. Other individuals' tax continued to show strong growth, up 11.8% on last year, driven by a drop in refunds being claimed. In addition, source deductions and corporate tax also showed growth, up 7.8% and 8.6% respectively.

Total **core Crown expenses** increased by 1.6% on the same period last year. The main increase related to social security and welfare which increased \$217 million from the previous year. This is largely due to indexation of welfare benefits and increases in recipient numbers. Health increased \$132 million from the previous year due to funding provided in the 2013 budget to maintain and improve existing service levels. Other functional classifications were similar to last year.

Gains

Total net gains were \$3,509 million in the four months to October 2013. These were \$741 million higher than gains in the period to 31 October 2012. Gains on the Crown's long-term liabilities were \$750 million higher than in the prior year largely due to actuarial movements.

Debt

Gross debt has increased by \$1,386 million or 1.7% from October 2012. **Net debt** has increased by \$3,610 million over the same time, primarily owing to the reduction in financial assets in order to meet cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the four months ended 31 October 2013

Year to 30 Jun 2013	4 months to 31 Oct 2012		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
58,134	17,711	Taxation revenue	2	19,138	18,922	216	1.1	61,773
5,172	1,704	Other sovereign revenue	2	1,833	1,849	(16)	(0.9)	5,296
63,306	19,415	Total Revenue Levied through the Crown's Sovereign Power		20,971	20,771	200	1.0	67,069
16,713	5,436	Sales of goods and services		5,372	5,705	(333)	(5.8)	17,080
2,939	994	Interest revenue and dividends	3	1,084	1,189	(105)	(8.8)	3,588
3,697	1,161	Other revenue		1,191	1,197	(6)	(0.5)	3,867
23,349	7,591	Total revenue earned through the Crown's operations		7,647	8,091	(444)	(5.5)	24,535
86,655	27,006	Total revenue (excluding gains)		28,618	28,862	(244)	(0.8)	91,604
		Expenses						
		Social assistance and official development assistance	4	7,807	7,885	78	1.0	23,485
19,935	6,617	Personnel expenses	5	6,761	6,778	17	0.3	20,172
4,812	1,400	Depreciation and amortisation	6	1,434	1,509	75	5.0	4,640
36,163	11,744	Other operating expenses	6	11,909	12,461	552	4.4	37,608
4,358	1,414	Interest expenses	7	1,446	1,486	40	2.7	4,516
3,031	1,063	Insurance expenses	8	1,007	1,004	(3)	(0.3)	3,215
-	-	Forecast new operating spending	6	-	-	-	-	461
-	-	Top-down expense adjustment	6	-	(120)	(120)	(100.0)	(600)
91,007	29,871	Total expenses (excluding losses)		30,364	31,003	639	2.1	93,497
(62)	-	Minority interests share of operating balance before gains/losses		-	-	-	-	(140)
(4,414)	(2,865)	Operating balance before gains/(losses)		(1,746)	(2,141)	395	18.4	(2,033)
		Net gains/(losses) on financial instruments	9	2,365	643	1,722	267.8	1,748
3,706	394	Net gains/(losses) on non-financial instruments	10	1,144	(25)	1,169	-	443
10,976	2,768	Total gains/(losses)		3,509	618	2,891	467.8	2,191
395	63	Net surplus/(deficit) from associates and joint ventures		70	58	12	20.7	200
(32)	-	Minority interests share of net gains/losses		-	-	-	-	-
6,925	(34)	Operating balance		1,833	(1,465)	3,298	225.1	358

The accompanying notes and accounting policies are an integral part of these statements.

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the four months ended 31 October 2013

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
26,268	8,655	Social security and welfare	8,982	9,025	43	0.5	27,510
286	106	GSF pension expenses	88	88	-	-	283
13,856	4,610	Health	4,740	4,786	46	1.0	14,351
13,366	4,478	Education	4,618	4,688	70	1.5	13,186
3,960	1,438	Core government services	1,333	1,388	55	4.0	4,588
3,670	1,174	Law and order	1,230	1,251	21	1.7	3,804
1,766	574	Defence	602	594	(8)	(1.3)	1,893
9,052	2,859	Transport and communications	2,850	2,918	68	2.3	8,596
8,375	2,594	Economic and industrial services	2,529	2,864	335	11.7	8,058
2,351	834	Heritage, culture and recreation	813	810	(3)	(0.4)	2,572
1,579	506	Primary services	538	560	22	3.9	1,962
989	383	Housing and community development	396	388	(8)	(2.1)	1,116
528	138	Environmental protection	143	168	25	14.9	473
603	108	Other	56	109	53	48.6	728
4,358	1,414	Finance costs	1,446	1,486	40	2.7	4,516
-	-	Forecast new operating spending	-	-	-	-	461
-	-	Top-down expense adjustment	-	(120)	(120)	(100.0)	(600)
91,007	29,871	Total Crown expenses excluding losses	30,364	31,003	639	2.1	93,497

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments and the Reserve Bank, but not Crown entities and SOEs.

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
22,741	7,563	Social security and welfare	7,780	7,816	36	0.5	23,595
278	104	GSF pension expenses	85	85	-	-	274
14,498	4,743	Health	4,875	4,890	15	0.3	14,950
12,504	3,993	Education	4,089	4,155	66	1.6	12,389
4,294	1,405	Core government services	1,369	1,456	87	6.0	4,637
3,456	1,127	Law and order	1,163	1,169	6	0.5	3,561
1,804	586	Defence	616	608	(8)	(1.3)	1,933
2,255	636	Transport and communications	633	654	21	3.2	2,162
1,978	705	Economic and industrial services	694	758	64	8.4	2,152
804	296	Heritage, culture and recreation	304	321	17	5.3	854
659	196	Primary services	223	235	12	5.1	818
283	139	Housing and community development	136	142	6	4.2	335
530	147	Environmental protection	143	166	23	13.9	496
603	108	Other	56	109	53	48.6	728
3,619	1,198	Finance costs	1,154	1,131	(23)	(2.0)	3,622
-	-	Forecast new operating spending	-	-	-	-	461
-	-	Top-down expense adjustment	-	(120)	(120)	(100.0)	(600)
70,306	22,946	Core Crown expenses excluding losses	23,320	23,575	255	1.1	72,367

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CASH FLOWS

for the four months ended 31 October 2013

Year to 30 Jun 2013	4 months to 31 Oct 2012		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Cash Flows From Operations					
		Cash was provided from					
56,413	17,310	Taxation receipts	18,675	18,512	163	0.9	60,695
4,806	1,881	Other sovereign receipts	1,860	1,783	77	4.3	4,747
16,651	5,795	Sales of goods and services	5,551	5,789	(238)	(4.1)	17,175
2,694	973	Interest and dividends	991	1,058	(67)	(6.3)	3,175
5,933	2,004	Other operating receipts	1,919	1,891	28	1.5	5,443
86,497	27,963	Total cash provided from operations	28,996	29,033	(37)	(0.1)	91,235
		Cash was disbursed to					
		Social assistance and official development assistance	8,333	8,399	66	0.8	23,877
22,780	8,188	Personnel and operating payments	21,324	22,082	758	3.4	62,622
58,450	20,655	Interest payments	1,282	1,286	4	0.3	4,629
4,369	1,341	Forecast new operating spending	-	-	-	-	461
-	-	Top-down expense adjustment	-	(120)	(120)	(100.0)	(600)
85,599	30,184	Total cash disbursed to operations	30,939	31,647	708	2.2	90,989
898	(2,221)	Net cash flows from operations	(1,943)	(2,614)	671	25.7	246
		Cash Flows From Investing Activities					
		Cash was provided from/(disbursed to)					
(5,169)	(1,622)	Net purchase of physical assets	(1,931)	(2,178)	247	11.3	(7,234)
6,342	283	Net purchase of shares and other securities	(4,652)	4,152	(8,804)	(212.0)	(5,221)
(581)	(146)	Net purchase of intangible assets	(172)	(123)	(49)	(39.8)	(516)
(1,405)	(650)	Net (issue)/repayment of advances	(3)	(542)	539	99.4	(2,029)
280	127	Net acquisition of investments in associates	36	10	26	260.0	65
1,547	-	Net proceeds from Government share offer	1,195	1,500	(305)	(20.3)	1,500
-	-	Forecast new capital spending	-	-	-	-	(503)
-	-	Top-down capital adjustment	-	10	(10)	(100.0)	50
1,014	(2,008)	Net cash flows from investing activities	(5,527)	2,829	(8,356)	(295.4)	(13,888)
1,912	(4,229)	Net cash flows from operating and investing activities	(7,470)	215	(7,685)	-	(13,642)
		Cash Flows From Financing Activities					
		Cash was provided from/(disbursed to)					
234	140	Issues of circulating currency	260	22	238	-	141
5,476	7,556	Net issue/(repayment) of Government bonds	4,764	2,666	2,098	78.7	10,245
(2,926)	33	Net issue/(repayment) of foreign currency borrowing	97	(167)	264	158.1	(519)
(634)	(1,704)	Net issue/(repayment) of other New Zealand dollar borrowing	(887)	784	(1,671)	(213.1)	2,647
(20)	-	Dividends paid to minority interests	-	-	-	-	(120)
2,130	6,025	Net cash flows from financing activities	4,234	3,305	929	28.1	12,394
4,042	1,796	Net movement in cash	(3,236)	3,520	(6,756)	(191.9)	(1,248)
10,686	10,686	Opening Cash Balance	14,924	14,924	-	-	16,492
		Foreign-exchange gains/(losses) on opening cash	(296)	(5)	(291)	-	-
196	(99)						
14,924	12,383	Closing Cash Balance	11,392	18,439	(7,047)	(38.2)	15,244

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2013

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
898	(2,221)	Net Cash Flows from Operations	(1,943)	(2,614)	671	25.7	246
		<i>Items included in the operating balance but not in net cash flows from operations</i>					
		Gains/(losses)					
7,270	2,374	Gains/(losses) on financial instruments	2,365	643	1,722	267.8	1,748
3,706	394	Gains/(losses) on non-financial instruments	1,144	(25)	1,169	-	443
10,976	2,768	Total gains/(losses)	3,509	618	2,891	467.8	2,191
Other Non-cash Items in Operating Balance							
(4,812)	(1,400)	Depreciation and amortisation	(1,434)	(1,509)	75	5.0	(4,640)
(684)	(184)	Write-down on initial recognition of financial assets	(170)	(175)	5	2.9	(723)
(497)	1	Impairment of financial assets (excluding receivables)	(27)	(6)	(21)	(350.0)	23
385	88	Non-cash movement in defined benefit retirement plan liabilities	119	135	(16)	(11.9)	461
1,106	1,170	Non-cash movement in insurance liabilities	1,437	1,593	(156)	(9.8)	2,517
299	59	Other	71	59	12	20.3	201
(4,203)	(266)	Total other non-cash Items	(4)	97	(101)	(104.1)	(2,161)
Movements in Working Capital							
(1,302)	(2,278)	Increase/(decrease) in receivables	(1,403)	(1,425)	22	1.5	(1,119)
257	(51)	Increase/(decrease) in accrued interest	(71)	(69)	(2)	(2.9)	526
(94)	10	Increase/(decrease) in inventories	47	131	(84)	(64.1)	73
32	193	Increase/(decrease) in prepayments	140	72	68	94.4	(29)
(2)	(10)	Decrease/(increase) in deferred revenue	(63)	47	(110)	(234.0)	26
363	1,821	Decrease/(increase) in payables/provisions	1,621	1,678	(57)	(3.4)	605
(746)	(315)	Total movements in working capital	271	434	(163)	(37.6)	82
6,925	(34)	Operating Balance	1,833	(1,465)	3,298	225.1	358

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CHANGES IN NET WORTH

for the four months ended 31 October 2013

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
59,780	59,780	Opening net worth	70,011	70,011	-	-	63,270
7,019	(34)	Operating balance (including minority interest)	1,833	(1,465)	3,298	225.1	498
1,367	(22)	Net revaluations	(41)	7	(48)	-	-
260	(42)	Transfers to/(from) reserves (Gains)/losses transferred to the	(108)	(26)	(82)	(315.4)	(59)
(10)	-	statement of financial performance	(7)	17	(24)	(141.2)	-
73	91	Other movements	(70)	(11)	(59)	-	47
8,709	(7)	Total comprehensive income	1,607	(1,478)	3,085	208.7	486
167	-	Gain/(loss) on Government share offers in SOEs Increase in minority interest from Government	(378)	175	(553)	(316.0)	175
1,371	-	share offers	2,144	1,325	819	61.8	1,325
(16)	-	Transactions with minority interests	75	-	75	-	(74)
70,011	59,773	Closing net worth	73,459	70,033	3,426	4.9	65,182
		Attributable to:					
1,940	432	- minority interest	4,159	3,265	894	27.4	3,185
68,071	59,341	- the Crown	69,300	66,768	2,532	3.8	61,997
70,011	59,773	Closing net worth	73,459	70,033	3,426	31.2	65,182

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF FINANCIAL POSITION

as at 31 October 2013

As at 30 Jun 2013 Actual \$m	As at 31 Oct 2012 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Assets								
14,924	12,383	Cash and cash equivalents	12	11,392	18,439	(7,047)	(38.2)	15,244
19,883	19,309	Receivables	12	18,371	18,443	(72)	(0.4)	18,070
44,000	46,643	Marketable securities, deposits and derivatives in gain	12	46,844	38,511	8,333	21.6	44,713
17,359	14,859	Share investments	12	19,799	17,948	1,851	10.3	18,176
22,613	22,386	Advances	12	22,923	23,779	(856)	(3.6)	25,312
1,140	1,244	Inventory		1,187	1,271	(84)	(6.6)	1,321
2,295	2,365	Other assets		2,461	2,279	182	8.0	2,061
109,833	108,872	Property, plant & equipment	13	110,363	110,993	(630)	(0.6)	112,627
9,593	9,713	Equity accounted investments ¹		9,668	9,658	10	0.1	9,642
2,776	2,617	Intangible assets and goodwill		2,801	2,662	139	5.2	2,837
-	-	Forecast for new capital spending		-	-	-	-	505
-	-	Top-down capital adjustment		-	(10)	10	100.0	(330)
244,416	240,391	Total assets		245,809	243,973	1,836	0.8	250,178
Liabilities								
4,691	4,597	Issued currency		4,951	4,778	(173)	(3.6)	4,897
11,160	11,701	Payables	15	10,075	9,946	(129)	(1.3)	12,360
1,714	1,722	Deferred revenue		1,777	1,667	(110)	(6.6)	1,553
100,087	102,373	Borrowings		102,161	103,165	1,004	1.0	112,201
37,712	39,787	Insurance liabilities	16	35,477	36,119	642	1.8	35,902
11,903	13,451	Retirement plan liabilities		11,245	11,769	524	4.5	11,766
7,138	6,987	Provisions	17	6,664	6,496	(168)	(2.6)	6,317
174,405	180,618	Total liabilities		172,350	173,940	1,590	0.9	184,996
70,011	59,773	Total assets less total liabilities		73,459	70,033	3,426	4.9	65,182
Net Worth								
10,862	3,516	Taxpayer funds	18	12,339	9,603	2,736	28.5	6,230
57,068	55,948	Revaluation reserve	18	57,005	57,071	(66)	(0.1)	55,831
141	(123)	Other reserves	18	(44)	94	(138)	(146.8)	(64)
68,071	59,341	Total net worth attributable to the Crown		69,300	66,768	2,532	3.8	61,997
1,940	432	Net worth attributable to minority interest		4,159	3,265	894	27.4	3,185
70,011	59,773	Total net worth		73,459	70,033	3,426	4.9	65,182

1. Tertiary education institutions constitute most equity accounted investments.

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF BORROWINGS

as at 31 October 2013

As at 30 Jun 2013 Actual \$m	As at 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
57,377	57,354	Government bonds ¹	60,500	59,164	(1,336)	(2.3)	68,469
4,084	5,943	Treasury bills	3,926	4,058	132	3.3	3,541
199	214	Government retail stock	193	204	11	5.4	204
7,575	6,939	Settlement deposits with Reserve Bank	6,316	7,183	867	12.1	7,183
3,188	2,854	Derivatives in loss	2,129	2,261	132	5.8	1,854
1,454	1,445	Finance lease liabilities	1,391	1,436	45	3.1	1,475
26,210	27,624	Other borrowings	27,706	28,859	1,153	4.0	29,475
100,087	102,373	Total borrowings	102,161	103,165	1,004	1.0	112,201
75,684	77,390	Sovereign-guaranteed debt	77,226	77,322	96	0.1	84,580
24,403	24,983	Non sovereign-guaranteed debt	24,935	25,843	908	3.5	27,621
100,087	102,373	Total borrowings	102,161	103,165	1,004	1.0	112,201
		Net Debt:					
84,873	87,607	Core Crown borrowings ²	88,402	87,231	(1,171)	(1.3)	94,504
(587)	(625)	Add back NZS Fund holdings of sovereign- issued debt and NZS Fund borrowings	(409)	(614)	(205)	(33.4)	(1,027)
84,286	86,982	Gross sovereign-issued debt³	87,993	86,617	(1,376)	(1.6)	93,477
62,984	62,564	Less core Crown financial assets ⁴	65,066	62,372	2,694	4.3	65,786
21,302	24,418	Net core Crown debt	22,927	24,245	1,318	5.4	27,691
13,126	13,147	Core crown advances	13,192	13,294	102	0.8	14,375
34,428	37,565	Net core Crown debt (incl NZS Fund)⁵	36,119	37,539	1,420	3.8	42,066
21,407	17,901	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	22,957	21,887	(1,070)	(4.9)	22,699
55,835	55,466	Net core Crown debt (excl NZS Fund and advances)⁷	59,076	59,426	350	0.6	64,765
		Gross Debt:					
84,286	86,982	Gross sovereign-issued debt ³	87,993	86,617	(1,376)	(1.6)	93,477
(7,902)	(7,079)	Less Reserve Bank settlement cash and Reserve Bank bills	(6,704)	(7,391)	(686)	(9.3)	(7,391)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
77,984	81,503	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	82,889	80,826	(2,062)	(2.6)	87,686

Notes on gross and net debt:

- Government bonds includes \$395 million of infrastructure bonds.
- Core Crown borrowings in this instance includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
- Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the New Zealand Superannuation Fund (NZS Fund), ACC and EQC.
- Core Crown financial assets exclude receivables.
- Net Core Crown Debt represents GSID less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the creditworthiness of a country.
- Adding back the NZS Fund assets provides the financial liabilities less financial assets of the Core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.
- Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
- The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the NZ Debt Management Office borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF COMMITMENTS

as at 31 October 2013

	As at 31 Oct 2013 \$m	As at 30 Jun 2013 \$m	As at 31 Oct 2012 \$m
Capital Commitments			
Specialist military equipment	438	549	166
Land and buildings	716	717	719
Other property, plant and equipment	5,377	5,478	6,261
Other capital commitments	760	790	744
Tertiary Education Institutions	169	169	255
Total capital commitments	7,460	7,703	8,145
Operating Commitments			
Non-cancellable accommodation leases	2,694	2,792	2,668
Other non-cancellable leases	2,620	2,735	3,496
Tertiary Education Institutions	466	466	282
Total operating commitments	5,780	5,993	6,446
Total commitments	13,240	13,696	14,591
Total Commitments by Segment			
Core Crown	3,881	4,226	3,765
Crown entities	5,283	5,296	6,603
State-owned Enterprises	5,062	5,078	5,422
Inter-segment eliminations	(986)	(904)	(1,199)
Total commitments	13,240	13,696	14,591

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 October 2013

	As at 31 Oct 2013 \$m	As at 30 Jun 2013 \$m	As at 31 Oct 2012 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	178	225	186
Uncalled capital	6,006	6,286	6,140
Legal proceedings and disputes	672	707	444
Other contingent liabilities	444	432	405
Total quantifiable contingent liabilities	7,300	7,650	7,175
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,983	7,350	6,983
Crown entities	53	35	81
State-owned Enterprises	264	265	111
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,300	7,650	7,175
Quantifiable Contingent Assets			
Core Crown	228	245	221
Crown entities	4	4	161
State owned enterprises	21	21	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	253	270	382

A list of unquantified contingent liabilities is included on the Treasury's website
<http://www.treasury.govt.nz/government/financialstatements/yearend/jun13/067.htm>

The accompanying notes and accounting policies are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies

Reporting Entity

These financial statements are the consolidated financial statements for the Government reporting entity as specified in Part III of the Public Finance Act 1989. This comprises:

- Ministers of the Crown
- Government Departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- Crown Entities (excluding Tertiary Education Institutions)
- State-Owned Enterprises (SOEs)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 180 and 181 of the *Financial Statement of the Government for the year ended 30 June 2013* released on 7 October 2013.

With the exception of the 30 June 2013 comparative figures, all actual, forecast and comparative figures presented in these financial statements are unaudited.

Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities, including NZ IAS 34 *Interim Financial Reporting*. The Government reporting entity is a public benefit entity.

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. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis. These interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the information included in the Financial Statements of the Government of New Zealand for the year ended 30 June 2013.

Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:

<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2014.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site <http://www.treasury.govt.nz/budget/forecasts/befu2013>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies (continued)

Comparative Figures

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

Variance Percentages

Percentage variances between the actual and comparative balances exceeding 500% are not shown.

Judgements and Estimates

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future, as with the settlement of ACC outstanding claim obligations and Government Superannuation retirement benefits, depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

A second area of uncertainty relates to the immature nature of the claims experience available to assist in estimating the claims and provisions arising from the Canterbury earthquakes. Actuarial valuations of these liabilities using the best available information have been used, however it is common in such cases for adjustments to be required as the claims experience develops.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 2: Sovereign Revenue (Accrual)							
Taxation Revenue (accrual)							
Individuals							
22,330	7,155	Source deductions	7,713	7,669	44	0.6	23,709
5,210	1,550	Other persons	1,578	1,511	67	4.4	5,083
(1,644)	(590)	Refunds	(486)	(603)	117	19.4	(1,488)
480	144	Fringe benefit tax	141	155	(14)	(9.0)	477
26,376	8,259	Total individuals	8,946	8,732	214	2.5	27,781
Corporate Tax							
8,747	2,273	Gross companies tax	2,511	2,535	(24)	(0.9)	9,240
(151)	(50)	Refunds	(61)	(55)	(6)	(10.9)	(197)
420	91	Non-resident withholding tax	87	131	(44)	(33.6)	447
2	-	Foreign-source dividend w/holding payments	(1)	-	(1)	-	-
9,018	2,314	Total corporate tax	2,536	2,611	(75)	(2.9)	9,490
Other Income Tax							
1,631	480	Resident w/holding tax on interest income	513	512	1	0.2	1,671
516	115	Resident w/holding tax on dividend income	126	188	(62)	(33.0)	607
2,147	595	Total other income tax	639	700	(61)	(8.7)	2,278
37,541	11,168	Total income tax	12,121	12,043	78	0.6	39,549
Goods and Services Tax							
25,125	8,129	Gross goods and services tax	8,672	8,640	32	0.4	27,220
(9,920)	(3,310)	Refunds	(3,488)	(3,510)	22	0.6	(10,695)
15,205	4,819	Total goods and services tax	5,184	5,130	54	1.1	16,525
Other Taxation							
1,066	350	Road user charges	390	377	13	3.4	1,164
855	274	Petroleum fuels excise - domestic production	298	264	34	12.9	931
663	197	Alcohol excise - domestic production	184	204	(20)	(9.8)	678
281	92	Tobacco excise - domestic production	92	89	3	3.4	277
674	211	Petroleum fuels excise - imports ¹	200	188	12	6.4	659
250	92	Alcohol excise - imports ¹	83	94	(11)	(11.7)	267
954	288	Tobacco excise - imports ¹	361	305	56	18.4	1,043
178	66	Other customs duty	64	61	3	4.9	172
214	71	Gaming duties	72	76	(4)	(5.3)	223
174	60	Motor vehicle fees	62	62	-	-	187
45	12	Approved issuer levy and cheque duty	18	17	1	5.9	62
34	11	Energy resources levies	9	12	(3)	(25.0)	36
5,388	1,724	Total other indirect taxation	1,833	1,749	84	4.8	5,699
20,593	6,543	Total indirect taxation	7,017	6,879	138	2.0	22,224
58,134	17,711	Total taxation revenue	19,138	18,922	216	1.1	61,773
Other Sovereign Revenue (accrual)							
3,437	1,127	ACC levies	1,179	1,159	20	1.7	3,465
331	122	Fire Service levies	125	124	1	0.8	338
242	66	EQC levies	90	89	1	1.1	269
1,162	389	Other miscellaneous items	439	477	(38)	(8.0)	1,224
5,172	1,704	Total other sovereign revenue	1,833	1,849	(16)	(0.9)	5,296
63,306	19,415	Total sovereign revenue	20,971	20,771	200	1.0	67,069

1. Customs excise-equivalent duty

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 2 (continued): Sovereign Receipts (Cash)							
Income Tax Receipts (cash)							
Individuals							
22,188	7,139	Source deductions	7,678	7,651	27	0.4	23,584
5,194	1,375	Other persons	1,498	1,445	53	3.7	5,549
(2,251)	(1,010)	Refunds	(956)	(1,006)	50	5.0	(2,222)
465	208	Fringe benefit tax	218	220	(2)	(0.9)	476
25,596	7,712	Total individuals	8,438	8,310	128	1.5	27,387
Corporate Tax							
8,665	2,520	Gross companies tax	2,643	2,642	1	-	9,495
(597)	(187)	Refunds	(194)	(215)	21	9.8	(766)
451	97	Non-resident withholding tax	90	131	(41)	(31.3)	446
1	-	Foreign-source dividend w/holding payments	-	-	-	-	-
8,520	2,430	Total corporate tax	2,539	2,558	(19)	(0.7)	9,175
Other Income Tax							
1,635	507	Resident w/holding tax on interest income	521	541	(20)	(3.7)	1,670
516	124	Resident w/holding tax on dividend income	141	188	(47)	(25.0)	607
2,151	631	Total other income tax	662	729	(67)	(9.2)	2,277
36,267	10,773	Total income tax	11,639	11,597	42	0.4	38,839
Goods and Services Tax							
24,539	8,232	Gross goods and services tax	8,665	8,673	(8)	(0.1)	26,352
(9,783)	(3,399)	Refunds	(3,480)	(3,542)	62	1.8	(10,195)
14,756	4,833	Total goods and services tax	5,185	5,131	54	1.1	16,157
Other Taxation							
1,064	349	Road user charges	371	377	(6)	(1.6)	1,164
865	281	Petroleum fuels excise - domestic production	309	297	12	4.0	931
666	206	Alcohol excise - domestic production	203	210	(7)	(3.3)	678
287	86	Tobacco excise - domestic production	69	83	(14)	(16.9)	277
2,035	622	Customs duty	720	650	70	10.8	2,141
216	74	Gaming duties	70	76	(6)	(7.9)	223
179	65	Motor vehicle fees	80	62	18	29.0	187
44	10	Approved issuer levy and cheque duty	20	17	3	17.6	62
34	11	Energy resources levies	9	12	(3)	(25.0)	36
5,390	1,704	Total other indirect taxation	1,851	1,784	67	3.8	5,699
20,146	6,537	Total indirect taxation	7,036	6,915	121	1.7	21,856
56,413	17,310	Total tax receipts collected	18,675	18,512	163	0.9	60,695
Other Sovereign Receipts (cash)							
3,524	1,397	ACC levies	1,352	1,327	25	1.9	3,438
331	122	Fire Service levies	125	124	1	0.8	338
274	101	EQC levies	97	92	5	5.4	267
677	261	Other miscellaneous items	286	240	46	19.2	704
4,806	1,881	Total other sovereign receipts	1,860	1,783	77	4.3	4,747
61,219	19,191	Total sovereign receipts	20,535	20,295	240	1.2	65,442

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
<i>By type</i>							
2,382	816	Interest revenue	796	991	(195)	(19.7)	3,006
557	178	Dividends	288	198	90	45.5	582
2,939	994	Total interest revenue and dividends	1,084	1,189	(105)	(8.8)	3,588
<i>By source</i>							
2,104	836	Core Crown	1,050	1,184	(134)	(11.3)	2,639
1,270	425	Crown entities	353	436	(83)	(19.0)	1,242
856	288	State-owned Enterprises	290	282	8	2.8	878
(1,291)	(555)	Inter-segment eliminations	(609)	(713)	104	14.6	(1,171)
2,939	994	Total interest revenue and dividends	1,084	1,189	(105)	(8.8)	3,588
NOTE 4: Transfer Payments and Subsidies							
10,235	3,377	New Zealand superannuation	3,602	3,607	5	0.1	10,894
-	-	Jobseeker support and emergency benefit	527	531	4	0.8	1,773
-	-	Supported living payment	436	433	(3)	(0.7)	1,392
-	-	Sole parent support	392	398	6	1.5	1,288
1,738	595	Domestic purposes benefit	63	67	4	6.0	67
1,330	446	Invalids benefit	52	53	1	1.9	53
782	262	Sickness benefit	29	32	3	9.4	32
812	262	Unemployment benefit	29	29	-	-	29
2,018	697	Family tax credit	687	704	17	2.4	2,026
575	188	Other working for families tax credits	180	181	1	0.6	539
1,177	396	Accommodation assistance	387	396	9	2.3	1,191
611	207	Income related rents	219	224	5	2.2	662
384	131	Disability assistance	128	129	1	0.8	380
596	274	Student allowances	237	256	19	7.4	574
1,290	485	Other social assistance benefits	475	472	(3)	(0.6)	1,328
21,548	7,320	Total social assistance grants	7,443	7,512	69	0.9	22,228
<i>Subsidies</i>							
723	231	KiwiSaver	270	254	(16)	(6.3)	748
<i>Other transfer payments</i>							
437	82	Official development assistance	94	119	25	21.0	509
22,708	7,633	Total transfer payments and subsidies	7,807	7,885	78	1.0	23,485
NOTE 5: Personnel Expenses							
6,037	2,001	Core Crown	2,071	2,070	(1)	-	6,066
10,966	3,642	Crown entities	3,721	3,744	23	0.6	11,198
2,949	978	State-owned Enterprises	974	967	(7)	(0.7)	2,919
(17)	(4)	Inter-segment eliminations	(5)	(3)	2	66.7	(11)
19,935	6,617	Total personnel expenses	6,761	6,778	17	0.3	20,172

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 6: Operating Expenses							
<i>By type</i>							
4,812	1,400	Depreciation and amortisation	1,434	1,509	75	5.0	4,640
36,163	11,744	Other operating expenses	11,909	12,461	552	4.4	37,608
-	-	Forecast new operating spending	-	-	-	-	461
-	-	Top-down expense adjustment	-	(120)	(120)	(100.0)	(600)
40,975	13,144	Total operating expenses	13,343	13,850	507	3.7	42,109
<i>By source</i>							
37,943	12,096	Core Crown	12,291	12,489	198	1.6	39,193
18,649	6,286	Crown entities	6,571	6,671	100	1.5	19,100
11,539	3,547	State-owned Enterprises	3,435	3,851	416	10.8	11,219
(27,156)	(8,785)	Inter-segment eliminations	(8,954)	(9,161)	(207)	(2.3)	(27,403)
40,975	13,144	Total operating expenses	13,343	13,850	507	3.7	42,109
NOTE 7: Interest Expenses							
<i>By type</i>							
4,312	1,360	Interest on financial liabilities	1,434	1,467	33	2.2	4,465
46	54	Interest unwind on provisions	12	19	7	36.8	51
4,358	1,414	Total interest expenses	1,446	1,486	40	2.7	4,516
<i>By source</i>							
3,619	1,198	Core Crown	1,154	1,131	(23)	(2.0)	3,622
235	82	Crown entities	76	77	1	1.3	239
1,248	357	State-owned Enterprises	379	392	13	3.3	1,279
(744)	(223)	Inter-segment eliminations	(163)	(114)	49	43.0	(624)
4,358	1,414	Total interest expenses	1,446	1,486	40	2.7	4,516
NOTE 8: Insurance Expenses							
<i>By entity</i>							
3,133	971	ACC	1,021	1,050	29	2.8	3,315
(103)	79	EQC	(33)	(32)	1	3.1	(19)
(22)	7	Southern Response	16	(6)	(22)	(366.7)	(95)
19	6	Other insurance expenses	3	5	2	40.0	14
4	-	Inter-segment eliminations	-	(13)	(13)	(100.0)	-
3,031	1,063	Total insurance expenses	1,007	1,004	(3)	(0.3)	3,215
NOTE 9: Gains and Losses on Financial Instruments							
<i>By source</i>							
5,081	1,464	Core Crown	1,833	542	1,291	238.2	1,663
1,192	748	Crown entities	329	63	266	422.2	252
354	54	State-owned Enterprises	81	(16)	97	-	11
643	108	Inter-segment eliminations	122	54	68	125.9	(178)
7,270	2,374	Net gains/(losses) on financial instruments	2,365	643	1,722	267.8	1,748

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	4 months to 31 Oct 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Gains and Losses on Non-Financial Instruments							
<i>By type</i>							
1,251	-	Actuarial gains/(losses) on GSF liability ¹	539	-	539	-	-
2,369	228	Actuarial gains/(losses) on ACC liability ²	798	-	798	-	498
86	166	Other	(193)	(25)	(168)	-	(55)
3,706	394	Net gains/(losses) on non-financial instruments	1,144	(25)	1,169	-	443
<i>By source</i>							
1,298	119	Core Crown	358	(3)	361	-	(2)
2,309	215	Crown entities	793	(10)	803	-	446
100	60	State-owned Enterprises	(7)	(11)	4	36.4	(1)
(1)	-	Inter-segment eliminations	-	(1)	1	100.0	-
3,706	394	Net gains/(losses) on non-financial instruments	1,144	(25)	1,169	-	443
NOTE 11: Operating Balance							
<i>By source</i>							
371	(1,621)	Core Crown	405	(1,520)	1,925	126.6	(2,249)
5,877	1,609	Crown entities	1,671	660	1,011	153.2	2,646
614	492	State-owned Enterprises	351	224	127	56.7	732
63	(514)	Inter-segment eliminations	(594)	(829)	235	28.3	(771)
6,925	(34)	Total operating balance	1,833	(1,465)	3,298	225.1	358

1. The most recent GSF valuation was as at 30 September 2013.

2. The most recent ACC valuation was as at 30 June 2013, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 31 Oct 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12: Financial Assets and Sovereign Receivables							
14,924	12,383	Cash and cash equivalents	11,392	18,439	(7,047)	(38.2)	15,244
8,184	6,894	Tax receivables	7,964	8,274	(310)	(3.7)	7,831
11,699	12,415	Trade and other receivables	10,407	10,169	238	2.3	10,239
8,288	8,399	Student loans	8,342	8,369	(27)	(0.3)	8,989
13,202	12,680	Kiwibank mortgages	13,635	13,540	95	0.7	14,544
3,588	3,034	Long-term deposits	3,606	2,545	1,061	41.7	2,089
2,291	2,194	IMF financial assets	2,301	2,373	(72)	(3.0)	2,404
1,123	1,307	Other advances ¹	946	1,870	(924)	(49.4)	1,779
17,359	14,859	Share investments	19,799	17,948	1,851	10.3	18,176
3,775	4,809	Derivatives in gain	3,746	3,467	279	8.0	3,906
34,346	36,606	Other marketable securities	37,191	30,126	7,065	23.5	36,314
118,779	115,580	Total financial assets and sovereign receivables	119,329	117,120	2,209	1.9	121,515
Financial assets by entity							
17,799	25,517	Debt Management Office	20,016	16,877	3,139	18.6	20,153
19,342	18,455	Reserve Bank of New Zealand	18,185	18,270	(85)	(0.5)	18,228
22,549	20,179	NZ Superannuation Fund	24,803	23,701	1,102	4.6	23,891
23,209	20,882	Other core Crown	23,421	22,980	441	1.9	20,464
(7,788)	(11,227)	Intra-segment eliminations	(9,077)	(7,342)	(1,735)	(23.6)	(6,691)
75,111	73,806	Total core Crown segment	77,348	74,486	2,862	3.8	76,045
28,243	27,974	ACC portfolio	29,054	28,133	921	3	32,161
5,401	6,728	EQC portfolio	4,803	4,673	130	3	2,597
9,075	10,854	Other Crown entities	8,972	8,566	406	5	9,735
(1,422)	(3,675)	Intra-segment eliminations	(1,766)	(1,436)	(330)	(23.0)	(3,625)
41,297	41,881	Total Crown entities segment	41,063	39,936	1,127	2.8	40,868
20,058	18,756	Total State-owned enterprises segment	19,937	20,708	(771)	(3.7)	22,141
(17,687)	(18,863)	Inter-segment eliminations	(19,019)	(18,010)	(1,009)	(5.6)	(17,539)
118,779	115,580	Total financial assets	119,329	117,120	2,209	1.9	121,515

1. Other advances include finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 31 Oct 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13: Property, Plant and Equipment							
Net Carrying Value							
<i>By class of asset:</i>							
34,453	33,534	Land (valuation) ¹	34,365	34,588	(223)	(0.6)	34,759
25,784	25,014	Buildings (valuation)	25,826	26,009	(183)	(0.7)	25,312
17,930	17,686	State highways (valuation) - excluding land	18,392	18,349	43	0.2	18,918
13,555	14,497	Electricity generation assets (valuation)	13,549	13,576	(27)	(0.2)	14,104
3,865	3,620	Electricity distribution network (cost)	3,930	4,112	(182)	(4.4)	4,273
3,094	3,187	Specialist military equipment (valuation)	3,060	3,105	(45)	(1.4)	3,330
2,617	2,516	Specified cultural and heritage assets (valuation)	2,618	2,534	84	3.3	2,502
2,296	2,235	Aircraft (excl military) (valuation)	2,303	2,340	(37)	(1.6)	2,498
1,035	982	Rail network (valuation) - excluding land	1,130	1,003	127	12.7	1,012
5,204	5,601	Other plant and equipment (cost)	5,190	5,377	(187)	(3.5)	5,919
109,833	108,872	Total net carrying value	110,363	110,993	(630)	(0.6)	112,627
<i>By source:</i>							
29,507	29,204	Core Crown	29,565	29,912	(347)	(1.2)	30,565
51,823	50,105	Crown entities	52,159	52,241	(82)	(0.2)	52,207
28,503	29,563	State-owned enterprises	28,639	28,840	(201)	(0.7)	29,855
-	-	Inter-segment eliminations	-	-	-	-	-
109,833	108,872	Total net carrying value	110,363	110,993	(630)	(0.6)	112,627
<i>Land breakdown by usage</i> ¹							
9,580	8,721	Housing stock	9,583	9,559	24	0.3	8,750
8,003	8,353	State highway corridor land	8,003	8,003	-	-	8,653
5,364	5,423	Conservation estate	5,354	5,350	4	0.1	5,460
3,256	3,260	Rail network corridor land	3,258	3,258	-	-	3,418
2,887	2,702	Schools	2,882	2,896	(14)	(0.5)	2,724
1,374	1,462	Commercial (SOE) excluding rail	1,368	1,443	(75)	(5.2)	1,520
3,989	3,613	Other	3,917	4,079	(162)	(4.0)	4,234
34,453	33,534	Total land	34,365	34,588	(223)	(0.6)	34,759
1. Land relating to state highways, the rail network and conservation which had previously been included within the state highways, rail network and specified cultural and heritage assets categories has been reclassified to the Land category.							
Schedule of movements							
Cost or valuation							
121,717	121,717	Opening balance	122,796	122,796	-	-	126,589
5,779	1,635	Additions	1,864	2,609	(745)	(28.6)	7,830
(1,471)	(165)	Disposals	(133)	(99)	(34)	(34.3)	(598)
(2,047)	(4)	Net revaluations	(2)	(59)	57	96.6	-
(1,182)	(520)	Other	(29)	(56)	27	48.2	(56)
122,796	122,663	Total cost or valuation	124,496	125,191	(695)	(0.6)	133,765
Accumulated depreciation and impairment							
13,133	13,133	Opening balance	12,963	12,963	-	-	17,255
(659)	(34)	Eliminated on disposal	(56)	(62)	6	9.7	(42)
(3,587)	-	Eliminated on revaluation	-	-	-	-	-
3,697	1,190	Depreciation expense and impairment losses	1,223	1,307	(84)	(6.4)	4,011
379	(498)	Other	3	(10)	13	130.0	(86)
12,963	13,791	Total accumulated depreciation and impairment	14,133	14,198	(65)	(0.5)	21,138
109,833	108,872	Total property, plant and equipment	110,363	110,993	(630)	(0.6)	112,627

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 31 Oct 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13 (continued): Property, Plant and Equipment							
Additions - by functional classification							
2,041	502	Transport and communications	663	618	45	7.3	2,579
1,511	523	Economic and industrial services	359	708	(349)	(49.3)	1,338
472	154	Education	150	191	(41)	(21.5)	862
578	185	Health	199	315	(116)	(36.8)	636
201	57	Defence	81	141	(60)	(42.6)	548
976	214	Other	412	636	(224)	(35.2)	1,867
5,779	1,635	Total additions	1,864	2,609	(745)	(28.6)	7,830
NOTE 14: NZ Superannuation Fund							
595	202	Revenue	272	259	13	5.0	777
(983)	(275)	Less: current tax expense	(515)	(159)	356	223.9	(478)
(165)	(41)	Less: other expenses ¹	(64)	(50)	14	28.0	(148)
4,374	1,154	Add gains/(losses)	1,877	453	1,424	314.3	1,358
3,821	1,040	Operating balance	1,570	503	1,807	359.2	1,509
18,703	18,703	Opening net worth	22,549	22,549	-	-	21,752
3,821	1,040	Operating balance	1,570	503	1,067	212.1	1,509
25	1	Other movements in reserves	(13)	7	(20)	(285.7)	22
22,549	19,744	Closing net worth	24,106	23,059	1,047	4.5	23,283
<i>comprising:</i>							
23,419	20,179	Financial assets	24,803	23,701	1,102	4.6	23,891
(2,055)	(1,634)	Financial liabilities	(1,887)	(1,829)	(58)	(3.2)	(1,714)
1,185	1,199	Net other assets	1,190	1,187	3	0.3	1,106
22,549	19,744	Closing net worth	24,106	23,059	1,047	4.5	23,283
Core Crown revenue (excl NZS Fund)							
64,149	19,727	Core Crown revenue	21,509	21,494	15	0.1	68,382
595	202	Less NZS Fund revenue	272	259	13	5.0	777
983	275	Add back NZS Fund intra-segment revenue	515	159	356	223.9	478
64,537	19,800	Core Crown revenue (excl NZS Fund)	21,752	21,394	358	1.7	68,083
OBEGAL excluding NZS Fund							
(4,414)	(2,865)	Total Crown OBEGAL	(1,746)	(2,141)	395	18.4	(2,033)
595	202	Less NZS Fund revenue	272	259	13	5.0	777
142	30	Add back NZS Fund external expenses	57	36	21	58.3	108
983	275	Add back NZS Fund tax	515	(159)	356	223.9	478
(3,884)	(2,762)	OBEGAL excluding NZS Fund	(1,446)	(2,523)	759	30.1	(2,224)

1. NZS Fund other expenses include deferred tax expense/(credits)

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 31 Oct 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Payables							
7,616	9,058	Accounts payable	7,276	6,743	(533)	(7.9)	8,403
3,544	2,643	Taxes repayable	2,799	3,203	404	12.6	3,957
11,160	11,701	Total payables	10,075	9,946	(129)	(1.3)	12,360
NOTE 16: Insurance liabilities							
29,446	29,901	ACC liability	28,106	28,943	837	2.9	31,423
6,869	8,331	EQC property damage liability	6,088	5,976	(112)	(1.9)	3,743
1,744	1,958	Southern Response (formerly AMI Insurance)	1,633	1,503	(130)	(8.6)	698
67	46	Other insurance liabilities	59	64	5	7.8	51
(414)	(449)	Inter-segment eliminations	(409)	(367)	42	11.4	(13)
37,712	39,787	Total insurance liabilities	35,477	36,119	642	1.8	35,902
NOTE 17: Provisions							
179	111	Provision for ETS Credits ¹	389	164	(225)	(137.2)	-
977	1,067	Provision for National Provident Fund guarantee	966	961	(5)	(0.5)	987
3,374	3,162	Provision for employee entitlements	3,262	3,209	(53)	(1.7)	3,233
		Provision for Canterbury Red Zone support					
222	1,172	package	111	131	20	15.3	-
769	488	Provision for Infrastructure costs	518	521	3	0.6	837
		Provision for weathertight services					
123	188	financial assistance package	122	126	4	3.2	62
1,494	799	Other provisions	1,296	1,384	88	6.4	1,198
7,138	6,987	Total provisions	6,664	6,496	(168)	(2.6)	6,317
1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 18: Changes in Net Worth							
3,520	3,520	Opening taxpayers funds	10,862	10,862	-	-	5,601
6,925	(34)	Operating balance excluding minority interests	1,833	(1,465)	3,298	225.1	358
		Gain/(loss) on Government share offers in					
167	-	state-owned enterprises	(378)	175	(553)	(316.0)	175
250	30	Transfers from/(to) other reserves	22	31	(9)	(29.0)	96
10,862	3,516	Closing taxpayers funds	12,339	9,603	2,736	28.5	6,230
56,001	56,001	Opening revaluation reserve	57,068	57,068	-	-	55,965
1,335	(22)	Net revaluations	(41)	7	(48)	-	-
(268)	(31)	Transfers from/(to) other reserves	(22)	(4)	(18)	(450.0)	(134)
57,068	55,948	Closing revaluation reserve	57,005	57,071	(66)	(0.1)	55,831
432	432	Opening minority interests	1,940	1,940	-	-	1,794
1,508	-	Net movements	2,219	1,325	894	67.5	1,391
1,940	432	Closing minority interests	4,159	3,265	894	27.4	3,185
(173)	(173)	Opening other reserves	141	141	-	-	(90)
314	50	Net movements	(185)	(47)	(138)	(293.6)	26
141	(123)	Closing other reserves	(44)	94	(138)	(146.8)	(64)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 \$m	4 months to 31 Oct 2012 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 19: Core Crown residual cash							
Core Crown Cash Flows from Operations							
57,808	17,562	Tax receipts	19,026	18,858	168	0.9	62,056
651	238	Other sovereign receipts	265	216	49	22.7	644
1,553	667	Interest, profits and dividends	773	892	(119)	(13.3)	1,660
2,385	789	Sale of goods & services and other receipts	738	661	77	11.6	2,641
(22,780)	(8,204)	Transfer payments and subsidies	(8,332)	(8,399)	67	0.8	(23,877)
(40,412)	(14,068)	Personnel and operating costs	(14,876)	(15,067)	191	1.3	(42,800)
(3,729)	(1,113)	Finance costs	(1,038)	(1,050)	12	1.1	(3,680)
-	-	Forecast for future new operating spending	-	-	-	-	(461)
-	-	Top-down expense adjustment	-	120	(120)	(100.0)	600
(4,524)	(4,129)	Net core Crown operating cash flows	(3,444)	(3,769)	325	8.6	(3,217)
(1,231)	(328)	Net purchase of physical assets	(667)	(792)	125	15.8	(2,560)
(342)	235	Net increase in advances	(68)	(40)	(28)	(71.0)	(990)
(1,308)	(699)	Net purchase of investments	(340)	(327)	(13)	(4.0)	(1,166)
1,663	-	Net proceeds from partial share sales	1,255	1,500	(245)	(16.3)	1,500
-	-	Forecast for future new capital spending	-	-	-	-	(503)
-	-	Top-down capital adjustment	-	10	(10)	(100.0)	50
(1,218)	(792)	Net Core Crown capital cash flows	180	351	(171)	(48.8)	(3,669)
(5,742)	(4,921)	Residual cash deficit	(3,264)	(3,418)	154	4.5	(6,886)
<i>The residual cash deficit is funded as follows:</i>							
Debt programme cash flows							
Market:							
15,458	7,556	Issue of government bonds	4,764	2,666	2,098	78.7	10,245
(9,982)	-	Repayment of government bonds	-	-	-	-	-
(5,404)	(3,239)	Net issue/(repayment) of short-term borrowing ¹	(60)	(60)	-	-	90
72	4,317	Total market debt cash flows	4,704	2,606	2,098	80.5	10,335
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(499)	-	Repayment of government bonds	-	-	-	-	(757)
100	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	(219)
(399)	-	Total non-market debt cash flows	-	-	-	-	(976)
(327)	4,317	Total debt programme cash flows	4,704	2,606	2,098	80.5	9,359
Other borrowing cash flows							
4,494	1,116	Net (repayment)/issue of other New Zealand dollar borrowing	(901)	(394)	(507)	(128.7)	724
(3,047)	22	Net (repayment)/issue of foreign currency borrowing	119	144	(25)	(17.4)	(512)
1,447	1,138	Total other borrowing cash flows	(782)	(250)	(532)	(146.0)	212
Investing cashflows							
Other net sale/(purchase) of marketable securities and deposits							
5,699	1,824		(2,547)	5,056	(7,603)	(150.4)	(2,826)
234	140	Issues of circulating currency	260	22	238	-	141
(1,311)	(2,498)	Decrease/(increase) in cash	1,629	(4,016)	5,645	140.6	-
4,622	(534)	Total investing cash flows	(658)	1,062	(1,720)	(161.9)	(2,685)
5,742	4,921	Residual cash deficit funding	3,264	3,418	(154)	(4.5)	6,886

1. Short-term borrowing consists of Treasury Bills and Euro-Commercial Paper (ECP)

NOTES TO THE FINANCIAL STATEMENTS

Note 20: Subsequent Events

Air New Zealand Partial Share Sale

The Air New Zealand partial share sale was completed by 25 November 2013 and raised approximately \$365 million in gross proceeds for the Crown. The Government will continue to hold a controlling interest in Air New Zealand; as a result Air New Zealand will continue to be fully consolidated in the financial statements of the Government. The key change to the financial statements will be an increase in the minority interest share of the assets and liabilities in the statement of financial position, and a reduction in net core Crown debt.