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# 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 on pages 155-168. 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 10 May 2002.

<b>Finalisation Dates</b>	
Fiscal forecasts	10 May
Tax revenue forecasts	10 May
Economic outlook	10 May
Government decisions and circumstances	10 May
Actual asset revaluations	31 March
Foreign-exchange rates	31 March
Specific fiscal risks	10 May
Contingent liabilities and commitments	31 March

## Reporting Entity as at 10 May 2002

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:

<b>Offices of Parliament</b>	<b>Departments</b>	<b>State-owned enterprises</b>
Office of the Controller and Auditor-General Office of the Ombudsmen Parliamentary Commissioner for the Environment	Agriculture and Forestry Archives New Zealand Child, Youth and Family Services Conservation Corrections Courts Crown Law Culture and Heritage Customs Defence Economic Development Education Education Review Office Environment Fisheries Foreign Affairs and Trade Government Communications Security Bureau Health Housing Inland Revenue Internal Affairs 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 Tourism Transport Treasury Women's Affairs Youth Affairs	Agriquality New Zealand 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 Television New Zealand Limited Terralink New Zealand Limited Timberlands West Coast Limited Transpower New Zealand Limited  Air New Zealand Limited (is included for disclosure purposes as if it were a SOE)

Crown entities	
<p>Accident Compensation Corporation  Accounting Standards Review Board  Agriculture and Marketing Research and Development Trust  Alcoholic Advisory Council of New Zealand  Animal Control Products Limited  Arts Council of New Zealand Toi Aotearoa  Asia 2000 Foundation of New Zealand  Broadcasting Commission  Broadcasting Standards Authority  Building Industry Authority  Career Services  Casino Control Authority  Civil Aviation Authority of New Zealand  Commerce Commission  Commissioner for Children  Crown research institutes (9)  District health boards (21)  Early Childhood Development Board  Earthquake Commission  Electoral Commission  Energy Efficiency and Conservation Authority  Environmental Risk Management Authority  Fish and game councils (13)  Foundation for Research, Science and Technology  Government Property Services Limited  Government Superannuation Fund Authority  Health and Disability Commissioner  Health Research Council of New Zealand  Health Sponsorship Council  Hillary Commission for Sport, Fitness and Leisure  Housing New Zealand Corporation  Human Rights Commission  Industry New Zealand  Land Transport Safety Authority of New Zealand  Law Commission  Learning Media Limited  Legal Services Agency  Management Development Centre Trust  Maritime Safety Authority of New Zealand  Mental Health Commission  Museum of New Zealand Te Papa Tongarewa  New Zealand Antarctic Institute</p>	<p>New Zealand Artificial Limb Board  New Zealand Blood Services  New Zealand Business Development Board  New Zealand Film Commission  New Zealand Fire Service Commission  New Zealand Fish and Game Council  New Zealand Game Bird Habitat Trust Board  New Zealand Government Property Corporation  New Zealand Lotteries Commission  New Zealand Lottery Grants Board  New Zealand Qualifications Authority  New Zealand Sports Drug Agency  New Zealand Symphony Orchestra Limited  New Zealand Teachers Council  New Zealand Tourism Board  New Zealand Trade Development Board  Ngai Tahu Ancillary Claims Trust  Office of Film and Literature Classification  Pacific Business Trust  Pharmaceutical Management Agency  Police Complaints Authority  Privacy Commissioner  Public Trust  Quotable Value New Zealand Limited  Radio New Zealand Limited  Reserve boards (51)  Residual Health Management Unit  Retirement Commissioner  Road Safety Trust  School boards of trustees (2,664)  Securities Commission  Skill New Zealand  Standards Council  Takeovers Panel  Te Reo Whakapuaki Irirangi (Te Mangai Paho)  Te Taura Whiri I Te Reo Māori (Māori Language Commission)  Tertiary education institutions (39)  Testing Laboratory Registration Council  The Guardians of New Zealand Superannuation  Transfund New Zealand  Transit New Zealand  Transport Accident Investigation Commission  Trustees of the National Library</p>
Reserve Bank of New Zealand	

## Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	2002						
		2001 Actual	Previous Budget	Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Revenue</b>								
<b>Levied through the Crown's Sovereign Power</b>								
Direct taxation	1	23,863	24,505	24,478	25,697	27,139	28,478	29,479
Indirect taxation	2	12,875	13,180	13,899	14,444	14,945	15,503	16,091
Total taxation revenue		36,738	37,685	38,377	40,141	42,084	43,981	45,570
Compulsory fees, fines, penalties and levies		385	418	493	472	487	493	506
<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>37,123</b>	<b>38,103</b>	<b>38,870</b>	<b>40,613</b>	<b>42,571</b>	<b>44,474</b>	<b>46,076</b>
<b>Earned through the Crown's Operations</b>								
Investment income	3	1,369	934	1,219	1,337	1,615	1,904	2,232
Sales of goods and services		659	654	685	705	665	665	667
Other operational revenue	4	381	305	398	297	291	286	284
Unrealised losses arising from changes in the value of commercial forests		(40)	..	..	..	..	..	..
<b>Total Revenue Earned through the Crown's Operations</b>		<b>2,369</b>	<b>1,893</b>	<b>2,302</b>	<b>2,339</b>	<b>2,571</b>	<b>2,855</b>	<b>3,183</b>
<b>Total Revenue</b>		<b>39,492</b>	<b>39,996</b>	<b>41,172</b>	<b>42,952</b>	<b>45,142</b>	<b>47,329</b>	<b>49,259</b>
<b>Expenses</b>								
<b>By Functional Classification</b>								
Social security and welfare		13,216	13,826	13,615	13,936	14,407	14,805	15,273
GSF pension expenses		855	667	339	671	680	680	719
Health		7,342	7,684	7,733	8,370	8,873	9,347	9,475
Education		6,690	7,056	7,150	7,494	7,674	7,747	7,850
Core government services		1,817	1,552	1,611	1,641	1,616	1,628	1,658
Law and order		1,560	1,640	1,771	1,734	1,737	1,734	1,727
Defence		1,267	1,153	1,188	1,166	1,208	1,159	1,146
Transport and communications		1,026	1,027	1,156	1,238	1,300	1,324	1,335
Economic and industrial services		1,141	1,225	1,187	1,275	1,268	1,261	1,272
Heritage, culture and recreation		424	456	500	533	558	584	595
Primary services		287	320	327	343	330	326	323
Housing and community development		50	90	95	103	99	91	91
Other		75	114	109	114	110	110	110
Finance costs	5	2,483	2,395	2,303	2,339	2,425	2,501	2,572
Net foreign-exchange (gains)/losses		(47)	..	64	..	..	..	..
Forecast for future new spending	5	..	160	..	230	700	1,180	2,080
<b>Total Expenses</b>	5	<b>38,186</b>	<b>39,365</b>	<b>39,148</b>	<b>41,187</b>	<b>42,985</b>	<b>44,477</b>	<b>46,226</b>
<b>Revenue less Expenses</b>		<b>1,306</b>	<b>631</b>	<b>2,024</b>	<b>1,765</b>	<b>2,157</b>	<b>2,852</b>	<b>3,033</b>
Surplus attributable to state-owned enterprises and Crown entities (excl. ACC liability valuation)	8	844	953	1,057	984	1,284	1,408	1,560
ACC outstanding claims liability valuation		(420)	..	(42)	..	..	..	..
Dividends and other distributions	8	(321)	(208)	(403)	(461)	(363)	(323)	(351)
<b>Net Surplus Attributable to State-owned Enterprises and Crown Entities</b>		<b>103</b>	<b>745</b>	<b>612</b>	<b>523</b>	<b>921</b>	<b>1,085</b>	<b>1,209</b>
<b>Operating Balance</b>		<b>1,409</b>	<b>1,376</b>	<b>2,636</b>	<b>2,288</b>	<b>3,078</b>	<b>3,937</b>	<b>4,242</b>

The accompanying Notes are an integral part of these Statements.

## Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2002						
		2001 Actual	Previous Budget	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Assets</b>								
Cash and bank balances		115	45	191	239	315	432	556
Marketable securities and deposits <sup>1</sup>		12,060	9,067	10,650	9,486	11,272	13,589	16,215
Advances	6	4,615	5,873	5,896	7,011	8,615	9,555	10,599
Receivables	7	6,197	5,439	6,037	6,111	6,024	6,108	6,058
Inventories		193	280	220	223	231	229	227
State-owned enterprises and Crown entities	8	14,077	15,114	15,628	16,614	17,812	19,119	20,424
Other investments		354	432	306	396	383	369	355
Physical assets	9	16,102	16,076	16,187	16,417	16,592	16,371	16,092
Commercial forests		310	359	310	310	311	311	311
State highways	10	11,055	10,847	11,148	11,278	11,376	11,481	11,607
Intangible assets		3	3	448	401	354	307	260
Forecast for future new capital spending		..	315	..	220	1,020	1,520	1,880
<b>Total Assets</b>		<b>65,081</b>	<b>63,850</b>	<b>67,021</b>	<b>68,706</b>	<b>74,305</b>	<b>79,391</b>	<b>84,584</b>
<b>Liabilities</b>								
Payables and provisions	11	5,831	4,758	5,428	5,409	5,397	5,491	5,410
Currency issued		2,539	2,570	2,937	2,937	2,937	2,937	2,937
Borrowings		36,761	35,831	36,299	35,781	38,391	39,543	40,656
Pension liabilities		8,487	8,734	8,119	8,053	7,976	7,879	7,798
<b>Total Liabilities</b>		<b>53,618</b>	<b>51,893</b>	<b>52,783</b>	<b>52,180</b>	<b>54,701</b>	<b>55,850</b>	<b>56,801</b>
<b>Total Assets less Total Liabilities</b>		<b>11,463</b>	<b>11,957</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>
<b>Crown Balance</b>								
Accumulated operating balance		3,456	4,058	6,199	8,487	11,565	15,502	19,744
Revaluation reserve	12	8,007	7,899	8,039	8,039	8,039	8,039	8,039
<b>Crown Balance</b>		<b>11,463</b>	<b>11,957</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>

<sup>1</sup> Marketable securities and deposits	2002						
	2001 Actual	Previous Budget	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
New Zealand Superannuation (NZS) Fund	..	617	600	1,890	3,898	6,277	8,944
Other marketable securities and deposits	12,060	8,450	10,050	7,596	7,374	7,312	7,271
<b>Total Marketable securities and deposits</b>	<b>12,060</b>	<b>9,067</b>	<b>10,650</b>	<b>9,486</b>	<b>11,272</b>	<b>13,589</b>	<b>16,215</b>

The accompanying Notes are an integral part of these Statements.

## Forecast Statement of Movements in Equity

for the years ending 30 June

(\$ million)	Note	2002						
		2001 Actual	Previous Budget	Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Opening Crown Balance</b>		<b>8,583</b>	<b>10,581</b>	<b>11,463</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>
Operating balance for the year		1,409	1,376	2,636	2,288	3,078	3,937	4,242
Net revaluations	12	(179)	..	36	..	..	..	..
<b>Total Recognised Revenues and Expenses</b>		<b>1,230</b>	<b>1,376</b>	<b>2,672</b>	<b>2,288</b>	<b>3,078</b>	<b>3,937</b>	<b>4,242</b>
Recognition policy change		1,650	..	103	..	..	..	..
<b>Closing Crown Balance</b>		<b>11,463</b>	<b>11,957</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>

*The accompanying Notes are an integral part of these Statements.*

## Forecast Statement of Cash Flows

for the years ending 30 June

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>Cash Flows from Operations</b>							
<b>Cash was Provided from</b>							
<b>Direct Taxation</b>							
<b>Individuals</b>							
Source deductions	13,748	14,358	14,602	15,298	16,133	17,029	17,865
Other persons	4,221	4,319	4,385	4,516	4,638	4,743	4,853
Refunds	(1,175)	(1,094)	(1,210)	(1,146)	(1,133)	(1,121)	(1,159)
Fringe benefit tax	338	324	344	380	384	389	394
<b>Total Individuals</b>	<b>17,132</b>	<b>17,907</b>	<b>18,121</b>	<b>19,048</b>	<b>20,022</b>	<b>21,040</b>	<b>21,953</b>
<b>Corporate</b>							
Gross companies	5,377	5,518	5,353	5,401	5,898	6,175	6,272
Refunds	(785)	(701)	(707)	(650)	(646)	(640)	(628)
Non-resident withholding tax	738	679	634	638	692	716	737
Foreign-source dividend withholding payment	98	36	149	122	56	56	56
<b>Total Corporate</b>	<b>5,428</b>	<b>5,532</b>	<b>5,429</b>	<b>5,511</b>	<b>6,000</b>	<b>6,307</b>	<b>6,437</b>
Other withholding taxes	1,043	1,046	1,013	1,075	1,084	1,084	1,085
Other direct taxation	2	2	2	2	2	2	2
<b>Total Direct Taxation</b>	<b>23,605</b>	<b>24,487</b>	<b>24,565</b>	<b>25,636</b>	<b>27,108</b>	<b>28,433</b>	<b>29,477</b>
<b>Indirect Taxation</b>							
<b>Goods and Services Tax</b>							
Gross goods and services tax	14,604	14,754	16,146	16,446	16,914	17,678	18,484
Refunds	(5,657)	(5,418)	(6,180)	(6,092)	(6,127)	(6,391)	(6,670)
<b>Total Goods and Services Tax</b>	<b>8,947</b>	<b>9,336</b>	<b>9,966</b>	<b>10,354</b>	<b>10,787</b>	<b>11,287</b>	<b>11,814</b>
Other indirect taxation	3,698	3,858	3,908	4,088	4,156	4,216	4,282
<b>Total Indirect Taxation</b>	<b>12,645</b>	<b>13,194</b>	<b>13,874</b>	<b>14,442</b>	<b>14,943</b>	<b>15,503</b>	<b>16,096</b>
<b>Total Taxation Receipts</b>	<b>36,250</b>	<b>37,681</b>	<b>38,439</b>	<b>40,078</b>	<b>42,051</b>	<b>43,936</b>	<b>45,573</b>
<b>Compulsory Fees, Fines, Penalties and Levies</b>	<b>324</b>	<b>349</b>	<b>327</b>	<b>372</b>	<b>386</b>	<b>399</b>	<b>419</b>
<b>Other Receipts</b>							
Interest, profits and dividends	892	755	1,175	1,012	1,132	1,224	1,398
Sales of goods and services	622	644	653	674	628	624	626
Other operating receipts	383	301	370	300	291	284	285
<b>Total Other Receipts</b>	<b>1,897</b>	<b>1,700</b>	<b>2,198</b>	<b>1,986</b>	<b>2,051</b>	<b>2,132</b>	<b>2,309</b>
<b>Total Cash Provided from Operations</b>	<b>38,471</b>	<b>39,730</b>	<b>40,964</b>	<b>42,436</b>	<b>44,488</b>	<b>46,467</b>	<b>48,301</b>
<b>Cash was Disbursed to</b>							
Departmental outputs	4,749	5,040	5,173	5,328	5,243	5,199	5,222
Other outputs	16,008	16,610	16,912	17,781	18,435	19,055	19,325
Finance costs	2,499	2,402	2,240	2,264	2,390	2,471	2,549
Subsidies	133	181	147	173	178	155	155
Current transfers							
Social assistance grants	12,910	13,610	13,432	13,689	14,188	14,614	15,099
Other transfers	250	255	256	260	257	256	256
Forecast for future new spending	..	160	..	230	700	1,180	2,080
<b>Total Cash Disbursed to Operations</b>	<b>36,549</b>	<b>38,258</b>	<b>38,160</b>	<b>39,725</b>	<b>41,391</b>	<b>42,930</b>	<b>44,686</b>
<b>Net Cash Flows from Operations</b>	<b>1,922</b>	<b>1,472</b>	<b>2,804</b>	<b>2,711</b>	<b>3,097</b>	<b>3,537</b>	<b>3,615</b>

The accompanying Notes are an integral part of these Statements.

## Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>Subtotal (brought forward)</b>	<b>1,922</b>	<b>1,472</b>	<b>2,804</b>	<b>2,711</b>	<b>3,097</b>	<b>3,537</b>	<b>3,615</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was Provided from</b>							
Sale of physical assets	75	91	124	83	56	39	31
<b>Total Cash Provided</b>	<b>75</b>	<b>91</b>	<b>124</b>	<b>83</b>	<b>56</b>	<b>39</b>	<b>31</b>
<b>Cash was Disbursed to</b>							
Purchase of physical assets	1,205	1,288	1,271	1,508	1,417	1,020	1,025
Net increase in advances	617	1,318	1,264	1,193	1,632	957	1,060
Net (sale)/purchase of investments	(174)	294	1,367	543	265	163	83
Purchase of marketable securities and deposits by NZS Fund	..	600	586	1,200	1,800	2,011	2,117
Other net purchase/(sale) of marketable securities and deposits	1,001	(3,185)	(1,232)	(2,453)	(222)	28	(15)
Forecast for future new capital spending	..	315	..	220	800	500	360
<b>Total Cash Disbursed</b>	<b>2,649</b>	<b>630</b>	<b>3,256</b>	<b>2,211</b>	<b>5,692</b>	<b>4,679</b>	<b>4,630</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(2,574)</b>	<b>(539)</b>	<b>(3,132)</b>	<b>(2,128)</b>	<b>(5,636)</b>	<b>(4,640)</b>	<b>(4,599)</b>
<b>Net Cash Flows from Operating and Investing Activities</b>							
	<b>(652)</b>	<b>933</b>	<b>(328)</b>	<b>583</b>	<b>(2,539)</b>	<b>(1,103)</b>	<b>(984)</b>
<b>Cash Flows from Financing Activities</b>							
<b>Cash was Provided from</b>							
Issue of circulating currency	303	..	398	..	..	..	..
Net issue/(repayment) of Government stock	1,066	391	746	(31)	2,515	1,136	947
<b>Total Cash Provided</b>	<b>1,369</b>	<b>391</b>	<b>1,144</b>	<b>(31)</b>	<b>2,515</b>	<b>1,136</b>	<b>947</b>
<b>Cash was Disbursed to</b>							
Net repayment/(issue) of foreign- currency borrowing	514	853	451	140	..	(2)	..
Net repayment/(issue) of other New Zealand-dollar borrowing	305	479	282	364	(100)	(82)	(161)
<b>Total Cash Disbursed</b>	<b>819</b>	<b>1,332</b>	<b>733</b>	<b>504</b>	<b>(100)</b>	<b>(84)</b>	<b>(161)</b>
<b>Net Cash Flows from Financing Activities</b>	<b>550</b>	<b>(941)</b>	<b>411</b>	<b>(535)</b>	<b>2,615</b>	<b>1,220</b>	<b>1,108</b>
<b>Net Movement in Cash</b>	<b>(102)</b>	<b>(8)</b>	<b>83</b>	<b>48</b>	<b>76</b>	<b>117</b>	<b>124</b>
<b>Opening Cash Balance</b>	<b>210</b>	<b>53</b>	<b>115</b>	<b>191</b>	<b>239</b>	<b>315</b>	<b>432</b>
FX gains/(losses) on opening cash balances	7	..	(7)	..	..	..	..
<b>Closing Cash Balance</b>	<b>115</b>	<b>45</b>	<b>191</b>	<b>239</b>	<b>315</b>	<b>432</b>	<b>556</b>

The accompanying Notes are an integral part of these Statements.



## Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>Reconciliation Between the Forecast Net Cash Flows from Operations and the Operating Balance</b>							
<b>Net Cash Flows from Operations</b>	<b>1,922</b>	<b>1,472</b>	<b>2,804</b>	<b>2,711</b>	<b>3,097</b>	<b>3,537</b>	<b>3,615</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Valuation Changes</b>							
Increase in National Provident Fund guarantee liability	(253)	..	..	..	..	..	..
(Increase)/decrease in pension liabilities	(164)	51	368	..	..	..	..
Unrealised net foreign exchange gains/(losses)	100	..	(17)	..	..	..	..
Unrealised losses arising from changes in the value of commercial forests	(40)	..	..	..	..	..	..
<b>Total Valuation Changes</b>	<b>(357)</b>	<b>51</b>	<b>351</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Physical Asset Movements</b>							
Depreciation	(925)	(879)	(943)	(1,013)	(1,059)	(1,084)	(1,106)
(Loss)/gain on sale of assets	(7)	..	(2)	..	..	..	..
<b>Total Physical Asset Movements</b>	<b>(932)</b>	<b>(879)</b>	<b>(945)</b>	<b>(1,013)</b>	<b>(1,059)</b>	<b>(1,084)</b>	<b>(1,106)</b>
<b>Other Non-cash Items</b>							
Net surplus attributable to state-owned enterprises and Crown entities	103	745	612	523	921	1,085	1,209
Accrued income from NZS Fund	..	17	14	90	208	368	550
Loss on writedown of defence equipment	(103)	..	..	..	..	..	..
Student Loans	(61)	(99)	(67)	(47)	(44)	(37)	(41)
Other	55	..	(23)	(47)	(47)	(47)	(47)
<b>Total Other Non-cash Items</b>	<b>(6)</b>	<b>663</b>	<b>536</b>	<b>519</b>	<b>1,038</b>	<b>1,369</b>	<b>1,671</b>
<b>Total Other Investing and Financing Items</b>	<b>177</b>	<b>..</b>	<b>(22)</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Movements in Working Capital</b>							
Increase/(decrease) in taxes receivable	737	25	(27)	62	25	33	(5)
Decrease/(increase) in payables	11	62	45	(6)	81	33	114
(Decrease)/increase in other receivables	(62)	(84)	(133)	12	(112)	51	(45)
(Decrease)/increase in inventories	(81)	66	27	3	8	(2)	(2)
<b>Total Movements in Working Capital</b>	<b>605</b>	<b>69</b>	<b>(88)</b>	<b>71</b>	<b>2</b>	<b>115</b>	<b>62</b>
<b>Operating Balance</b>	<b>1,409</b>	<b>1,376</b>	<b>2,636</b>	<b>2,288</b>	<b>3,078</b>	<b>3,937</b>	<b>4,242</b>

The accompanying Notes are an integral part of these Statements.

## Forecast Statement of Cash Flows (continued)

for the years ending 30 June

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>Reconciliation of Forecast Net Cash Flows from Operations with Forecast Net Cash Proceeds from Domestic Bonds</b>							
<b>Net Cash Flows from Operations</b>	<b>1,922</b>	<b>1,472</b>	<b>2,804</b>	<b>2,711</b>	<b>3,097</b>	<b>3,537</b>	<b>3,615</b>
Net purchase of physical assets	(1,130)	(1,197)	(1,147)	(1,425)	(1,361)	(981)	(994)
Net increase in advances	(617)	(1,318)	(1,264)	(1,193)	(1,632)	(957)	(1,060)
Net sale/(purchase) of investments	174	(294)	(1,367)	(543)	(265)	(163)	(83)
Purchase of marketable securities and deposits by NZS Fund	..	(600)	(586)	(1,200)	(1,800)	(2,011)	(2,117)
Forecast for future new capital spending	..	(315)	..	(220)	(800)	(500)	(360)
<b>Available to Repay Debt/(Required to be Financed)</b>	<b>349</b>	<b>(2,252)</b>	<b>(1,560)</b>	<b>(1,870)</b>	<b>(2,761)</b>	<b>(1,075)</b>	<b>(999)</b>
<b>Financed by:</b>							
Other net (purchase)/sale of marketable securities and deposits	(1,001)	3,185	1,232	2,453	222	(28)	15
<b>Total Investing Activities</b>	<b>(652)</b>	<b>933</b>	<b>(328)</b>	<b>583</b>	<b>(2,539)</b>	<b>(1,103)</b>	<b>(984)</b>
<b>Used in:</b>							
Net (repayment)/issue of other New Zealand-dollar borrowing	(305)	(479)	(282)	(364)	100	82	161
Decrease/(increase) in cash	102	8	(83)	(48)	(76)	(117)	(124)
Issue of circulating currency	303	..	398	..	..	..	..
Net (repayment)/issue of foreign-currency borrowing	(514)	(853)	(451)	(140)	..	2	..
	<b>(414)</b>	<b>(1,324)</b>	<b>(418)</b>	<b>(552)</b>	<b>24</b>	<b>(33)</b>	<b>37</b>
<b>Net Cash (Outflow)/Inflow to be Offset by Domestic Bonds</b>	<b>(1,066)</b>	<b>(391)</b>	<b>(746)</b>	<b>31</b>	<b>(2,515)</b>	<b>(1,136)</b>	<b>(947)</b>
<b>Gross Cash Proceeds from Domestic Bonds</b>							
Domestic bonds (market)	3,572	3,570	3,703	3,392	5,559	3,933	3,822
Domestic bonds (non-market)	661	..	199	..	478	213	..
<b>Total Gross Cash Proceeds from Domestic Bonds</b>	<b>4,233</b>	<b>3,570</b>	<b>3,902</b>	<b>3,392</b>	<b>6,037</b>	<b>4,146</b>	<b>3,822</b>
Repayment of domestic bonds (market)	(2,651)	(2,582)	(2,593)	(2,823)	(3,044)	(2,797)	(2,875)
Repayment of domestic bonds (non-market)	(516)	(597)	(563)	(600)	(478)	(213)	..
<b>Net Cash Proceeds from/(Repayments of) Domestic Bonds</b>	<b>1,066</b>	<b>391</b>	<b>746</b>	<b>(31)</b>	<b>2,515</b>	<b>1,136</b>	<b>947</b>

The accompanying Notes are an integral part of these Statements.

## Forecast Statement of Borrowings

as at 30 June

(\$ million)	Note	2002						
		2001 Actual	Previous Budget	Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Outstanding Debt</b>								
<b>New Zealand-Dollar Debt</b>								
Government stock		23,331	23,788	24,106	24,100	26,611	27,772	28,752
Treasury bills		5,558	5,388	5,405	5,484	5,471	5,479	5,488
Loans and foreign-exchange contracts		(272)	(763)	(374)	(823)	(711)	(730)	(606)
Retail stock		498	475	512	510	510	510	510
<b>Total New Zealand-Dollar Debt</b>		<b>29,115</b>	<b>28,888</b>	<b>29,649</b>	<b>29,271</b>	<b>31,881</b>	<b>33,031</b>	<b>34,144</b>
<b>Foreign-Currency Debt</b>								
United States dollars		4,780	3,799	4,249	4,278	4,276	4,277	4,277
Japanese yen		1,432	1,562	448	279	279	279	279
European and other currencies		1,434	1,582	1,953	1,953	1,955	1,956	1,956
<b>Total Foreign-Currency Debt</b>		<b>7,646</b>	<b>6,943</b>	<b>6,650</b>	<b>6,510</b>	<b>6,510</b>	<b>6,512</b>	<b>6,512</b>
<b>Total Outstanding Debt</b>		<b>36,761</b>	<b>35,831</b>	<b>36,299</b>	<b>35,781</b>	<b>38,391</b>	<b>39,543</b>	<b>40,656</b>
<b>Less</b>								
<b>Financial Assets</b>								
<b>Marketable Securities and Deposits <sup>1</sup></b>								
New Zealand dollars		3,971	1,154	3,352	1,053	836	781	744
United States dollars		5,093	3,909	4,304	4,373	4,367	4,362	4,359
Japanese yen		1,548	1,775	487	268	268	268	268
European and other currencies		1,448	1,612	1,907	1,902	1,903	1,901	1,900
<b>Total Marketable Securities and Deposits</b>		<b>12,060</b>	<b>8,450</b>	<b>10,050</b>	<b>7,596</b>	<b>7,374</b>	<b>7,312</b>	<b>7,271</b>
<b>Advances and Cash</b>								
Advances to state-owned enterprises and Crown entities	6	261	939	890	1,314	2,148	2,300	2,536
Student loans	6	4,143	4,776	4,798	5,531	6,295	7,075	7,863
Other advances		211	158	208	166	172	180	200
Cash		115	45	191	239	315	432	556
<b>Total Advances and Cash</b>		<b>4,730</b>	<b>5,918</b>	<b>6,087</b>	<b>7,250</b>	<b>8,930</b>	<b>9,987</b>	<b>11,155</b>
<b>Total Financial Assets</b>		<b>16,790</b>	<b>14,368</b>	<b>16,137</b>	<b>14,846</b>	<b>16,304</b>	<b>17,299</b>	<b>18,426</b>
<b>Net Crown Debt</b>		<b>19,971</b>	<b>21,463</b>	<b>20,162</b>	<b>20,935</b>	<b>22,087</b>	<b>22,244</b>	<b>22,230</b>
Net New Zealand-dollar debt		20,495	21,816	20,210	20,968	22,115	22,263	22,245
Net foreign-currency debt		(524)	(353)	(48)	(33)	(28)	(19)	(15)
<b>Net Crown Debt</b>		<b>19,971</b>	<b>21,463</b>	<b>20,162</b>	<b>20,935</b>	<b>22,087</b>	<b>22,244</b>	<b>22,230</b>

<sup>1</sup> Marketable securities and deposits held by the NZS Fund are excluded from the calculation of net Crown debt.

The accompanying Notes are an integral part of these Statements.

## Statement of Actual Commitments

as at 31 March 2002

(\$ million)	As at 31 March 2002	As at 30 June 2001
<b>By Type</b>		
<b>Capital Commitments</b>		
Specialist military equipment	549	639
Land and buildings	370	383
Other plant and equipment	26	41
Investments	266	15
Commitments of state-owned enterprises and Crown entities	798	619
<b>Total Capital Commitments</b>	<b>2,009</b>	<b>1,697</b>
<b>Operating Commitments</b>		
Non-cancellable accommodation leases	797	842
Other non-cancellable leases	1,730	1,713
Non-cancellable contracts for the supply of goods and services	1,872	367
Other operating commitments	814	2,213
Commitments of state-owned enterprises and Crown entities	3,343	2,471
<b>Total Operating Commitments</b>	<b>8,556</b>	<b>7,606</b>
<b>Total Commitments</b>	<b>10,565</b>	<b>9,303</b>
<b>By Term</b>		
One year or less	4,099	3,618
From one to two years	2,524	2,051
From two to five years	1,927	1,754
Over five years	2,015	1,880
<b>Total Commitments</b>	<b>10,565</b>	<b>9,303</b>

The Statement of Actual Commitments includes commitments which are also included in the Forecast Statements of Financial Performance and Financial Position.

*The accompanying Notes are an integral part of these Statements.*

## Statement of Actual Specific Fiscal Risks

### Quantifiable contingent liabilities

(\$ million)	As at 31 March 2002	As at 30 June 2001
Guarantees and indemnities	387	371
Uncalled capital	3,305	3,594
Legal proceedings and disputes	479	571
Other quantifiable contingent liabilities	1,777	1,965
<b>Total Quantifiable Contingent Liabilities</b>	<b>5,948</b>	<b>6,501</b>

Contingent liabilities of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in quantifiable contingent liabilities. Contingent liabilities to sub-entities are excluded.

### Unquantified contingent liabilities

This part of the Statement lists those contingent liabilities of the Crown which cannot be quantified.

#### Institutional Guarantees

Commerce Commission – indemnity for damages  
 District Court Judges, Justices of the Peace, Coroners and Disputes Tribunal  
 Earthquake Commission  
 Fletcher Challenge Limited  
 Ministry of Fisheries – indemnity provided for delivery of registry services  
 National Provident Fund  
 Persons exercising investigating powers  
 Public Trust  
 Reserve Bank of New Zealand

#### Other Unquantified Contingent Liabilities

Accident Compensation Corporation  
 Air New Zealand  
 Bank of New Zealand  
 Contaminated sites  
 Crown research institutes  
 Development Finance Corporation New Zealand Limited (under statutory management)  
 District health boards  
 Education – legal claims  
 Electricity Corporation of New Zealand Limited  
 Housing New Zealand Corporation  
 Indemnities against acts of war and terrorism  
 Maui Gas Partners  
 New Zealand Railways Corporation  
 Pharmaceutical Management Agency Limited – indemnity  
 Purchasers of Crown operations  
 Sale of Crown assets  
 Tax liabilities  
 Treaty of Waitangi claims  
 Treaty of Waitangi claims – settlement relativity payments  
 Works Civil Construction  
 Works Consultancy Services

*Actual contingent liabilities are discussed in detail in Chapter 5.*

## Statement of Actual Specific Fiscal Risks (continued)

### Quantified risks

	(\$ million)
Corrections – Capital Projects	(391) capital and (188) operating across the outyears
Defence – Capital Injections	(1,000) over the next five years to ten years
Education – Auckland University Business School	(25) capital in 2002/03
Education – E-Learning	(11) in 2002/03 and (7) in outyears for capital
Education – School Property	(90) in 2002/03, (200) in 2003/04, and subsequent outyears for capital and (1) in 2002/03, (8) in 2003/04, (18) in 2004/05 and (29) in 2005/06 for operating
Energy Efficiency and Conservation – Renewables Policy	(1) in 2002/03, increasing to (20) in 2005/06 and outyears
Energy Efficiency and Conservation – National Strategy	(63) operating over four years
Health – Southern Saltmarsh Mosquito	(30) operating over five years
Inland Revenue – GST and Imported Services and Financial Services Review	(20) operating from 2003/04
Inland Revenue – Trans-Tasman Triangular Tax Relief	(10) operating from 2004/05
Social Development – Benefit Payment Systems	up to (95) split between operating and capital

Many of these risks, if they crystallise, are covered by the forecast for future new spending and therefore have no impact on the forecasts.

### Unquantified risks

Accident Insurance – Medical Misadventure  
 Agriculture and Forestry – Painted Apple Moth  
 Courts – Supreme Court  
 Defence – Sale of Skyhawks and Aeromacchi Trainers  
 Education – Capital Injections for Tertiary Education Institutions  
 Education – Centres of Research Excellence  
 Education – Collective Employment Agreements  
 Education – ECE Strategic Plan  
 Education – Improved Internet Access  
 Education – Partnerships for Excellence  
 Education – Pay Parity for Kindergarten Teachers  
 Education – Review of School Staffing  
 Education – School and Early Childhood Operational Funding  
 Education – School Property Code  
 Education – Tertiary Education Funding  
 Education – Wananga capital injection  
 Health – District health board deficits  
 Health – Population Based Funding  
 Health – Remove Asset Testing from Long Stay Care  
 Inland Revenue – Exemption for Overseas Earnings  
 Inland Revenue – Gaming Review  
 Inland Revenue – Risk Free Return Method  
 Inland Revenue – Taxation of Savings and Investment Vehicles, including Superannuation Funds  
 Inland Revenue – Tax Review of International Issues  
 Police – Capital Projects  
 Prime Minister and Cabinet – Climate Change  
 Social Development – Response to Joychild Report  
 Transport – Lease of Rail Assets

*Risks are stated as at 10 May 2002.*

*Actual specific fiscal risks are discussed in detail in Chapter 5.*

# 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 physical assets (where appropriate), state highways, commercial forests and marketable securities and deposits 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 are projected beyond the current year.

## General Forecast Assumptions

### ***Finalisation dates***

The Forecast Financial Statements were finalised on 10 May 2002 and incorporate all Government decisions and circumstances communicated up to 10 May 2002.

### ***Macroeconomic assumptions***

A summary of the economic assumptions that are particularly relevant to the fiscal forecasts (along with the 2001/02 assumptions used in the 2001 *Budget Economic and Fiscal Update*) are provided in the following table:

**Key economic assumptions**

	2001/02	2002/03	2003/04	2004/05	2005/06
June years	Previous Budget	Budget	Budget	Budget	Budget
<b>Real GDP (production based measure)</b>					
(annual average % change)	2.7	3.0	3.1	3.1	2.8
Nominal GDP (\$ million)	117,323	120,309	124,964	131,293	137,201
<b>Consumer Price Index</b>					
(annual average %)	2.1	2.4	2.4	1.9	1.6
<b>Interest rates</b>					
Government 10-year bonds					
(quarterly average %)	6.1	6.9	6.4	6.2	6.2
90-day bill rate					
(quarterly average %)	6.1	5.7	6.0	6.0	6.0
<b>Household Labour Force Survey</b>					
Survey unemployment rate					
(annual average %)	5.4	5.3	5.4	5.2	5.1
<b>Full-time equivalent employment</b>					
(annual average % change)	0.6	2.7	1.6	1.2	1.4
<b>Wages – hourly earnings</b>					
(annual average % change)	3.8	3.6	3.7	3.5	3.5
<b>Trade Weighted Index</b>					
(quarterly average)	52.9	53.0	54.1	54.8	55.0

Source: The Treasury

For the purposes of calculating net debt, the forecasts assume that the nominal exchange rate remains fixed at 31 March 2002 exchange rates. Projected exchange rate losses or gains are not included in the forecasts.



## Specific Accounting Policies and Forecast Assumptions

### *Forecast periods*

#### *Accounting policy*

The reporting periods covered by these Forecast Financial Statements are the years ending 30 June 2002, 30 June 2003, 30 June 2004, 30 June 2005 and 30 June 2006.

Certain state-owned enterprises and Crown entities have different reporting periods from the Crown. These entities have been combined on the basis of the balance dates outlined in Note 8 of the Forecast Financial Statements.

#### *Forecast assumptions*

The forecasts for 30 June 2002 have been prepared using actual data to 31 March 2002. Transactions for the remainder of the year are forecast in accordance with these accounting policies and forecast assumptions.

## Basis of Combination

### *Accounting policy*

Ministers of the Crown, departments, offices of Parliament and the Reserve Bank of New Zealand are combined using the purchase method of combination. Corresponding assets, liabilities, revenues and expenses are added together line by line. Transactions and balances between these sub-entities are eliminated on combination.

State-owned enterprises and Crown entities are combined using the modified equity method of combination. This records the Crown's share of these entities' forecast net assets, including their surpluses and deficits. Unrealised surpluses and deficits on inter-entity transactions and balances not carried out on an arm's-length basis are eliminated. Other inter-entity transactions and balances are not eliminated.

Commitments and contingent liabilities of state-owned enterprises and Crown entities are reported in the Statement of Commitments and the Statement of Specific Fiscal Risks.

## Revenue

### *Revenue levied through the Crown's sovereign power*

#### *Accounting policy*

The Crown provides many services and benefits that do not give rise to revenue. Further, payment of tax does not of itself entitle a taxpayer to an equivalent value of services or benefits, as there is no direct relationship between paying tax and receiving Crown services and transfers.

Such revenue is received through the exercise of the Crown's sovereign power.

Where possible, revenue is recognised at the time the debt to the Crown arises, as identified in the following table:

Revenue Type	Revenue Recognition Point
Source deductions (PAYE)	When an individual is forecast to earn income that is subject to PAYE
Residents' withholding taxes <sup>1</sup>	When an individual is forecast to receive interest or dividends subject to deduction at source
Fringe benefit tax (FBT)	When forecast benefits are provided that give rise to FBT
Provisional tax <sup>2</sup>	Forecast payment due date
Terminal tax <sup>2</sup>	Forecast assessment filed date
Goods and services tax	When the liability to the Crown is forecast to be incurred
Excise duty	When goods are forecast to be subject to duty
Road user charges and motor vehicle fees	When payment for the fee or charge is forecast to be made
Stamp, cheque and credit card duties	When the liability to the Crown is forecast to be incurred
Other indirect taxes	When the debt to the Crown is forecast to arise
<sup>1</sup> Corresponds to forecast withholding taxes on residents' interest and dividend income in Note 1 to the Forecast Financial Statements.	
<sup>2</sup> Provisional and terminal taxes are paid by "other persons" and companies (refer to Note 1 to the Forecast Financial Statements).	

### **Revenue earned through operations**

#### *Accounting policy*

Where revenue will be earned by the Crown in exchange for the provision of outputs (products or services) to third parties, the Crown earns its revenue through operations. This revenue is recognised when it is forecast to be earned.

### **Investment income**

#### *Accounting policy*

Investment income is recognised in the period in which it is forecast to be earned.

### **Premiums**

#### *Accounting policy*

Premiums arising on the issue of a debt instrument, up to the forecast finalisation date, are treated as a reduction in the cost of borrowing. Premiums are recognised in the Forecast Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Premiums on forecast bond sales with the same maturity date and coupon rate as bonds already on issue are calculated using the same maturity and coupon rate information. These premiums are treated on issue as a reduction in the cost of borrowing, and in general are amortised over the period of the instrument on a yield-to-maturity basis.

The forward margin associated with forward foreign-exchange contracts is amortised over the period of the contract on a straight-line basis.

#### *Forecast assumption*

Forecast bond sales with new maturity dates are assumed to be issued at par value, and therefore no premiums are forecast for these instruments.

### **Gains**

#### *General*

##### Accounting policy

Realised gains arising from the sale of assets or the early repurchase of liabilities are recognised in the Forecast Statement of Financial Performance in the period in which the transactions are forecast to occur.

#### *Foreign-currency monetary assets and liabilities*

##### Accounting policy

Unrealised gains are recognised in the Forecast Statement of Financial Performance.

##### Forecast assumption

Forecasts of foreign-currency monetary assets and liabilities for the year ending 30 June 2002 and the other forecast periods use the exchange rates prevailing on 31 March 2002. As a consequence, no realised or unrealised exchange gains are forecast for the entire forecast period.

#### *Physical assets*

##### Accounting policy

To the extent that a forecast gain reverses a loss previously charged to the Statement of Financial Performance, the gain is credited to the Forecast Statement of Financial Performance.

##### Forecast assumption

The 30 June 2002 forecasts for the value of physical assets use the valuations as recorded in the Crown Financial Statements for the year ended 30 June 2001 and any additional actual valuations that have occurred up to 31 March 2002.

The value of physical assets for the other forecast periods is forecast using the same valuation as that used for the 30 June 2002 forecasts. As a consequence, no realised or unrealised gains are forecast for the entire forecast period.

*Investments and marketable securities held for investment*Forecast assumption

All investments and marketable securities held for investment that are forecast to be held after the forecast finalisation date are assumed to be held to maturity. Therefore, no gains are forecast for these assets.

**Expenses****General***Accounting policy*

Expenses are recognised in the financial periods to which they are forecast to relate.

*Welfare benefits*Accounting policy

Welfare benefits are recognised in the reporting periods during which it is forecast an application for a benefit has been received and the eligibility criteria met.

*Grants and subsidies*Accounting policy

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is forecast to be made. Otherwise, the expense is recognised when it is forecast that the specific criteria will be fulfilled and notice given to the Crown.

*Treaty of Waitangi settlements*Forecast assumption

There is a multi-year appropriation (MYA) established for the payment of claims associated with Treaty of Waitangi settlements. The actual amount expensed in any one year may be greater or less than the amount forecast for that particular year, since actual expenses depend on the settlements reached.

*Discounts*Accounting policy

Discounts arising on the issue of debt instruments up to the forecast finalisation date are treated as an increase in the cost of borrowings. Discounts are recognised in the Forecast Statement of Financial Position on issue, and are amortised over the period of the instrument on a yield-to-maturity basis.

Discounts on forecast bond sales with the same maturity date and coupon rate as bonds already on issue are calculated using the same maturity and coupon rate information. These discounts are treated on issue as an increase in the cost of borrowing, and in general are amortised over the period of the instrument on a yield-to-maturity basis.

### Forecast assumption

Forecast bond sales with new maturity dates are assumed to be issued at par value, and therefore no discounts are forecast for these instruments.

## **Losses**

### *General*

#### Accounting policy

Forecast realised losses arising from the sale of assets or the early repurchase of liabilities are recognised in the Forecast Statement of Financial Performance in the period in which the transaction is forecast to occur.

### *Foreign-currency monetary assets and liabilities*

#### Accounting policy

Unrealised losses are recognised in the Forecast Statement of Financial Performance.

#### Forecast assumption

The 30 June 2002 forecasts for foreign-currency monetary assets and liabilities use the exchange rates prevailing on 31 March 2002.

Forecasts of foreign-currency monetary assets and liabilities for the other forecast periods are based on the exchange rates used for the 30 June 2002 forecast. As a consequence, no realised or unrealised exchange losses are forecast for these years.

### *Physical assets and liabilities*

#### Accounting policy

Unrealised losses are first applied against the revaluation reserve for that class of asset. The balance, if any, is charged to the Forecast Statement of Financial Performance.

#### Forecast assumption

The 30 June 2002 forecasts for the value of physical assets use valuations as recorded in the Crown Financial Statements for the year ended 30 June 2001, and any additional actual valuations that have occurred up to 31 March 2002.

The value of physical assets for the other forecast periods is forecast using the same valuation used for the 30 June 2002 forecasts. As a consequence, no realised or unrealised losses are forecast beyond the current year.

### *Investments and marketable securities held for investment*

#### Forecast assumption

All investments and marketable securities held for investment that are forecast to be held after the forecast finalisation date are assumed to be held to maturity. Therefore, no losses are forecast for these assets.

## **Foreign-currency transactions**

### *Accounting policy*

Short-term transactions covered by forward exchange contracts are translated into New Zealand dollars using the forward rates specified in those contracts.

Other transactions in foreign currencies are translated into New Zealand dollars using the exchange rates prevailing on 31 March 2002. Forecast exchange gains or losses arising on translation of these transactions are recognised in the Forecast Statement of Financial Performance.

The resulting exchange gains or losses are included in the Forecast Statement of Financial Performance in the period in which they are forecast to arise. The forward margin associated with existing forward exchange contracts is amortised over the period of the contract on a straight-line basis.

### *Forecast assumption*

Outstanding foreign-exchange contracts are translated using the exchange rate prevailing on 31 March 2002.

For forecasting purposes, the exchange rates prevailing on 31 March 2002 are assumed to prevail throughout the other forecast periods.

## **Depreciation**

### *Accounting policy*

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an asset, less any forecast residual value, over its estimated useful life.

Typically, the estimated useful lives of different classes of assets are as follows:

Freehold buildings	25 to 60 years
Specialist military equipment	5 to 25 years
Other plant and equipment	3 to 25 years
State highways:	
Pavement (surfacing)	7 years
Pavement (other)	36 years
Bridges	90 to 100 years

## **Assets**

### **Foreign monetary assets**

#### *Accounting policy*

Foreign monetary assets existing at the forecast finalisation date and subject to forward exchange contracts are translated at the contract rate. Other foreign-currency monetary assets are translated at the exchange rates prevailing on 31 March 2002.

### *Forecast assumption*

For forecasting purposes, the exchange rates on 31 March 2002 are assumed to prevail throughout the other forecast periods.

### **Receivables and advances**

#### *Accounting policy*

Receivables and advances are recorded at the amounts forecast to be collected in cash.

### **Inventories**

#### *Accounting policy*

Inventories, except for unissued currency stocks, existing at the forecast finalisation date are recorded at the lower of cost and net realisable value. Inventories forecast to be acquired after that date are recorded at the forecast cost.

Unissued currency stocks are recorded as inventory at the cost of acquisition and expensed when issued.

### **Investments**

#### *Marketable securities held for trading purposes*

##### Accounting policy

Marketable securities held for trading purposes at the forecast finalisation date are recorded at fair value.

Marketable securities that are forecast to be acquired after that date and held for trading purposes are recorded at forecast cost of acquisition.

#### *Equity investments*

##### Accounting policy

Equity investments existing at the forecast finalisation date (other than those forming part of the reporting entity) are recorded at the lower of forecast cost and fair value.

Equity investments which are forecast to be purchased after that date are recorded at the forecast cost.

#### *Other investments*

##### Accounting policy

Other investments existing at the forecast finalisation date, including marketable securities held for investment, are recorded at the lower of cost and fair value.

Other investments that are forecast to be purchased after that date are valued at the forecast cost.

### *Investment sales*

#### Forecast assumption

The proceeds from sales of investments or entities are only included in the forecasts when those sales have been contractually confirmed at the forecast finalisation date.

### **Physical assets**

#### Accounting policy

Revaluations are made to reflect the service potential or economic benefit obtained through control of assets. Revaluation to fair value is based on the fair value of the asset less estimated disposal costs. Where an asset is recorded at its depreciated replacement cost, depreciated replacement cost is based on the estimated present cost of construction, reduced by factors for age and deterioration of the asset.

Physical assets are revalued at least every three years where appropriate.

### *Land and buildings*

#### Accounting policy

Holdings of land and buildings at the forecast finalisation date are recorded at the latest available valuation calculated on a fair value basis. In cases where valuations conducted in accordance with New Zealand Institute of Valuers' standards are not available, valuations conducted in accordance with the Rating Valuation Act 1998 have been used.

Land and buildings forecast to be purchased after the forecast finalisation date are valued at their forecast cost.

#### Forecast assumption

Valuations are assumed to remain constant over the forecast period.

### *Specialist military equipment*

#### Accounting policy

Specialist military equipment existing at the forecast finalisation date is valued at depreciated replacement cost established through specialist assessment by New Zealand Defence Force advisers.

Specialist military equipment forecast to be purchased after that date is valued at forecast cost.

### *Other plant and equipment*

#### Accounting policy

Other plant and equipment (including motor vehicles and office equipment) existing at forecast finalisation date is recorded at cost less accumulated depreciation.

Other plant and equipment forecast to be purchased after that date is recorded at forecast cost.



*Other physical assets for which an objective estimate of market value is difficult to obtain*

Accounting policy

Such assets (national parks, for example) existing at the forecast finalisation date are recorded at the best estimate of fair value.

Any such assets forecast to be acquired after that date are valued at forecast cost.

Forecast assumption

The value is assumed to be constant over the other forecast periods.

**State highways**

*Accounting policy*

State highways existing at the forecast finalisation date are recorded at depreciated replacement cost, based on the estimated present cost of constructing the existing asset by the most appropriate method of construction. State highways forecast to be developed after that date are valued at forecast cost.

Land associated with the state highways is valued using an opportunity cost based on adjacent use, as an approximation of fair value.

*Forecast assumption*

The value is assumed to be constant over the other forecast periods.

**Commercial forests**

*Accounting policy*

Commercial forests are recorded at forecast fair value. This takes into account age, quality of timber, market expectations and the forest management plan.

*Forecast assumption*

Commercial forests are valued at an estimate of fair value using discounted cash flow techniques. Post-tax cash flows and three-year rolling average log prices have been used. Log prices are assumed to be constant over the forecast period.

**Intangible assets**

*Accounting policy*

Identifiable intangible assets existing at the forecast finalisation date are recorded at cost less accumulated amortisation and accumulated impairment losses or if an active market exists identifiable intangible assets are recorded at fair value.

*Forecast assumption*

The value is assumed to be constant over the other forecast periods.

## **Liabilities**

### ***Borrowings***

#### *Accounting policy*

In the Forecast Statement of Financial Position, borrowings, including currency swaps existing at the forecast finalisation date, are recorded at nominal value adjusted for the unamortised portion of the premium or discount on issue.

Borrowings forecast to be raised after that date are recorded at forecast cost.

#### *Forecast assumption*

Forecasts of borrowings incorporate a number of technical assumptions regarding the use of the Crown's fiscal surplus for domestic debt reduction. These assumptions may not reflect the actual future composition of the domestic debt programmes, as these decisions have yet to be made.

### ***Foreign monetary liabilities***

#### *Accounting policy*

Foreign monetary liabilities existing at the forecast finalisation date and subject to forward exchange contracts are translated at contract rates. Other foreign-currency monetary liabilities are translated at exchange rates prevailing on 31 March 2002.

#### *Forecast assumption*

For forecasting purposes, the exchange rates prevailing on 31 March 2002 are assumed to prevail throughout the other forecast periods.

### ***Pension liabilities***

#### *Forecast assumption*

Forecasts of Government Superannuation Fund pension liabilities in respect of the contributory service of superannuation scheme members are based on financial assumptions applied to the latest actuarial value of the Crown's liability for pension payments net of the scheme's assets, adjusted in future years for any projected changes in demographic assumptions.

### ***Currency issued***

#### *Accounting policy*

Currency (including demonetised currency) issued at the forecast finalisation date or forecast to be issued after that date is recognised at face value.

The face value of collectors' currency is recorded as a contingent liability.

## **Leases**

### *Accounting policy*

Finance leases transfer to the Crown as lessee substantially all the risks and rewards incident on the ownership of a leased asset. The obligations under such forecast leases are capitalised at the forecast present value of the minimum lease payments. The capitalised values are amortised over the period forecast for benefits from their use to arise.

Forecast operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the forecast term of the lease.

The cost of forecast leasehold improvements is capitalised and amortised over the forecast unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

## **Employee entitlements**

### *Accounting policy*

Forecast liabilities for annual leave are recognised as they are forecast to accrue to employees. Provision is also made for forecast long-service and retiring leave obligations to employees.

## **Other liabilities**

### *Accounting policy*

All other liabilities are recorded at the forecast obligation to pay.

## **Commitments**

The commitments reported in these Forecast Financial Statements are **actual** commitments at 31 March 2002.

Existing commitments include operating and capital commitments arising from non-cancellable contractual or statutory obligations. Interest commitments on debts and commitments relating to employment contracts are not included.

## **Specific Fiscal Risks**

### *Accounting policy*

The specific fiscal risks reported in these Forecast Financial Statements are the **actual** risks **existing at 10 May 2002** and contingent liabilities as at 31 March 2002. They include existing contingent liabilities, which are recognised at the point the contingency is evident. The Statement of Specific Fiscal Risks has been prepared in accordance with sections 10(3)(b) and 11 of the Fiscal Responsibility Act 1994.

## 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.

### New accounting standards

Financial Reporting Standard 3: Accounting for property, plant and equipment (FRS 3), takes effect from the 2001/02 financial year. The principles of FRS 3 were applied early to the state highway network resulting in an adjustment to the 2000/01 Crown financial statements. Other components of physical assets will be revalued in accordance with FRS 3 as at 30 June 2002 and beyond. There are likely to be some substantial revaluation movements resulting from the revaluation exercises as they occur.

Financial Reporting Standard 15: Provisions, contingent liabilities and contingent assets (FRS 15) also takes effect from the 2001/02 financial year. Application of the requirements of FRS 15 will likely result in some adjustments to reported liabilities.

### Recognition of Department of Conservation visitor assets

The Crown financial statements as at 30 June 2002 will recognise, for the first time, Department of Conservation visitor assets (conservation estate huts and tracks for example). To recognise these assets for the first time an adjustment within the Estimated Actual forecasts has been made to equity (i.e. the Crown balance/net worth) in accordance with FRS 3.

## Changes in Forecast Assumptions

Changes to the forecast assumptions used for the forecasts published in the 2001 *Budget Economic and Fiscal Update* are outlined on page 156.

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 1: Direct Taxation</b>							
<b>Income Tax</b>							
<b>Individuals</b>							
Source deductions	13,703	14,358	14,602	15,298	16,133	17,029	17,865
Other persons	3,871	3,881	3,989	4,140	4,267	4,376	4,473
Refunds	(790)	(656)	(814)	(771)	(762)	(754)	(779)
Fringe benefit tax	342	336	356	381	385	390	395
<b>Total Individuals</b>	<b>17,126</b>	<b>17,919</b>	<b>18,133</b>	<b>19,048</b>	<b>20,023</b>	<b>21,041</b>	<b>21,954</b>
<b>Corporate Tax</b>							
Gross companies tax	4,954	4,938	4,719	4,932	5,416	5,722	5,791
Refunds	(123)	(121)	(195)	(122)	(134)	(143)	(146)
Non-resident withholding tax	760	685	657	640	692	716	737
Foreign-source dividend withholding payment	71	36	149	122	56	56	56
<b>Total Corporate Tax</b>	<b>5,662</b>	<b>5,538</b>	<b>5,330</b>	<b>5,572</b>	<b>6,030</b>	<b>6,351</b>	<b>6,438</b>
<b>Other Income Tax</b>							
Resident withholding tax on interest income	990	993	986	1,026	1,039	1,038	1,038
Resident withholding tax on dividend income	83	53	27	49	45	46	47
Estate and gift duties	2	2	2	2	2	2	2
<b>Total Other Income Tax</b>	<b>1,075</b>	<b>1,048</b>	<b>1,015</b>	<b>1,077</b>	<b>1,086</b>	<b>1,086</b>	<b>1,087</b>
<b>Total Direct Taxation</b>	<b>23,863</b>	<b>24,505</b>	<b>24,478</b>	<b>25,697</b>	<b>27,139</b>	<b>28,478</b>	<b>29,479</b>

### NOTE 2: Indirect Taxation

<b>Goods and Services Tax</b>							
Gross goods and services tax	15,133	15,054	16,511	16,796	17,214	17,878	18,584
Refunds	(6,007)	(5,718)	(6,545)	(6,442)	(6,427)	(6,591)	(6,770)
<b>Total Goods and Services Tax</b>	<b>9,126</b>	<b>9,336</b>	<b>9,966</b>	<b>10,354</b>	<b>10,787</b>	<b>11,287</b>	<b>11,814</b>
<b>Other Indirect Taxation</b>							
Petroleum fuels	810	806	846	938	943	949	957
Tobacco products	764	802	818	807	808	806	802
Customs duty	648	649	657	680	697	708	719
Road user charges	532	575	570	602	623	646	672
Alcoholic beverages	436	447	451	452	462	469	475
Gaming duties	206	220	242	266	279	292	304
Motor vehicle fees	181	181	181	182	184	185	186
Energy resources levies	111	96	107	101	97	93	91
Stamp, cheque and credit card duties	61	68	61	62	65	68	71
<b>Total Other Indirect Taxation</b>	<b>3,749</b>	<b>3,844</b>	<b>3,933</b>	<b>4,090</b>	<b>4,158</b>	<b>4,216</b>	<b>4,277</b>
<b>Total Indirect Taxation</b>	<b>12,875</b>	<b>13,180</b>	<b>13,899</b>	<b>14,444</b>	<b>14,945</b>	<b>15,503</b>	<b>16,091</b>

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 3: Investment Income</b>							
<b>Interest Income</b>							
Marketable securities, deposits, mortgages and cash balances	463	305	377	255	330	364	382
Advances							
Student loans	289	326	332	386	451	512	569
Other entities	48	66	80	104	190	232	222
<b>Total Interest Income</b>	<b>800</b>	<b>697</b>	<b>789</b>	<b>745</b>	<b>971</b>	<b>1,108</b>	<b>1,173</b>
<b>Dividend Income</b>							
State-owned enterprises	304	199	333	412	347	303	333
Other	21	13	74	53	21	25	23
<b>Total Dividend Income</b>	<b>325</b>	<b>212</b>	<b>407</b>	<b>465</b>	<b>368</b>	<b>328</b>	<b>356</b>
<b>Other Investment Income</b>							
Gain/(loss) on marketable securities and deposits	102	..	(2)	..	..	..	..
NZS Fund investment income	..	25	14	112	261	459	688
Gain on sale of 2GHz radio spectrum licences	140	..	..	..	..	..	..
Other	2	..	11	15	15	9	15
<b>Total Other Investment Income</b>	<b>244</b>	<b>25</b>	<b>23</b>	<b>127</b>	<b>276</b>	<b>468</b>	<b>703</b>
<b>Total Investment Income</b>	<b>1,369</b>	<b>934</b>	<b>1,219</b>	<b>1,337</b>	<b>1,615</b>	<b>1,904</b>	<b>2,232</b>

### NOTE 4: Other Operational Revenue

Recoveries from the Accident Compensation Corporation	106	97	105	101	101	101	101
Petroleum royalties	82	32	42	33	25	24	24
Cost recovery income from Fisheries	29	27	31	34	33	31	30
Income from Earthquake Commission	10	10	10	10	10	10	10
Other	154	139	210	119	122	120	119
<b>Total Other Operational Revenue</b>	<b>381</b>	<b>305</b>	<b>398</b>	<b>297</b>	<b>291</b>	<b>286</b>	<b>284</b>

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 5: Expenses by Input Type</b>							
Subsidies and transfer payments (see analysis below)	13,274	13,886	13,656	13,972	14,476	14,880	15,363
Operating expenses (see analysis below)	17,719	18,307	18,681	19,681	20,370	20,880	21,081
Personnel							
Personnel expenses (excluding pension expenses)	2,632	2,762	2,829	2,954	2,950	2,946	2,978
GSF pension expenses	691	718	707	671	680	680	719
Movement in unfunded pension liability	164	(51)	(368)	..	..	..	..
Other pension expenses	56	53	53	50	50	51	51
Depreciation							
Physical assets	751	785	764	823	857	869	877
State highways	174	94	179	190	202	215	229
Rental and leasing costs	282	256	278	277	275	275	276
Loss/(gain) on sale of assets	7	..	2	..	..	..	..
Finance costs (see analysis below)	2,483	2,395	2,303	2,339	2,425	2,501	2,572
Net foreign-exchange losses/(gains) on liabilities	404	..	(575)	..	..	..	..
Net foreign-exchange (gains)/losses on assets	(451)	..	639	..	..	..	..
Forecast for future new spending (see analysis below)	..	160	..	230	700	1,180	2,080
<b>Total Expenses</b>	<b>38,186</b>	<b>39,365</b>	<b>39,148</b>	<b>41,187</b>	<b>42,985</b>	<b>44,477</b>	<b>46,226</b>
<b>Analysis of Subsidies and Transfer Payments</b>							
Social assistance grants							
New Zealand Superannuation	5,273	5,472	5,457	5,645	5,888	6,112	6,399
Community Wage	1,849	..	..	..	..	..	..
Unemployment Benefit	..	1,527	1,406	1,364	1,419	1,451	1,468
Domestic Purposes Benefit	1,444	1,489	1,486	1,521	1,570	1,599	1,631
Family Support	878	899	870	870	872	874	876
Student allowances	391	428	411	441	458	473	490
Other social assistance grants	3,073	3,692	3,644	3,738	3,871	3,985	4,113
Subsidies	115	125	125	127	135	125	125
Other transfer payments							
Official development assistance	226	227	223	230	227	226	226
Other	25	27	34	36	36	35	35
<b>Total Subsidies and Transfer Payments</b>	<b>13,274</b>	<b>13,886</b>	<b>13,656</b>	<b>13,972</b>	<b>14,476</b>	<b>14,880</b>	<b>15,363</b>
<b>Analysis of Operating Expenses</b>							
Education purchases							
Early childhood education	331	357	362	387	393	395	398
Primary and secondary education	3,505	3,677	3,642	3,653	3,698	3,700	3,712
Tertiary education and training	1,508	1,635	1,733	1,892	1,958	2,022	2,065
Health purchases	6,807	6,967	7,011	7,639	8,100	8,608	8,716
Science purchases	467	478	463	490	507	511	524
Other operating expenses	5,101	5,193	5,470	5,620	5,714	5,644	5,666
<b>Total Operating Expenses</b>	<b>17,719</b>	<b>18,307</b>	<b>18,681</b>	<b>19,681</b>	<b>20,370</b>	<b>20,880</b>	<b>21,081</b>
<b>Analysis of Finance Costs</b>							
Interest							
New Zealand dollars	2,035	2,044	1,966	2,064	2,127	2,181	2,248
Foreign currencies	428	328	295	245	268	295	301
Other finance costs	20	23	42	30	30	25	23
<b>Total Finance Costs</b>	<b>2,483</b>	<b>2,395</b>	<b>2,303</b>	<b>2,339</b>	<b>2,425</b>	<b>2,501</b>	<b>2,572</b>
<b>Analysis of Forecast for Future New Spending</b>							
2001/02 contingency provision	..	160	..	..	..	..	..
2002/03 Budget contingency provision	..	..	..	230	200	180	180
2003/04 indicative new spending	..	..	..	..	500	500	500
2004/05 indicative new spending	..	..	..	..	..	500	500
2005/06 indicative new spending	..	..	..	..	..	..	900
<b>Total Forecast for Future New Spending</b>	<b>..</b>	<b>160</b>	<b>..</b>	<b>230</b>	<b>700</b>	<b>1,180</b>	<b>2,080</b>

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 6: Advances</b>							
<b>Advances to State-owned Enterprises and Crown Entities</b>							
Housing New Zealand Corporation	163	643	639	737	1,091	1,137	1,177
District health boards/Residual Health Management Unit	53	296	224	549	1,057	1,163	1,359
Other state-owned enterprises and Crown entities	45	..	27	28	..	..	..
<b>Total Advances to State-owned Enterprises and Crown Entities</b>	<b>261</b>	<b>939</b>	<b>890</b>	<b>1,314</b>	<b>2,148</b>	<b>2,300</b>	<b>2,536</b>
<b>Other Advances</b>							
Student loans	4,143	4,776	4,798	5,531	6,295	7,075	7,863
Contact Energy Limited	118	48	48	..	..	..	..
Maori development rural lending	38	58	42	42	42	42	42
Forestry encouragement loans	29	30	30	28	27	27	26
Other	26	22	88	96	103	111	132
<b>Total Other Advances</b>	<b>4,354</b>	<b>4,934</b>	<b>5,006</b>	<b>5,697</b>	<b>6,467</b>	<b>7,255</b>	<b>8,063</b>
<b>Total Advances</b>	<b>4,615</b>	<b>5,873</b>	<b>5,896</b>	<b>7,011</b>	<b>8,615</b>	<b>9,555</b>	<b>10,599</b>
<b>Analysis of Student Loans</b>							
<b>Outstanding balance</b>							
Total loans outstanding (including interest)	4,655	5,355	5,368	6,187	7,035	7,900	8,779
Total provisions (capital and interest)	(512)	(579)	(570)	(656)	(740)	(825)	(916)
<b>Total Student Loans</b>	<b>4,143</b>	<b>4,776</b>	<b>4,798</b>	<b>5,531</b>	<b>6,295</b>	<b>7,075</b>	<b>7,863</b>
<b>Movement during the year</b>							
Opening balance	3,523	4,155	4,143	4,798	5,531	6,295	7,075
Amount advanced in current year	867	963	959	1,052	1,124	1,182	1,240
Interest accrued on outstanding loan balances	289	326	333	386	451	512	569
Repayment of base capital	(198)	(250)	(243)	(279)	(324)	(372)	(419)
Repayment of accrued interest	(123)	(157)	(148)	(175)	(206)	(240)	(274)
Interest written off and movement in provision for interest write-offs and doubtful debts	(227)	(269)	(253)	(259)	(289)	(310)	(336)
Other movements	12	8	7	8	8	8	8
<b>Closing Balance</b>	<b>4,143</b>	<b>4,776</b>	<b>4,798</b>	<b>5,531</b>	<b>6,295</b>	<b>7,075</b>	<b>7,863</b>
<b>NOTE 7: Receivables</b>							
Taxes receivable	4,962	4,437	4,935	4,997	5,022	5,055	5,050
Accounts receivable	1,024	856	923	951	844	875	865
Receivable from the sale and purchase of Maui gas	111	103	109	97	98	118	83
Prepayments	100	43	70	66	60	60	60
<b>Total Receivables</b>	<b>6,197</b>	<b>5,439</b>	<b>6,037</b>	<b>6,111</b>	<b>6,024</b>	<b>6,108</b>	<b>6,058</b>



## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast

### NOTE 8: Financial Interest in State-Owned Enterprises and Crown Entities

#### Surplus

State-owned enterprises	432	307	395	486	586	614	700
Crown entities	(8)	646	620	498	698	794	860
<b>Total Surplus</b>	<b>424</b>	<b>953</b>	<b>1,015</b>	<b>984</b>	<b>1,284</b>	<b>1,408</b>	<b>1,560</b>

#### Dividends and Other Distributions

State-owned enterprises	304	199	333	412	347	303	333
Crown entities	17	9	70	49	16	20	18
<b>Total Dividends and Other Distributions</b>	<b>321</b>	<b>208</b>	<b>403</b>	<b>461</b>	<b>363</b>	<b>323</b>	<b>351</b>

#### Net Equity

State-owned enterprises	5,554	5,643	6,253	6,327	6,566	6,924	7,291
Crown entities	8,523	9,471	9,375	10,287	11,246	12,195	13,133
<b>Total Net Equity</b>	<b>14,077</b>	<b>15,114</b>	<b>15,628</b>	<b>16,614</b>	<b>17,812</b>	<b>19,119</b>	<b>20,424</b>

#### Balance dates

All state-owned enterprises and significant Crown entities have a balance date of 30 June except for the following:

#### State-owned enterprises

Timberlands West Coast Limited 31 March

#### Significant Crown entities

School boards of trustees 31 December  
Tertiary education institutions 31 December

#### Minority Interests

All state-owned enterprises and Crown entities are 100% owned by the Crown. The ownership interest in Air New Zealand is 82%. Air New Zealand forecast information is included within the total SOE forecast information.

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 9: Physical Assets</b>							
<b>By Type</b>							
<b>Cost or Valuation</b>							
Land	1,844	1,887	1,871	1,888	1,881	1,882	1,885
Properties intended for sale	464	446	441	425	419	416	417
Buildings	8,654	9,066	9,179	9,761	10,185	10,428	10,750
Specialist military equipment	2,686	2,780	2,828	3,022	3,369	3,437	3,352
Other assets	2,688	2,639	2,686	2,676	2,695	2,703	2,711
Other plant and equipment	2,213	2,571	2,475	2,685	2,856	2,988	3,112
<b>Total Cost or Valuation</b>	<b>18,549</b>	<b>19,389</b>	<b>19,480</b>	<b>20,457</b>	<b>21,405</b>	<b>21,854</b>	<b>22,227</b>
<b>Accumulated Depreciation</b>							
Buildings	729	1,085	1,300	1,671	2,049	2,340	2,723
Specialist military equipment	421	594	580	759	955	1,155	1,243
Other assets	5	5	9	11	13	15	17
Other plant and equipment	1,292	1,629	1,404	1,599	1,796	1,973	2,152
<b>Total Accumulated Depreciation</b>	<b>2,447</b>	<b>3,313</b>	<b>3,293</b>	<b>4,040</b>	<b>4,813</b>	<b>5,483</b>	<b>6,135</b>
<b>Net Book Value</b>							
Land	1,844	1,887	1,871	1,888	1,881	1,882	1,885
Properties intended for sale	464	446	441	425	419	416	417
Buildings	7,925	7,981	7,879	8,090	8,136	8,088	8,027
Specialist military equipment	2,265	2,186	2,248	2,263	2,414	2,282	2,109
Other assets	2,683	2,634	2,677	2,665	2,682	2,688	2,694
Other plant and equipment	921	942	1,071	1,086	1,060	1,015	960
<b>Total Net Book Value</b>	<b>16,102</b>	<b>16,076</b>	<b>16,187</b>	<b>16,417</b>	<b>16,592</b>	<b>16,371</b>	<b>16,092</b>
<b>Movements</b>							
<b>Cost or Valuation</b>							
Opening balance	18,507	18,534	18,549	19,480	20,457	21,405	21,854
Net additions	905	855	887	977	948	449	373
Revaluations	(863)	..	44	..	..	..	..
<b>Total Cost or Valuation</b>	<b>18,549</b>	<b>19,389</b>	<b>19,480</b>	<b>20,457</b>	<b>21,405</b>	<b>21,854</b>	<b>22,227</b>
<b>Accumulated Depreciation</b>							
Opening balance	2,535	2,568	2,447	3,293	4,040	4,813	5,483
Disposals	(145)	(40)	92	(76)	(84)	(199)	(225)
Depreciation charged for the period	751	785	764	823	857	869	877
Revaluations	(694)	..	(10)	..	..	..	..
<b>Total Accumulated Depreciation</b>	<b>2,447</b>	<b>3,313</b>	<b>3,293</b>	<b>4,040</b>	<b>4,813</b>	<b>5,483</b>	<b>6,135</b>
<b>Net Physical Assets</b>	<b>16,102</b>	<b>16,076</b>	<b>16,187</b>	<b>16,417</b>	<b>16,592</b>	<b>16,371</b>	<b>16,092</b>
<b>By Holding</b>							
Freehold assets	16,062	16,037	16,144	16,376	16,551	16,330	16,051
Leasehold assets	40	39	43	41	41	41	41
<b>Net Physical Assets</b>	<b>16,102</b>	<b>16,076</b>	<b>16,187</b>	<b>16,417</b>	<b>16,592</b>	<b>16,371</b>	<b>16,092</b>

## Notes to the Forecast Financial Statements

(\$ million)	2001	2002		2003	2004	2005	2006
	Actual	Previous Budget	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>NOTE 10: State Highways</b>							
<b>Cost or Valuation</b>							
Opening balance	8,911	10,788	11,055	11,327	11,647	11,947	12,267
Recognition adjustment	1,650	..	..	..	..	..	..
Net additions	300	245	272	320	300	320	355
Revaluations	194	..	..	..	..	..	..
<b>Total Cost or Valuation</b>	<b>11,055</b>	<b>11,033</b>	<b>11,327</b>	<b>11,647</b>	<b>11,947</b>	<b>12,267</b>	<b>12,622</b>
<b>Accumulated Depreciation</b>							
Opening balance	..	92	..	179	369	571	786
Depreciation charged for the period	174	94	179	190	202	215	229
Revaluations	(174)	..	..	..	..	..	..
<b>Total Accumulated Depreciation</b>	<b>..</b>	<b>186</b>	<b>179</b>	<b>369</b>	<b>571</b>	<b>786</b>	<b>1,015</b>
<b>Total State Highways</b>	<b>11,055</b>	<b>10,847</b>	<b>11,148</b>	<b>11,278</b>	<b>11,376</b>	<b>11,481</b>	<b>11,607</b>

### NOTE 11: Payables and Provisions

Accounts payable	1,631	1,780	2,198	2,192	2,023	2,253	2,112
Accruals and provisions	1,193	409	194	193	360	234	300
Taxes repayable	1,907	1,711	1,943	1,938	1,933	1,928	1,928
National Provident Fund guarantee	686	480	686	686	686	686	686
Provisions for employee entitlements	414	378	407	400	395	390	384
<b>Total Payables and Provisions</b>	<b>5,831</b>	<b>4,758</b>	<b>5,428</b>	<b>5,409</b>	<b>5,397</b>	<b>5,491</b>	<b>5,410</b>

### NOTE 12: Revaluation Reserve

<b>Opening Balance</b>	<b>8,201</b>	<b>7,899</b>	<b>8,007</b>	<b>8,039</b>	<b>8,039</b>	<b>8,039</b>	<b>8,039</b>
Net revaluations							
State-owned enterprises and Crown entities	368	..	(18)	..	..	..	..
Land and buildings	85	..	50	..	..	..	..
State highways	(258)	..	..	..	..	..	..
Specialist military equipment	4	..	..	..	..	..	..
Other assets	(378)	..	4	..	..	..	..
<b>Total Net Revaluations</b>	<b>(179)</b>	<b>..</b>	<b>36</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Transfer to accumulated operating balance	(15)	..	(4)	..	..	..	..
<b>Closing Revaluation Reserve</b>	<b>8,007</b>	<b>7,899</b>	<b>8,039</b>	<b>8,039</b>	<b>8,039</b>	<b>8,039</b>	<b>8,039</b>

## GAAP Tables – Line-by-Line Consolidation

### The financial statements presentation is changing

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

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

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

Current presentation of consolidation	Future presentation of consolidation
<p>The current presentation shows:</p> <ul style="list-style-type: none"> <li>• Crown expenses and revenues with net SOE and Crown entity results</li> <li>• Crown assets, liabilities, net Crown debt, gross Crown debt and net worth. The Crown balance sheet only includes a net investment in SOEs and Crown entities.</li> </ul>	<p>The future presentation will show the three institutional forms of:</p> <ul style="list-style-type: none"> <li>• <b>“core Crown”</b> (existing information on revenues and expenses less GST on Crown expenses plus inclusion of full GSF numbers)</li> <li>• <b>SOE</b> revenues, expenses, assets, liabilities</li> <li>• <b>Crown entity</b> revenues, expenses, assets, liabilities.</li> </ul> <p>The sum of these three segments (less internal transactions) is the <b>“total Crown”</b>.</p> <p>The <b>core Crown</b> is different from the current presentation owing to the removal of GST on Crown expenses and the inclusion of the full accounts of the GSF.</p>

While the presentation is changing it is important to note that the net results for the Crown will be materially the same (ie, operating balance and net worth), although the composition and total of items such as revenues, expenses, assets and liabilities will change.

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

## Accounting and Forecast Policies

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

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

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

## Contents and Definitions

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

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

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

- Borrowings are split between sovereign-guaranteed and non-sovereign-guaranteed. Essentially the debt of SOEs and Crown entities is not guaranteed explicitly by the Crown and so a distinction is made from the debt issued by the sovereign (eg, NZDMO and the Reserve Bank).
- Another term is gross sovereign-issued debt. This is debt issued by the sovereign and so is a measure that does not eliminate any cross-holdings of Government stock held by entities such as the NZS Fund, GSF, ACC or EQC. The Government's debt objective uses this measure.
- The ACC outstanding claims liability is shown separately in the balance sheet.

**Cash flow statement:**

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

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

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

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

## Summary Table

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

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

### Notes:

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

## Summary Table (continued)

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



## Statement of Financial Performance – total Crown

for the years ending 30 June

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

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

## Statement of Financial Performance (continued) – analysis of expenses

for the years ending 30 June

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

(\$ million)	Note	2002					2006
		2001 Actual	Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	
<b>Total Crown expenses by functional classification</b>							
Social security and welfare (includes GSF)		16,323	15,984	16,706	17,286	17,781	18,386
Health		6,802	7,485	7,833	8,229	8,596	8,713
Education		7,719	8,185	8,556	8,650	8,801	8,914
Other functional classification		11,862	14,513	15,933	16,417	16,754	17,058
Finance costs		2,572	2,289	2,532	2,591	2,626	2,663
Net foreign-exchange losses/(gains)		50	86	..	..	..	..
Forecast for future new spending		..	..	204	622	1,049	1,849
<b>Total Expenses</b>		<b>45,328</b>	<b>48,542</b>	<b>51,764</b>	<b>53,795</b>	<b>55,607</b>	<b>57,583</b>

### Core Crown expenses by functional classification

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

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

## Statement of Financial Position – total Crown

as at 30 June

(\$ million)	Note	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Assets</b>							
Cash and bank balances	7	1,187	1,136	1,088	1,237	1,434	1,653
Marketable securities, deposits & equity investments	7	16,616	18,134	19,156	21,537	24,658	28,261
Advances	8	4,326	5,086	5,778	6,532	7,319	8,127
Receivables	9	7,629	8,723	8,855	9,000	9,247	9,354
Inventories		671	844	821	878	897	906
Other investments	10	281	306	397	383	369	355
Property, plant and equipment	11	45,875	48,494	49,544	50,326	50,614	50,372
Commercial forests	12	380	380	380	381	381	381
Intangible assets	13	168	752	679	604	532	461
Forecast for future new capital spending		..	..	220	1,020	1,520	1,880
<b>Total Assets</b>		<b>77,133</b>	<b>83,855</b>	<b>86,918</b>	<b>91,898</b>	<b>96,971</b>	<b>101,750</b>
<b>Liabilities</b>							
Payables and provisions	14	9,359	9,855	9,831	9,898	9,980	9,898
Borrowings - sovereign guaranteed		29,090	30,476	31,348	33,579	34,298	34,944
Borrowings - non-sovereign guaranteed		5,562	7,147	6,811	6,021	5,979	5,548
Provision for ACC outstanding claims liability	15	7,141	7,500	7,806	8,264	8,735	9,228
Provision for GSF pension liability	16	11,979	11,702	11,659	11,595	11,501	11,412
Currency issued		2,539	2,937	2,937	2,937	2,937	2,937
<b>Total Liabilities</b>		<b>65,670</b>	<b>69,617</b>	<b>70,392</b>	<b>72,294</b>	<b>73,430</b>	<b>73,967</b>
<b>Total Assets less Total Liabilities</b>		<b>11,463</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>
<b>Crown Balance</b>							
Taxpayer funds	17	3,405	6,148	8,436	11,514	15,451	19,693
Revaluation reserve	17	8,058	8,090	8,090	8,090	8,090	8,090
<b>Crown Balance</b>		<b>11,463</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>

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

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

as at 30 June

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

### Gross and Net Debt Information

#### Total Crown Debt

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

#### Definitions of debt:

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

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

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

#### Core Crown

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

## Statement of Movement in Equity – total Crown

for the years ending 30 June

(\$ million)	Note	2001	2002	2003	2004	2005	2006
		Actual	Estimated Actual	Forecast	Forecast	Forecast	Forecast
<b>Opening Crown Balance</b>		<b>8,583</b>	<b>11,463</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>
Operating balance for the year		1,358	2,636	2,288	3,078	3,937	4,242
Net revaluations	17	(128)	36	..	..	..	..
<b>Total Recognised Revenues and Expenses</b>		<b>1,230</b>	<b>2,672</b>	<b>2,288</b>	<b>3,078</b>	<b>3,937</b>	<b>4,242</b>
State highway recognition policy change		1,650	..	..	..	..	..
Conservation visitor asset recognition		..	103	..	..	..	..
<b>Closing Crown Balance</b>		<b>11,463</b>	<b>14,238</b>	<b>16,526</b>	<b>19,604</b>	<b>23,541</b>	<b>27,783</b>

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

## Statement of Cash Flow – total Crown

for the years ending 30 June

(\$ million)	Note	2001 Actual	2002 Estimated Actual	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast
<b>Cash Flows from Operations</b>							
<b>Cash was Provided from</b>							
Total tax receipts (refer Note 1)	1	34,272	36,404	37,884	39,645	41,466	42,989
Total other sovereign receipts (refer Note 1)	1	2,503	2,107	2,449	2,521	2,608	2,695
Interest		1,129	1,479	1,436	1,545	1,632	1,802
Dividends		37	38	41	46	50	55
Sales of goods and services		7,772	9,085	10,214	10,510	11,088	11,530
Other operating receipts		923	965	1,630	1,602	1,597	1,455
<b>Total Cash Provided from Operations</b>		<b>46,636</b>	<b>50,078</b>	<b>53,654</b>	<b>55,869</b>	<b>58,441</b>	<b>60,526</b>
<b>Cash was Disbursed to</b>							
Subsidies and transfer payments		14,416	14,999	15,472	15,985	16,439	17,020
Personnel and operating payments		25,527	28,339	29,968	30,887	31,860	32,280
Finance costs		2,685	2,229	2,517	2,509	2,583	2,661
Forecast for future new spending		..	..	204	622	1,049	1,849
<b>Total Cash Disbursed to Operations</b>		<b>42,628</b>	<b>45,567</b>	<b>48,161</b>	<b>50,003</b>	<b>51,931</b>	<b>53,810</b>
<b>Net Cash Flows from Operations</b>		<b>4,008</b>	<b>4,511</b>	<b>5,493</b>	<b>5,866</b>	<b>6,510</b>	<b>6,716</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was Provided from</b>							
Sale of physical assets		191	247	127	94	71	64
<b>Total Cash Provided</b>		<b>191</b>	<b>247</b>	<b>127</b>	<b>94</b>	<b>71</b>	<b>64</b>
<b>Cash was Disbursed to</b>							
Purchase of physical assets		2,702	2,999	3,420	3,357	2,914	2,532
Net increase in advances		603	839	768	759	794	849
Other net purchase/(sale) of marketable securities & deposits and other equity investments		1,263	2,661	1,310	2,332	3,066	3,245
Capitalised interest paid		21	20	4	4	4	4
Forecast for future new capital spending		..	..	220	800	500	360
<b>Total Cash Disbursed</b>		<b>4,589</b>	<b>6,519</b>	<b>5,722</b>	<b>7,252</b>	<b>7,278</b>	<b>6,990</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(4,398)</b>	<b>(6,272)</b>	<b>(5,595)</b>	<b>(7,158)</b>	<b>(7,207)</b>	<b>(6,926)</b>
<b>Net Cash Flows from Operating and Investing Activities</b>		<b>(390)</b>	<b>(1,761)</b>	<b>(102)</b>	<b>(1,292)</b>	<b>(697)</b>	<b>(210)</b>
<b>Cash Flows from Financing Activities</b>							
<b>Cash was Provided from</b>							
Issue of circulating currency		303	398	..	..	..	..
Net issue of Government stock	19	1,067	1,627	1,025	2,160	760	546
<b>Total Cash Provided</b>		<b>1,370</b>	<b>2,025</b>	<b>1,025</b>	<b>2,160</b>	<b>760</b>	<b>546</b>
<b>Cash was Disbursed to</b>							
Net repayment/(issue) of foreign- currency borrowing		1,030	(227)	358	182	7	73
Net repayment/(issue) of other New Zealand-dollar borrowing		350	533	613	537	(141)	44
<b>Total Cash Disbursed</b>		<b>1,380</b>	<b>306</b>	<b>971</b>	<b>719</b>	<b>(134)</b>	<b>117</b>
<b>Net Cash Flows from Financing Activities</b>		<b>(10)</b>	<b>1,719</b>	<b>54</b>	<b>1,441</b>	<b>894</b>	<b>429</b>
<b>Net Movement in Cash</b>		<b>(400)</b>	<b>(42)</b>	<b>(48)</b>	<b>149</b>	<b>197</b>	<b>219</b>
<b>Opening Cash Balance</b>		<b>1,587</b>	<b>1,187</b>	<b>1,136</b>	<b>1,088</b>	<b>1,237</b>	<b>1,434</b>
Foreign-exchange gains on opening cash balances		..	(9)	..	..	..	..
<b>Closing Cash Balance</b>	18	<b>1,187</b>	<b>1,136</b>	<b>1,088</b>	<b>1,237</b>	<b>1,434</b>	<b>1,653</b>

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

## Statement of Borrowings – total Crown

as at 30 June

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

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

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

## Segment Notes to the Financial Statements – total Crown

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

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

as at 30 June 2002

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



## Segment Notes to the Financial Statements (continued)

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

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

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

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

## Segment Notes to the Financial Statements (continued)

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

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

as at 30 June 2004

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

## Segment Notes to the Financial Statements (continued)

(\$ 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	41,701	-	-	(366)	41,335
Other sovereign levied income	493	2,155	-	(18)	2,630
Sales of goods and services	662	3,194	8,825	(765)	11,916
Investment income	2,094	807	31	(814)	2,118
Other revenues	501	13,537	422	(12,915)	1,545
<b>Total revenue</b>	<b>45,451</b>	<b>19,693</b>	<b>9,278</b>	<b>(14,878)</b>	<b>59,544</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	14,880	1,489	-	-	16,369
Personnel expenses	3,934	7,420	1,662	(4)	13,012
Operating expenses	21,305	9,726	6,680	(14,111)	23,600
Finance costs	2,480	264	322	(440)	2,626
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
<b>Total expenses</b>	<b>42,599</b>	<b>18,899</b>	<b>8,664</b>	<b>(14,555)</b>	<b>55,607</b>
<b>Expenses by functional classification</b>					
Social security and welfare	15,741	2,516	-	(476)	17,781
Health	8,461	5,730	-	(5,595)	8,596
Education	7,052	6,464	-	(4,715)	8,801
Other functional classifications	7,816	3,925	8,342	(3,329)	16,754
Forecast for future new spending	1,049	-	-	-	1,049
Finance costs and FX losses/(gains)	2,480	264	322	(440)	2,626
<b>Total expenses</b>	<b>42,599</b>	<b>18,899</b>	<b>8,664</b>	<b>(14,555)</b>	<b>55,607</b>
<b>Operating balance</b>	<b>2,852</b>	<b>794</b>	<b>614</b>	<b>(323)</b>	<b>3,937</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	26,736	12,897	973	(7,195)	33,411
Physical assets	27,852	12,351	10,411	-	50,614
Investment in SOEs and CEs	8,626	-	-	(8,626)	-
Other assets	8,970	2,090	2,680	(794)	12,946
<b>Total assets</b>	<b>72,184</b>	<b>27,338</b>	<b>14,064</b>	<b>(16,615)</b>	<b>96,971</b>
<b>Liabilities</b>					
Borrowings	39,193	3,554	4,725	(7,195)	40,277
Other liabilities	19,943	11,589	2,415	(794)	33,153
<b>Total liabilities</b>	<b>59,136</b>	<b>15,143</b>	<b>7,140</b>	<b>(7,989)</b>	<b>73,430</b>
<b>Net worth</b>	<b>13,048</b>	<b>12,195</b>	<b>6,924</b>	<b>(8,626)</b>	<b>23,541</b>
Taxpayer Funds	8,713	9,189	6,175	(8,626)	15,451
Revaluation reserves	4,335	3,006	749	-	8,090
<b>Net worth</b>	<b>13,048</b>	<b>12,195</b>	<b>6,924</b>	<b>(8,626)</b>	<b>23,541</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	9,987	979	87	(2,300)	8,753
MSDs and equity investments	16,749	11,918	886	(4,895)	24,658
<b>Total financial assets</b>	<b>26,736</b>	<b>12,897</b>	<b>973</b>	<b>(7,195)</b>	<b>33,411</b>
Borrowings - Sovereign guaranteed	39,193	-	-	(4,895)	34,298
Borrowings - Non-sovereign guaranteed	-	3,554	4,725	(2,300)	5,979
<b>Total borrowings</b>	<b>39,193</b>	<b>3,554</b>	<b>4,725</b>	<b>(7,195)</b>	<b>40,277</b>
<b>Borrowings less financial assets</b>	<b>12,457</b>	<b>(9,343)</b>	<b>3,752</b>	<b>-</b>	<b>6,866</b>
<b>Net Crown debt</b>	<b>21,894</b>				
<b>Gross sovereign-issued borrowings</b>	<b>39,543</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.

## Segment Notes to the Financial Statements (continued)

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2006 \$m	2006 \$m	2006 \$m	2006 \$m	2006 \$m
<b>Revenue</b>					
Taxation revenue	43,188	-	-	(417)	42,771
Other sovereign levied income	506	2,224	-	(17)	2,713
Sales of goods and services	665	3,459	9,204	(973)	12,355
Investment income	2,422	885	31	(869)	2,469
Other revenues	499	13,664	378	(13,024)	1,517
<b>Total revenue</b>	<b>47,280</b>	<b>20,232</b>	<b>9,613</b>	<b>(15,300)</b>	<b>61,825</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	15,363	1,564	-	-	16,927
Personnel expenses	4,005	7,602	1,697	(4)	13,300
Operating expenses	22,328	9,940	6,892	(14,467)	24,693
Finance costs	2,551	266	324	(478)	2,663
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	-	-	-	-	-
<b>Total expenses</b>	<b>44,247</b>	<b>19,372</b>	<b>8,913</b>	<b>(14,949)</b>	<b>57,583</b>
<b>Expenses by functional classification</b>					
Social security and welfare	16,248	2,620	-	(482)	18,386
Health	8,588	5,931	-	(5,806)	8,713
Education	7,148	6,528	-	(4,762)	8,914
Other functional classifications	7,863	4,027	8,589	(3,421)	17,058
Forecast for future new spending	1,849	-	-	-	1,849
Finance costs and FX losses/(gains)	2,551	266	324	(478)	2,663
<b>Total expenses</b>	<b>44,247</b>	<b>19,372</b>	<b>8,913</b>	<b>(14,949)</b>	<b>57,583</b>
<b>Operating balance</b>	<b>3,033</b>	<b>860</b>	<b>700</b>	<b>(351)</b>	<b>4,242</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	30,530	14,133	1,276	(7,898)	38,041
Physical assets	27,699	12,421	10,252	-	50,372
Investment in SOEs and CEs	8,720	-	-	(8,720)	-
Other assets	9,207	2,193	2,776	(839)	13,337
<b>Total assets</b>	<b>76,156</b>	<b>28,747</b>	<b>14,304</b>	<b>(17,457)</b>	<b>101,750</b>
<b>Liabilities</b>					
Borrowings	40,306	3,593	4,491	(7,898)	40,492
Other liabilities	19,771	12,021	2,522	(839)	33,475
<b>Total liabilities</b>	<b>60,077</b>	<b>15,614</b>	<b>7,013</b>	<b>(8,737)</b>	<b>73,967</b>
<b>Net worth</b>	<b>16,079</b>	<b>13,133</b>	<b>7,291</b>	<b>(8,720)</b>	<b>27,783</b>
Taxpayer Funds	11,744	10,127	6,542	(8,720)	19,693
Revaluation reserves	4,335	3,006	749	-	8,090
<b>Net worth</b>	<b>16,079</b>	<b>13,133</b>	<b>7,291</b>	<b>(8,720)</b>	<b>27,783</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	11,155	1,069	92	(2,536)	9,780
MSDs and equity investments	19,375	13,064	1,184	(5,362)	28,261
<b>Total financial assets</b>	<b>30,530</b>	<b>14,133</b>	<b>1,276</b>	<b>(7,898)</b>	<b>38,041</b>
Borrowings - Sovereign guaranteed	40,306	-	-	(5,362)	34,944
Borrowings - Non-sovereign guaranteed	-	3,593	4,491	(2,536)	5,548
<b>Total borrowings</b>	<b>40,306</b>	<b>3,593</b>	<b>4,491</b>	<b>(7,898)</b>	<b>40,492</b>
<b>Borrowings less financial assets</b>	<b>9,776</b>	<b>(10,540)</b>	<b>3,215</b>	<b>-</b>	<b>2,451</b>
<b>Net Crown debt</b>	<b>21,880</b>				
<b>Gross sovereign-issued borrowings</b>	<b>40,656</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.