

Generally Accepted Accounting Practice (GAAP) Series Tables

Forecast Financial Statements

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

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

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

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

10 year trend information

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

Statement of Accounting Policies and Forecast Assumptions

General Accounting Policies and Forecast Assumptions

General accounting policies

Accounting policy

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

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

Forecast assumptions

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

Specific Accounting Policies and Forecast Assumptions

Forecast periods

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

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

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

Changes in accounting policies

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

Changes in forecast assumptions

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

Detailed accounting policies and forecast assumptions

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

Reporting Entity as at 2 December 2004

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

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

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

Forecast Statement of Financial Performance

for the years ending 30 June

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

The revenues and expenses are GST exclusive.

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

Forecast Statement of Financial Performance (continued)

for the years ending 30 June

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

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

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

Forecast Statement of Cash Flows

for the year ending 30 June

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

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

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

Forecast Statement of Cash Flows (continued)

for the year ending 30 June

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

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

Forecast Statement of Movement in Equity

for the year ending 30 June

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

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

Forecast Statement of Financial Position

as at 30 June

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

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

Forecast Statement of Financial Position (continued)

as at 30 June

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

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

New Zealand Superannuation Fund

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

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

Gross and Net Debt Information

Definitions of debt:

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

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

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

Total Crown

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

Core Crown

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

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

Forecast Statement of Borrowings

for the years ending 30 June

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

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

Statement of Actual Commitments

as at 31 October

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

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

Statement of Actual Contingent Liabilities

as at 31 October

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

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

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

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

Forecast Statement of Segments

Statement of Financial Performance (institutional form)

for the year ended 30 June 2004

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m |
| Revenue | | | | | |
| Taxation revenue | 43,008 | - | - | (476) | 42,532 |
| Other sovereign levied income | 611 | 2,415 | - | (40) | 2,986 |
| Sales of goods and services | 736 | 1,700 | 8,209 | (445) | 10,200 |
| Investment income | 1,999 | 984 | 132 | (462) | 2,653 |
| Other revenues | 578 | 16,073 | 616 | (15,251) | 2,016 |
| Total revenue | 46,932 | 21,172 | 8,957 | (16,674) | 60,387 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 14,058 | 1,408 | - | - | 15,466 |
| Personnel expenses | 4,315 | 6,566 | 1,624 | (4) | 12,501 |
| Operating expenses | 21,291 | 11,200 | 6,377 | (16,206) | 22,662 |
| Finance costs | 2,252 | 235 | 298 | (183) | 2,602 |
| FX losses/(gains) | 7 | 23 | (59) | - | (29) |
| GSF and ACC liability revaluation movements | (315) | 170 | - | - | (145) |
| Total expenses | 41,608 | 19,602 | 8,240 | (16,393) | 53,057 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 14,252 | 2,199 | - | (413) | 16,038 |
| Health | 8,111 | 6,613 | - | (7,101) | 7,623 |
| Education | 7,585 | 6,175 | - | (5,411) | 8,349 |
| Other functional classifications | 9,401 | 4,357 | 8,001 | (3,285) | 18,474 |
| Forecast new operating spending | - | - | - | - | - |
| Finance costs and FX losses/(gains) | 2,259 | 258 | 239 | (183) | 2,573 |
| Total expenses | 41,608 | 19,602 | 8,240 | (16,393) | 53,057 |
| TEI's and Minority Interest | | 139 | (45) | - | 94 |
| Operating balance | 5,324 | 1,709 | 672 | (281) | 7,424 |

Statement of Financial Position (institutional form)

as at 30 June 2004

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|----------------|
| | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m |
| Assets | | | | | |
| Financial assets | 26,752 | 13,117 | 2,750 | (7,088) | 35,531 |
| Physical assets | 18,675 | 28,884 | 10,381 | - | 57,940 |
| Investment in SOEs and CEs (including TEIs) | 23,162 | 4,367 | - | (23,162) | 4,367 |
| Other assets | 9,088 | 2,589 | 2,147 | (990) | 12,834 |
| Total assets | 77,677 | 48,957 | 15,278 | (31,240) | 110,672 |
| Liabilities | | | | | |
| Borrowings | 34,719 | 3,757 | 5,437 | (7,088) | 36,825 |
| Other liabilities | 23,489 | 13,539 | 2,830 | (1,474) | 38,384 |
| Total liabilities | 58,208 | 17,296 | 8,267 | (8,562) | 75,209 |
| Net worth | 19,469 | 31,661 | 7,011 | (22,678) | 35,463 |
| Taxpayer funds | 13,626 | 19,126 | 5,412 | (22,678) | 15,486 |
| Revaluation reserves | 5,843 | 12,535 | 1,460 | - | 19,838 |
| Minority Interest | - | - | 139 | - | 139 |
| Net worth | 19,469 | 31,661 | 7,011 | (22,678) | 35,463 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 8,919 | 1,794 | 2,305 | (2,123) | 10,895 |
| MSDs and equity investments | 17,833 | 11,323 | 445 | (4,965) | 24,636 |
| Total financial assets | 26,752 | 13,117 | 2,750 | (7,088) | 35,531 |
| Borrowings - Sovereign guaranteed | 34,719 | - | - | (4,761) | 29,958 |
| Borrowings - Non-sovereign guaranteed | - | 3,757 | 5,437 | (2,327) | 6,867 |
| Total borrowings | 34,719 | 3,757 | 5,437 | (7,088) | 36,825 |
| Borrowings less financial assets | 7,967 | (9,360) | 2,687 | - | 1,294 |
| Net Crown debt | 15,204 | | | | |
| Gross sovereign-issued debt | 35,527 | | | | |

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

Forecast Statement of Segments (continued)

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

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m |
| Revenue | | | | | |
| Taxation revenue | 46,121 | - | - | (452) | 45,669 |
| Other sovereign levied income | 633 | 2,416 | - | (47) | 3,002 |
| Sales of goods and services | 730 | 1,697 | 9,167 | (436) | 11,158 |
| Investment income | 2,362 | 871 | 163 | (603) | 2,793 |
| Other revenues | 735 | 16,578 | 664 | (15,956) | 2,021 |
| Total revenue | 50,581 | 21,562 | 9,994 | (17,494) | 64,643 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 14,443 | 1,543 | - | - | 15,986 |
| Personnel expenses | 4,780 | 6,901 | 1,768 | (5) | 13,444 |
| Operating expenses | 23,844 | 11,675 | 7,145 | (16,897) | 25,767 |
| Finance costs | 2,240 | 257 | 362 | (156) | 2,703 |
| FX losses/(gains) | 1 | (24) | (66) | - | (89) |
| GSF and ACC liability revaluation movements | 443 | 901 | - | - | 1,344 |
| Total expenses | 45,751 | 21,253 | 9,209 | (17,058) | 59,155 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 14,691 | 3,129 | - | (431) | 17,389 |
| Health | 8,819 | 7,192 | - | (7,468) | 8,543 |
| Education | 8,232 | 6,021 | - | (5,467) | 8,786 |
| Other functional classifications | 11,307 | 4,678 | 8,913 | (3,536) | 21,362 |
| Forecast new operating spending | 461 | - | - | - | 461 |
| Finance costs and FX losses/(gains) | 2,241 | 233 | 296 | (156) | 2,614 |
| Total expenses | 45,751 | 21,253 | 9,209 | (17,058) | 59,155 |
| Net surplus TEIs | - | 139 | - | - | 139 |
| Operating balance | 4,830 | 448 | 785 | (436) | 5,627 |

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

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|----------------|
| | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m |
| Assets | | | | | |
| Financial assets | 29,529 | 13,807 | 3,445 | (7,615) | 39,166 |
| Physical assets | 19,232 | 29,650 | 11,494 | - | 60,376 |
| Investment in SOEs and CEs (including TEIs) | 23,857 | 4,532 | - | (23,857) | 4,532 |
| Other assets | 8,122 | 2,507 | 2,459 | (308) | 12,780 |
| Total assets | 80,740 | 50,496 | 17,398 | (31,780) | 116,854 |
| Liabilities | | | | | |
| Borrowings | 32,873 | 3,954 | 6,881 | (7,615) | 36,093 |
| Other liabilities | 23,565 | 14,057 | 2,779 | (749) | 39,652 |
| Total liabilities | 56,438 | 18,011 | 9,660 | (8,364) | 75,745 |
| Net worth | 24,302 | 32,485 | 7,738 | (23,416) | 41,109 |
| Taxpayer funds | 18,459 | 19,944 | 6,265 | (23,416) | 21,252 |
| Revaluation reserves | 5,843 | 12,541 | 1,473 | - | 19,857 |
| Net worth | 24,302 | 32,485 | 7,738 | (23,416) | 41,109 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 9,156 | 1,641 | 1,589 | (764) | 11,622 |
| MSDs and equity investments | 20,373 | 12,166 | 1,856 | (6,851) | 27,544 |
| Total financial assets | 29,529 | 13,807 | 3,445 | (7,615) | 39,166 |
| Borrowings - Sovereign guaranteed | 32,873 | - | - | (5,173) | 27,700 |
| Borrowings - Non-sovereign guaranteed | - | 3,954 | 6,881 | (2,442) | 8,393 |
| Total borrowings | 32,873 | 3,954 | 6,881 | (7,615) | 36,093 |
| Borrowings less financial assets | 3,344 | (9,853) | 3,436 | - | (3,073) |
| Net Crown debt | 13,065 | | | | |
| Gross sovereign-issued debt | 33,846 | | | | |

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

Forecast Statement of Segments (continued)

Forecast Statement of Financial Performance (institutional form)

for the year ended 30 June 2006

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m |
| Revenue | | | | | |
| Taxation revenue | 48,159 | - | - | (525) | 47,634 |
| Other sovereign levied income | 655 | 2,545 | - | (47) | 3,153 |
| Sales of goods and services | 722 | 1,740 | 9,829 | (422) | 11,869 |
| Investment income | 2,683 | 904 | 222 | (494) | 3,315 |
| Other revenues | 599 | 17,380 | 708 | (16,587) | 2,100 |
| Total revenue | 52,818 | 22,569 | 10,759 | (18,075) | 68,071 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 15,367 | 1,659 | - | - | 17,026 |
| Personnel expenses | 4,930 | 7,126 | 1,888 | (6) | 13,938 |
| Operating expenses | 25,536 | 12,103 | 7,574 | (17,575) | 27,638 |
| Finance costs | 2,285 | 270 | 397 | (172) | 2,780 |
| FX losses/(gains) | - | - | - | - | - |
| GSF and ACC liability revaluation movements | (26) | 653 | - | - | 627 |
| Total expenses | 48,092 | 21,811 | 9,859 | (17,753) | 62,009 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 15,663 | 3,018 | - | (440) | 18,241 |
| Health | 9,330 | 7,343 | - | (7,715) | 8,958 |
| Education | 8,545 | 6,278 | - | (5,695) | 9,128 |
| Other functional classifications | 10,780 | 4,902 | 9,462 | (3,731) | 21,413 |
| Forecast new operating spending | 1,489 | - | - | - | 1,489 |
| Finance costs and FX losses/(gains) | 2,285 | 270 | 397 | (172) | 2,780 |
| Total expenses | 48,092 | 21,811 | 9,859 | (17,753) | 62,009 |
| Net surplus TEIs | - | 139 | - | - | 139 |
| Operating balance | 4,726 | 897 | 900 | (322) | 6,201 |

Forecast Statement of Financial Position (institutional form)

as at 30 June 2006

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|-----------------|-------------------------|----------------------------|----------------|
| | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m |
| Assets | | | | | |
| Financial assets | 32,216 | 14,948 | 4,025 | (8,259) | 42,930 |
| Physical assets | 19,586 | 30,200 | 13,359 | - | 63,145 |
| Investment in SOEs and CEs (including TEIs) | 24,069 | 4,818 | - | (24,069) | 4,818 |
| Other assets | 9,062 | 2,510 | 2,453 | (709) | 13,316 |
| Total assets | 84,933 | 52,476 | 19,837 | (33,037) | 124,209 |
| Liabilities | | | | | |
| Borrowings | 32,157 | 4,122 | 8,628 | (8,259) | 36,648 |
| Other liabilities | 23,748 | 14,731 | 2,807 | (1,035) | 40,251 |
| Total liabilities | 55,905 | 18,853 | 11,435 | (9,294) | 76,899 |
| Net worth | 29,028 | 33,623 | 8,402 | (23,743) | 47,310 |
| Taxpayer Funds | 23,185 | 21,082 | 6,929 | (23,743) | 27,453 |
| Revaluation reserves | 5,843 | 12,541 | 1,473 | - | 19,857 |
| Net worth | 29,028 | 33,623 | 8,402 | (23,743) | 47,310 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 9,927 | 1,599 | 3,631 | (2,443) | 12,714 |
| MSDs and equity investments | 22,289 | 13,349 | 394 | (5,816) | 30,216 |
| Total financial assets | 32,216 | 14,948 | 4,025 | (8,259) | 42,930 |
| Borrowings - Sovereign guaranteed | 32,157 | - | - | (5,607) | 26,550 |
| Borrowings - Non-sovereign guaranteed | - | 4,122 | 8,628 | (2,652) | 10,098 |
| Total borrowings | 32,157 | 4,122 | 8,628 | (8,259) | 36,648 |
| Borrowings less financial assets | (59) | (10,826) | 4,603 | - | (6,282) |
| Net Crown debt | 12,461 | | | | |
| Gross sovereign-issued debt | 33,409 | | | | |

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

Forecast Statement of Segments (continued)

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

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

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

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

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

Forecast Statement of Segments (continued)

Forecast Statement of Financial Performance (institutional form)

for the year ended 30 June 2008

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

Forecast Statement of Financial Position (institutional form)

as at 30 June 2008

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

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

Forecast Statement of Segments (continued)

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

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

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

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

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

Notes to the Forecast Financial Statements

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

Notes to the Forecast Financial Statements

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

Notes to the Forecast Financial Statements

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

NOTE 2: Sale of Goods and Services

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

NOTE 3: Investment Income

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

NOTE 4: Other Revenue

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

NOTE 5: Subsidies and Transfer Payments

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

Notes to the Forecast Financial Statements

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

NOTE 6: Personnel Expenses

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

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

NOTE 7: Operating Expenses

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

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

Depreciation expense (by class of asset):

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

Other operating items:

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

NOTE 8: Forecast New Operating Spending

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

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

Notes to the Forecast Financial Statements

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

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

By category:

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

By portfolio management:

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

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

Nature of financial assets – some are restricted in their purpose

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

New Zealand Superannuation Fund

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

Government Superannuation Fund

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

EQC – Natural Disaster Fund (NDF)

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

ACC portfolio

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

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

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

Notes to the Forecast Financial Statements

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

Notes to the Forecast Financial Statements

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

NOTE 13: Property, Plant and Equipment

By Type

Gross Carrying Value

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

Accumulated Depreciation

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

Net Carrying Value

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

By Holding

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

NOTE 14: Payables and Provisions

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

Notes to the Forecast Financial Statements

NOTE 15: GSF Liability

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

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

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

Presentation approach

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

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

Notes to the Forecast Financial Statements

NOTE 16: ACC Claims Liability

Calculation information

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

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

Explanation of change

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

Presentation approach

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

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

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

NOTE 17: Revaluation reserves

Asset Revaluation Reserves

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

Notes to the Forecast Financial Statements

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

Glossary of Terms

ACC unfunded liability

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

Baselines

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

Contingent liability

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

Core Crown

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

Corporate tax

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

Current account

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

Customs duty

Duty levied on the imports of certain goods.

Cyclically adjusted or structural fiscal balance

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

Demographic changes

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

Domestic bond programme

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

Excise duties

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

Financial assets

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

Operating allowance

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

Fiscal Objectives (long-term)

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

Forecast new capital spending

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

Forecast new operating spending

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

Fringe benefit tax (FBT)

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

Gross Crown debt

Total borrowings (financial liabilities).

Gross domestic product (GDP)

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

Gross domestic product (expenditure)

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

Gross national expenditure (GNE)

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

Labour productivity

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

Line-by-line consolidation

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

Marketable securities and deposits

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

Monetary conditions

The combination of interest rates and the exchange rate.

Monetary policy

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

Net Crown debt

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

Net worth

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

Operating balance

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

Operating balance excluding revaluation and accounting policy changes (OBERAC)

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

Participation rate

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

Projections

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

Provisional tax

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

Short-term fiscal intentions

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

Source deductions

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

Specific fiscal risks

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

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

Stock change

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

System of National Accounts (SNA)

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

Tax revenue

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

Thin capitalisation

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

Trade weighted index (TWI)

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

Unit labour costs

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

Year ended

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