
Generally Accepted Accounting Practice (GAAP) Series Tables

Forecast Financial Statements

These forecasts have been prepared in accordance with the Public Finance Act 1989.

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 9 May 2007.

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 80.

Statement of Accounting Policies and Forecast Assumptions

Significant Accounting Policies

These Forecast Financial Statements have been prepared in accordance with the accounting policies expected to be used in the comparable audited actual Financial Statements of the Government.

These Forecast Financial Statements comply with generally accepted accounting practice (GAAP) as required by the Public Finance Act 1989.

Forecasts for the year ending 30 June 2008 and beyond have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities. These are the standards to be adopted by the Crown from 1 July 2007. These forecasts are identified as “New GAAP” in the financial statements that follow. Historical information prepared under current accounting standards has not been restated and is identified as “Old GAAP”.

Forecasts for the year ending 30 June 2007 have been prepared under both “New GAAP” and “Old GAAP” and are provided in these following statements to help communicate the transition to NZ IFRS.

All forecasts use the accrual basis of accounting. Forecasts have been prepared for the consolidated financial statements of the government reporting entity, including all entities controlled by the Government (as defined by applicable financial reporting standards).

Changes in accounting policies

From 1 July 2007 the financial statements of the Government will adopt NZ IFRS as appropriate for public benefit entities. As a consequence, there have been a number of changes accounting policies to reflect the requirements of these new standards.

Chapter 7 *NZ IFRS Transition* on page 191 reconciles forecasts for the year ending 30 June 2007 prepared under “Old GAAP” and “New GAAP”.

Forecast Policies

These Forecast Financial Statements have been prepared on the basis of Treasury’s best professional judgment. Key assumptions used are set out on page 80.

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

Detailed accounting and forecasting policies

Detailed accounting and forecasting policies are reproduced in full on Treasury’s website at www.treasury.govt.nz/budget2007/.

Government Reporting Entity as at 9 May 2007

These forecast financial statements are for the Government reporting entity as specified in section 26Q(4) 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 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 Justice Labour</p>	<p>Departments</p> <p>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 Animal Control Products Limited Asure New Zealand Limited Electricity Corporation of New Zealand Limited Genesis Power Limited Kordia Group Limited Landcorp Farming Limited Learning Media Limited Meridian Energy Limited Meteorological Service of New Zealand Limited Mighty River Power Limited New Zealand Post Limited New Zealand Railways Corporation Quotable Value Limited Solid Energy New Zealand Limited Terralink Limited (in liquidation) Timberlands West Coast Limited Transpower New Zealand Limited</p>
<p>Others</p> <p>Government Superannuation Fund New Zealand Superannuation Fund Reserve Bank of New Zealand</p>	<p>Offices of Parliament</p> <p>Office of the Controller and Auditor-General Office of the Ombudsmen Parliamentary Commissioner for the Environment</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
Alcohol Advisory Council of New Zealand	New Zealand Historic Places Trust (Pouhere Taonga)
Arts Council of New Zealand Toi Aotearoa	New Zealand Lotteries Commission
Broadcasting Commission	New Zealand Qualifications Authority
Broadcasting Standards Authority	New Zealand Sports Drug Agency
Career Services	New Zealand Symphony Orchestra
Charities Commission	New Zealand Teachers Council
Children's Commissioner	New Zealand Tourism Board
Civil Aviation Authority of New Zealand	New Zealand Trade and Enterprise
Commerce Commission	New Zealand Venture Investment Fund Limited
Crown Health Financing Agency	Office of Film and Literature Classification
Crown research institutes (9)	Pharmaceutical Management Agency
District health boards (21)	Police Complaints Authority
Earthquake Commission	Privacy Commissioner
Electoral Commission	Public Trust
Electricity Commission	Radio New Zealand Limited
Energy Efficiency and Conservation Authority	Retirement Commissioner
Environmental Risk Management Authority	School boards of trustees (2,465)
Families Commission	Securities Commission
Foundation for Research, Science and Technology	Social Workers Registration Board
Government Superannuation Fund Authority	Sport and Recreation New Zealand
Guardians of New Zealand Superannuation	Standards Council
Health and Disability Commissioner	Takeovers Panel
Health Research Council of New Zealand	Te Reo Whakapuaki Irirangi (Te Māngai Pāho)
Health Sponsorship Council	Te Taura Whiri i te Reo Māori (Māori Language Commission)
Housing New Zealand Corporation	Television New Zealand Limited
Human Rights Commission	Tertiary Education Commission
Land Transport New Zealand	Tertiary education institutions (TEIs) (31)
Law Commission	Testing Laboratory Registration Council
Legal Services Agency	Transit New Zealand
Maritime New Zealand	Transport Accident Investigation Commission
Mental Health Commission	
Museum of New Zealand Te Papa Tongarewa Board	
New Zealand Antarctic Institute	
New Zealand Artificial Limb Board	
New Zealand Blood Service	
	Crown entity subsidiaries are consolidated by their parents and not listed separately in this table
Organisations named or described in Schedule 4 to the Public Finance Act 1989	
Agriculture and Marketing Research and Development Trust	New Zealand Lottery Grants Board
Asia New Zealand Foundation	Ngāi Tahu Ancillary Claims Trust
Fish and game councils (12)	Pacific Co-operation Foundation
Leadership Development Centre Trust	Pacific Islands Business Development Trust
New Zealand Fish and Game Council	Research and Education Advanced Network New Zealand Limited
New Zealand Game Bird Habitat Trust Board	Reserves boards (24)
New Zealand Government Property Corporation	Road Safety Trust

Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
		2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Revenue									
Taxation revenue	1a	51,973	50,669	51,539	51,658	54,173	55,691	58,269	61,351
Other sovereign revenue	1a	3,411	3,179	3,508	3,691	3,693	3,757	3,846	3,931
Total Revenue Levied through the Crown's Sovereign Power		55,384	53,848	55,047	55,349	57,866	59,448	62,115	65,282
Sales of goods and services	2	13,337	12,715	13,111	12,563	13,253	13,870	14,431	14,790
Interest revenue and dividends	3	5,828	3,687	5,807	3,072	3,366	3,585	3,636	3,756
Other revenue	4	2,032	2,361	2,238	2,406	2,387	2,673	2,996	2,991
Total Revenue Earned through the Crown's Operations		21,197	18,763	21,156	18,041	19,006	20,128	21,063	21,537
Total Revenue (excluding gains)		76,581	72,611	76,203	73,390	76,872	79,576	83,178	86,819
Expenses									
Social assistance and official development assistance	5	16,688	18,257	18,275	18,300	19,908	20,975	22,095	23,190
Personnel expenses	6	15,395	15,118	15,673	15,084	15,657	15,787	15,950	16,006
Depreciation and amortisation	7	2,708	2,918	3,099	3,023	3,296	3,417	3,579	3,696
Other operating expenses	8	26,731	26,835	28,254	28,132	28,997	29,471	30,030	30,408
Interest expenses	9	2,241	2,854	3,063	2,780	2,748	2,705	2,643	2,766
Insurance expenses		1,321	674	1,743	954	994	1,027	1,115	1,160
New operating spending up to Budget 2008	10	..	..	80	80	314	329	398	460
Forecast for future new spending	10	..	320	..	..	..	1,908	3,838	5,786
Top-down expense adjustment	10	..	..	(500)	(500)	..	..	..	..
Total Expenses (excluding losses)		65,084	66,976	69,687	67,853	71,914	75,619	79,648	83,472
Operating Balance before gains/(losses)		11,497	5,635	6,516	5,537	4,958	3,957	3,530	3,347
Net gains/(losses) on financial instruments		..	..	..	1,644	1,377	1,516	1,684	1,922
Net gains/(losses) on non-financial instruments	11	..	..	..	(947)	..	..	..	..
Total Gains/(Losses)		..	..	..	697	1,377	1,516	1,684	1,922
Net surplus/(deficit) from associates and joint ventures		54	133	52	96	96	96	96	97
Operating Balance from continuing activities		11,551	5,768	6,568	6,330	6,431	5,569	5,310	5,366
Gain/(loss) from discontinued operations		..	..	..	(3)	..	..	..	..
Operating Balance (including minority interest)		11,551	5,768	6,568	6,327	6,431	5,569	5,310	5,366
Attributable to minority interest in Air NZ		(78)	..	..	..	..	..	..	..
Operating Balance		11,473	5,768	6,568	6,327	6,431	5,569	5,310	5,366

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

	Old GAAP 2006 Actual	Old GAAP 2007 Previous Budget	Old GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2008 Forecast	New GAAP 2009 Forecast	New GAAP 2010 Forecast	New GAAP 2011 Forecast
(\$ million)								
Total Crown expenses by functional classification								
Social security and welfare	18,969	19,706	21,468	20,142	21,271	22,025	22,888	23,768
GSF pension expenses	1,671	1,051	1,471	645	629	587	549	525
Health	9,262	10,305	10,037	10,658	11,699	11,987	12,290	12,287
Education	10,430	9,892	9,636	10,204	10,321	10,460	10,561	10,671
Core government services	2,046	2,031	2,810	2,982	2,132	2,158	2,236	2,501
Law and order	2,420	2,604	2,872	2,800	3,076	3,055	3,088	3,084
Defence	1,339	1,405	1,456	1,489	1,597	1,641	1,729	1,838
Transport and communications	5,986	6,853	7,240	7,150	7,671	7,759	7,841	7,782
Economic and industrial services	6,334	5,896	5,684	4,994	5,879	6,468	7,022	7,375
Primary services	1,219	1,198	1,365	1,316	1,319	1,314	1,314	1,316
Heritage, culture and recreation	2,361	1,900	1,995	2,091	2,218	2,174	2,207	2,240
Housing and community development	758	851	913	908	961	972	977	958
Other	48	110	98	113	79	77	66	73
Finance costs	2,652	2,854	3,023	2,781	2,748	2,705	2,644	2,808
Net foreign-exchange (gains)/losses	(411)	..	39	..	..	..	..	..
New operating spending up to Budget 2008	..	..	80	80	314	329	398	460
Forecast for future new spending	..	320	..	..	..	1,908	3,838	5,786
Top-down expense adjustment	..	..	(500)	(500)	..	..	..	..
Total Crown Expenses	65,084	66,976	69,687	67,853	71,914	75,619	79,648	83,472
Total Crown other gains and losses by functional classification								
Social security and welfare	..	..	..	(724)	282	271	262	279
GSF pension expenses	..	..	..	(30)	..	..	..	..
Education	..	..	..	(5)	5	5	5	5
Core government services	..	..	..	1,176	754	917	1,088	1,286
Transport and communications	..	..	..	55	64	61	75	58
Economic and industrial services	..	..	..	(86)	151	169	184	203
Primary services	..	..	..	63	(26)	(27)	(26)	(26)
Heritage, culture and recreation	..	..	..	92	..	..	..	..
Housing and community development	..	..	..	(16)	20	18	14	14
Finance costs	..	..	..	172	127	102	82	103
Total Crown Other Gains and Losses	..	..	..	697	1,377	1,516	1,684	1,922
Core Crown expenses by functional classification								
Social security and welfare	15,598	16,956	17,325	16,891	17,698	18,172	18,788	19,437
GSF pension expenses	1,671	1,051	1,471	645	629	587	549	525
Health	9,547	10,732	10,492	10,486	11,613	11,634	11,665	11,662
Education	9,914	9,068	9,125	9,622	9,719	9,835	9,912	9,998
Core government services	2,169	2,301	3,083	3,237	2,479	2,506	2,556	2,672
Law and order	2,235	2,393	2,658	2,581	2,836	2,818	2,836	2,829
Defence	1,383	1,457	1,508	1,533	1,641	1,686	1,773	1,883
Transport and communications	1,818	2,524	2,549	2,505	2,792	2,796	2,566	2,476
Economic and industrial services	1,592	1,721	1,605	1,681	2,276	2,651	3,001	3,239
Primary services	467	441	584	477	494	484	477	472
Heritage, culture and recreation	1,194	812	778	884	977	867	870	868
Housing and community development	202	278	277	279	304	286	270	268
Other	49	110	97	112	80	80	80	80
Finance costs	2,356	2,090	2,553	2,270	2,244	2,180	2,098	2,243
Net foreign-exchange (gains)/losses	(295)	..	90	..	..	..	..	..
New operating spending up to Budget 2008	..	..	80	80	314	329	398	460
Forecast for future new spending	..	320	..	..	..	1,908	3,838	5,786
Top-down expense adjustment	..	..	(500)	(500)	..	..	..	..
Total Core Crown Expenses	49,900	52,254	53,775	52,783	56,096	58,819	61,677	64,898
Total Core Crown other gains and losses by functional classification								
Social security and welfare	..	..	..	..	..	..	..	..
GSF pension expenses	..	..	..	(30)	..	..	..	..
Core government services	..	..	..	1,176	756	920	1,092	1,288
Heritage, culture and recreation	..	..	..	96	..	..	..	..
Finance costs	..	..	..	336	399	392	388	396
Total Core Crown Other Gains and Losses	..	..	..	1,578	1,155	1,312	1,480	1,684

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

Forecast Statement of Cash Flows

for the years ending 30 June

(\$ million)	Note	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
		2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Cash flows from operations									
Cash was provided from									
Total tax receipts	1b	49,706	50,738	51,823	52,009	54,266	55,048	58,099	61,252
Other sovereign receipts	1b	3,246	3,047	3,367	3,455	3,472	3,607	3,728	3,825
Sales of goods and services		13,457	13,089	13,357	12,795	13,394	13,935	14,501	14,832
Interest		1,622	1,422	2,148	2,071	2,256	2,395	2,305	2,293
Dividends		117	90	133	426	504	586	676	772
Other operating receipts		1,919	2,393	2,091	2,352	2,302	2,609	2,880	2,908
Total cash provided from operations		70,067	70,779	72,939	73,108	76,194	78,180	82,189	85,882
Cash was disbursed to									
Social assistance and official development assistance		16,944	18,665	18,592	18,277	19,529	20,130	20,960	21,870
Personnel and operating payments		38,964	41,670	41,189	41,015	44,025	45,030	46,107	46,543
Interest expenses		2,047	2,441	2,428	2,487	2,530	2,610	2,622	2,667
Forecast for future new spending	10	..	320	80	80	314	2,306	4,391	6,508
Top-down cash adjustment	10	..	..	(500)	(500)	..	..	..	..
Total cash disbursed to operations		57,955	63,096	61,789	61,359	66,398	70,076	74,080	77,588
Net cash flows from operations		12,112	7,683	11,150	11,749	9,796	8,104	8,109	8,294
Cash flows from investing activities									
Net sale/(purchase) of share investments and other securities		(5,859)	527	(9,656)	(8,607)	(4,491)	(1,155)	(983)	(4,289)
Net sale/(purchase) of physical assets		(4,044)	(6,713)	(6,536)	(6,607)	(6,661)	(5,363)	(5,675)	(6,024)
Net sale/(purchase) of intangible assets		..	..	..	(139)	(144)	(101)	(84)	(75)
Net repayment/(issue) of advances		(1,637)	(1,808)	(2,409)	(2,010)	(1,628)	(1,449)	(59)	18
Net disposal/(acquisition) of investment in associates		..	..	..	(384)	(95)	(68)	(7)	(2)
Forecast for future new capital spending	10	..	(256)	..	..	(184)	(567)	(806)	(903)
Top-down capital adjustment	10	..	..	200	200	..	..	..	..
Net cash flows from investing activities		(11,540)	(8,250)	(18,401)	(17,547)	(13,203)	(8,703)	(7,614)	(11,275)
Net Cash Flows from Operating and Investing Activities		572	(567)	(7,251)	(5,798)	(3,407)	(599)	495	(2,981)
Cash flows from financing activities									
Issues of circulating currency		165	..	273	273	178	186	196	206
Net issue/(repayment) of Government stock ¹		151	(656)	(128)	(366)	2,223	(714)	(956)	2,159
Net issue/(repayment) of other New Zealand dollar borrowing		1,856	394	6,692	5,509	2,225	1,865	474	215
Net issue/(repayment) of foreign currency borrowing		(2,300)	412	(272)	(204)	(1,130)	(499)	(325)	354
Net cash flows from financing activities		(128)	150	6,565	5,212	3,496	838	(611)	2,934
Net (decrease)/increase in cash and cash equivalents		444	(417)	(686)	(586)	89	239	(116)	(47)
Opening cash and cash equivalents		3,710	3,319	4,168	3,676	3,107	3,196	3,435	3,319
Foreign exchange gains/(losses) on opening cash		14	..	(4)	17	..	..	..	..
Closing cash and cash equivalents		4,168	2,902	3,478	3,107	3,196	3,435	3,319	3,272

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 (Note 20) 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 years ending 30 June

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Reconciliation Between the Forecast Net Cash Flows from Operations and the Operating Balance								
Net Cash Flows from Operations	12,112	7,683	11,150	11,749	9,796	8,104	8,109	8,294
<i>Items included in the operating balance but not in net cash flows from operations</i>								
Unrealised gains/(losses)								
Unrealised gains/(losses) on other financial instruments	1,759	544	631	521	511	461	425	437
Unrealised gains/(losses) NZ Superannuation Fund	968	675	1,008	1,123	866	1,055	1,259	1,486
Unrealised (increase)/decrease on other non-financial instruments	..	..	..	(947)	..	..	..	..
Total unrealised gains/(losses)	2,727	1,219	1,639	697	1,377	1,516	1,684	1,923
Movements in Working Capital								
Increase/(decrease) in receivables	3,591	329	(2,082)	(1,322)	218	714	131	22
Increase/(decrease) in inventories	(39)	161	193	198	41	64	25	10
Increase/(decrease) in prepayments	..	..	..	(10)	(2)	..	..	(1)
Decrease/(increase) in deferred revenue	..	..	..	(11)	..	(5)	(5)	(2)
Decrease/(increase) in payables	(1,598)	74	1,409	880	(569)	(429)	(146)	(201)
Total Movements in Working Capital	1,954	564	(480)	(265)	(312)	344	5	(172)
Other Non-cash Items in Operating Balance								
Depreciation and amortisation	(2,708)	(2,918)	(3,099)	(3,023)	(3,296)	(3,417)	(3,579)	(3,696)
(Loss)/gain on sale of assets	811	..	..	..	..	..	..	..
Write-down on initial recognition of loans	(1,671)	(167)	(817)	(588)	(518)	(525)	(547)	(568)
Impairment on financial assets (excl receivables)	..	..	..	(418)	(38)	(40)	(42)	(45)
Net interest revenue	..	..	..	282	389	509	634	592
Decrease/(increase) in defined benefit retirement plan liabilities	(279)	17	..	(44)	(51)	12	71	106
Decrease/(increase) in insurance liabilities	(1,321)	(674)	(1,743)	(2,159)	(1,013)	(1,030)	(1,121)	(1,166)
Other	(152)	44	(82)	96	97	96	96	98
Total Other Non-cash Items in Operating Balance	(5,320)	(3,698)	(5,741)	(5,854)	(4,430)	(4,395)	(4,488)	(4,679)
Operating Balance	11,473	5,768	6,568	6,327	6,431	5,569	5,310	5,366

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

Forecast Statement of Recognised Income and Expense

for the years ending 30 June

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Revaluation of physical assets	9,869	..	10,489	93	..	..	..	..
Effective portion of changes in fair value of cash flow hedges	..	..	..	91	39	21	10	(3)
Net change in fair value of cash flow hedges transferred to operating statement	..	..	..	(128)	74	(4)	(5)	(3)
Foreign currency translation differences for foreign operations	..	..	..	14	..	..	..	..
Total income/(expense) recognised directly in Net Worth	9,869	..	10,489	70	113	17	5	(6)
Operating balance	11,473	5,768	6,568	6,327	6,431	5,569	5,310	5,366
Total recognised income and expense for the year	21,342	5,768	17,057	6,397	6,544	5,586	5,315	5,360
Attributable to:								
- minority interest in Air NZ	78	..	..	..	..	..	..	..
- the Crown	21,264	5,768	17,057	6,397	6,543	5,587	5,315	5,359
Total recognised income and expense for the year	21,342	5,768	17,057	6,397	6,543	5,587	5,315	5,359

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

Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
		2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Assets									
Cash and cash equivalents	12	4,168	2,902	3,478	3,107	3,196	3,435	3,319	3,272
Receivables	13	14,053	10,345	11,972	12,329	12,547	13,262	13,390	13,413
Marketable securities and derivatives in gain	12	27,668	25,250	35,300	30,730	32,885	32,203	31,468	34,008
Share investments	12	15,834	17,994	16,783	14,121	17,273	20,179	23,330	26,722
Advances	14	9,099	10,296	10,416	13,839	15,087	16,798	17,362	17,920
Inventory		907	1,182	1,101	941	982	1,046	1,071	1,080
Prepayments and other assets		1,463	874	1,241	1,182	1,205	1,209	1,218	1,224
Property, plant and equipment	15	78,974	73,409	92,842	92,670	95,950	97,667	99,675	101,846
Equity accounted investments (including TEIs)		5,475	5,301	5,586	6,482	6,647	6,812	6,914	7,003
Intangible assets and Goodwill		630	398	594	1,569	1,555	1,529	1,456	1,392
Forecast for new capital spending		..	256	..	..	184	751	1,557	2,460
Top-down capital adjustment		..	..	(200)	(200)	(200)	(200)	(200)	(200)
Total Assets		158,271	148,207	179,113	176,770	187,311	194,691	200,560	210,140
Liabilities									
Issued currency		3,362	3,408	3,551	3,552	3,730	3,914	4,110	4,316
Payables	16	12,469	10,122	11,121	8,912	9,036	9,002	8,737	8,491
Deferred revenue		..	..	..	845	845	850	855	857
Settlement deposits with the Reserve Bank		1,964	2,071	7,523	7,523	7,523	7,523	7,523	7,523
Other borrowings		37,463	36,317	34,844	36,033	38,841	39,527	38,999	42,168
Insurance liabilities	18	12,715	13,255	14,457	17,998	19,011	20,042	21,162	22,328
Defined benefit retirement plan liabilities	19	15,231	15,344	15,554	8,363	8,414	8,402	8,331	8,224
Provisions	17	3,664	3,437	3,607	3,848	3,850	3,786	3,819	3,812
Total Liabilities		86,868	83,954	90,657	87,074	91,250	93,046	93,536	97,719
Total Assets less Total Liabilities		71,403	64,253	88,456	89,696	96,061	101,645	107,024	112,421
Net Worth									
Taxpayer funds		33,477	36,049	40,018	41,852	48,239	53,844	59,236	64,630
Revaluation reserve		37,633	27,989	48,145	47,459	47,402	47,406	47,409	47,412
Cashflow hedge reserve		..	..	..	62	97	72	56	56
Available for sale financial asset reserve		..	..	..	13	13	13	13	13
Foreign exchange translation reserve		..	..	..	17	17	17	17	17
Total Net Worth attributable to the Crown		71,110	64,038	88,163	89,403	95,768	101,352	106,731	112,128
Net Worth attributable to minority interest in Air NZ		293	215	293	293	293	293	293	293
Total Net Worth		71,403	64,253	88,456	89,696	96,061	101,645	107,024	112,421

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

Forecast Statement of Financial Position (continued)

as at 30 June

Components of the Fiscal Indicators

Indicators for measuring progress against the Government's fiscal objectives encompass activities at the Total Crown level and Core Crown level. This note details the components of each indicator. The Government's Fiscal Strategy Report details the Government's fiscal strategy and the connections between this strategy and the fiscal objectives and indicators.

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast

New Zealand Superannuation Fund

The New Zealand Superannuation Fund (NZSF) is part of the Core Crown segment. It is also an important component of the Government's fiscal strategy in its own right, which is reflected in the design of the fiscal indicators. The following NZSF information is not adjusted for transactions with other parts of the core Crown (i.e. is uneliminated data), such as cross-holdings with the New Zealand Debt Management Office.

Results before elimination

Opening net worth	6,555	10,015	9,861	9,855	12,910	15,977	19,321	22,984
Gross contribution from the Crown	2,337	2,049	2,049	2,049	2,103	2,194	2,312	2,458
Revenue (including interest and dividends)	1,190	951	1,505	382	447	519	599	685
Other gains and losses	..	..	..	1,123	866	1,055	1,259	1,486
Tax	(221)	(276)	(497)	(499)	(349)	(424)	(507)	(598)
Closing net worth	9,861	12,739	12,918	12,910	15,977	19,321	22,984	27,015

NZ Superannuation Fund returns

(New Zealand Superannuation Fund returns represent the sum of its revenue, expenses and other gains/losses)

	1,190	951	1,505	1,505	1,313	1,574	1,858	2,171
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Core Crown Revenue excluding New Zealand Superannuation Fund revenue

Core Crown revenue encompasses interest and dividends earned by the New Zealand Superannuation Fund (after eliminating any interest and dividend earned from cross holdings). After-tax revenue is retained by the NZSF and is therefore excluded from the core Crown revenue indicator.

Core Crown revenue	57,006	59,402	61,172	63,825	66,993
NZSF after-tax revenue	(117)	98	95	92	87
Core Crown revenue excluding NZSF revenue	57,123	59,304	61,077	63,733	66,906

Operating Balance before Gains and Losses excluding NZS Fund revenue

Operating Balance before gains and losses	5,537	4,958	3,957	3,530	3,347
NZSF after-tax revenue	(117)	98	95	92	87
Operating Balance before gains and losses excluding NZS Fund revenue	5,654	4,860	3,862	3,438	3,260

Definitions of debt:

Total Crown gross debt is the total borrowings (both sovereign-guaranteed and non-sovereign guaranteed and including derivatives in loss) of the total Crown. This is the amount in the total Crown Statement of Financial Position for Reserve Bank settlement deposits plus other borrowings. It represents the complete picture of whole-of-Crown debt obligations to external parties, excluding payables.

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

Net Core Crown debt deducts financial assets of the Core Crown (comprising cash equivalents, marketable securities, derivatives in gain, advances and some share investments) from gross sovereign-issued debt. Share investments in supranational organisations, such as the International Bank for Reconstruction and Development & Bank for International Settlements, are excluded from the net Core Crown debt measure.

Total Crown gross debt	39,427	38,388	42,367	43,556	46,364	47,050	46,522	49,691
Core Crown borrowings	34,477	33,356	35,876	36,771	38,876	38,371	37,665	40,098
Add back NZS Fund holdings of sovereign issued debt and NZS Fund borrowings ²	984	1,657	1,341	1,164	1,524	1,860	2,229	2,639
Gross sovereign-issued debt	35,461	35,013	37,217	37,935	40,400	40,231	39,894	42,737
Gross sovereign-issued debt	35,461	35,013	37,217	37,935	40,400	40,231	39,894	42,737
Less Core Crown financial assets (excluding receivables and equity in supranational organisations)	(40,599)	(41,028)	(45,179)	(45,469)	(51,184)	(53,375)	(55,903)	(62,024)
Net Core Crown Debt (including NZS Fund)	(5,138)	(6,015)	(7,962)	(7,534)	(10,784)	(13,144)	(16,009)	(19,287)
Add back NZS Fund financial assets	12,883	15,224	12,573	12,573	15,439	18,673	22,226	26,147
Net Core Crown Debt	7,745	9,209	4,611	5,039	4,655	5,529	6,217	6,860

² GSF holdings of sovereign issued debt are also added back under Old GAAP

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

Forecast Statement of Borrowings

for the years ending 30 June

Borrowings comprise financial liabilities excluding issued currency and payables. Borrowings are split into sovereign-guaranteed and non-sovereign-guaranteed borrowings. This split reflects the fact that debt held by State-owned enterprises (SOEs) and Crown entities is not explicitly guaranteed by the Crown. Any such debt that may be guaranteed would be included in the sovereign-guaranteed total, however, no debt of SOEs and Crown entities is currently guaranteed by the Crown. The Forecast Statement of Segments identifies borrowings by institutional segment.

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Borrowings:								
Government stock	17,002	15,982	16,337	15,515	17,732	16,884	15,793	17,943
Treasury bills	4,860	5,259	2,577	2,576	2,786	2,602	2,614	2,626
Government retail stock	532	482	472	363	358	358	358	358
Settlement deposits with the Reserve Bank	1,964	2,071	7,523	7,523	7,523	7,523	7,523	7,523
Derivatives in loss				604	300	186	174	154
Finance lease liabilities				966	958	949	941	937
Other borrowings	15,069	14,594	15,458	16,009	16,707	18,548	19,119	20,150
Total borrowings	39,427	38,388	42,367	43,556	46,364	47,050	46,522	49,691
Borrowings - sovereign guaranteed	29,879	28,560	30,819	31,285	33,167	32,309	31,247	33,309
Borrowings - non- sovereign guaranteed	9,548	9,828	11,548	12,271	13,197	14,741	15,275	16,382

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

Statement of Actual Commitments

as at 31 March

(\$ million)	As at 31 March 2007	As at 30 June 2006
Capital Commitments		
Specialist military equipment	1,084	535
Land and buildings	788	945
Other property, plant and equipment	2,506	2,530
Other capital commitments	454	818
TEIs	-	124
Total Capital Commitments	4,832	4,952
Operating Commitments		
Non-cancellable accommodation leases	1,850	1,940
Other non-cancellable leases	2,493	2,466
Non-cancellable contracts for the supply of goods and services	1,841	1,908
Other operating commitments	6,543	6,462
TEIs	-	303
Total Operating Commitments	12,727	13,079
Total Commitments	17,559	18,031
Total Commitments by Institutional Segment		
Core Crown	5,055	4,824
Crown entities	9,033	9,627
State-owned enterprises	3,471	3,580
Total Commitments	17,559	18,031

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

Statement of Actual Contingent Liabilities

as at 31 March

(\$ million)	As at 31 March 2007	As at 30 June 2006
Quantifiable Contingent Liabilities		
Guarantees and Indemnities	521	405
Uncalled Capital	2,203	2,592
Legal Proceedings and Disputes	931	1,032
Other Contingent Liabilities	2,019	2,073
Total Quantifiable Contingent Liabilities	5,674	6,102
Total Quantifiable Contingent Liabilities by Institutional Segment		
Core Crown	5,495	5,921
Crown entities	61	63
State-owned enterprises	118	118
Total Quantifiable Contingent Liabilities	5,674	6,102
Quantifiable Contingent Assets		
Core Crown - Education and Transport	103	106
Total Quantifiable Contingent Assets	103	106

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 154 to 156 of the Specific Fiscal Risk chapter.

The Statement of Specific Risks (quantified and unquantified) is outlined on pages 138 to 153 of the Specific Fiscal Risk chapter.

Forecast Statement of Segments

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
	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual
Revenue					
Taxation revenue	52,444	..	..	(471)	51,973
Other sovereign revenue	663	2,811	..	(63)	3,411
Sales of goods and services	884	1,865	11,206	(618)	13,337
Investment revenue	4,496	1,962	1,008	(1,638)	5,828
Other revenue	683	18,677	537	(17,865)	2,032
Total Revenue (excluding gains)	59,170	25,315	12,751	(20,655)	76,581
Expenses					
Social assistance and official development assistance	15,081	1,708	..	(101)	16,688
Personnel expenses	5,935	7,591	1,876	(7)	15,395
Other operating expenses	26,823	14,288	8,558	(18,909)	30,760
Interest expenses	2,061	189	440	(449)	2,241
Total Expenses (excluding losses)	49,900	23,776	10,874	(19,466)	65,084
Operating Balance before gains/(losses)	9,270	1,539	1,877	(1,189)	11,497
Total gains/(losses)	..	..	..	..	..
Net surplus/(deficit) from associates and joint ventures	..	54	..	..	54
Gain/(loss) from discontinued operations	..	..	..	..	..
Attributable to minority interest in Air NZ	..	..	(78)	..	(78)
Operating Balance	9,270	1,593	1,799	(1,189)	11,473
Expenses by functional classification					
Social security and welfare	15,598	3,740	..	(369)	18,969
Health	9,547	8,227	..	(8,512)	9,262
Education	9,914	6,539	22	(6,045)	10,430
Transport and communications	1,818	1,482	4,456	(1,770)	5,986
Other	10,962	3,599	5,956	(2,321)	18,196
Interest expenses	2,061	189	440	(449)	2,241
Forecast for future new spending	..	..	..	..	..
Total Expenses	49,900	23,776	10,874	(19,466)	65,084
Other gains and losses by functional classification					
Social security and welfare	..	..	..	..	..
Education	..	..	..	..	..
Core government services	..	..	..	..	..
Other	..	..	..	..	..
Interest expenses	..	..	..	..	..
Total Other Gains and Losses	..	..	..	..	..

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual	Old GAAP 2006 Actual
Assets					
Cash and cash equivalents	677	1,975	1,515	1	4,168
Receivables	10,584	2,132	1,576	(238)	14,054
Other financial assets	40,244	15,578	3,852	(7,075)	52,599
Property, plant and equipment	24,818	37,965	16,191	(1)	78,973
Equity accounted investments	..	..	..	..	..
Investment in SOEs, CEs and TEIs	24,169	5,475	..	(24,169)	5,475
Intangible assets and goodwill	260	134	236	..	630
Other assets	1,532	190	650	..	2,372
Forecast for new capital spending	..	..	..	..	..
Total Assets	102,284	63,449	24,020	(31,482)	158,271
Liabilities					
Borrowings	34,477	4,124	7,899	(7,073)	39,427
Other liabilities	27,730	17,503	3,006	(798)	47,441
Total Liabilities	62,207	21,627	10,905	(7,871)	86,868
Net Worth	40,077	41,822	13,115	(23,611)	71,403
Taxpayer funds	28,929	21,086	7,072	(23,611)	33,476
Reserves	11,148	20,736	5,750	..	37,634
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	40,077	41,822	13,115	(23,611)	71,403

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

Forecast Statement of Segments (continued)

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
	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007
	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue					
Taxation revenue	52,114	..	..	(575)	51,539
Other sovereign revenue	604	2,946	..	(42)	3,508
Sales of goods and services	955	1,845	10,921	(610)	13,111
Investment revenue	5,104	1,372	513	(1,182)	5,807
Other revenue	725	20,587	770	(19,844)	2,238
Total Revenue (excluding gains)	59,502	26,750	12,204	(22,253)	76,203
Expenses					
Social assistance and official development assistance	16,423	1,959	..	(107)	18,275
Personnel expenses	5,818	7,897	1,964	(6)	15,673
Other operating expenses	28,891	16,136	8,638	(20,989)	32,676
Interest expenses	2,643	351	537	(468)	3,063
Total Expenses (excluding losses)	53,775	26,343	11,139	(21,570)	69,687
Operating Balance before gains/(losses)	5,727	407	1,065	(683)	6,516
Total gains/(losses)	..	..	..	..	..
Net surplus/(deficit) from associates and joint ventures	(10)	62	..	..	52
Gain/(loss) from discontinued operations	..	..	..	..	..
Operating Balance	5,717	469	1,065	(683)	6,568
Expenses by functional classification					
Social security and welfare	17,325	4,525	..	(382)	21,468
Health	10,492	8,812	..	(9,267)	10,037
Education	9,125	6,889	23	(6,400)	9,637
Transport and communications	2,549	1,786	5,315	(2,410)	7,240
Other	11,561	3,980	5,264	(2,643)	18,162
Interest expenses	2,643	351	537	(468)	3,063
Forecast for future new spending	80	..	..	..	80
Total Expenses	53,775	26,343	11,139	(21,570)	69,687
Other gains and losses by functional classification					
Social security and welfare	..	..	..	..	..
Education	..	..	..	..	..
Core government services	..	..	..	..	..
Other	..	..	..	..	..
Interest expenses	..	..	..	..	..
Total Other Gains and Losses	..	..	..	..	..

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007	Old GAAP 2007
	Forecast	Forecast	Forecast	Forecast	Forecast
Assets					
Cash and cash equivalents	359	2,027	1,504	(412)	3,478
Receivables	9,106	1,983	1,573	(690)	11,972
Other financial assets	48,122	16,820	5,524	(7,967)	62,499
Property, plant and equipment	25,882	38,950	28,010	..	92,842
Equity accounted investments	..	..	..	..	..
Investment in SOEs, CEs and TEIs	24,776	5,586	..	(24,776)	5,586
Intangible assets and goodwill	220	134	240	..	594
Other assets	1,239	211	692	..	2,142
Forecast for new capital spending	..	..	..	..	..
Total Assets	109,704	65,711	37,543	(33,845)	179,113
Liabilities					
Borrowings	35,876	4,394	10,482	(8,385)	42,367
Other liabilities	27,954	18,675	3,032	(1,371)	48,290
Total Liabilities	63,830	23,069	13,514	(9,756)	90,657
Net Worth	45,874	42,642	24,029	(24,089)	88,456
Taxpayer funds	34,678	21,883	7,546	(24,089)	40,018
Reserves	11,196	20,759	16,190	..	48,145
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	45,874	42,642	24,029	(24,089)	88,456

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

Forecast Statement of Segments (continued)

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
	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast
Revenue					
Taxation revenue	52,230	..	..	(572)	51,658
Other sovereign revenue	620	3,631	..	(560)	3,691
Sales of goods and services	1,067	11,280	10,850	(10,634)	12,563
Investment revenue	2,686	826	458	(898)	3,072
Other revenue	403	10,556	840	(9,393)	2,406
Total Revenue (excluding gains)	57,006	26,293	12,148	(22,057)	73,390
Expenses					
Social assistance and official development assistance	16,626	1,781	..	(107)	18,300
Personnel expenses	5,202	7,914	1,968	..	15,084
Other operating expenses	28,686	15,465	8,533	(20,995)	31,689
Interest expenses	2,269	272	672	(433)	2,780
Total Expenses (excluding losses)	52,783	25,432	11,173	(21,535)	67,853
Operating Balance before gains/(losses)	4,223	861	975	(522)	5,537
Total gains/(losses)	1,578	(698)	28	(211)	697
Net surplus/(deficit) from associates and joint ventures	3	62	31	..	96
Gain/(loss) from discontinued operations	(3)	..	..	..	(3)
Operating Balance	5,801	225	1,034	(733)	6,327
Expenses by functional classification					
Social security and welfare	16,891	3,649	..	(398)	20,142
Health	10,486	8,830	..	(8,658)	10,658
Education	9,622	6,872	23	(6,313)	10,204
Transport and communications	2,505	1,760	5,279	(2,394)	7,150
Other	10,930	4,049	5,199	(3,339)	16,839
Interest expenses	2,269	272	672	(433)	2,780
Forecast for future new spending	80	..	..	..	80
Total Expenses	52,783	25,432	11,173	(21,535)	67,853
Other gains and losses by functional classification					
Social security and welfare	..	(696)	..	(28)	(724)
Education	..	..	..	..	..
Core government services	1,176	..	..	..	1,176
Other	66	(2)	28	(19)	73
Interest expenses	336	..	..	(164)	172
Total Other Gains and Losses	1,578	(698)	28	(211)	697

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2007 Forecast
Assets					
Cash and cash equivalents	277	2,065	1,185	(420)	3,107
Receivables	8,194	3,435	1,465	(765)	12,329
Other financial assets	44,229	16,857	5,886	(8,282)	58,690
Property, plant and equipment	26,092	38,911	27,667	..	92,670
Equity accounted investments	949	20	130	(519)	580
Investment in SOEs, CEs and TEIs	24,079	5,905	..	(24,082)	5,902
Intangible assets and goodwill	745	385	439	..	1,569
Other assets	905	254	773	(9)	1,923
Forecast for new capital spending	..	..	..	..	..
Total Assets	105,470	67,832	37,545	(34,077)	176,770
Liabilities					
Borrowings	36,771	4,621	10,845	(8,681)	43,556
Other liabilities	19,596	23,527	4,596	(4,201)	43,518
Total Liabilities	56,367	28,148	15,441	(12,882)	87,074
Net Worth	49,103	39,684	22,104	(21,195)	89,696
Taxpayer funds	38,053	20,115	7,424	(23,740)	41,852
Reserves	11,050	19,569	14,387	2,545	47,551
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	49,103	39,684	22,104	(21,195)	89,696

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

Forecast Statement of Segments (continued)

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
	New GAAP 2008	New GAAP 2008	New GAAP 2008	New GAAP 2008	New GAAP 2008
	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue					
Taxation revenue	54,707	..	..	(534)	54,173
Other sovereign revenue	613	3,678	..	(598)	3,693
Sales of goods and services	1,057	11,928	11,510	(11,242)	13,253
Investment revenue	2,587	880	481	(582)	3,366
Other revenue	438	11,018	929	(9,998)	2,387
Total Revenue (excluding gains)	59,402	27,504	12,920	(22,954)	76,872
Expenses					
Social assistance and official development assistance	17,998	2,016	..	(106)	19,908
Personnel expenses	5,434	8,213	2,011	(1)	15,657
Other operating expenses	30,419	16,277	9,185	(22,280)	33,601
Interest expenses	2,245	306	704	(507)	2,748
Total Expenses (excluding losses)	56,096	26,812	11,900	(22,894)	71,914
Operating Balance before gains/(losses)	3,306	692	1,020	(60)	4,958
Total gains/(losses)	1,155	485	18	(281)	1,377
Net surplus/(deficit) from associates and joint ventures	2	64	30	..	96
Gain/(loss) from discontinued operations	..	..	..	..	..
Operating Balance	4,463	1,241	1,068	(341)	6,431
Expenses by functional classification					
Social security and welfare	17,698	3,997	..	(424)	21,271
Health	11,613	9,315	..	(9,229)	11,699
Education	9,719	7,166	23	(6,587)	10,321
Transport and communications	2,792	1,877	5,589	(2,587)	7,671
Other	11,715	4,151	5,584	(3,560)	17,890
Interest expenses	2,245	306	704	(507)	2,748
Forecast for future new spending	314	..	..	..	314
Total Expenses	56,096	26,812	11,900	(22,894)	71,914
Other gains and losses by functional classification					
Social security and welfare	..	320	..	(38)	282
Education	..	..	..	5	5
Core government services	756	..	..	(2)	754
Other	..	165	18	26	209
Interest expenses	399	..	..	(272)	127
Total Other Gains and Losses	1,155	485	18	(281)	1,377

Statement of Financial Position (institutional form) as at 30 June 2008

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2008	New GAAP 2008	New GAAP 2008	New GAAP 2008	New GAAP 2008
	Forecast	Forecast	Forecast	Forecast	Forecast
Assets					
Cash and cash equivalents	274	2,052	1,291	(421)	3,196
Receivables	8,285	3,507	1,647	(892)	12,547
Other financial assets	49,668	18,188	6,573	(9,184)	65,245
Property, plant and equipment	26,492	40,327	29,131	..	95,950
Equity accounted investments	1,026	25	148	(596)	603
Investment in SOEs, CEs and TEIs	24,571	5,989	..	(24,516)	6,044
Intangible assets and goodwill	805	371	379	..	1,555
Other assets	916	252	826	(7)	1,987
Forecast for new capital spending	184	..	..	..	184
Total Assets	112,221	70,711	39,995	(35,616)	187,311
Liabilities					
Borrowings	38,876	4,773	12,155	(9,440)	46,364
Other liabilities	19,770	24,544	4,882	(4,310)	44,886
Total Liabilities	58,646	29,317	17,037	(13,750)	91,250
Net Worth	53,575	41,394	22,958	(21,866)	96,061
Taxpayer funds	42,525	21,827	8,258	(24,371)	48,239
Reserves	11,050	19,567	14,407	2,505	47,529
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	53,575	41,394	22,958	(21,866)	96,061

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

Forecast Statement of Segments (continued)

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
	New GAAP 2009	New GAAP 2009	New GAAP 2009	New GAAP 2009	New GAAP 2009
	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue					
Taxation revenue	56,280	..	..	(589)	55,691
Other sovereign revenue	603	3,792	..	(638)	3,757
Sales of goods and services	1,063	11,951	12,097	(11,241)	13,870
Investment revenue	2,787	924	522	(648)	3,585
Other revenue	439	11,330	917	(10,013)	2,673
Total Revenue (excluding gains)	61,172	27,997	13,536	(23,129)	79,576
Expenses					
Social assistance and official development assistance	18,852	2,235	..	(112)	20,975
Personnel expenses	5,459	8,252	2,076	..	15,787
Other operating expenses	32,327	16,585	9,604	(22,364)	36,152
Interest expenses	2,181	309	744	(529)	2,705
Total Expenses (excluding losses)	58,819	27,381	12,424	(23,005)	75,619
Operating Balance before gains/(losses)	2,353	616	1,112	(124)	3,957
Total gains/(losses)	1,312	488	..	(284)	1,516
Net surplus/(deficit) from associates and joint ventures	2	65	29	..	96
Gain/(loss) from discontinued operations	..	..	..	..	..
Attributable to minority interest in Air NZ	..	..	..	..	..
Operating Balance	3,667	1,169	1,141	(408)	5,569
Expenses by functional classification					
Social security and welfare	18,172	4,296	..	(443)	22,025
Health	11,634	9,556	..	(9,203)	11,987
Education	9,835	7,237	23	(6,635)	10,460
Transport and communications	2,796	1,839	5,774	(2,650)	7,759
Other	11,964	4,144	5,883	(3,545)	18,446
Interest expenses	2,181	309	744	(529)	2,705
Forecast for future new spending	2,237	..	..	..	2,237
Total Expenses	58,819	27,381	12,424	(23,005)	75,619
Other gains and losses by functional classification					
Social security and welfare	..	307	..	(36)	271
Education	..	..	..	5	5
Core government services	920	..	..	(3)	917
Other	..	181	..	40	221
Interest expenses	392	..	..	(290)	102
Total Other Gains and Losses	1,312	488	..	(284)	1,516

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2009	New GAAP 2009	New GAAP 2009	New GAAP 2009	New GAAP 2009
	Forecast	Forecast	Forecast	Forecast	Forecast
Assets					
Cash and cash equivalents	318	1,998	1,539	(420)	3,435
Receivables	8,960	3,566	1,729	(993)	13,262
Other financial assets	51,486	19,429	7,833	(9,568)	69,180
Property, plant and equipment	26,263	41,372	30,032	..	97,667
Equity accounted investments	1,096	31	171	(666)	632
Investment in SOEs, CEs and TEIs	24,763	6,063	..	(24,646)	6,180
Intangible assets and goodwill	805	347	376	1	1,529
Other assets	961	250	849	(5)	2,055
Forecast for new capital spending	751	..	..	..	751
Total Assets	115,403	73,056	42,529	(36,297)	194,691
Liabilities					
Borrowings	38,371	4,851	13,673	(9,845)	47,050
Other liabilities	19,787	25,454	5,170	(4,415)	45,996
Total Liabilities	58,158	30,305	18,843	(14,260)	93,046
Net Worth	57,245	42,751	23,686	(22,037)	101,645
Taxpayer funds	46,195	23,182	9,003	(24,536)	53,844
Reserves	11,050	19,569	14,390	2,499	47,508
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	57,245	42,751	23,686	(22,037)	101,645

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

Forecast Statement of Segments (continued)

Statement of Financial Performance (institutional form) for the year ended 30 June 2010

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2010	New GAAP 2010	New GAAP 2010	New GAAP 2010	New GAAP 2010
	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue					
Taxation revenue	58,877	..	..	(608)	58,269
Other sovereign revenue	609	3,909	..	(672)	3,846
Sales of goods and services	1,068	12,017	12,612	(11,266)	14,431
Investment revenue	2,826	968	526	(684)	3,636
Other revenue	445	11,450	889	(9,788)	2,996
Total Revenue (excluding gains)	63,825	28,344	14,027	(23,018)	83,178
Expenses					
Social assistance and official development assistance	19,837	2,369	..	(111)	22,095
Personnel expenses	5,431	8,401	2,118	..	15,950
Other operating expenses	34,310	16,837	10,007	(22,194)	38,960
Interest expenses	2,099	322	774	(552)	2,643
Total Expenses (excluding losses)	61,677	27,929	12,899	(22,857)	79,648
Operating Balance before gains/(losses)	2,148	415	1,128	(161)	3,530
Total gains/(losses)	1,480	494	(2)	(288)	1,684
Net surplus/(deficit) from associates and joint ventures	2	65	29	..	96
Gain/(loss) from discontinued operations	..	..	..	..	..
Attributable to minority interest in Air NZ	..	..	..	..	..
Operating Balance	3,630	974	1,155	(449)	5,310
Expenses by functional classification					
Social security and welfare	18,788	4,555	..	(455)	22,888
Health	11,665	9,824	..	(9,199)	12,290
Education	9,912	7,284	23	(6,658)	10,561
Transport and communications	2,566	1,744	5,953	(2,422)	7,841
Other	12,411	4,200	6,149	(3,571)	19,189
Interest expenses	2,099	322	774	(552)	2,643
Forecast for future new spending	4,236	..	..	..	4,236
Total Expenses	61,677	27,929	12,899	(22,857)	79,648
Other gains and losses by functional classification					
Social security and welfare	..	296	..	(34)	262
Education	..	..	..	5	5
Core government services	1,092	..	..	(4)	1,088
Other	..	198	(2)	51	247
Interest expenses	388	..	..	(306)	82
Total Other Gains and Losses	1,480	494	(2)	(288)	1,684

Statement of Financial Position (institutional form) as at 30 June 2010

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2010	New GAAP 2010	New GAAP 2010	New GAAP 2010	New GAAP 2010
	Forecast	Forecast	Forecast	Forecast	Forecast
Assets					
Cash and cash equivalents	347	1,948	1,443	(419)	3,319
Receivables	8,914	3,659	1,782	(965)	13,390
Other financial assets	53,621	20,684	7,814	(9,957)	72,162
Property, plant and equipment	28,071	42,225	31,380	(1)	99,675
Equity accounted investments	1,102	36	196	(672)	662
Investment in SOEs, CEs and TEIs	24,896	6,134	..	(24,778)	6,252
Intangible assets and goodwill	768	321	367	..	1,456
Other assets	970	250	872	(5)	2,087
Forecast for new capital spending	1,557	..	..	..	1,557
Total Assets	118,246	75,257	43,854	(36,797)	200,560
Liabilities					
Borrowings	37,665	4,919	14,185	(10,247)	46,522
Other liabilities	19,652	26,493	5,252	(4,383)	47,014
Total Liabilities	57,317	31,412	19,437	(14,630)	93,536
Net Worth	60,929	43,845	24,417	(22,167)	107,024
Taxpayer funds	49,879	24,277	9,746	(24,666)	59,236
Reserves	11,050	19,568	14,378	2,499	47,495
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	60,929	43,845	24,417	(22,167)	107,024

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

Forecast Statement of Segments (continued)

Statement of Financial Performance (institutional form) for the year ended 30 June 2011

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2011	New GAAP 2011	New GAAP 2011	New GAAP 2011	New GAAP 2011
	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue					
Taxation revenue	61,960	..	..	(609)	61,351
Other sovereign revenue	614	4,023	..	(706)	3,931
Sales of goods and services	1,082	12,042	12,936	(11,270)	14,790
Investment revenue	2,936	1,014	524	(718)	3,756
Other revenue	401	11,518	754	(9,682)	2,991
Total Revenue (excluding gains)	66,993	28,597	14,214	(22,985)	86,819
Expenses					
Social assistance and official development assistance	20,767	2,537	..	(114)	23,190
Personnel expenses	5,456	8,400	2,151	(1)	16,006
Other operating expenses	36,431	16,975	10,245	(22,141)	41,510
Interest expenses	2,244	326	779	(583)	2,766
Total Expenses (excluding losses)	64,898	28,238	13,175	(22,839)	83,472
Operating Balance before gains/(losses)	2,095	359	1,039	(146)	3,347
Total gains/(losses)	1,684	535	(2)	(295)	1,922
Net surplus/(deficit) from associates and joint ventures	2	66	28	1	97
Gain/(loss) from discontinued operations	..	..	..	..	..
Attributable to minority interest in Air NZ	..	..	..	..	..
Operating Balance	3,781	960	1,065	(440)	5,366
Expenses by functional classification					
Social security and welfare	19,437	4,802	..	(471)	23,768
Health	11,662	9,811	..	(9,186)	12,287
Education	9,998	7,294	23	(6,644)	10,671
Transport and communications	2,476	1,749	6,034	(2,477)	7,782
Other	12,835	4,256	6,339	(3,478)	19,952
Interest expenses	2,244	326	779	(583)	2,766
Forecast for future new spending	6,246	..	..	..	6,246
Total Expenses	64,898	28,238	13,175	(22,839)	83,472
Other gains and losses by functional classification					
Social security and welfare	..	317	..	(38)	279
Education	..	..	..	5	5
Core government services	1,288	..	..	(2)	1,286
Other	..	218	(2)	34	250
Interest expenses	396	..	..	(294)	102
Total Other Gains and Losses	1,684	535	(2)	(295)	1,922

Statement of Financial Position (institutional form) as at 30 June 2011

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	New GAAP 2011	New GAAP 2011	New GAAP 2011	New GAAP 2011	New GAAP 2011
	Forecast	Forecast	Forecast	Forecast	Forecast
Assets					
Cash and cash equivalents	377	1,915	1,400	(420)	3,272
Receivables	8,806	3,746	1,823	(962)	13,413
Other financial assets	59,316	21,940	7,797	(10,403)	78,650
Property, plant and equipment	25,604	43,071	33,171	..	101,846
Equity accounted investments	1,102	36	218	(671)	685
Investment in SOEs, CEs and TEIs	24,970	6,200	..	(24,852)	6,318
Intangible assets and goodwill	740	298	355	(1)	1,392
Other assets	969	250	888	(3)	2,104
Forecast for new capital spending	2,460	..	..	..	2,460
Total Assets	124,344	77,456	45,652	(37,312)	210,140
Liabilities					
Borrowings	40,098	5,039	15,262	(10,712)	49,687
Other liabilities	19,531	27,562	5,324	(4,385)	48,032
Total Liabilities	59,629	32,601	20,586	(15,097)	97,719
Net Worth	64,715	44,855	25,066	(22,215)	112,421
Taxpayer funds	53,665	25,287	10,393	(24,715)	64,630
Reserves	11,050	19,568	14,380	2,500	47,498
Net Worth attributable to minority interest in Air NZ	..	..	293	..	293
Net Worth	64,715	44,855	25,066	(22,215)	112,421

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

Notes to the Forecast Financial Statements

	Old GAAP 2006 Actual	Old GAAP 2007 Previous Budget	Old GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2008 Forecast	New GAAP 2009 Forecast	New GAAP 2010 Forecast	New GAAP 2011 Forecast
(\$ million)								
NOTE 1a: Revenue Collected Through the Crown's Sovereign Power								
Income Tax Revenue (accrual)								
Direct Income Tax								
Individuals								
Source deductions	19,936	20,534	21,012	21,012	22,334	23,695	25,094	26,619
Other persons	4,940	4,393	4,474	4,474	4,553	4,774	5,169	5,529
Refunds	(953)	(962)	(1,085)	(1,085)	(1,102)	(1,130)	(1,205)	(1,260)
Fringe benefit tax	450	425	455	455	474	498	519	546
Total individuals	24,373	24,390	24,856	24,856	26,259	27,837	29,577	31,434
Corporate Tax								
Gross companies tax	9,413	7,966	7,878	7,995	8,222	7,469	7,765	8,190
Refunds	(270)	(205)	(252)	(252)	(255)	(260)	(260)	(260)
Non-resident withholding tax	1,096	874	1,142	1,142	1,005	1,002	1,020	1,009
Foreign-source dividend withholding payments	160	220	146	146	102	86	86	86
Total corporate tax	10,399	8,855	8,914	9,031	9,074	8,297	8,611	9,025
Other Income Tax								
Resident withholding tax on interest income	1,879	2,079	2,156	2,156	2,340	2,441	2,362	2,376
Resident withholding tax on dividend income	74	56	89	89	92	114	249	296
Estate and gift duties	3	2	4	4	2	2	2	2
Total other income tax	1,956	2,137	2,249	2,249	2,434	2,557	2,613	2,674
Total direct income tax	36,728	35,382	36,019	36,136	37,767	38,691	40,801	43,133
Indirect Tax								
Goods and Services Tax								
Gross goods and services tax	18,241	18,542	19,053	19,054	19,726	20,704	21,729	22,844
Refunds	(7,664)	(8,028)	(8,332)	(8,332)	(8,231)	(8,711)	(9,396)	(9,948)
Total goods and services tax	10,577	10,514	10,721	10,722	11,495	11,993	12,333	12,896
Other Indirect Taxation								
Petroleum fuels excise	852	914	881	881	903	921	938	955
Tobacco excise ³	834	145	244	244	148	150	152	154
Customs duty	1,083	1,773	1,760	1,760	1,865	1,849	1,873	1,921
Road user charges	731	793	785	785	877	933	988	1,043
Alcohol excise	516	537	559	559	586	614	641	670
Gaming duties	275	256	230	231	215	214	212	212
Motor vehicle fees	221	223	220	220	219	228	233	239
Energy resources levies	73	58	49	49	34	34	34	64
Approved issuer levy (AIL) and cheque duty	83	74	71	71	64	64	64	64
Total other indirect taxation	4,668	4,773	4,799	4,800	4,911	5,007	5,135	5,322
Total indirect taxation	15,245	15,287	15,520	15,522	16,406	17,000	17,468	18,218
Total taxation revenue	51,973	50,669	51,539	51,658	54,173	55,691	58,269	61,351
Other Sovereign Revenues (accrual)								
ACC levies	2,326	2,189	2,454	2,647	2,654	2,726	2,807	2,883
Fire Service levies	254	253	259	259	261	263	265	267
EQC levies	82	83	84	84	86	87	89	91
Other levies	749	654	711	701	692	681	685	690
Total Other Sovereign Revenues	3,411	3,179	3,508	3,691	3,693	3,757	3,846	3,931
Total Sovereign Revenue	55,384	53,848	55,047	55,349	57,866	59,448	62,115	65,282

³ From 2006/07 a larger portion of tobacco products will be supplied by imports. This will increase customs duty at the expense of tobacco excise duty.

Notes to the Forecast Financial Statements

	Old GAAP 2006 Actual	Old GAAP 2007 Previous Budget	Old GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2008 Forecast	New GAAP 2009 Forecast	New GAAP 2010 Forecast	New GAAP 2011 Forecast
NOTE 1b: Receipts Collected Through the Crown's Sovereign Power								
Income Tax Receipts (cash)								
Direct Income Tax								
Individuals								
Source deductions	19,897	20,534	21,034	21,034	22,334	23,695	25,094	26,619
Other persons	4,883	5,189	5,296	5,296	5,430	5,568	6,105	6,510
Refunds	(1,503)	(1,780)	(1,858)	(1,858)	(2,017)	(2,065)	(2,185)	(2,287)
Fringe benefit tax	450	421	469	469	470	493	515	541
Total individuals	23,727	24,364	24,941	24,941	26,217	27,691	29,529	31,383
Corporate Tax								
Gross companies tax	8,512	8,602	8,865	9,072	9,184	7,625	8,269	8,713
Refunds	(833)	(746)	(1,091)	(1,091)	(1,041)	(889)	(851)	(843)
Non-resident withholding tax	1,093	874	1,092	1,092	981	983	995	1,031
Foreign-source dividend withholding payments	157	220	148	148	102	86	86	86
Total corporate tax	8,929	8,950	9,014	9,221	9,226	7,805	8,499	8,987
Other Income Tax								
Resident withholding tax on interest income	1,862	2,078	2,154	2,154	2,340	2,441	2,362	2,376
Resident withholding tax on dividend income	74	56	91	91	92	114	249	296
Estate and gift duties	2	2	4	4	2	2	2	2
Total other income tax	1,938	2,136	2,249	2,249	2,434	2,557	2,613	2,674
Total direct income tax	34,594	35,450	36,204	36,411	37,877	38,053	40,641	43,044
Indirect Tax								
Goods and Services Tax								
Gross goods and services tax	17,705	18,183	18,415	18,393	19,354	20,345	21,365	22,483
Refunds	(7,216)	(7,669)	(7,604)	(7,604)	(7,877)	(8,357)	(9,042)	(9,594)
Total goods and services tax	10,489	10,514	10,811	10,789	11,477	11,988	12,323	12,889
Other Indirect Taxation								
Petroleum fuels excise	847	914	881	881	903	921	938	955
Tobacco excise ⁴	842	145	244	244	148	150	152	154
Customs duty	1,074	1,773	1,760	1,760	1,865	1,849	1,873	1,921
Road user charges	721	793	785	785	877	933	988	1,043
Alcohol excise	514	537	559	559	586	614	641	670
Gaming duties	273	257	235	236	215	214	212	212
Motor vehicle fees	199	223	220	220	219	228	233	239
Energy resources levies	73	58	53	53	35	34	34	61
Approved issuer levy (AIL) and cheque duty	80	74	71	71	64	64	64	64
Total other indirect taxation	4,623	4,774	4,808	4,809	4,912	5,007	5,135	5,319
Total indirect taxation	15,112	15,288	15,619	15,598	16,389	16,995	17,458	18,208
Total taxation receipts	49,706	50,738	51,823	52,009	54,266	55,048	58,099	61,252
Other Sovereign Receipts (cash)								
ACC levies	2,256	2,105	2,401	2,585	2,561	2,662	2,764	2,844
Fire Service levies	254	253	262	262	263	265	267	269
EQC levies	83	83	85	85	86	88	90	91
Other levies	653	606	639	523	562	592	607	621
Total Other Sovereign Receipts	3,246	3,047	3,387	3,455	3,472	3,607	3,728	3,825
Total Sovereign Receipts	52,952	53,785	55,210	55,464	57,738	58,655	61,827	65,077

⁴ From 2006/07 a larger portion of tobacco products will be supplied by imports. This will increase customs duty at the expense of tobacco excise duty.

Notes to the Forecast Financial Statements

	Old GAAP 2006 Actual	Old GAAP 2007 Previous Budget	Old GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2008 Forecast	New GAAP 2009 Forecast	New GAAP 2010 Forecast	New GAAP 2011 Forecast
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(\$ million)

NOTE 2: Sale of Goods and Services

The Statement of Segments shows the sale of goods and services as a total for each institutional segment of the Crown (ie, total sales for Core Crown, Crown entities and SOEs). The total for Crown entities includes such items as lottery sales, housing rental, Crown Research Institute sales. The total sales of SOEs represents the majority of their income from electricity generation and distribution services, postal services, advertising, air travel sales.

Total revenue from sale and exchange of goods				7,151	7,550	7,899	8,290	8,538
Total revenue from sale and exchange of services				5,412	5,703	5,971	6,141	6,252
Total sale of goods and services	13,337	12,715	13,111	12,563	13,253	13,870	14,431	14,790

NOTE 3: Interest Revenue and Dividends

Interest revenue is calculated using the effective interest rate as stated in the note on accounting policies. One consequence of this requirement is that an interest rate is imputed on financial assets that do not earn interest (or have a below market interest rate), such as student loans.

Interest revenue from student loans	344	87	453	362	391	423	453	483
Interest revenue on other financial assets	5,367	3,529	5,207	2,286	2,474	2,579	2,510	2,504
Total interest revenue	5,711	3,616	5,660	2,648	2,865	3,002	2,963	2,987
Dividends	117	71	147	424	501	583	673	769
Total interest and dividend revenue	5,828	3,687	5,807	3,072	3,366	3,585	3,636	3,756

NOTE 4: Other Revenue

Royalties	61	55	62	66	72	75	78	35
Other revenue	1,971	2,306	2,176	2,340	2,315	2,598	2,918	2,956
Total other revenue	2,032	2,361	2,238	2,406	2,387	2,673	2,996	2,991

NOTE 5: Social Assistance and Official Development Assistance

New Zealand superannuation	6,414	6,782	6,807	6,807	7,292	7,605	7,998	8,440
Domestic purposes benefit	1,493	1,504	1,467	1,467	1,456	1,454	1,467	1,491
ACC payments	1,708	1,845	1,959	1,781	2,016	2,235	2,369	2,537
Unemployment benefit	712	783	615	615	497	471	484	500
Invalids benefit	1,073	1,131	1,136	1,136	1,201	1,253	1,305	1,353
Family support	1,285	1,725	1,779	1,779	1,964	1,998	1,995	1,989
Accommodation supplement	843	883	882	882	909	928	955	986
Sickness benefit	541	575	573	573	608	642	679	714
Student allowances	354	364	385	385	402	407	410	411
Disability allowances	261	266	270	270	279	289	301	314
Other social assistance benefits	1,674	2,046	2,028	2,257	2,883	3,261	3,634	3,888
Total social assistance	16,358	17,924	17,901	17,952	19,507	20,543	21,597	22,623
Official development assistance	330	333	374	348	401	432	498	567
Total social assistance and official development assistance	16,688	18,257	18,275	18,300	19,908	20,975	22,095	23,190

NOTE 6: Personnel Expenses

Wages and salaries				13,904	14,495	14,643	14,809	14,867
Defined benefit retirement plan expenses (excluding actuarial gains/losses)				654	637	596	558	534
Defined contribution retirement plan expenses				192	214	230	248	247
Other personnel expenses				334	311	318	335	358
Total personnel expenses	15,395	15,118	15,673	15,084	15,657	15,787	15,950	16,006

Notes to the Forecast Financial Statements

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast

NOTE 7: Depreciation and Amortisation

Depreciation expense (by class of asset):

Buildings	880	900	920	929	989	1,017	1,039	1,044
Electricity distribution network	109	118	97	87	87	90	93	97
Electricity generation assets	198	216	241	248	276	324	380	388
Aircraft (excluding SME)	102	246	223	203	215	202	189	170
State highways	252	236	242	242	255	270	286	302
Rail network	..	..	152	152	177	184	189	194
Specialist military equipment (SME)	187	216	239	239	286	310	335	445
Other plant and equipment	905	913	910	685	739	772	788	795
Other assets	75	73	75	108	115	121	123	122

Total depreciation costs

	2,708	2,918	3,099	2,893	3,139	3,290	3,422	3,557
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Amortisation and impairment on intangible assets

Amortisation and impairment on intangible assets				130	157	127	157	139
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Total depreciation, amortisation and impairment on intangible assets

	2,708	2,918	3,099	3,023	3,296	3,417	3,579	3,696
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NOTE 8: Other Operating Expenses

Write-down on initial recognition of loans	328	381	496	588	518	525	547	568
Impairment on financial assets	1,925	696	2,132	1,439	133	101	103	104
Grants	1,578	1,162	1,771	1,936	2,085	2,222	2,259	2,269
Rental and leasing costs	820	787	843	812	823	841	853	869
Lottery prize payments	398	371	397	397	412	429	446	464
Inventory expensed during the period				211	231	230	229	239
Other operating expenses	21,682	23,438	22,615	22,749	24,795	25,123	25,593	25,895

Total other operating expenses

	26,731	26,835	28,254	28,132	28,997	29,471	30,030	30,408
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NOTE 9: Interest Expenses

Interest on financial liabilities				2,382	2,335	2,232	2,169	2,299
Interest unwind on provisions				398	413	473	474	467

Total interest expenses

	2,241	2,854	3,063	2,780	2,748	2,705	2,643	2,766
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NOTE 10: Forecast New Operating Spending and Top-down Expense Adjustment

New operating spending up to Budget 2008	..	..	80	80	314	329	398	460
Forecast for future new spending	..	320	..	..	..	1,908	3,838	5,786
Top-down expense adjustment	..	..	(500)	(500)	..	..	..	..
Total forecast new operating spending and top-down expense adjustment	..	320	(420)	(420)	314	2,237	4,236	6,246

New operating spending up to Budget 2008 represents expenses included in Budget 2007 that have yet to be allocated.

Forecast new operating spending indicates in broad terms the potential spending increases that could be introduced in each future budget round. As some of this spending has already been allocated to the Defence funding package, this line represents the remaining unallocated portion. Total potential spending increases included in the forecasts are \$2 billion for Budget 2008, \$2 billion for Budget 2009 and \$2.1 billion for Budget 2010. Also included in the forecasts is a provision for potential new capital spending.

The top-down expense adjustment takes into account timing delays in departmental spending for 2006/07. This adjustment is made on both a cash and accrual basis, and is split between operating (\$500 million) and capital (\$200 million).

NOTE 11: Net Gains and Losses on Non-financial Instruments

Actuarial gains/(losses) on Government Superannuation Fund liability				(30)	..	..	..	..
Actuarial gains/(losses) on ACC liability				(1,136)	..	..	..	..
Net gains/(losses) on other non-financial instruments				219	..	..	..	..
Total net gains and losses on non-financial instruments				(947)	..	..	..	..

Notes to the Forecast Financial Statements

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
NOTE 12: Financial assets								
Cash and cash equivalents	4,168	2,902	3,478	3,107	3,196	3,435	3,319	3,272
Tax receivables	8,720	5,607	7,318	7,147	7,078	7,628	7,658	7,578
Trade and other receivables	5,333	4,738	4,654	5,182	5,469	5,634	5,732	5,835
Student loans	5,569	5,868	5,761	5,761	6,252	6,721	7,193	7,649
Kiwibank mortgages	2,609	3,425	3,817	3,823	5,127	6,274	6,274	6,274
Long-term deposits				1,925	2,037	2,130	2,221	2,311
Reserve position at the IMF	341	275	221	221	212	204	195	185
Other loans	580	728	617	2,109	1,459	1,469	1,479	1,501
Share investments	15,834	17,994	16,783	14,121	17,273	20,179	23,330	26,722
Derivatives in gain				832	464	293	241	189
Other marketable securities								
	27,668	25,250	35,300	29,898	32,421	31,910	31,227	33,819
Total financial assets	70,822	66,787	77,949	74,126	80,988	85,877	88,869	95,335

Share investments include those in supranational organisations, such as the International Bank for Reconstruction and Development and the Bank for International Settlements. The value of these investments included above is:

	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
	323	286	289	299	302	303	303	303

Financial assets by portfolio

The financial assets by portfolio analysis is net of any cross-holdings within a segment and across the segments. In previous forecasts, this net of cross-holdings portfolio information was provided for marketable securities and deposits only. As this portfolio information now encompasses cash and receivables, prior year comparisons are not available on a like-for-like basis.

Reserve Bank and NZ DMO				23,921	26,013	24,527	22,973	24,634
NZ Superannuation Fund				11,342	13,903	16,801	19,985	23,501
Other Core Crown				13,897	14,311	15,356	15,849	16,180
Total Core Crown				49,160	54,227	56,684	58,807	64,315
ACC portfolio				10,806	11,695	12,446	13,174	13,861
EQC portfolio				1,997	2,174	2,381	2,604	2,847
Other Crown entities				3,786	3,670	3,617	3,611	3,626
Total Crown entities				16,589	17,539	18,444	19,389	20,334
State-owned enterprises				8,377	9,222	10,749	10,673	10,686
Total financial assets by portfolio	70,822	66,787	77,949	74,126	80,988	85,877	88,869	95,335

Uneliminated financial asset portfolio information by entity

NZ Superannuation Fund	9,726	13,038	12,639	12,573	15,439	18,673	22,226	26,147
ACC portfolio	9,097	9,459	10,079	10,039	10,903	11,671	12,434	13,152
EQC portfolio	5,243	5,656	5,454	5,644	6,031	6,460	6,919	7,412

NOTE 13: Receivables

Tax receivables	8,720	5,607	7,318	7,147	7,078	7,628	7,658	7,578
Trade and other receivables	5,333	4,738	4,654	5,182	5,469	5,634	5,732	5,835
Total receivables	14,053	10,345	11,972	12,329	12,547	13,262	13,390	13,413

NOTE 14: Advances

Student loans (see analysis below)	5,569	5,868	5,761	5,761	6,252	6,721	7,193	7,649
Kiwibank mortgages	2,609	3,425	3,817	3,823	5,127	6,274	6,274	6,274
Long-term deposits	..	..	..	1,925	2,037	2,130	2,221	2,311
Reserve position at the IMF	341	275	221	221	212	204	195	185
Other loans	580	728	617	2,109	1,459	1,469	1,479	1,501
Total advances	9,099	10,296	10,416	13,839	15,087	16,798	17,362	17,920

Analysis of Student Loans

Nominal student loan value	8,370	8,784	9,242	9,242	9,983	10,705	11,430	12,140
Movement during the year								
Opening balance	6,465	5,472	5,569	5,569	5,761	6,252	6,721	7,193
Initial fair value write down	(1,415)	..	..	..	..	..	..	..
Amount borrowed in current year	1,046	1,157	1,206	1,206	1,278	1,334	1,389	1,444
Fair value write down on new borrowings	(328)	(381)	(496)	(496)	(526)	(549)	(572)	(594)
Repayments made during the year	(550)	(634)	(559)	(559)	(621)	(705)	(763)	(839)
Interest unwind	358	87	362	362	391	423	453	484
Impairment	(13)	(15)	(411)	(411)	(31)	(34)	(36)	(39)
Other movements	6	182	90	90	..	..	1	..
Closing balance	5,569	5,868	5,761	5,761	6,252	6,721	7,193	7,649

Notes to the Forecast Financial Statements

	Old GAAP 2006 Actual	Old GAAP 2007 Previous Budget	Old GAAP 2007 Forecast	New GAAP 2007 Forecast	New GAAP 2008 Forecast	New GAAP 2009 Forecast	New GAAP 2010 Forecast	New GAAP 2011 Forecast
NOTE 15: Property, Plant and Equipment								
<i>By Class of Asset</i>								
Gross Carrying Value								
Land (valuation)	13,803	11,801	14,111	18,882	18,963	19,113	19,166	19,180
Buildings (valuation)	21,859	22,487	23,092	22,987	24,416	25,105	25,849	26,252
Electricity distribution network (valuation)	2,311	2,668	2,540	2,439	2,694	3,139	3,854	4,656
Electricity generation assets (valuation)	8,536	8,428	9,378	9,541	10,727	11,636	12,507	13,362
Aircraft (excluding SME) (valuation)	2,068	2,566	2,339	2,328	2,523	2,651	2,760	3,565
State highways (valuation)	17,948	16,757	19,339	22,477	23,516	24,544	25,519	26,661
Rail network (valuation)	..	..	10,786	10,797	11,149	11,444	11,641	11,840
Specialist military equipment (valuation)	3,422	4,013	4,092	4,110	4,508	4,650	4,937	5,126
Other plant and equipment (cost)	9,692	10,211	10,589	8,301	8,986	9,497	10,110	10,432
Specified cultural and heritage assets (valuation)	..	..	..	1,542	1,569	1,501	1,498	1,499
Other assets	7,965	7,250	8,369	2,746	3,147	3,340	3,899	4,054
Total Gross Carrying Value	87,604	86,181	104,635	106,150	112,198	116,620	121,740	126,627
Accumulated Depreciation								
Buildings	1,307	2,883	2,135	2,165	3,067	3,760	4,711	5,196
Electricity distribution network	299	421	388	388	475	565	658	755
Electricity generation assets	111	525	347	392	670	996	1,378	1,768
Aircraft (excluding SME)	..	444	223	223	459	681	890	1,080
State highways	..	689	719	3,846	4,101	4,371	4,698	5,152
Rail network	..	..	155	167	345	530	721	916
Specialist military equipment	344	1,017	587	594	880	1,190	1,525	1,970
Other plant and equipment	6,008	6,420	6,626	4,771	5,228	5,736	6,261	6,625
Specified cultural and heritage assets	..	..	..	..	..	..	..	..
Other assets	561	373	613	934	1,023	1,124	1,223	1,319
Total Accumulated Depreciation	8,630	12,772	11,793	13,480	16,248	18,953	22,065	24,781
Net Carrying Value								
Land (valuation)	13,803	11,801	14,111	18,882	18,963	19,113	19,166	19,180
Buildings (valuation)	20,552	19,604	20,957	20,822	21,349	21,345	21,138	21,056
Electricity distribution network (valuation)	2,012	2,247	2,152	2,051	2,219	2,574	3,196	3,901
Electricity generation assets (valuation)	8,425	7,903	9,031	9,149	10,057	10,640	11,129	11,594
Aircraft (excluding SME) (valuation)	2,068	2,122	2,116	2,105	2,064	1,970	1,870	2,485
State highways (valuation)	17,948	16,068	18,620	18,631	19,415	20,173	20,821	21,509
Rail network (valuation)	..	..	10,631	10,630	10,804	10,914	10,920	10,924
Specialist military equipment (valuation)	3,078	2,996	3,505	3,516	3,628	3,460	3,412	3,156
Other plant and equipment (cost)	3,684	3,791	3,963	3,530	3,758	3,761	3,849	3,807
Specified cultural and heritage assets (valuation)	..	..	..	1,542	1,569	1,501	1,498	1,499
Other assets	7,404	6,877	7,756	1,812	2,124	2,216	2,676	2,735
Total Net Carrying Value	78,974	73,409	92,842	92,670	95,950	97,667	99,675	101,846
<i>By Type</i>								
Freehold assets	77,391	72,385	91,267	91,531	94,809	96,482	98,455	100,547
Leasehold assets	1,583	1,024	1,575	1,139	1,141	1,185	1,220	1,299
Total Net Carrying Value	78,974	73,409	92,842	92,670	95,950	97,667	99,675	101,846
NOTE 16: Payables								
Taxes repayable	3,570	2,742	3,570	3,490	3,480	3,350	3,270	3,230
Accounts payable	8,899	7,380	7,551	5,422	5,556	5,652	5,467	5,261
Total payables	12,469	10,122	11,121	8,912	9,036	9,002	8,737	8,491
NOTE 17: Provisions								
Provision for Kyoto	656	582	557	557	557	557	557	557
Provision for NPF guarantee	998	944	998	805	805	805	805	805
Provision for employee entitlements	1,533	1,397	1,544	1,611	1,621	1,627	1,635	1,638
Other provisions	477	514	508	875	867	797	822	812
Total provisions	3,664	3,437	3,607	3,848	3,850	3,786	3,819	3,812

Notes to the Forecast Financial Statements

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
NOTE 18: Insurance liabilities								
ACC liability	12,715	13,255	14,457	17,924	18,949	19,978	21,097	22,261
EQC liability				55	42	43	44	45
Other insurance liabilities				19	20	21	21	22
Insurance liabilities	12,715	13,255	14,457	17,998	19,011	20,042	21,162	22,328

ACC liability and asset information

Calculation Information

PricewaterhouseCoopers Actuarial Pty Ltd have prepared an independent actuarial estimate of the ACC outstanding claims liability as at 30 June 2007. 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 future 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), average weekly earnings and the discount rate of 5.70% (5.83% at 30 June 2006). Other key variables in each valuation are the forecast increases in claim costs over and above the economic variables above, and 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

Of the increase in the ACC projected claims liability from 30 June 2006 to that forecast to 30 June 2007, \$3.0 billion relates to adopting a new accounting standard (NZ IFRS-4). This standard required a risk margin and an unexpired risk liability to be added (\$1.6 billion) and inclusion of \$1.4 billion of future levies (with an equivalent amount recognised as an asset).

The remaining \$2.2 billion increase from 30 June 2006 arose from an increase of:

- \$2.0 billion due to a reassessment of the outstanding claims liability including the risk margin. The key reasons for this movement are associated with the changes in economic and other variables mentioned above, notably increases in claim costs and number of long term claimants arising from claims experience.
- \$0.1 billion in the unexpired risk liability, and
- \$0.1 billion in the unearned levy liability.

Presentation Approach

The projected outstanding claims liability is included within total liabilities. ACC has available to it a portfolio of assets that partially offset the claims liability. The assets (less cross holdings of NZ Government stock) are included in the asset portion of the Crown's overall Statement of Financial Position.

Gross ACC liability

Opening gross liability	11,384	12,581	12,715	12,715	17,924	18,949	19,977	21,097
Adjustment on transition to NZ IFRS (as at 1 July 2006)				3,047				
Net projected change	1,321	674	1,742	2,162	1,025	1,029	1,120	1,164
Transfer from other insurer	10							
Closing gross liability	12,715	13,255	14,457	17,924	18,949	19,978	21,097	22,261
Less net assets available to ACC								
Opening net asset value	7,217	8,813	8,880	8,880	11,724	12,748	13,607	14,440
Adjustment on transition to NZ IFRS (as at 1 July 2006)				1,417				
Net projected change	1,663	802	1,289	1,427	1,024	859	833	787
Closing net asset values	8,880	9,615	10,169	11,724	12,748	13,607	14,440	15,227
Net ACC reserves (net liability)								
Opening reserves position	(4,167)	(3,768)	(3,835)	(3,835)	(6,200)	(6,201)	(6,370)	(6,657)
Adjustment on transition to NZ IFRS (as at 1 July 2006)				(1,630)				
Net projected change	332	128	(453)	(735)	(1)	(170)	(287)	(377)
Closing reserves position (net liability)	(3,835)	(3,640)	(4,288)	(6,200)	(6,201)	(6,371)	(6,657)	(7,034)

Notes to the Forecast Financial Statements

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
NOTE 19: Defined benefit retirement plan liabilities								
GSF net defined benefit retirement liability	15,231	15,344	15,554	8,351	8,402	8,390	8,319	8,213
Other net defined benefit retirement liability				12	12	12	12	11
Total net defined benefit retirement plan liabilities	15,231	15,344	15,554	8,363	8,414	8,402	8,331	8,224

The net liability of the Government Superannuation Fund (GSF), as at 28 February 2007 (the valuation date), has been calculated by the Government Actuary for inclusion within the 2007 Budget Update. The GSF net liability arises from closed schemes for past and present public sector employees (set out in the GSF Act 1956). The Projected Unit Credit Method, based on 28 February 2007 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 projected GSF net liability included in the 2007 Budget Update was calculated using discount rates derived from the market yield curve as at 28 February 2007. This resulted in a long-term before-tax discount rate ranging from 6.87% in 2008 to 5.42% in 2017 and beyond. The principal long-term financial assumptions used in the calculation were an inflation rate of 2.25% and an annual salary increases rate, before any promotional effects, of 3.0%.

The 2006/07 projected movement in the net liability (excluding the adjustment on transition to NZ IFRS at 1 July 2006) is \$52 million, reflecting an increase in the GSF liability of \$267 million offset by an increase in the GSF assets of \$215 million. For details on the adjustment as a result of changing to NZ IFRS refer to page 195.

The increase in the projected GSF liability of \$267 million includes an actuarial loss of \$156 million at 28 February 2007, of which \$137 million resulted from experience adjustments with the balance due to a change in discount rate assumptions on valuation date. The remainder of the increase in the GSF liability is the net of the current service cost, interest cost and benefits paid to members.

The increase in the projected GSF assets includes an actuarial gain of \$126 million at 28 February 2007 mainly due to investment returns being better than the expected investment return of 5.75% after tax. (annualised). The balance of \$89 million increase in GSF assets is due to the net of expected investments returns, contributions received by the GSF and benefits paid to members.

The changes in the projected GSF net liability from 2007/08 onwards reflects the net of the expected current service cost, interest cost, investment returns and contributions.

Change in the presentation of the GSF net liability in the Financial Statements of the Government

Under New GAAP (NZ IFRS) the net actuarial loss of \$30 million in 2006/07 (\$156 million actuarial loss in the GSF liability offset by \$126 million actuarial gain in GSF assets) is reported in the gains and losses section of the statement of financial performance, while the pension expense of \$645 million, (being the net of expected current service cost, interest unwind and expected investment returns), is reported in total personnel costs. Under Old GAAP the investment returns of the GSF are reported as investment revenue and the benefit payments to members (pension expense) are reported in expenses in the statement of financial position.

For further details on the presentational differences between Old GAAP and New GAAP refer to page 191.

The projected GSF net liability is presented within total liabilities of the Crown under New GAAP. Under Old GAAP the projected GSF liability is included within total liabilities of the Crown while the GSF portfolio of assets is included in the asset portion of the Crown's overall Statement of Financial Position.

GSF net defined benefit retirement liability

GSF liability								
Opening GSF liability	14,952	15,361	15,231	15,231	12,365	12,523	12,612	12,638
Adjustment on transition to NZ IFRS (as at 1 July 2006)				(3,133)	..	..	..	..
Net projected change	279	(17)	323	267	158	89	26	(13)
Closing GSF liability	15,231	15,344	15,554	12,365	12,523	12,612	12,638	12,625
Less net assets available to GSF								
Opening net asset value	3,521	3,768	3,793	3,793	4,014	4,121	4,222	4,319
Adjustment on transition to NZ IFRS (as at 1 July 2006)				6	..	..	..	..
Investment valuation changes	368	186	382	382	225	230	239	241
Contribution and other income less membership payments	(96)	(97)	(167)	(167)	(118)	(129)	(142)	(148)
Closing net asset value	3,793	3,857	4,008	4,014	4,121	4,222	4,319	4,412
Net GSF liability								
Opening unfunded liability	11,431	11,593	11,438	11,438	8,351	8,402	8,390	8,319
Adjustment on transition to NZ IFRS (as at 1 July 2006)				(3,139)	..	..	..	..
Net projected change	7	(106)	108	52	51	(12)	(71)	(106)
Net liability	11,438	11,487	11,546	8,351	8,402	8,390	8,319	8,213

Notes to the Forecast Financial Statements

(\$ million)	Old GAAP	Old GAAP	Old GAAP	New GAAP	New GAAP	New GAAP	New GAAP	New GAAP
	2006 Actual	2007 Previous Budget	2007 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Note 20: Reconciliation of Core Crown operating cash flows to residual Core Crown cash (includes contribution to NZSF, excludes all other NZSF flows)								
Core Crown Cash Flows from Operations								
Total tax receipts	50,507	51,499	52,868	52,868	55,121	56,007	59,251	62,469
Total other sovereign receipts	539	503	463	463	477	510	526	539
Interest, profits and dividends	1,893	1,035	2,147	2,147	1,857	1,981	1,891	1,882
Sale of goods & services and other receipts	1,449	1,387	1,606	1,606	1,472	1,480	1,462	1,424
Subsidies and transfer payments	(15,357)	(16,820)	(16,624)	(16,624)	(18,789)	(19,280)	(20,178)	(20,962)
Personnel and operating expenses	(28,167)	(30,815)	(30,748)	(30,748)	(32,610)	(32,832)	(32,810)	(32,808)
Finance costs	(2,005)	(1,781)	(2,200)	(2,200)	(2,176)	(2,237)	(2,200)	(2,264)
Forecast new operating spending	..	(320)	(80)	(80)	(314)	(2,306)	(4,391)	(6,508)
Top-down expense adjustment	..	..	500	500	..	..	..	..
Net Cash Flows from Core Crown Operations	8,859	4,688	7,932	7,932	5,038	3,323	3,551	3,772
Net purchase of physical assets	(1,826)	(1,953)	(2,141)	(2,141)	(1,803)	(1,201)	(1,179)	(1,034)
Net increase in advances	(822)	(957)	(1,266)	(1,266)	(1,088)	(699)	(674)	(695)
Net purchase of investments	(389)	(441)	(456)	(456)	(636)	(349)	(229)	(108)
Contribution to NZS Fund	(2,337)	(2,049)	(2,049)	(2,049)	(2,103)	(2,194)	(2,312)	(2,458)
Purchase of Reserve Bank reserves	(500)	(500)	(500)	(500)	..	..	..	..
Forecast new capital spending	..	(256)	..	..	(184)	(567)	(806)	(903)
Top-down capital adjustment	..	..	200	200	..	..	..	..
Residual cash	2,985	(1,468)	1,720	1,720	(976)	(1,687)	(1,649)	(1,426)
Financed by:								
Other net sale/(purchase) of marketable securities and deposits	(2,039)	2,493	(5,728)	(5,471)	(1,649)	1,467	1,727	(1,543)
Total Operating and Investing Activities	946	1,025	(4,008)	(3,751)	(2,625)	(220)	78	(2,969)
Used in:								
Net (repayment)/issue of other	..	..	..	..	..	..	..	..
New Zealand-dollar borrowing	419	(1,132)	4,436	3,977	709	580	294	89
Decrease/(increase) in cash	105	(23)	(76)	31	3	(45)	(30)	(30)
Issue of circulating currency	165	..	273	273	178	186	196	206
Net issue/(repayment) of foreign-currency borrowing	(1,801)	502	(497)	(402)	(993)	(320)	(152)	(57)
	(1,112)	(653)	4,136	3,879	(103)	401	308	208
Net Cash Inflow/(Outflow) to be Offset								
by Domestic Bonds	(166)	372	128	128	(2,728)	181	386	(2,761)
Gross Cash Proceeds from Domestic Bonds								
Domestic bonds (market)	2,375	2,438	2,511	2,511	2,520	2,500	2,483	2,515
Domestic bonds (non-market)	740	406	559	559	208	647	767	246
Total Gross Cash Proceeds from Domestic Bonds	3,115	2,844	3,070	3,070	2,728	3,147	3,250	2,761
Repayment of domestic bonds (market)	(2,574)	(2,777)	(2,777)	(2,777)	..	(2,900)	(3,102)	..
Repayment of domestic bonds (non-market)	(375)	(439)	(421)	(421)	..	(428)	(534)	..
Net Cash (Repayments of)/Proceeds from	166	(372)	(128)	(128)	2,728	(181)	(386)	2,761