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Generally Accepted Accounting Practice (GAAP) Series Tables

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 7 December 2005.

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 27.

10 year trend information

Summary indicators	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(% of GDP)	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue										
Core Crown	32.1	31.7	33.1	33.0	34.5	34.2	34.4	33.9	33.3	34.1
Tax Revenue	29.3	28.8	30.1	29.9	30.9	31.0	31.2	30.8	30.1	30.9
Total Crown	38.4	39.7	43.2	42.5	44.4	43.9	44.2	43.9	43.1	43.7
Expenses										
Core Crown	31.0	30.2	31.6	29.3	30.6	31.9	31.8	32.6	32.5	32.4
Total Crown	37.3	37.9	41.8	37.3	40.3	40.5	40.7	41.6	41.3	41.1
Operating balance	1.1	1.9	1.5	5.2	4.1	3.5	3.6	2.4	1.9	2.7
OBERAC	1.8	2.2	4.2	6.2	5.9	3.7	3.6	2.4	1.9	2.7
Net Worth	9.7	14.9	18.0	25.0	33.1	35.0	37.7	38.6	38.5	39.4
Gross sovereign-issued debt	31.0	28.8	27.3	25.0	23.2	20.9	20.2	21.0	20.2	19.3
Net core Crown debt	16.9	15.3	13.3	10.7	7.1	6.7	6.4	7.0	8.0	8.0
NZS Fund Balance	0.0	0.5	1.4	2.8	4.3	5.9	7.6	9.2	10.8	12.5

Statement of Accounting Policies and Forecast Assumptions

General Accounting Policies and Forecast Assumptions

General accounting policies

Accounting policy

These Forecast Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of 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 2006, 30 June 2007, 30 June 2008, 30 June 2009 and 30 June 2010.

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

The forecasts for 30 June 2006 have generally been prepared using actual data to 30 September or 31 October 2005 (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

There has been a change in the accounting policy for student loans to better reflect their value under the new no-interest policy. Further information on the nature of the change is disclosed in the Student Loan Policy box on page 39 and the impact of the change is reflected in Note 10 on page 113.

All other policies have been applied on a consistent basis during the forecast period.

Changes in forecast assumptions

Changes to the forecast assumptions used for the forecasts published in the 2005 *Half Year Update* are outlined on page 27.

Detailed accounting policies and forecast assumptions

The specific accounting and forecasting policies are reproduced in full on Treasury's website at <http://www.treasury.govt.nz/forecasts/hyefu/2005/>.

Reporting Entity as at 7 December 2005

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 Animal Control Products Limited Asure New Zealand Limited Electricity Corporation of New Zealand Limited Genesis Power 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 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
Alcohol Advisory Council of New Zealand	New Zealand Historic Places Trust (Pouhere Toanga)
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 (2,474)
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 Mangai Paho)
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 (33)
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	
New Zealand Antarctic Institute	
New Zealand Artificial Limb Board	
New Zealand Blood Service	
Organisations named or described in Schedule 4 to the Public Finance Act 1989	
Agriculture and Marketing Research and Development Trust	New Zealand Government Property Corporation
Asia New Zealand Foundation	New Zealand Lottery Grants Board
Fish and game councils (12)	Ngai Tahu Ancillary Claims Trust
Leadership Development Centre Trust	Pacific Co-operation Foundation
New Zealand Fish and Game Council	Pacific Islands Business Development Trust
New Zealand Game Bird Habitat Trust Board	Reserves boards (24)
	Road Safety Trust

Forecast Statement of Financial Performance

for the years ending 30 June

(\$ million)	Note	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
		2005 Actual	Previous Budget					
Revenue								
Taxation revenue	1	46,624	48,102	49,249	50,821	52,253	53,760	57,984
Levies, fees, fines and penalties	1	3,115	3,206	3,158	3,257	3,312	3,378	3,427
Total Revenue Levied through the Crown's Sovereign Power	1	49,739	51,308	52,407	54,078	55,565	57,138	61,411
Sales of goods and services	2	11,331	11,850	12,225	12,843	13,196	13,792	14,311
Investment income	3	3,814	3,322	3,293	3,332	3,611	3,957	4,323
Other revenue	4	2,181	2,290	1,850	1,888	2,218	2,198	2,086
Total Revenue Earned through the Crown's Operations		17,326	17,462	17,368	18,063	19,025	19,947	20,720
Total Crown Revenue		67,065	68,770	69,775	72,141	74,590	77,085	82,131
Expenses								
By input type								
Subsidies and transfer payments	5	15,844	17,002	17,077	18,401	19,651	20,353	21,117
Personnel expenses	6	13,562	14,483	14,656	14,913	15,154	15,264	15,367
Operating expenses	7	25,314	27,123	29,062	28,339	29,305	29,911	30,523
New operating spending up to Budget 2006	8	..	271	106	1,331	1,200	1,190	1,213
Forecast new operating spending	8	..	..	..	..	1,814	3,692	5,614
Finance costs		2,760	2,792	2,795	2,777	2,925	2,929	2,876
Net foreign-exchange (gains)/losses		(17)	..	4	..	..	..	..
Movement in total GSF liability	15	1,410	(24)	293	11	(38)	(88)	(134)
Movement in total ACC liability	16	2,037	597	358	609	609	600	597
Total Crown expenses		60,910	62,244	64,351	66,381	70,620	73,851	77,173
Revenues less Expenses		6,155	6,526	5,424	5,760	3,970	3,234	4,958
Net surplus of TEIs		133	139	133	133	133	133	133
Operating balance (including minority interest)		6,288	6,665	5,557	5,893	4,103	3,367	5,091
Minority interest		(41)	..	..	..	..	..	..
Operating Balance		6,247	6,665	5,557	5,893	4,103	3,367	5,091

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)	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
	2005 Actual	Previous Budget					
Total Crown expenses by functional classification							
Social security and welfare	18,522	18,173	18,194	19,876	21,116	21,832	22,607
GSF pension expenses	2,442	1,019	1,429	1,095	1,079	1,063	1,034
Health	8,444	9,330	9,436	9,714	9,792	9,853	9,866
Education	8,619	9,163	10,467	9,241	9,663	9,812	9,906
Core government services	2,085	2,009	2,019	1,999	2,093	2,107	2,096
Law and order	2,131	2,364	2,394	2,459	2,480	2,497	2,501
Defence	1,229	1,290	1,347	1,400	1,478	1,555	1,640
Transport and communications	5,948	6,520	6,400	6,786	6,980	7,085	7,290
Economic and industrial services	4,859	5,411	5,665	5,775	6,047	6,187	6,427
Primary services	1,128	1,236	1,225	1,181	1,189	1,197	1,204
Heritage, culture and recreation	2,032	1,810	2,038	1,797	1,820	1,878	1,933
Housing and community development	697	739	781	845	867	897	889
Other	31	117	51	105	77	77	77
Finance costs	2,760	2,792	2,795	2,777	2,925	2,929	2,876
Net foreign-exchange (gains)/losses	(17)	..	4	..	..	..	..
New operating spending up to Budget 2006	..	271	106	1,331	1,200	1,190	1,213
Forecast new operating spending	..	..	..	..	1,814	3,692	5,614
Total Crown Expenses	60,910	62,244	64,351	66,381	70,620	73,851	77,173
Core Crown expenses by functional classification							
Social security and welfare	14,682	15,611	15,850	17,091	18,225	18,805	19,444
GSF pension expenses	2,442	1,019	1,430	1,095	1,079	1,063	1,034
Health	8,813	9,666	9,839	10,261	10,358	10,441	10,475
Education	7,930	8,681	10,033	8,878	9,034	9,059	9,155
Core government services	2,217	2,098	2,182	2,107	2,176	2,171	2,162
Law and order	1,977	2,177	2,193	2,232	2,244	2,252	2,244
Defence	1,275	1,341	1,377	1,430	1,508	1,584	1,670
Transport and communications	1,635	1,895	1,893	2,115	2,256	2,416	2,412
Economic and industrial services	1,444	1,679	1,711	1,646	1,798	1,689	1,732
Primary services	394	445	473	421	418	416	417
Heritage, culture and recreation	991	786	1,042	767	765	769	773
Housing and community development	163	214	218	260	259	250	241
Other	32	117	51	107	77	77	78
Finance costs	2,274	2,245	2,250	2,147	2,195	2,165	2,118
Net foreign-exchange (gains)/losses	(35)	..	17	..	..	..	..
New operating spending up to Budget 2006	..	271	106	1,331	1,200	1,190	1,213
Forecast new operating spending	..	..	..	..	1,814	3,692	5,614
Total Core Crown Expenses	46,234	48,245	50,665	51,888	55,406	58,039	60,782

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)	2006						
	2005 Actual	Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Cash Flows from Operations							
Cash was Provided from							
Total tax receipts (refer Note 1)	46,867	48,106	49,152	50,796	52,332	53,800	57,972
Total other sovereign receipts (refer Note 1)	2,974	2,995	3,109	3,057	3,206	3,286	3,436
Interest	1,642	1,346	1,156	1,172	1,178	1,232	1,256
Dividends	66	73	105	113	123	133	143
Sales of goods and services	11,517	12,118	12,443	13,242	13,539	14,078	14,568
Other operating receipts	2,186	2,194	2,419	2,112	2,064	2,034	1,848
Total Cash Provided from Operations	65,252	66,832	68,384	70,492	72,442	74,563	79,223
Cash was Disbursed to							
Subsidies and transfer payments	15,717	17,236	17,334	18,655	19,941	20,650	21,422
Personnel and operating payments	35,052	37,911	38,175	40,119	40,615	41,517	41,934
Finance costs	2,294	2,471	2,209	2,117	2,246	2,389	2,403
Forecast new operating spending	..	271	106	1,331	3,014	4,882	6,827
Total Cash Disbursed to Operations	53,063	57,889	57,824	62,222	65,816	69,438	72,586
Net Cash Flows from Operations	12,189	8,943	10,560	8,270	6,626	5,125	6,637
Cash Flows from Investing Activities							
Cash was Provided from							
Sale of physical assets	316	..	310	206	158	89	170
Total Cash Provided	316	..	310	206	158	89	170
Cash was Disbursed to							
Purchase of physical assets	4,862	6,553	7,159	5,907	5,084	4,096	3,762
Net increase in advances	1,061	1,943	1,947	2,072	2,219	1,012	787
Net purchase/(sale) of marketable securities, deposits and other equity investments	6,677	2,086	3,604	2,237	2,921	1,678	2,630
Forecast new capital spending	..	100	65	705	633	450	495
Total Cash Disbursed	12,600	10,682	12,775	10,921	10,857	7,236	7,674
Net Cash Flows from Investing Activities	(12,284)	(10,682)	(12,465)	(10,715)	(10,699)	(7,147)	(7,504)
Net Cash Flows from Operating and Investing Activities	(95)	(1,739)	(1,905)	(2,445)	(4,073)	(2,022)	(867)
Cash Flows from Financing Activities							
Cash was Provided from							
Issue of circulating currency	188	..	18	..	..	..	..
Net (repayment)/issue of Government stock ¹	(951)	(647)	(184)	(61)	2,755	245	(350)
Total Cash Provided	(763)	(647)	(166)	(61)	2,755	245	(350)
Cash was Disbursed to							
Net (issue)/repayment of foreign-currency borrowing	(1,913)	(1,518)	(402)	(677)	52	340	283
Net repayment/(issue) of other New Zealand-dollar borrowing	829	(497)	(752)	(1,923)	(1,690)	(2,344)	(1,727)
Total Cash Disbursed	(1,084)	(2,015)	(1,154)	(2,600)	(1,638)	(2,004)	(1,444)
Net Cash Flows from Financing Activities	321	1,368	988	2,539	4,393	2,249	1,094
Net Movement in Cash	226	(371)	(917)	94	320	227	227
Opening Cash Balance	3,450	2,817	3,710	2,793	2,887	3,207	3,434
Foreign-exchange (losses)/gains on opening cash	34	..	..	..	..	..	..
Closing Cash Balance	3,710	2,446	2,793	2,887	3,207	3,434	3,661

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)	2006						
	2005 Actual	Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Reconciliation Between the Forecast Net Cash Flows from Operations and the Operating Balance							
Net Cash Flows from Operations	12,189	8,943	10,560	8,270	6,626	5,125	6,637
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation Changes							
(Increase)/decrease in pension liabilities	(1,410)	24	(293)	(11)	38	88	134
(Increase)/decrease in ACC liability	(2,037)	(597)	(358)	(609)	(609)	(600)	(597)
Decrease/(increase) in NPF guarantee	(53)	..	..	..	..	..	..
Unrealised net foreign-exchange (losses)/gains	4	..	(59)	..	..	..	..
Non-cash movements in investments	528	500	455	425	445	466	493
Unrealised losses arising from changes in the value of commercial forests	(23)	..	..	..	..	..	..
Total Valuation Changes	(2,991)	(73)	(255)	(195)	(126)	(46)	30
Physical Asset Movements							
Depreciation	(2,528)	(2,744)	(2,779)	(2,932)	(3,040)	(3,141)	(3,206)
(Loss)/gain on sale of assets	(2)	..	..	..	..	..	..
Total Physical Asset Movements	(2,530)	(2,744)	(2,779)	(2,932)	(3,040)	(3,141)	(3,206)
Other Non-cash Items							
Student Loans	(188)	(45)	(1,704)	(167)	(175)	(166)	(147)
Amortisation of goodwill	(97)	(94)	(89)	(89)	(88)	(88)	(87)
Accrued income from NZS Fund	492	467	506	646	833	1,040	1,273
Other	133	139	133	133	133	133	133
Total Other Non-cash Items	340	467	(1,154)	523	703	919	1,172
Movements in Working Capital							
Increase/(decrease) in taxes receivable	(202)	(82)	2	(84)	(135)	(134)	(137)
Increase/(decrease) in other receivables	498	149	(707)	(75)	70	123	169
Increase/(decrease) in inventories	58	82	90	47	42	47	(1)
Decrease/(increase) in payables	(1,115)	(77)	(200)	339	(37)	474	427
Total Movements in Working Capital	(761)	72	(815)	227	(60)	510	458
Operating Balance	6,247	6,665	5,557	5,893	4,103	3,367	5,091

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)	2006						
	2005 Actual	Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Opening Net Worth	35,463	41,972	49,983	55,555	61,448	65,551	68,918
Operating balance for the year	6,247	6,665	5,557	5,893	4,103	3,367	5,091
Minority interest in operating balance	41	..	..	..	..	..	..
Increase in minority interest	35	..	..	..	..	..	..
Net revaluations	8,197	..	15	..	..	..	..
Total Recognised Revenues and Expenses	14,520	6,665	5,572	5,893	4,103	3,367	5,091
Closing Net Worth	49,983	48,637	55,555	61,448	65,551	68,918	74,009

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

Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
		2005 Actual	Previous Budget					
Assets								
Cash and bank balances	9	3,710	2,446	2,793	2,887	3,207	3,434	3,661
Marketable securities, deposits & equity investments	9	33,062	32,730	35,322	37,609	41,807	43,236	46,469
Advances	10	8,536	10,453	8,563	10,062	11,468	12,005	12,516
Receivables	11	10,883	10,205	10,178	10,019	9,954	9,943	9,975
Inventories		946	1,021	1,036	1,083	1,125	1,172	1,171
Other investments	12	221	234	258	277	291	311	311
Property, plant and equipment	13	67,494	65,092	71,770	74,466	76,437	77,197	77,445
TEI investment		5,010	4,657	5,185	5,329	5,470	5,612	5,750
Commercial forests		232	251	232	232	232	232	232
Intangible assets (including goodwill)		737	633	630	539	448	377	307
Forecast new capital spending		..	100	65	770	1,403	1,853	2,348
Total Assets		130,831	127,822	136,032	143,273	151,842	155,372	160,185
Liabilities								
Payables and provisions	14	14,451	13,986	14,221	14,225	14,866	14,932	15,130
Currency issued		3,197	3,214	3,215	3,215	3,215	3,215	3,215
Borrowings - sovereign guaranteed		28,645	26,179	26,653	25,651	27,650	27,220	26,451
Borrowings - non-sovereign guaranteed		8,219	9,976	9,401	11,127	12,382	12,397	12,227
Provision for GSF pension liability	15	14,952	14,079	15,245	15,256	15,218	15,130	14,996
Provision for ACC outstanding claims liability	16	11,384	11,751	11,742	12,351	12,960	13,560	14,157
Total Liabilities		80,848	79,185	80,477	81,825	86,291	86,454	86,176
Total Assets less Total Liabilities		49,983	48,637	55,555	61,448	65,551	68,918	74,009
Net Worth								
Taxpayer funds		21,780	28,179	27,552	33,445	37,548	40,915	46,006
Revaluation reserve	17	27,988	20,458	28,003	28,003	28,003	28,003	28,003
Minority Interest		215	..	..	..	..	..	..
Net Worth		49,983	48,637	55,555	61,448	65,551	68,918	74,009

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)	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
	2005 Actual	Previous Budget					
New Zealand Superannuation Fund							
Opening balance	3,956	6,474	6,555	9,398	12,395	15,671	19,388
Gross contribution	2,107	2,337	2,337	2,351	2,443	2,677	2,819
Income after tax	492	467	506	646	833	1,040	1,273
NZS Fund balance	6,555	9,278	9,398	12,395	15,671	19,388	23,480

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 (refer to the Forecast Statement of Segments)

Total Crown gross debt	36,864	36,155	36,054	36,778	40,032	39,617	38,678
Core Crown sovereign guaranteed borrowings excl cross holdings of NZS Fund and GSF	33,777 (1,268)	32,000 (663)	31,360 (1,915)	33,786 819	33,789 (1,939)	33,457 (2,654)	33,457 (2,738)
Gross sovereign-issued debt	35,045	32,663	33,275	32,967	35,728	36,111	36,195

Core Crown

Gross sovereign issued debt	35,045	33,284	33,275	32,967	35,728	36,111	36,195
Financial assets	(33,078)	(34,564)	(34,351)	(36,980)	(41,347)	(42,758)	(45,831)
	1,967	(1,280)	(1,076)	(4,013)	(5,619)	(6,647)	(9,636)
NZS Fund and GSF financial assets	8,804	11,537	11,673	14,447	17,473	20,887	24,634
Net Core Crown Debt	10,771	10,257	10,597	10,434	11,854	14,240	14,998

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

Forecast Statement of Borrowings

for the years ending 30 June

(\$ million)	2006						
	2005 Actual	Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
Sovereign Guaranteed Debt							
New Zealand-Dollar Debt							
Government stock	16,058	14,858	15,894	15,504	17,884	17,742	17,026
Treasury bills	5,245	4,364	5,240	5,237	5,285	5,282	5,284
Loans and foreign-exchange contracts	(6,123)	1,427	538	(513)	(1,010)	(1,194)	(1,194)
Retail stock and other	583	674	600	541	498	459	419
Total New Zealand-Dollar Debt	15,763	21,323	22,272	20,769	22,657	22,289	21,535
Foreign-Currency Debt							
United States dollars	7,906	84	2,474	2,974	3,175	3,176	3,176
Japanese yen	252	382	(415)	(415)	(415)	(415)	(416)
European and other currencies	4,724	4,390	2,322	2,323	2,233	2,170	2,156
Total Foreign-Currency Debt	12,882	4,856	4,380	4,882	4,993	4,931	4,916
Total Sovereign Guaranteed Debt	28,645	26,179	26,653	25,651	27,650	27,220	26,451
Non-Sovereign Guaranteed Debt							
New Zealand	5,601	7,259	6,500	7,984	9,395	9,663	9,739
United States dollars	1,541	2,221	1,978	2,067	1,915	1,714	1,522
Japanese yen	324	..	..	..	..	..	..
European and other currencies	753	496	923	1,076	1,072	1,020	966
Total Non-Sovereign Guaranteed Debt	8,219	9,976	9,401	11,127	12,382	12,397	12,227
Total Borrowings (Gross Debt)	36,864	36,155	36,054	36,778	40,032	39,617	38,678
Less							
Financial Assets (including restricted assets)							
Marketable Securities, Deposits and Equity Investments							
New Zealand dollars	6,487	11,774	14,564	12,835	13,593	10,542	9,416
United States dollars	9,733	3,633	4,505	5,155	5,519	5,700	5,893
Japanese yen	789	417	90	240	404	589	793
European and other currencies	4,455	3,202	2,108	2,716	2,779	3,735	4,293
Reserve Position at IMF	702	662	495	498	501	505	508
NZ equity investments	2,385	2,698	3,136	3,676	4,259	4,890	5,545
Foreign equity investments	8,511	10,344	10,424	12,489	14,752	17,275	20,021
Total	33,062	32,730	35,322	37,609	41,807	43,236	46,469
Advances and Cash							
Student loans	6,465	7,195	5,539	6,035	6,559	7,070	7,547
Other advances	2,071	3,258	3,024	4,027	4,909	4,935	4,969
Cash	3,710	2,446	2,793	2,887	3,207	3,434	3,661
Total	12,246	12,899	11,356	12,949	14,675	15,439	16,177
Total Financial Assets	45,308	45,629	46,678	50,558	56,482	58,675	62,646
Borrowings less Financial Assets	(8,444)	(9,474)	(10,624)	(13,780)	(16,450)	(19,058)	(23,968)
Net New Zealand-dollar debt	(13)	1,252	(1,133)	(1,830)	(1,902)	(698)	(2,034)
Net foreign-currency debt	(8,431)	(10,726)	(9,491)	(11,950)	(14,548)	(18,360)	(21,934)
Borrowings less Financial Assets	(8,444)	(9,474)	(10,624)	(13,780)	(16,450)	(19,058)	(23,968)

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 2005	As at 30 June 2005
Capital Commitments		
Specialist military equipment	723	825
Land and buildings	1,604	1,440
Other property, plant and equipment	2,453	2,432
Other capital commitments	141	69
Investments	125	125
Total Capital Commitments	5,046	4,891
Operating Commitments		
Non-cancellable accommodation leases	1,789	1,972
Other non-cancellable leases	2,479	2,606
Non-cancellable contracts for the supply of goods and services	856	1,721
Other operating commitments	3,403	4,054
TEIs	1,052	1,052
Total Operating Commitments	9,579	11,405
Total Commitments	14,625	16,296
Total Commitments by Institutional Segment		
Core Crown	3,318	2,627
Crown entities	7,879	10,061
State-owned enterprises	3,428	3,608
Total Commitments	14,625	16,296

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 2005	As at 30 June 2005
Guarantees and indemnities	145	149
Uncalled capital	2,227	2,233
Legal proceedings and disputes	680	586
Other quantifiable contingent liabilities	1,570	1,502
Total Quantifiable Contingent Liabilities	4,622	4,470
Total Quantifiable Contingent Liabilities by Institutional Segment		
Core Crown	4,488	4,330
Crown Entities	19	36
State-owned enterprises	115	104
Total Quantifiable Contingent Liabilities	4,622	4,470
Quantifiable Contingent Assets		
Core Crown - Education and Transport	114	107
Total Quantifiable Contingent Assets	114	107

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 86 to 88 of the Specific Fiscal Risk chapter.

The Statement of Specific Risks (quantified and unquantified) is outlined on pages 75 to 86 of the Specific Fiscal Risk chapter.

Forecast Statement of Segments

Statement of Financial Performance (institutional form)

for the year ended 30 June 2005

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2005	2005	2005	2005	2005
(\$ million)	\$m	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	47,118	-	-	(494)	46,624
Other sovereign levied income	647	2,561	-	(93)	3,115
Sales of goods and services	790	1,706	9,275	(440)	11,331
Investment income	2,811	1,297	332	(626)	3,814
Other revenues	699	17,247	658	(16,423)	2,181
Total revenue	52,065	22,811	10,265	(18,076)	67,065
Expenses by input type					
Subsidies and transfer payments	14,295	1,549	-	-	15,844
Personnel expenses	4,738	7,075	1,755	(6)	13,562
Operating expenses	23,553	12,033	7,180	(17,452)	25,314
Finance costs	2,273	288	376	(177)	2,760
FX losses/(gains)	(35)	63	(45)	-	(17)
GSF and ACC liability revaluation movements	1,410	2,037	-	-	3,447
Total expenses	46,234	23,045	9,266	(17,635)	60,910
Expenses by functional classification					
Social security and welfare	14,682	4,274	-	(434)	18,522
Health	8,813	7,478	-	(7,847)	8,444
Education	7,930	6,161	13	(5,485)	8,619
Other functional classifications	12,570	4,781	8,922	(3,691)	22,582
Forecast new operating spending	-	-	-	-	-
Finance costs and FX losses/(gains)	2,239	351	331	(178)	2,743
Total expenses	46,234	23,045	9,266	(17,635)	60,910
TEI's and Minority Interest	-	133	(41)	-	92
Operating balance	5,831	(101)	958	(441)	6,247

Statement of Financial Position (institutional form)

as at 30 June 2005

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2005	2005	2005	2005	2005
(\$ million)	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets	33,078	15,637	3,990	(7,397)	45,308
Physical assets	21,987	32,252	13,255	-	67,494
Investment in SOEs and CEs (including TEIs)	23,823	5,010	-	(23,823)	5,010
Other assets	8,637	2,533	2,431	(582)	13,019
Total assets	87,525	55,432	19,676	(31,802)	130,831
Liabilities					
Borrowings	33,777	3,867	6,617	(7,397)	36,864
Other liabilities	25,442	16,745	2,979	(1,182)	43,984
Total liabilities	59,219	20,612	9,596	(8,579)	80,848
Net worth	28,306	34,820	10,080	(23,223)	49,983
Taxpayer funds	19,504	19,288	6,211	(23,223)	21,780
Revaluation reserves	8,802	15,532	3,654	-	27,988
Minority Interest	-	-	215	-	215
Net worth	28,306	34,820	10,080	(23,223)	49,983
Analysis of financial assets and borrowings					
Advances and cash	9,373	2,098	2,902	(2,127)	12,246
MSDs and equity investments	23,705	13,539	1,088	(5,270)	33,062
Total financial assets	33,078	15,637	3,990	(7,397)	45,308
Borrowings - Sovereign guaranteed	33,777	-	-	(5,132)	28,645
Borrowings - Non-sovereign guaranteed	-	3,867	6,617	(2,265)	8,219
Total borrowings	33,777	3,867	6,617	(7,397)	36,864
Borrowings less financial assets	699	(11,770)	2,627	-	(8,444)
Net Crown debt	10,771				
Gross sovereign-issued debt	35,045				

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	49,705	-	-	(456)	49,249
Other sovereign levied income	661	2,546	-	(49)	3,158
Sales of goods and services	769	1,766	10,134	(444)	12,225
Investment income	2,471	1,106	252	(536)	3,293
Other revenues	722	18,421	901	(18,194)	1,850
Total revenue	54,328	23,839	11,287	(19,679)	69,775
Expenses by input type					
Subsidies and transfer payments	15,362	1,715	-	-	17,077
Personnel expenses	5,373	7,426	1,862	(5)	14,656
Operating expenses	27,370	12,746	8,192	(19,140)	29,168
Finance costs	2,250	305	413	(173)	2,795
FX losses/(gains)	17	10	(23)	-	4
GSF and ACC liability revaluation movements	293	358	-	-	651
Total expenses	50,665	22,560	10,444	(19,318)	64,351
Expenses by functional classification					
Social security and welfare	15,850	2,786	-	(442)	18,194
Health	9,839	7,932	-	(8,335)	9,436
Education	10,033	6,586	15	(6,167)	10,467
Other functional classifications	12,570	4,941	10,039	(4,201)	23,349
Forecast new operating spending	106	-	-	-	106
Finance costs and FX losses/(gains)	2,267	315	390	(173)	2,799
Total expenses	50,665	22,560	10,444	(19,318)	64,351
Net surplus TEIs	-	133	-	-	133
Operating balance	3,663	1,412	843	(361)	5,557

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	34,351	16,282	3,948	(7,903)	46,678
Physical assets	22,804	33,760	15,206	-	71,770
Investment in SOEs and CEs (including TEIs)	24,399	5,185	-	(24,399)	5,185
Other assets	8,255	2,007	2,654	(517)	12,399
Total assets	89,809	57,234	21,808	(32,819)	136,032
Liabilities					
Borrowings	31,978	4,071	7,908	(7,903)	36,054
Other liabilities	25,850	16,368	3,269	(1,064)	44,423
Total liabilities	57,828	20,439	11,177	(8,967)	80,477
Net worth	31,981	36,795	10,631	(23,852)	55,555
Taxpayer funds	23,169	21,259	6,976	(23,852)	27,552
Revaluation reserves	8,812	15,536	3,655	-	28,003
Net worth	31,981	36,795	10,631	(23,852)	55,555
Analysis of financial assets and borrowings					
Advances and cash	8,255	2,037	3,530	(2,466)	11,356
MSDs and equity investments	26,096	14,245	418	(5,437)	35,322
Total financial assets	34,351	16,282	3,948	(7,903)	46,678
Borrowings - Sovereign guaranteed	31,978	-	-	(5,325)	26,653
Borrowings - Non-sovereign guaranteed	-	4,071	7,908	(2,578)	9,401
Total borrowings	31,978	4,071	7,908	(7,903)	36,054
Borrowings less financial assets	(2,373)	(12,211)	3,960	-	(10,624)
Net Crown debt	10,597				
Gross sovereign-issued debt	33,275				

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	51,362	-	-	(541)	50,821
Other sovereign levied income	671	2,634	-	(48)	3,257
Sales of goods and services	768	1,791	10,720	(436)	12,843
Investment income	2,608	1,086	289	(651)	3,332
Other revenues	707	19,381	906	(19,106)	1,888
Total revenue	56,116	24,892	11,915	(20,782)	72,141
Expenses by input type					
Subsidies and transfer payments	16,542	1,859	-	-	18,401
Personnel expenses	5,335	7,663	1,921	(6)	14,913
Operating expenses	27,853	13,307	8,638	(20,128)	29,670
Finance costs	2,147	304	509	(183)	2,777
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	11	609	-	-	620
Total expenses	51,888	23,742	11,068	(20,317)	66,381
Expenses by functional classification					
Social security and welfare	17,091	3,243	-	(458)	19,876
Health	10,261	8,175	-	(8,722)	9,714
Education	8,878	6,884	15	(6,536)	9,241
Other functional classifications	12,180	5,136	10,544	(4,418)	23,442
Forecast new operating spending	1,331	-	-	-	1,331
Finance costs and FX losses/(gains)	2,147	304	509	(183)	2,777
Total expenses	51,888	23,742	11,068	(20,317)	66,381
Net surplus TEIs	-	133	-	-	133
Operating balance	4,228	1,283	847	(465)	5,893

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	36,980	17,393	4,930	(8,745)	50,558
Physical assets	23,129	34,589	16,748	-	74,466
Investment in SOEs and CEs (including TEIs)	24,765	5,329	-	(24,765)	5,329
Other assets	8,796	2,034	2,620	(530)	12,920
Total assets	93,670	59,345	24,298	(34,040)	143,273
Liabilities					
Borrowings	31,360	4,269	9,894	(8,745)	36,778
Other liabilities	26,102	16,650	3,345	(1,050)	45,047
Total liabilities	57,462	20,919	13,239	(9,795)	81,825
Net worth	36,208	38,426	11,059	(24,245)	61,448
Taxpayer Funds	27,396	22,890	7,404	(24,245)	33,445
Revaluation reserves	8,812	15,536	3,655	-	28,003
Net worth	36,208	38,426	11,059	(24,245)	61,448
Analysis of financial assets and borrowings					
Advances and cash	9,214	2,133	4,515	(2,913)	12,949
MSDs and equity investments	27,766	15,260	415	(5,832)	37,609
Total financial assets	36,980	17,393	4,930	(8,745)	50,558
Borrowings - Sovereign guaranteed	31,360	-	-	(5,709)	25,651
Borrowings - Non-sovereign guaranteed	-	4,269	9,894	(3,036)	11,127
Total borrowings	31,360	4,269	9,894	(8,745)	36,778
Borrowings less financial assets	(5,620)	(13,124)	4,964	-	(13,780)
Net Crown debt	10,434				
Gross sovereign-issued debt	32,967				

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

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008	2008	2008	2008	2008
(\$ million)	\$m	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	52,831	-	-	(578)	52,253
Other sovereign levied income	662	2,715	-	(65)	3,312
Sales of goods and services	767	1,842	10,989	(402)	13,196
Investment income	2,717	1,150	355	(611)	3,611
Other revenues	677	19,980	940	(19,379)	2,218
Total revenue	57,654	25,687	12,284	(21,035)	74,590
Expenses by input type					
Subsidies and transfer payments	17,688	1,963	-	-	19,651
Personnel expenses	5,398	7,790	1,969	(3)	15,154
Operating expenses	30,163	13,789	8,788	(20,421)	32,319
Finance costs	2,195	311	613	(194)	2,925
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(38)	609	-	-	571
Total expenses	55,406	24,462	11,370	(20,618)	70,620
Expenses by functional classification					
Social security and welfare	18,225	3,390	-	(499)	21,116
Health	10,358	8,416	-	(8,982)	9,792
Education	9,034	6,987	15	(6,373)	9,663
Other functional classifications	12,580	5,358	10,742	(4,570)	24,110
Forecast new operating spending	3,014	-	-	-	3,014
Finance costs and FX losses/(gains)	2,195	311	613	(194)	2,925
Total expenses	55,406	24,462	11,370	(20,618)	70,620
Net surplus TEIs	-	133	-	-	133
Operating balance	2,248	1,358	914	(417)	4,103

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

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008	2008	2008	2008	2008
(\$ million)	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets	41,347	18,704	6,067	(9,636)	56,482
Physical assets	23,003	35,647	17,787	-	76,437
Investment in SOEs and CEs (including TEIs)	24,946	5,470	-	(24,946)	5,470
Other assets	9,244	2,092	2,643	(526)	13,453
Total assets	98,540	61,913	26,497	(35,108)	151,842
Liabilities					
Borrowings	33,786	4,606	11,276	(9,636)	40,032
Other liabilities	26,297	17,378	3,591	(1,007)	46,259
Total liabilities	60,083	21,984	14,867	(10,643)	86,291
Net worth	38,457	39,929	11,630	(24,465)	65,551
Taxpayer Funds	29,645	24,393	7,975	(24,465)	37,548
Revaluation reserves	8,812	15,536	3,655	-	28,003
Net worth	38,457	39,929	11,630	(24,465)	65,551
Analysis of financial assets and borrowings					
Advances and cash	10,220	2,193	5,627	(3,365)	14,675
MSDs and equity investments	31,127	16,511	440	(6,271)	41,807
Total financial assets	41,347	18,704	6,067	(9,636)	56,482
Borrowings - Sovereign guaranteed	33,786	-	-	(6,136)	27,650
Borrowings - Non-sovereign guaranteed	-	4,606	11,276	(3,500)	12,382
Total borrowings	33,786	4,606	11,276	(9,636)	40,032
Borrowings less financial assets	(7,561)	(14,098)	5,209	-	(16,450)
Net Crown debt	11,854				
Gross sovereign-issued debt	35,728				

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	54,398	-	-	(638)	53,760
Other sovereign levied income	655	2,787	-	(64)	3,378
Sales of goods and services	766	1,891	11,539	(404)	13,792
Investment income	3,031	1,212	349	(635)	3,957
Other revenues	658	20,024	962	(19,446)	2,198
Total revenue	59,508	25,914	12,850	(21,187)	77,085
Expenses by input type					
Subsidies and transfer payments	18,269	2,084	-	-	20,353
Personnel expenses	5,492	7,772	2,003	(3)	15,264
Operating expenses	32,201	13,978	9,162	(20,548)	34,793
Finance costs	2,165	322	657	(215)	2,929
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(88)	600	-	-	512
Total expenses	58,039	24,756	11,822	(20,766)	73,851
Expenses by functional classification					
Social security and welfare	18,805	3,546	-	(519)	21,832
Health	10,441	8,424	-	(9,012)	9,853
Education	9,059	7,000	15	(6,262)	9,812
Other functional classifications	12,687	5,464	11,150	(4,758)	24,543
Forecast new operating spending	4,882	-	-	-	4,882
Finance costs and FX losses/(gains)	2,165	322	657	(215)	2,929
Total expenses	58,039	24,756	11,822	(20,766)	73,851
Net surplus TEIs	-	133	-	-	133
Operating balance	1,469	1,291	1,028	(421)	3,367

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	42,758	19,955	6,228	(10,266)	58,675
Physical assets	22,632	36,132	18,433	-	77,197
Investment in SOEs and CEs (including TEIs)	25,008	5,611	-	(25,007)	5,612
Other assets	9,552	2,148	2,741	(553)	13,888
Total assets	99,950	63,846	27,402	(35,826)	155,372
Liabilities					
Borrowings	33,789	4,719	11,375	(10,266)	39,617
Other liabilities	26,232	17,852	3,723	(970)	46,837
Total liabilities	60,021	22,571	15,098	(11,236)	86,454
Net worth	39,929	41,275	12,304	(24,590)	68,918
Taxpayer Funds	31,117	25,739	8,649	(24,590)	40,915
Revaluation reserves	8,812	15,536	3,655	-	28,003
Net worth	39,929	41,275	12,304	(24,590)	68,918
Analysis of financial assets and borrowings					
Advances and cash	10,981	2,230	5,780	(3,552)	15,439
MSDs and equity investments	31,777	17,725	448	(6,714)	43,236
Total financial assets	42,758	19,955	6,228	(10,266)	58,675
Borrowings - Sovereign guaranteed	33,789	-	-	(6,569)	27,220
Borrowings - Non-sovereign guaranteed	-	4,719	11,375	(3,697)	12,397
Total borrowings	33,789	4,719	11,375	(10,266)	39,617
Borrowings less financial assets	(8,969)	(15,236)	5,147	-	(19,058)
Net Crown debt	14,240				
Gross sovereign-issued debt	36,111				

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 2010

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2010 \$m	2010 \$m	2010 \$m	2010 \$m	2010 \$m
Revenue					
Taxation revenue	58,654	-	-	(670)	57,984
Other sovereign levied income	650	2,841	-	(64)	3,427
Sales of goods and services	771	1,930	12,011	(401)	14,311
Investment income	3,367	1,292	346	(682)	4,323
Other revenues	646	20,082	950	(19,592)	2,086
Total revenue	64,088	26,145	13,307	(21,409)	82,131
Expenses by input type					
Subsidies and transfer payments	18,907	2,210	-	-	21,117
Personnel expenses	5,510	7,822	2,038	(3)	15,367
Operating expenses	34,381	14,184	9,510	(20,725)	37,350
Finance costs	2,118	329	670	(241)	2,876
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(134)	597	-	-	463
Total expenses	60,782	25,142	12,218	(20,969)	77,173
Expenses by functional classification					
Social security and welfare	19,444	3,700	-	(537)	22,607
Health	10,475	8,432	-	(9,041)	9,866
Education	9,155	7,117	15	(6,381)	9,906
Other functional classifications	12,763	5,564	11,533	(4,769)	25,091
Forecast new operating spending	6,827	-	-	-	6,827
Finance costs and FX losses/(gains)	2,118	329	670	(241)	2,876
Total expenses	60,782	25,142	12,218	(20,969)	77,173
Net surplus TEIs		133	-	-	133
Operating balance	3,306	1,136	1,089	(440)	5,091

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2010 \$m	2010 \$m	2010 \$m	2010 \$m	2010 \$m
Assets					
Financial assets	45,831	21,207	6,386	(10,778)	62,646
Physical assets	22,297	36,247	18,901	-	77,445
Investment in SOEs and CEs (including TEIs)	25,050	5,750	-	(25,050)	5,750
Other assets	9,775	2,379	2,758	(568)	14,344
Total assets	102,953	65,583	28,045	(36,396)	160,185
Liabilities					
Borrowings	33,457	4,724	11,275	(10,778)	38,678
Other liabilities	26,258	18,446	3,749	(955)	47,498
Total liabilities	59,715	23,170	15,024	(11,733)	86,176
Net worth	43,238	42,413	13,021	(24,663)	74,009
Taxpayer Funds	34,426	26,877	9,366	(24,663)	46,006
Revaluation reserves	8,812	15,536	3,655	-	28,003
Net worth	43,238	42,413	13,021	(24,663)	74,009
Analysis of financial assets and borrowings					
Advances and cash	11,581	2,270	5,943	(3,617)	16,177
MSDs and equity investments	34,250	18,937	443	(7,161)	46,469
Total financial assets	45,831	21,207	6,386	(10,778)	62,646
Borrowings - Sovereign guaranteed	33,457	-	-	(7,006)	26,451
Borrowings - Non-sovereign guaranteed	-	4,724	11,275	(3,772)	12,227
Total borrowings	33,457	4,724	11,275	(10,778)	38,678
Borrowings less financial assets	(12,374)	(16,483)	4,889	-	(23,968)
Net Crown debt	14,998				
Gross sovereign-issued debt	36,195				

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)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
NOTE 1: Revenue Collected Through the Crown's Sovereign Power							
Income Tax Revenue (accrual)							
Individuals							
Source deductions	18,324	19,240	19,567	20,476	21,530	22,548	23,838
Other persons	4,103	4,051	4,221	4,523	4,615	4,454	4,870
Refunds	(876)	(874)	(974)	(995)	(1,045)	(1,045)	(1,045)
Fringe benefit tax	441	456	458	435	453	477	498
Total Individuals	21,992	22,873	23,272	24,439	25,553	26,434	28,161
Corporate Tax							
Gross companies tax	7,537	7,798	8,202	8,227	7,713	7,466	9,053
Refunds	(232)	(162)	(200)	(205)	(210)	(215)	(220)
Non-resident withholding tax	927	793	917	821	833	869	908
Foreign-source dividend withholding payments	188	176	222	227	232	237	242
Total Corporate Tax	8,420	8,605	9,141	9,070	8,568	8,357	9,983
Other Income Tax							
Resident withholding tax on interest income	1,501	1,459	1,745	1,814	1,801	1,852	1,975
Resident withholding tax on dividend income	59	63	67	57	58	60	62
Estate and gift duties	2	2	2	2	2	2	2
Total Other Income Tax	1,562	1,524	1,814	1,873	1,861	1,914	2,039
Total Income Tax	31,974	33,002	34,227	35,382	35,982	36,705	40,183
Goods and Services Tax							
Gross goods and services tax	17,378	17,479	18,037	18,604	19,396	20,345	21,244
Refunds	(7,180)	(7,115)	(7,696)	(8,097)	(8,470)	(8,736)	(9,034)
Total Goods and Services Tax	10,198	10,364	10,341	10,507	10,926	11,609	12,210
Other Taxation							
Petroleum fuels excise	823	902	906	932	956	979	1,004
Tobacco excise	842	850	856	144	148	151	155
Customs duty	947	1,048	1,041	1,806	1,845	1,833	1,856
Road user charges	713	796	752	804	868	936	1,000
Alcohol excise	491	505	500	520	540	555	571
Gaming duties	281	288	268	289	293	298	301
Motor vehicle fees	217	219	224	228	235	241	251
Carbon charge	..	..	..	89	347	344	349
Energy resources levies	73	72	64	58	51	47	42
Approved issuer levy (AIL) and cheque duty	65	56	70	62	62	62	62
Total Other Indirect Taxation	4,452	4,736	4,681	4,932	5,345	5,446	5,591
Total Indirect Taxation	14,650	15,100	15,022	15,439	16,271	17,055	17,801
Total Tax Revenue Collected	46,624	48,102	49,249	50,821	52,253	53,760	57,984
Other Sovereign Revenues (accrual)							
ACC levies	2,119	2,097	2,089	2,167	2,234	2,299	2,346
Fire Service levies	249	242	250	255	260	265	271
EQC levies	80	82	81	83	85	87	88
Other levies	667	785	738	752	733	727	722
Total Other Sovereign Revenues	3,115	3,206	3,158	3,257	3,312	3,378	3,427
Total Sovereign Revenue	49,739	51,308	52,407	54,078	55,565	57,138	61,411

Notes to the Forecast Financial Statements

(\$ million)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
NOTE 1: Receipts Collected Through the Crown's Sovereign Power							
Income Tax Receipts (cash)							
Individuals							
Source deductions	18,380	19,240	19,524	20,476	21,530	22,548	23,838
Other persons	4,640	4,611	4,896	5,293	5,540	5,391	5,807
Refunds	(1,365)	(1,410)	(1,636)	(1,767)	(1,972)	(1,982)	(1,982)
Fringe benefit tax	432	452	448	429	449	471	494
Total Individuals	22,087	22,893	23,232	24,431	25,547	26,428	28,157
Corporate Tax							
Gross companies tax	8,365	8,444	8,790	8,844	8,402	8,061	9,657
Refunds	(735)	(812)	(790)	(804)	(807)	(757)	(825)
Non-resident withholding tax	949	779	910	821	833	869	908
Foreign-source dividend withholding payments	185	175	213	227	232	237	242
Total Corporate Tax	8,764	8,586	9,123	9,088	8,660	8,410	9,982
Other Income Tax							
Resident withholding tax on interest income	1,498	1,459	1,746	1,814	1,801	1,852	1,975
Resident withholding tax on dividend income	60	63	67	57	58	60	62
Estate and gift duties	2	2	2	2	2	2	2
Total Other Income Tax	1,560	1,524	1,815	1,873	1,861	1,914	2,039
Total Income Tax	32,411	33,003	34,170	35,392	36,068	36,752	40,178
Goods and Services Tax							
Gross goods and services tax	16,729	16,928	17,498	18,151	18,943	19,892	20,791
Refunds	(6,719)	(6,563)	(7,200)	(7,643)	(8,016)	(8,282)	(8,580)
Total Goods and Services Tax	10,010	10,365	10,298	10,508	10,927	11,610	12,211
Other Taxation							
Petroleum fuels excise	812	902	904	930	952	974	1,000
Tobacco excise	838	850	857	144	148	151	155
Customs duty	968	1,048	1,041	1,806	1,845	1,833	1,856
Road user charges	714	792	747	800	864	932	995
Alcohol excise	483	505	500	520	539	555	571
Gaming duties	287	289	273	288	293	299	303
Motor vehicle fees	205	224	229	229	235	241	251
Carbon charge	..	..	..	59	347	344	349
Energy resources levies	73	72	66	58	52	47	41
Approved issuer levy (AIL) and cheque duty	66	56	67	62	62	62	62
Total Other Indirect Taxation	4,446	4,738	4,684	4,896	5,337	5,438	5,583
Total Indirect Taxation	14,456	15,103	14,982	15,404	16,264	17,048	17,794
Total Tax Receipts Collected	46,867	48,106	49,152	50,796	52,332	53,800	57,972
Other Sovereign Receipts (cash)							
ACC levies	2,052	2,063	2,201	2,139	2,240	2,273	2,315
Fire Service levies	249	242	250	255	260	265	271
EQC levies	81	82	82	83	84	85	86
Other levies	592	608	576	580	622	663	764
Total Other Sovereign Receipts	2,974	2,995	3,109	3,057	3,206	3,286	3,436
Total Sovereign Receipts	49,841	51,101	52,261	53,853	55,538	57,086	61,408

Notes to the Forecast Financial Statements

(\$ million)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 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	646	580	641	819	1,056	1,319	1,614
Other investment income	2,670	2,195	2,363	2,376	2,405	2,476	2,536
Student loans	498	547	289	137	150	162	173
Total Investment Income	3,814	3,322	3,293	3,332	3,611	3,957	4,323

NOTE 4: Other Revenue

Unrealised (losses)/gains arising from changes in the value of commercial forests	(23)	..	..	..	..	..	..
GSF contributions	102	84	93	83	72	63	55
Petroleum royalties	51	43	61	55	45	36	32
Cost recovery income from Fisheries	30	30	30	30	30	30	32
Other	2,021	2,133	1,666	1,720	2,071	2,069	1,967
Total Other Revenue	2,181	2,290	1,850	1,888	2,218	2,198	2,086

NOTE 5: Subsidies and Transfer Payments

Social assistance grants							
New Zealand Superannuation	6,083	6,392	6,431	6,830	7,210	7,535	8,009
ACC payments	1,549	1,687	1,715	1,859	1,963	2,084	2,210
Unemployment Benefit	831	800	720	778	908	941	925
Domestic Purposes Benefit	1,547	1,501	1,485	1,492	1,534	1,555	1,571
Family Support	846	1,312	1,369	1,824	2,178	2,208	2,208
Student allowances	359	398	350	363	376	387	398
Other social assistance grants	4,182	4,430	4,487	4,759	4,948	5,109	5,266
Subsidies	118	125	140	128	128	128	128
Other transfer payments							
Official development assistance	297	320	345	333	371	371	367
Other	32	37	35	35	35	35	35
Total Subsidies and Transfer Payments	15,844	17,002	17,077	18,401	19,651	20,353	21,117

Notes to the Forecast Financial Statements

(\$ million)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 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)	1,032	1,043	1,137	1,084	1,117	1,151	1,168
Other pension expenses	108	123	126	126	126	126	126
Other personnel expenses	12,422	13,317	13,393	13,703	13,911	13,987	14,073
Total Personnel Expenses	13,562	14,483	14,656	14,913	15,154	15,264	15,367

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	793	857	887	888	910	915	913
Electricity distribution network	106	111	109	121	127	135	146
Electricity generation assets	166	212	209	234	259	309	328
Specialist military equipment (SME)	189	191	189	216	248	273	299
State highways	225	265	230	242	254	267	279
Aircraft (ex SME)	101	187	209	262	227	206	200
Other plant and equipment	850	856	889	896	934	953	959
Other assets	98	65	57	73	81	83	82
Total depreciation costs	2,528	2,744	2,779	2,932	3,040	3,141	3,206

Other operating items:

Rental and leasing costs	789	754	754	779	781	792	808
Change in provision for doubtful debts	984	512	327	229	229	197	157
Write off of bad debts	93	63	57	60	62	65	68
Goodwill amortised	97	94	89	89	88	88	87
Grants paid	1,267	350	1,099	1,219	1,339	1,348	1,387
Lottery prize payments	350	337	357	371	386	402	419
Loss/(gain) on sale of assets	2	..	..	..	..	..	..
Write down of existing student loans to fair value	..	..	1,479	..	..	..	..
Write down of new loans to fair value	..	..	284	419	457	483	505
Other operating expenses	19,204	22,269	21,837	22,241	23,380	23,878	24,391
Total operating expenses	25,314	27,123	29,062	28,339	29,305	29,911	30,523

NOTE 8: Forecast New Operating Spending

New operating spending up to Budget 2006	..	271	106	1,331	1,200	1,190	1,213
Forecast new operating spending	..	..	..	..	1,814	3,692	5,614
Total Forecast for Future New Spending	..	271	106	1,331	3,014	4,882	6,827

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 \$2.47 billion for Budget 2006, \$1.94 billion for Budget 2007 and \$1.98 billion for Budget 2008 and \$2.02 for Budget 2009. The remaining amounts are lower as some spending has already been allocated (e.g. as part of Health sector funding packages, the Defence funding package, Official Development Assistance and some Education funding), leaving indicative totals of around \$1.1 billion for Budget 2006, \$1.8 billion for Budget 2007 and \$1.9 billion for Budgets 2008 and 2009.

Notes to the Forecast Financial Statements

(\$ million)	2006						2010
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	

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

By category:

Total Cash	3,710	2,446	2,793	2,887	3,207	3,434	3,661
Marketable securities and deposits	21,464	19,026	21,267	20,946	22,296	20,566	20,395
Equity investments (e.g. shares)	10,896	13,042	13,560	16,165	19,010	22,165	25,566
Reserve position at the International Monetary Fund	702	662	495	498	501	505	508
Total MSDs and Equity Investments	33,062	32,730	35,322	37,609	41,807	43,236	46,469
Total Cash and MSDs & Equity Investments	36,772	35,176	38,115	40,496	45,014	46,670	50,130

By portfolio management:

Reserve Bank and DMO managed funds	14,776	12,997	14,425	13,351	13,702	10,951	9,696
New Zealand Superannuation Fund	5,571	8,350	8,458	11,155	14,104	17,450	21,132
Government Superannuation Fund	3,233	3,187	3,215	3,292	3,369	3,437	3,502
ACC portfolio	5,987	5,757	6,299	6,799	7,376	7,938	8,471
EQC portfolio	1,675	1,649	1,818	1,967	2,127	2,300	2,490
Other holdings	1,820	790	1,107	1,045	1,129	1,160	1,178
Total MSDs and Equity Investments	33,062	32,730	35,322	37,609	41,807	43,236	46,469

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 \$3.5 billion (30 June 2005). 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 \$11.4 billion (30 June 2005) and it 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	6,555	9,278	9,398	12,395	15,671	19,388	23,480
GSF financial assets	3,521	3,587	3,572	3,659	3,744	3,821	3,892
ACC portfolio	8,123	8,314	8,547	9,225	10,008	10,771	11,493
EQC portfolio	4,557	4,837	4,850	5,215	5,595	6,002	6,437

Notes to the Forecast Financial Statements

(\$ million)	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
	2005 Actual	Previous Budget					
NOTE 10: Advances							
Student loans (see analysis below)	6,465	7,195	5,540	6,035	6,559	7,070	7,547
Kiwibank deposits	1,575	2,615	2,456	3,425	4,260	4,260	4,260
Residential care loans	77	88	82	87	91	97	102
Maori development rural lending	51	48	57	62	69	74	79
Other	368	507	428	453	489	504	528
Total Advances	8,536	10,453	8,563	10,062	11,468	12,005	12,516
Analysis of Student Loans							
Stock							
Nominal loan balance			8,293	9,034	9,818	10,584	11,299
Adjustment to fair value			(2,753)	(2,999)	(3,259)	(3,514)	(3,752)
Total Student Loan Balance			5,540	6,035	6,559	7,070	7,547
Movements							
Opening balance			6,465	5,540	6,035	6,559	7,070
Fair value adjustment on 31 October balance			(1,479)	..	..	..	..
New lending over the year			1,098	1,261	1,378	1,456	1,518
Fair value write down for new lending			(284)	(419)	(457)	(483)	(505)
Repayments			(578)	(641)	(727)	(834)	(958)
Impairments			(15)	(16)	(17)	(18)	(18)
Interest charged			289	137	150	162	173
Residual fair value change			44	173	197	228	267
Closing Student Loan Balance			5,540	6,035	6,559	7,070	7,547
Analysis of Student Loans (as previously disclosed)							
Outstanding balance							
Total loans outstanding (including interest)	7,499	8,178					
Total provisions (capital and interest)	(1,034)	(983)					
Total Student Loans	6,465	7,195					
Movement during the year							
Opening balance	5,995	6,594					
Amount advanced in current year	971	1,040					
Interest accrued on outstanding loan balances	498	547					
Repayment of base capital	(313)	(402)					
Repayment of accrued interest	(259)	(253)					
Interest written off and movement in provision for interest write-offs and doubtful debts	(435)	(339)					
Other movements	8	8					
Closing Balance	6,465	7,195					
NOTE 11: Receivables							
Taxes receivable	5,641	5,585	5,643	5,559	5,424	5,290	5,153
Accounts receivable	4,610	4,305	4,242	4,231	4,323	4,413	4,562
Receivable from the sale and purchase of Maui gas	121	70	79	32	13	5	..
Prepayments	511	245	214	197	194	235	260
Total Receivables	10,883	10,205	10,178	10,019	9,954	9,943	9,975
NOTE 12: Other Investments							
International Bank for Reconstruction and Development	74	72	74	74	74	74	74
Asian Development Bank	79	78	79	79	79	79	79
Other	68	84	105	124	138	158	158
Total Other Investments	221	234	258	277	291	311	311

Notes to the Forecast Financial Statements

(\$ million)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
NOTE 13: Property, Plant and Equipment							
By Type							
Gross Carrying Value							
Land (valuation)	11,693	9,962	11,803	12,047	12,258	12,418	12,491
Properties intended for sale (valuation)	470	476	440	429	442	443	451
Buildings (valuation)	19,457	21,204	21,492	22,376	23,317	23,901	24,458
Electricity distribution network (valuation)	2,123	2,231	2,389	2,677	3,064	3,553	4,166
Electricity generation assets (valuation)	7,260	7,032	8,224	9,439	10,469	11,102	11,560
Aircraft (ex SME) (valuation)	1,139	2,880	1,867	1,946	1,877	1,860	1,719
State highways (valuation)	14,909	14,258	19,026	19,891	20,886	21,802	22,472
Specialist military equipment (valuation)	3,032	3,710	3,616	4,074	4,319	4,413	4,563
Other plant and equipment (cost)	8,987	9,813	9,269	10,070	10,681	11,286	11,874
Other assets (valuation)	6,751	5,316	6,876	7,200	7,187	7,173	7,212
Total Gross Carrying Value	75,821	76,882	85,002	90,149	94,500	97,951	100,966
Accumulated Depreciation							
Buildings	1,324	2,917	2,176	3,034	3,731	4,613	5,500
Electricity distribution network	187	313	292	416	546	683	830
Electricity generation assets	169	767	370	595	845	1,146	1,465
Aircraft (ex SME)	..	371	..	..	..	..	..
State highways	..	499	3,583	3,824	4,078	4,347	4,626
Specialist military equipment	621	838	808	1,026	1,274	1,547	1,846
Other plant and equipment	5,595	5,776	5,633	6,414	7,208	8,031	8,860
Other assets	431	309	370	374	381	387	394
Total Accumulated Depreciation	8,327	11,790	13,232	15,683	18,063	20,754	23,521
Net Carrying Value							
Land (valuation)	11,693	9,962	11,803	12,047	12,258	12,418	12,491
Properties intended for sale (valuation)	470	476	440	429	442	443	451
Buildings (valuation)	18,133	18,287	19,316	19,342	19,586	19,288	18,958
Electricity distribution network (valuation)	1,936	1,918	2,097	2,261	2,518	2,870	3,336
Electricity generation assets (valuation)	7,091	6,265	7,854	8,844	9,624	9,956	10,095
Aircraft (ex SME) (valuation)	1,139	2,509	1,867	1,946	1,877	1,860	1,719
State highways (valuation)	14,909	13,759	15,443	16,067	16,808	17,455	17,846
Specialist military equipment (valuation)	2,411	2,872	2,808	3,048	3,045	2,866	2,717
Other plant and equipment (cost)	3,392	4,037	3,636	3,656	3,473	3,255	3,014
Other assets (valuation)	6,320	5,007	6,506	6,826	6,806	6,786	6,818
Total Net Carrying Value	67,494	65,092	71,770	74,466	76,437	77,197	77,445
By Holding							
Freehold assets	66,282	64,751	70,754	73,447	75,419	76,179	76,427
Leasehold assets	1,212	341	1,016	1,019	1,018	1,018	1,018
Net carrying value	67,494	65,092	71,770	74,466	76,437	77,197	77,445
NOTE 14: Payables and Provisions							
Accounts payable and accruals	8,593	8,957	8,103	8,158	8,773	8,821	9,013
Taxes repayable	2,778	2,326	2,742	2,742	2,742	2,742	2,742
Provisions	466	541	668	692	713	730	736
Provision for Kyoto Protocol	310	..	440	440	440	440	440
National Provident Fund guarantee	944	891	944	944	944	944	944
Provisions for employee entitlements	1,360	1,271	1,324	1,249	1,254	1,255	1,255
Total Payables and Provisions	14,451	13,986	14,221	14,225	14,866	14,932	15,130

Notes to the Forecast Financial Statements

NOTE 15: GSF Liability

The Government Superannuation Fund past service liability (the GSF liability) has been calculated by the Government Actuary as at 31 October 2005 (the valuation date) for inclusion within the 2005 *Half Year Update*. The GSF 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 2005 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 liability included in the 2005 *Half Year Update* was calculated using discount rates derived from the market yield curve as at the 31 October 2005. This resulted in a long-term after-tax discount rate of 3.9% (3.8% as at 30 June 2005). 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 2005/06 movement in the net unfunded liability is \$218 million (reflecting an increase in the GSF liability of \$292 million and an increase in the net assets of \$74 million). There are essentially three components driving this change, being changes to the economic assumptions applied since 30 June 2005, actual GSF experience to 31 October 2005 and the expected net movement in contributions, investment income and benefit payments. The change in underlying economic assumptions accounted for approximately \$230 million of the increase in the net unfunded liability, due largely to the increase in CPI assumption (\$438 million) offset by the increase in discount rate (\$208 million). The net unfunded liability increased by \$19 million due to actual GSF experience to 31 October 2005. Finally the net unfunded liability is expected to decrease \$31 million due to movements in expected contributions, investment income and benefit payments. The changes from 2006/07 onwards reflect the expected net movement in investment income, contributions and benefit payments only.

Presentation approach

The projected GSF liability is included within total liabilities of the Crown. The Government Superannuation Fund has a portfolio of assets that partially offset the GSF 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)	2006						
	2005 Actual	2006 Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
GSF liability and asset information							
GSF liability							
Opening GSF liability	13,542	14,103	14,952	15,245	15,256	15,218	15,130
Net projected change	1,410	(24)	293	11	(38)	(88)	(134)
Closing GSF liability	14,952	14,079	15,245	15,256	15,218	15,130	14,996
Less net assets available to the GSF scheme							
Opening net asset value	3,375	3,510	3,521	3,595	3,683	3,764	3,840
Net projected change (investment income & contributions less membership payments)	146	77	74	88	81	76	71
Closing net asset value	3,521	3,587	3,595	3,683	3,764	3,840	3,911
Net unfunded liability of the GSF schemes							
Opening unfunded liability	10,167	10,593	11,431	11,650	11,573	11,454	11,290
Net projected change	1,264	(101)	219	(77)	(119)	(164)	(205)
Net unfunded liability	11,431	10,492	11,650	11,573	11,454	11,290	11,085

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 2005. 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 2.3% (unchanged from 30 June 2005) and the discount rate of 5.98% (5.75% at 30 June 2005). 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 2005/06 from the 30 June 2005 estimate is a decrease of \$267 million. The main driver of the change has been the increase in the discount rate since the 30 June 2005 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.

(\$ million)	2005 Actual	Previous Budget	2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
ACC liability and asset information							
Gross ACC liability							
Opening gross liability	9,347	11,154	11,384	11,742	12,351	12,960	13,560
Net projected change	2,037	597	358	609	609	600	597
Closing gross liability	11,384	11,751	11,742	12,351	12,960	13,560	14,157
Less net assets available to ACC							
Opening net asset value	5,969	6,902	7,217	8,120	8,889	9,651	10,408
Net projected change	1,248	823	903	769	762	757	724
Closing net asset values	7,217	7,725	8,120	8,889	9,651	10,408	11,132
Net ACC reserves (net liability)							
Opening reserves position	(3,378)	(4,252)	(4,167)	(3,622)	(3,462)	(3,309)	(3,152)
Net projected change	(789)	226	545	160	153	157	127
Closing reserves position (net liability)	(4,167)	(4,026)	(3,622)	(3,462)	(3,309)	(3,152)	(3,025)

NOTE 17: Revaluation reserves

Asset Revaluation Reserves

Opening Balance	19,838	20,458	27,988	28,003	28,003	28,003	28,003
Net revaluations							
Land and buildings	3,368	..	11	..	..	..	..
State highways	1,417	..	..	..	..	..	..
Electricity generation assets	1,986	..	..	..	..	..	..
Other assets	1,426	..	4	..	..	..	..
Total Net Revaluations	8,197	..	15	..	..	..	..
Transfer to taxpayer funds	(47)	..	..	..	..	..	..
Closing Balance	27,988	20,458	28,003	28,003	28,003	28,003	28,003

Notes to the Forecast Financial Statements

(\$ million)	2006		2006 Forecast	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast
	2005 Actual	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 the NZS Fund and GSF are excluded)							
Core Crown Cash Flows from Operations							
Total tax receipts	47,571	48,911	49,873	51,636	53,213	54,866	59,219
Total other sovereign receipts	478	503	474	475	515	554	659
Interest, profits and dividends	1,446	1,059	880	961	818	857	893
Sale of goods & services and other receipts	1,272	1,239	1,385	1,359	1,333	1,317	1,313
Subsidies and transfer payments	(14,409)	(15,548)	(15,619)	(16,796)	(17,976)	(18,567)	(19,211)
Personnel and operating expenses	(25,815)	(27,577)	(28,102)	(29,333)	(29,994)	(30,401)	(30,483)
Finance costs	(1,983)	(1,992)	(1,930)	(1,816)	(1,847)	(1,940)	(1,933)
Forecast new operating spending	..	(271)	(106)	(1,331)	(3,014)	(4,882)	(6,827)
Net Cash Flows from Core Crown Operations	8,560	6,324	6,855	5,155	3,048	1,804	3,630
Net purchase of physical assets	(1,372)	(2,128)	(1,876)	(1,501)	(1,124)	(919)	(942)
Net increase in advances	(628)	(781)	(1,048)	(1,045)	(1,142)	(841)	(699)
Net purchase of investments	(583)	(448)	(537)	(394)	(193)	(84)	(41)
Contribution to the NZS Fund	(2,107)	(2,337)	(2,337)	(2,351)	(2,443)	(2,677)	(2,819)
Purchase of Reserve Bank reserves	(766)	(500)	(500)	(500)	(200)	..	..
Forecast new capital spending	..	(100)	(65)	(705)	(633)	(450)	(495)
Available to Repay Debt/(Required to be Financed)	3,104	30	492	(1,341)	(2,687)	(3,167)	(1,366)
Financed by:							
Other net sale/(purchase) of marketable securities and deposits	(3,119)	332	(161)	233	(484)	830	(202)
Total Operating and Investing Activities	(15)	362	331	(1,108)	(3,171)	(2,337)	(1,568)
Used in:							
Net (repayment)/issue of other New Zealand-dollar borrowing	(1,455)	(1,000)	(536)	384	(8)	1,839	1,570
Decrease/(increase) in cash	(93)	174	325	(17)	(14)	(56)	(48)
Issue of circulating currency	188	..	18	..	..	..	..
Net issue/(repayment) of foreign-currency borrowing	1,905	838	(238)	502	110	(62)	(14)
	545	12	(431)	869	88	1,721	1,508
Net Cash Inflow/(Outflow) to be Offset by Domestic Bonds	530	374	(100)	(239)	(3,083)	(616)	(60)
Gross Cash Proceeds from Domestic Bonds							
Domestic bonds (market)	2,146	2,200	2,663	3,039	3,083	3,116	3,062
Domestic bonds (non-market)	459	375	386	376	..	100	409
Total Gross Cash Proceeds from Domestic Bonds	2,605	2,575	3,049	3,415	3,083	3,216	3,471
Repayment of domestic bonds (market)	(2,797)	(2,574)	(2,574)	(2,777)	..	(2,500)	(3,002)
Repayment of domestic bonds (non-market)	(338)	(375)	(375)	(399)	..	(100)	(409)
Net Cash (Repayments of)/Proceeds from Domestic Bonds	(530)	(374)	100	239	3,083	616	60

