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## 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 8 December 2006.

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 32.

#### 10 year trend information

Summary indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
(% of GDP)	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Revenue</b>										
Core Crown	31.7	33.0	33.0	34.5	37.6	36.3	35.1	34.2	34.3	34.3
Tax revenue	28.8	30.1	29.9	30.9	33.0	31.8	31.3	30.9	31.0	30.9
Total Crown	39.7	43.1	42.5	44.5	48.7	46.1	44.9	44.0	43.9	43.7
<b>Expenses</b>										
Core Crown	30.2	31.5	29.2	30.7	31.7	33.2	32.6	32.3	32.1	32.0
Total Crown	37.9	41.7	37.3	40.4	41.4	42.3	41.4	41.1	40.8	40.7
<b>Operating balance</b>	1.9	1.5	5.2	4.1	7.3	3.8	3.6	2.9	3.1	3.0
<b>OBERAC</b>	2.2	4.2	4.7	5.9	5.5	4.1	3.6	2.9	3.1	3.0
<b>OBERAC (excl NZSF returns)</b>	2.2	4.2	4.5	5.6	5.1	3.7	3.1	2.3	2.4	2.3
<b>Net worth</b>	15.0	18.0	24.9	33.1	45.4	47.8	49.1	49.5	50.2	50.9
<b>Gross sovereign-issued debt</b>	28.8	27.3	25.0	23.2	22.5	23.3	23.5	21.8	20.5	20.7
<b>Net core Crown debt</b>	15.3	13.3	10.7	7.1	4.9	3.9	3.5	4.0	4.1	3.8
<b>NZS Fund balance</b>	0.5	1.4	2.8	4.3	6.3	7.8	9.2	10.6	12.0	13.5

# 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. With the adoption of NZ IFRS from 1 July 2007, actual results from this date will be prepared in accordance with NZ IFRS. FRS-29 (Prospective Financial Statements) requires prospective information to be prepared in accordance with the financial standards that will be effective in these periods, which will be NZ IFRS for periods beginning 1 July 2007. However, as the impact of the transition to NZ IFRS has not been fully identified and clarified, the forecast financial statements in the 2006 *Half Year Update* have been prepared under current financial reporting standards.

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 2007, 30 June 2008, 30 June 2009, 30 June 2010 and 30 June 2011.

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

The forecasts for 30 June 2007 have generally been prepared using actual data to 30 September or 31 October 2006 (in some instances). Transactions for the remainder of the year are forecast in accordance with the Crown's accounting policies and forecast assumptions.

***Changes in accounting policies***

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

***Changes in forecast assumptions***

Changes to the forecast assumptions used for the forecasts published in the 2006 *Half Year Economic and Fiscal Update* are outlined on page 32.

***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/2006/>.

## Government Reporting Entity as at 8 December 2006

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><b>Departments</b></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><b>Departments</b></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><b>State-owned enterprises</b></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><b>Others</b></p> <p>Government Superannuation Fund New Zealand Superannuation Fund Reserve Bank of New Zealand</p>	<p><b>Offices of Parliament</b></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>

<b>Crown entities</b>	
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 (2,468)
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 (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 Board	
New Zealand Antarctic Institute	
New Zealand Artificial Limb Board	
New Zealand Blood Service	
<b>Organisations named or described in Schedule 4 to the Public Finance Act 1989</b>	
Agriculture and Marketing Research and Development Trust	New Zealand Lottery Grants Board
Asia New Zealand Foundation	Ngai 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	2007		2008	2009	2010	2011	
		2006 Actual	Previous Budget					
<b>Revenue</b>								
Taxation revenue	1	51,973	50,669	51,708	53,344	55,596	58,512	61,225
Levies, fees, fines and penalties	1	3,411	3,179	3,294	3,341	3,408	3,483	3,555
Forecast revenue allocation	1	..	..	..	..	(1,000)	(1,000)	(1,000)
<b>Total Revenue Levied through the Crown's Sovereign Power</b>	<b>1</b>	<b>55,384</b>	<b>53,848</b>	<b>55,002</b>	<b>56,685</b>	<b>58,004</b>	<b>60,995</b>	<b>63,780</b>
Sales of goods and services	2	13,337	12,715	12,566	12,868	13,402	13,967	14,415
Investment income	3	5,828	3,687	5,115	4,803	5,255	5,480	5,911
Other revenue	4	2,032	2,361	2,294	2,332	2,390	2,376	2,383
<b>Total Revenue Earned through the Crown's Operations</b>		<b>21,197</b>	<b>18,763</b>	<b>19,975</b>	<b>20,003</b>	<b>21,047</b>	<b>21,823</b>	<b>22,709</b>
<b>Total Crown Revenue</b>		<b>76,581</b>	<b>72,611</b>	<b>74,977</b>	<b>76,688</b>	<b>79,051</b>	<b>82,818</b>	<b>86,489</b>
<b>Expenses</b>								
<b>By input type</b>								
Subsidies and transfer payments	5	16,850	18,189	18,031	19,046	19,709	20,680	21,478
Personnel expenses	6	15,116	15,136	15,537	15,828	16,087	16,152	16,286
Operating expenses	7	29,277	29,820	30,403	30,565	30,967	31,418	31,999
New operating spending up to Budget 2007	8	..	320	216	5	106	8	8
Forecast new operating spending	8	..	..	..	1,381	3,213	5,093	7,013
Finance costs		2,652	2,854	2,978	3,078	3,114	3,048	3,171
Net foreign-exchange (gains)/losses		(411)	..	498	..	..	..	..
Movement in total GSF liability	15	279	(17)	299	45	(16)	(97)	(153)
Movement in total ACC liability	16	1,321	674	828	740	746	762	781
<b>Total Crown expenses</b>		<b>65,084</b>	<b>66,976</b>	<b>68,790</b>	<b>70,688</b>	<b>73,926</b>	<b>77,064</b>	<b>80,583</b>
<b>Revenues less Expenses</b>		<b>11,497</b>	<b>5,635</b>	<b>6,187</b>	<b>6,000</b>	<b>5,125</b>	<b>5,754</b>	<b>5,906</b>
Net surplus of TEIs		54	133	73	71	72	72	73
<b>Operating balance (including minority interest)</b>		<b>11,551</b>	<b>5,768</b>	<b>6,260</b>	<b>6,071</b>	<b>5,197</b>	<b>5,826</b>	<b>5,979</b>
Minority interest		(78)	..	..	..	..	..	..
<b>Operating Balance</b>		<b>11,473</b>	<b>5,768</b>	<b>6,260</b>	<b>6,071</b>	<b>5,197</b>	<b>5,826</b>	<b>5,979</b>

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)	2007						
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>Total Crown expenses by functional classification</b>							
Social security and welfare	18,969	19,706	20,028	20,891	21,623	22,405	23,223
GSF pension expenses	1,671	1,051	1,422	1,145	1,121	1,062	1,027
Health	9,262	10,305	10,111	10,056	10,147	10,122	10,129
Education	10,430	9,892	10,166	10,115	10,150	10,271	10,381
Core government services	2,046	2,031	2,103	2,042	2,064	2,037	2,367
Law and order	2,420	2,604	2,702	2,830	2,852	2,856	2,847
Defence	1,339	1,405	1,461	1,554	1,613	1,701	1,788
Transport and communications	5,986	6,853	6,617	6,798	6,978	7,229	7,187
Economic and industrial services	6,334	5,896	6,007	6,238	6,366	6,585	6,738
Primary services	1,219	1,198	1,277	1,258	1,270	1,272	1,272
Heritage, culture and recreation	2,361	1,900	2,155	2,288	2,293	2,342	2,397
Housing and community development	758	851	938	930	937	954	956
Other	48	110	111	79	79	79	79
Finance costs	2,652	2,854	2,978	3,078	3,114	3,048	3,171
Net foreign-exchange (gains)/losses	(411)	..	498	..	..	..	..
New operating spending up to Budget 2007	..	320	216	5	106	8	8
Forecast new operating spending	..	..	..	1,381	3,213	5,093	7,013
<b>Total Crown Expenses</b>	<b>65,084</b>	<b>66,976</b>	<b>68,790</b>	<b>70,688</b>	<b>73,926</b>	<b>77,064</b>	<b>80,583</b>

### Core Crown expenses by functional classification

Social security and welfare	15,598	16,956	16,970	17,758	18,345	18,975	19,636
GSF pension expenses	1,671	1,051	1,422	1,145	1,121	1,062	1,027
Health	9,547	10,732	10,673	10,675	10,786	10,832	10,826
Education	9,914	9,068	9,640	9,508	9,571	9,662	9,750
Core government services	2,169	2,301	2,323	2,277	2,259	2,239	2,411
Law and order	2,235	2,393	2,488	2,612	2,622	2,617	2,613
Defence	1,383	1,457	1,519	1,603	1,663	1,750	1,837
Transport and communications	1,818	2,524	2,481	2,558	2,715	2,689	2,596
Economic and industrial services	1,592	1,721	1,716	1,908	1,802	1,763	1,759
Primary services	467	441	490	452	444	439	433
Heritage, culture and recreation	1,194	812	834	879	799	802	808
Housing and community development	202	278	305	280	261	258	260
Other	49	110	112	79	80	80	80
Finance costs	2,356	2,090	2,498	2,457	2,372	2,285	2,422
Net foreign-exchange (gains)/losses	(295)	..	276	..	..	..	..
New operating spending up to Budget 2007	..	320	216	5	106	8	8
Forecast new operating spending	..	..	..	1,381	3,213	5,093	7,013
<b>Total Core Crown Expenses</b>	<b>49,900</b>	<b>52,254</b>	<b>53,963</b>	<b>55,577</b>	<b>58,159</b>	<b>60,554</b>	<b>63,479</b>

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)	2007						
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>Cash Flows from Operations</b>							
<b>Cash was Provided from</b>							
Total tax receipts (refer Note 1)	49,706	50,738	51,510	53,276	54,880	58,476	61,207
Total other sovereign receipts (refer Note 1)	3,246	3,047	3,137	3,197	3,247	3,304	3,337
Forecast revenue allocation (refer Note 1)	..	..	..	..	(1,000)	(1,000)	(1,000)
Interest	1,622	1,422	2,018	2,147	2,377	2,284	2,337
Dividends	117	90	124	131	141	149	156
Sales of goods and services	13,457	13,089	13,352	14,112	14,669	15,344	15,713
Other operating receipts	1,919	2,393	2,075	2,065	2,091	2,018	2,128
<b>Total Cash Provided from Operations</b>	<b>70,067</b>	<b>70,779</b>	<b>72,216</b>	<b>74,928</b>	<b>76,405</b>	<b>80,575</b>	<b>83,878</b>
<b>Cash was Disbursed to</b>							
Subsidies and transfer payments	16,944	18,665	18,517	19,586	20,281	21,040	21,848
Personnel and operating payments	38,964	41,670	41,757	42,851	43,424	44,167	44,686
Finance costs	2,047	2,441	2,399	2,570	2,749	2,718	2,762
Forecast new operating spending	..	320	216	1,386	3,319	5,101	7,021
<b>Total Cash Disbursed to Operations</b>	<b>57,955</b>	<b>63,096</b>	<b>62,889</b>	<b>66,393</b>	<b>69,773</b>	<b>73,026</b>	<b>76,317</b>
<b>Net Cash Flows from Operations</b>	<b>12,112</b>	<b>7,683</b>	<b>9,327</b>	<b>8,535</b>	<b>6,632</b>	<b>7,549</b>	<b>7,561</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was Provided from</b>							
Sale of physical assets	1,865	..	316	..	..	..	..
<b>Total Cash Provided</b>	<b>1,865</b>	<b>..</b>	<b>316</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Cash was Disbursed to</b>							
Purchase of physical assets	5,909	6,713	6,874	5,701	5,281	5,184	5,008
Net increase in advances	1,637	1,808	2,437	2,153	1,754	1,706	1,725
Net purchase/(sale) of marketable securities, deposits and other equity investments	5,859	(527)	6,080	4,328	22	812	4,430
Forecast new capital spending	..	256	82	554	464	714	570
<b>Total Cash Disbursed</b>	<b>13,405</b>	<b>8,250</b>	<b>15,473</b>	<b>12,736</b>	<b>7,521</b>	<b>8,416</b>	<b>11,733</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(11,540)</b>	<b>(8,250)</b>	<b>(15,157)</b>	<b>(12,736)</b>	<b>(7,521)</b>	<b>(8,416)</b>	<b>(11,733)</b>
<b>Net Cash Flows from Operating and Investing Activities</b>	<b>572</b>	<b>(567)</b>	<b>(5,830)</b>	<b>(4,201)</b>	<b>(889)</b>	<b>(867)</b>	<b>(4,172)</b>
<b>Cash Flows from Financing Activities</b>							
<b>Cash was Provided from</b>							
Issue of circulating currency	165	..	69	34	35	35	35
Net (repayment)/issue of Government stock <sup>1</sup>	151	(656)	(301)	2,517	(474)	(630)	2,465
<b>Total Cash Provided</b>	<b>316</b>	<b>(656)</b>	<b>(232)</b>	<b>2,551</b>	<b>(439)</b>	<b>(595)</b>	<b>2,500</b>
<b>Cash was Disbursed to</b>							
Net (issue)/repayment of foreign- currency borrowing	2,300	(412)	(1,219)	(175)	302	116	(142)
Net repayment/(issue) of other New Zealand-dollar borrowing	(1,856)	(394)	(4,383)	(1,663)	(1,845)	(1,862)	(1,762)
<b>Total Cash Disbursed</b>	<b>444</b>	<b>(806)</b>	<b>(5,602)</b>	<b>(1,838)</b>	<b>(1,543)</b>	<b>(1,746)</b>	<b>(1,904)</b>
<b>Net Cash Flows from Financing Activities</b>	<b>(128)</b>	<b>150</b>	<b>5,370</b>	<b>4,389</b>	<b>1,104</b>	<b>1,151</b>	<b>4,404</b>
<b>Net Movement in Cash</b>	<b>444</b>	<b>(417)</b>	<b>(460)</b>	<b>188</b>	<b>215</b>	<b>284</b>	<b>232</b>
<b>Opening Cash Balance</b>	<b>3,710</b>	<b>3,319</b>	<b>4,168</b>	<b>3,699</b>	<b>3,887</b>	<b>4,102</b>	<b>4,386</b>
Foreign-exchange (losses)/gains on opening cash	14	..	(9)	..	..	..	..
<b>Closing Cash Balance</b>	<b>4,168</b>	<b>2,902</b>	<b>3,699</b>	<b>3,887</b>	<b>4,102</b>	<b>4,386</b>	<b>4,618</b>

<sup>1</sup> 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.



## Forecast Statement of Cash Flows (continued)

for the year ending 30 June

(\$ million)	2007		2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
	2006 Actual	Previous Budget					
<b>Reconciliation Between the Forecast Net Cash Flows from Operations and the Operating Balance</b>							
<b>Net Cash Flows from Operations</b>	<b>12,112</b>	<b>7,683</b>	<b>9,327</b>	<b>8,535</b>	<b>6,632</b>	<b>7,549</b>	<b>7,561</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Valuation Changes</b>							
(Increase)/decrease in pension liabilities	(279)	17	(299)	(45)	16	97	153
(Increase)/decrease in ACC liability	(1,321)	(674)	(828)	(740)	(746)	(762)	(781)
Decrease/(increase) in NPF guarantee	(54)	..	..	..	..	..	..
Unrealised net foreign-exchange (losses)/gains	502	(4)	(281)	..	..	..	..
Non-cash movements in investments	1,242	548	525	482	484	483	511
Unrealised losses arising from changes in the value of commercial forests	15	..	..	..	..	..	..
<b>Total Valuation Changes</b>	<b>105</b>	<b>(113)</b>	<b>(883)</b>	<b>(303)</b>	<b>(246)</b>	<b>(182)</b>	<b>(117)</b>
<b>Physical Asset Movements</b>							
Depreciation	(2,708)	(2,918)	(3,012)	(3,198)	(3,334)	(3,429)	(3,571)
Gain/(loss) on sale of Southern Hydro	..	..	..	..	..	..	..
(Loss)/gain on sale of assets	811	..	..	..	..	..	..
<b>Total Physical Asset Movements</b>	<b>(1,897)</b>	<b>(2,918)</b>	<b>(3,012)</b>	<b>(3,198)</b>	<b>(3,334)</b>	<b>(3,429)</b>	<b>(3,571)</b>
<b>Other Non-cash Items</b>							
Student Loans	(1,671)	(167)	(823)	(525)	(553)	(578)	(603)
Amortisation of goodwill	(75)	(89)	(88)	(87)	(88)	(88)	(88)
Accrued income from NZS Fund	..	675	743	840	1,027	1,238	1,468
Other	945	133	73	71	72	72	73
<b>Total Other Non-cash Items</b>	<b>(801)</b>	<b>552</b>	<b>(95)</b>	<b>299</b>	<b>458</b>	<b>644</b>	<b>850</b>
<b>Movements in Working Capital</b>							
Increase/(decrease) in taxes receivable	3,225	22	153	119	775	100	(22)
Increase/(decrease) in other receivables	366	307	(251)	(14)	120	88	115
Increase/(decrease) in inventories	(39)	161	171	62	69	32	22
Decrease/(increase) in payables	(1,598)	74	850	571	723	1,024	1,141
<b>Total Movements in Working Capital</b>	<b>1,954</b>	<b>564</b>	<b>923</b>	<b>738</b>	<b>1,687</b>	<b>1,244</b>	<b>1,256</b>
<b>Operating Balance</b>	<b>11,473</b>	<b>5,768</b>	<b>6,260</b>	<b>6,071</b>	<b>5,197</b>	<b>5,826</b>	<b>5,979</b>

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)	2007		2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
	2006 Actual	Previous Budget					
<b>Opening Net Worth</b>	<b>49,983</b>	<b>58,485</b>	<b>71,403</b>	<b>77,718</b>	<b>83,789</b>	<b>88,986</b>	<b>94,812</b>
Operating balance for the year	11,473	5,768	6,260	6,071	5,197	5,826	5,979
Minority interest in operating balance	78	..	..	..	..	..	..
Increase in minority interest	..	..	..	..	..	..	..
Net revaluations	9,869	..	55	..	..	..	..
<b>Total Recognised Revenues and Expenses</b>	<b>21,420</b>	<b>5,768</b>	<b>6,315</b>	<b>6,071</b>	<b>5,197</b>	<b>5,826</b>	<b>5,979</b>
<b>Closing Net Worth</b>	<b>71,403</b>	<b>64,253</b>	<b>77,718</b>	<b>83,789</b>	<b>88,986</b>	<b>94,812</b>	<b>100,791</b>

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

## Forecast Statement of Financial Position

as at 30 June

(\$ million)	Note	2007		2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
		2006 Actual	Previous Budget					
<b>Assets</b>								
Cash and bank balances	9	4,168	2,902	3,699	3,887	4,102	4,386	4,618
Marketable securities, deposits & equity investments	9	43,520	43,232	49,287	54,454	55,683	58,157	64,662
Advances	10	8,758	10,021	10,489	12,302	14,027	14,550	15,047
Receivables	11	14,474	10,534	14,376	14,481	15,376	15,564	15,657
Inventories		907	1,182	1,078	1,140	1,209	1,241	1,263
Other investments	12	323	286	397	430	459	482	488
Property, plant and equipment	13	79,441	73,863	82,922	85,634	87,741	89,577	91,141
TEI investment		5,475	5,301	5,595	5,679	5,743	5,802	5,861
Commercial forests		575	232	565	566	566	567	567
Intangible assets (including goodwill)		630	398	568	489	407	346	283
Forecast new capital spending		..	256	82	636	1,100	1,814	2,384
<b>Total Assets</b>		<b>158,271</b>	<b>148,207</b>	<b>169,058</b>	<b>179,698</b>	<b>186,413</b>	<b>192,486</b>	<b>201,971</b>
<b>Liabilities</b>								
Payables and provisions	14	16,133	13,559	15,086	15,717	16,049	15,985	16,198
Currency issued		3,362	3,408	3,431	3,465	3,500	3,535	3,570
Borrowings - sovereign guaranteed		29,879	28,560	31,767	33,404	31,768	30,519	32,276
Borrowings - non-sovereign guaranteed		9,548	9,828	11,983	13,465	15,522	16,382	17,255
Provision for GSF pension liability	15	15,231	15,344	15,530	15,575	15,559	15,462	15,309
Provision for ACC outstanding claims liability	16	12,715	13,255	13,543	14,283	15,029	15,791	16,572
<b>Total Liabilities</b>		<b>86,868</b>	<b>83,954</b>	<b>91,340</b>	<b>95,909</b>	<b>97,427</b>	<b>97,674</b>	<b>101,180</b>
<b>Total Assets less Total Liabilities</b>		<b>71,403</b>	<b>64,253</b>	<b>77,718</b>	<b>83,789</b>	<b>88,986</b>	<b>94,812</b>	<b>100,791</b>
<b>Net Worth</b>								
Taxpayer funds		33,477	36,049	39,973	46,044	51,241	57,067	63,046
Revaluation reserve	17	37,633	27,989	37,452	37,452	37,452	37,452	37,452
Minority Interest		293	215	293	293	293	293	293
<b>Net Worth</b>		<b>71,403</b>	<b>64,253</b>	<b>77,718</b>	<b>83,789</b>	<b>88,986</b>	<b>94,812</b>	<b>100,791</b>

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)	2007						
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>New Zealand Superannuation Fund</b>							
Within MSDs & equity investments is the NZS Fund (except for cross holdings of investments with other parts of the Crown, for example the NZS Fund will hold NZ Government Stock). The following information includes all investments and income, including cross-holdings of NZ Government Stock and accrued interest on such stock.							
Opening balance	6,555	10,015	9,861	12,653	15,626	18,979	22,676
Gross contribution	2,337	2,049	2,049	2,133	2,326	2,459	2,576
Income after tax	969	675	743	840	1,027	1,238	1,468
<b>NZS Fund balance</b>	<b>9,861</b>	<b>12,739</b>	<b>12,653</b>	<b>15,626</b>	<b>18,979</b>	<b>22,676</b>	<b>26,720</b>

### 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)

<b>Total Crown gross debt</b>	<b>39,427</b>	<b>38,388</b>	<b>43,750</b>	<b>46,869</b>	<b>47,290</b>	<b>46,901</b>	<b>49,531</b>
Core Crown sovereign guaranteed borrowings excl cross holdings of NZS Fund and GSF	34,477 (984)	33,356 (1,657)	36,480 (1,387)	38,464 (1,689)	37,165 (2,027)	36,216 (2,399)	38,276 (2,806)
<b>Gross sovereign-issued debt</b>	<b>35,461</b>	<b>32,663</b>	<b>37,867</b>	<b>40,153</b>	<b>39,192</b>	<b>38,615</b>	<b>41,082</b>

#### Core Crown

Gross sovereign issued debt	35,461	35,013	37,867	40,153	39,192	38,615	41,082
Financial assets	(40,599)	(41,028)	(46,347)	(51,848)	(52,714)	(55,018)	(61,353)
	<b>(5,138)</b>	<b>(6,015)</b>	<b>(8,480)</b>	<b>(11,695)</b>	<b>(13,522)</b>	<b>(16,403)</b>	<b>(20,271)</b>
NZS Fund and GSF financial assets	12,883	15,224	14,862	17,618	20,709	24,100	27,796
<b>Net Core Crown Debt</b>	<b>7,745</b>	<b>9,209</b>	<b>6,382</b>	<b>5,923</b>	<b>7,187</b>	<b>7,697</b>	<b>7,525</b>

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

## Forecast Statement of Borrowings

for the years ending 30 June

(\$ million)	2007						
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>Sovereign Guaranteed Debt</b>							
<b>New Zealand-Dollar Debt</b>							
Government stock	17,002	15,982	16,253	18,169	17,061	15,825	17,651
Treasury bills	4,860	5,259	2,585	2,791	2,601	2,608	2,617
Loans and foreign-exchange contracts	(11,247)	(10,131)	8,213	7,671	7,542	7,542	7,542
Retail stock and other	532	482	463	430	395	390	375
<b>Total New Zealand-Dollar Debt</b>	<b>11,147</b>	<b>11,592</b>	<b>27,514</b>	<b>29,061</b>	<b>27,599</b>	<b>26,365</b>	<b>28,185</b>
<b>Foreign-Currency Debt</b>							
United States dollars	14,430	9,309	1,673	1,873	1,873	1,873	1,810
Japanese yen	404	508	(334)	(334)	(334)	(335)	(335)
European and other currencies	3,898	7,151	2,914	2,804	2,630	2,616	2,616
<b>Total Foreign-Currency Debt</b>	<b>18,732</b>	<b>16,968</b>	<b>4,253</b>	<b>4,343</b>	<b>4,169</b>	<b>4,154</b>	<b>4,091</b>
<b>Total Sovereign Guaranteed Debt</b>	<b>29,879</b>	<b>28,560</b>	<b>31,767</b>	<b>33,404</b>	<b>31,768</b>	<b>30,519</b>	<b>32,276</b>
<b>Non-Sovereign Guaranteed Debt</b>							
New Zealand	7,198	7,827	9,551	10,922	13,109	14,067	14,726
United States dollars	1,794	1,988	2,180	2,121	1,926	1,739	1,862
Japanese yen	279	..	..	..	..	..	..
European and other currencies	277	13	252	422	487	576	667
<b>Total Non-Sovereign Guaranteed Debt</b>	<b>9,548</b>	<b>9,828</b>	<b>11,983</b>	<b>13,465</b>	<b>15,522</b>	<b>16,382</b>	<b>17,255</b>
<b>Total Borrowings (Gross Debt)</b>	<b>39,427</b>	<b>38,388</b>	<b>43,750</b>	<b>46,869</b>	<b>47,290</b>	<b>46,901</b>	<b>49,531</b>
<b>Less</b>							
<b>Financial Assets (including restricted assets)</b>							
<b>Marketable Securities, Deposits and Equity Investments</b>							
New Zealand dollars	8,003	5,213	14,738	16,512	14,276	12,860	15,247
United States dollars	11,080	11,608	11,529	11,923	12,130	12,347	12,510
Japanese yen	615	1,173	584	734	900	1,084	1,287
European and other currencies	7,970	7,255	5,014	5,196	5,350	5,696	6,091
Reserve Position at IMF	458	275	388	380	373	365	356
NZ equity investments	2,721	3,643	3,690	4,214	4,791	5,383	6,005
Foreign equity investments	12,673	14,065	13,344	15,495	17,863	20,422	23,166
<b>Total</b>	<b>43,520</b>	<b>43,232</b>	<b>49,287</b>	<b>54,454</b>	<b>55,683</b>	<b>58,157</b>	<b>64,662</b>
<b>Advances and Cash</b>							
Student loans	5,569	5,868	5,839	6,374	6,896	7,412	7,891
Other advances	3,189	4,153	4,650	5,928	7,131	7,138	7,156
Cash	4,168	2,902	3,699	3,887	4,102	4,386	4,618
<b>Total</b>	<b>12,926</b>	<b>12,923</b>	<b>14,188</b>	<b>16,189</b>	<b>18,129</b>	<b>18,936</b>	<b>19,665</b>
<b>Total Financial Assets</b>	<b>56,446</b>	<b>56,155</b>	<b>63,475</b>	<b>70,643</b>	<b>73,812</b>	<b>77,093</b>	<b>84,327</b>
<b>Borrowings less Financial Assets</b>	<b>(17,019)</b>	<b>(17,767)</b>	<b>(19,725)</b>	<b>(23,774)</b>	<b>(26,522)</b>	<b>(30,192)</b>	<b>(34,796)</b>
Net New Zealand-dollar debt	(5,569)	(3,562)	3,297	1,633	1,757	1,147	(496)
Net foreign-currency debt	(11,450)	(14,205)	(23,022)	(25,407)	(28,279)	(31,339)	(34,300)
<b>Borrowings less Financial Assets</b>	<b>(17,019)</b>	<b>(17,767)</b>	<b>(19,725)</b>	<b>(23,774)</b>	<b>(26,522)</b>	<b>(30,192)</b>	<b>(34,796)</b>

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 2006	As at 30 June 2006
<b>Capital Commitments</b>		
Specialist military equipment	1,154	535
Land and buildings	804	945
Other property, plant and equipment	2,551	2,530
Other capital commitments	828	818
Investments	124	124
<b>Total Capital Commitments</b>	<b>5,461</b>	<b>4,952</b>
<b>Operating Commitments</b>		
Non-cancellable accommodation leases	1,942	1,940
Other non-cancellable leases	2,499	2,466
Non-cancellable contracts for the supply of goods and services	1,786	1,908
Other operating commitments	7,127	6,462
TEIs	303	303
<b>Total Operating Commitments</b>	<b>13,657</b>	<b>13,079</b>
<b>Total Commitments</b>	<b>19,118</b>	<b>18,031</b>
<b>Total Commitments by Institutional Segment</b>		
Core Crown	5,973	4,824
Crown entities	9,560	9,627
State-owned enterprises	3,585	3,580
<b>Total Commitments</b>	<b>19,118</b>	<b>18,031</b>

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 2006	As at 30 June 2006
Guarantees and indemnities	423	405
Uncalled capital	2,365	2,592
Legal proceedings and disputes	1,012	1,032
Other quantifiable contingent liabilities	2,111	2,073
<b>Total Quantifiable Contingent Liabilities</b>	<b>5,911</b>	<b>6,102</b>
<b>Total Quantifiable Contingent Liabilities by Institutional Segment</b>		
Core Crown	5,755	5,921
Crown Entities	38	63
State-owned enterprises	118	118
<b>Total Quantifiable Contingent Liabilities</b>	<b>5,911</b>	<b>6,102</b>
<b>Quantifiable Contingent Assets</b>		
Core Crown - Education and Transport	106	106
<b>Total Quantifiable Contingent Assets</b>	<b>106</b>	<b>106</b>

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 104 to 106 of the Specific Fiscal Risk chapter.

The Statement of Fiscal Risks (quantified and unquantified) is outlined on pages 92 to 103 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
	2006 \$m	2006 \$m	2006 \$m	2006 \$m	2006 \$m
<b>Revenue</b>					
Taxation revenue	52,444	-	-	(471)	51,973
Other sovereign levied income	663	2,811	-	(63)	3,411
Forecast revenue allocation	-	-	-	-	-
Sales of goods and services	884	1,865	11,206	(618)	13,337
Investment income	4,496	1,962	1,008	(1,638)	5,828
Other revenues	683	18,677	537	(17,865)	2,032
<b>Total revenue</b>	<b>59,170</b>	<b>25,315</b>	<b>12,751</b>	<b>(20,655)</b>	<b>76,581</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	15,243	1,708	-	(101)	16,850
Personnel expenses	5,656	7,591	1,876	(7)	15,116
Operating expenses	26,661	12,967	8,558	(18,909)	29,277
Finance costs	2,356	302	443	(449)	2,652
FX losses/(gains)	(295)	(113)	(3)	-	(411)
GSF and ACC liability revaluation movements	279	1,321	-	-	1,600
<b>Total expenses</b>	<b>49,900</b>	<b>23,776</b>	<b>10,874</b>	<b>(19,466)</b>	<b>65,084</b>
<b>Expenses by functional classification</b>					
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
Other functional classifications	12,780	5,081	10,412	(4,091)	24,182
Forecast new operating spending	-	-	-	-	-
Finance costs and FX losses/(gains)	2,061	189	440	(449)	2,241
<b>Total expenses</b>	<b>49,900</b>	<b>23,776</b>	<b>10,874</b>	<b>(19,466)</b>	<b>65,084</b>
<b>TEI's and Minority Interest</b>	-	54	(78)	-	(24)
<b>Operating balance</b>	<b>9,270</b>	<b>1,593</b>	<b>1,799</b>	<b>(1,189)</b>	<b>11,473</b>

### Statement of Financial Position (institutional form)

as at 30 June 2006

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2006 \$m	2006 \$m	2006 \$m	2006 \$m	2006 \$m
<b>Assets</b>					
Financial assets	40,599	17,554	5,368	(7,075)	56,446
Physical assets	25,223	37,987	16,231	-	79,441
Investment in SOEs and CEs (including TEIs)	24,169	5,475	-	(24,169)	5,475
Other assets	12,293	2,433	2,421	(238)	16,909
<b>Total assets</b>	<b>102,284</b>	<b>63,449</b>	<b>24,020</b>	<b>(31,482)</b>	<b>158,271</b>
<b>Liabilities</b>					
Borrowings	34,477	4,124	7,901	(7,075)	39,427
Other liabilities	27,730	17,503	3,004	(796)	47,441
<b>Total liabilities</b>	<b>62,207</b>	<b>21,627</b>	<b>10,905</b>	<b>(7,871)</b>	<b>86,868</b>
<b>Net worth</b>	<b>40,077</b>	<b>41,822</b>	<b>13,115</b>	<b>(23,611)</b>	<b>71,403</b>
Taxpayer funds	28,929	21,086	7,073	(23,611)	33,477
Revaluation reserves	11,148	20,736	5,749	-	37,633
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>40,077</b>	<b>41,822</b>	<b>13,115</b>	<b>(23,611)</b>	<b>71,403</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	8,797	2,308	4,148	(2,327)	12,926
MSDs and equity investments	31,802	15,246	1,220	(4,748)	43,520
<b>Total financial assets</b>	<b>40,599</b>	<b>17,554</b>	<b>5,368</b>	<b>(7,075)</b>	<b>56,446</b>
Borrowings - Sovereign guaranteed	34,477	-	-	(4,598)	29,879
Borrowings - Non-sovereign guaranteed	-	4,124	7,901	(2,477)	9,548
<b>Total borrowings</b>	<b>34,477</b>	<b>4,124</b>	<b>7,901</b>	<b>(7,075)</b>	<b>39,427</b>
<b>Borrowings less financial assets</b>	<b>(6,122)</b>	<b>(13,430)</b>	<b>2,533</b>	<b>-</b>	<b>(17,019)</b>
<b>Net Crown debt</b>	<b>7,745</b>				
<b>Gross sovereign-issued debt</b>	<b>35,461</b>				

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

## 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
<b>Revenue</b>					
Taxation revenue	52,241	-	-	(533)	51,708
Other sovereign levied income	677	2,657	-	(40)	3,294
Forecast revenue allocation	-	-	-	-	-
Sales of goods and services	847	1,870	10,523	(674)	12,566
Investment income	4,524	1,179	467	(1,055)	5,115
Other revenues	731	20,256	864	(19,557)	2,294
<b>Total revenue</b>	<b>59,020</b>	<b>25,962</b>	<b>11,854</b>	<b>(21,859)</b>	<b>74,977</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	16,290	1,842	-	(101)	18,031
Personnel expenses	5,702	7,887	1,954	(6)	15,537
Operating expenses	28,898	14,139	8,277	(20,695)	30,619
Finance costs	2,498	327	624	(471)	2,978
FX losses/(gains)	276	(1)	223	-	498
GSF and ACC liability revaluation movements	299	828	-	-	1,127
<b>Total expenses</b>	<b>53,963</b>	<b>25,022</b>	<b>11,078</b>	<b>(21,273)</b>	<b>68,790</b>
<b>Expenses by functional classification</b>					
Social security and welfare	16,970	3,460	-	(402)	20,028
Health	10,673	8,534	-	(9,096)	10,111
Education	9,640	7,032	23	(6,529)	10,166
Other functional classifications	13,690	5,670	10,208	(4,775)	24,793
Forecast new operating spending	216	-	-	-	216
Finance costs and FX losses/(gains)	2,774	326	847	(471)	3,476
<b>Total expenses</b>	<b>53,963</b>	<b>25,022</b>	<b>11,078</b>	<b>(21,273)</b>	<b>68,790</b>
Net surplus TEIs	-	73	-	-	73
<b>Operating balance</b>	<b>5,057</b>	<b>1,013</b>	<b>776</b>	<b>(586)</b>	<b>6,260</b>

### 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
<b>Assets</b>					
Financial assets	46,347	18,088	6,770	(7,730)	63,475
Physical assets	26,231	39,124	17,567	-	82,922
Investment in SOEs and CEs (including TEIs)	24,674	5,595	-	(24,674)	5,595
Other assets	12,418	2,475	2,713	(540)	17,066
<b>Total assets</b>	<b>109,670</b>	<b>65,282</b>	<b>27,050</b>	<b>(32,944)</b>	<b>169,058</b>
<b>Liabilities</b>					
Borrowings	36,480	4,488	10,515	(7,730)	43,750
Other liabilities	28,060	17,522	3,079	(1,074)	47,590
<b>Total liabilities</b>	<b>64,540</b>	<b>22,010</b>	<b>13,594</b>	<b>(8,804)</b>	<b>91,340</b>
<b>Net worth</b>	<b>45,130</b>	<b>43,272</b>	<b>13,456</b>	<b>(24,140)</b>	<b>77,718</b>
Taxpayer funds	34,139	22,564	7,410	(24,140)	39,973
Revaluation reserves	10,991	20,708	5,753	-	37,452
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>45,130</b>	<b>43,272</b>	<b>13,456</b>	<b>(24,140)</b>	<b>77,718</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	9,312	2,379	5,376	(2,879)	14,188
MSDs and equity investments	37,035	15,709	1,394	(4,851)	49,287
<b>Total financial assets</b>	<b>46,347</b>	<b>18,088</b>	<b>6,770</b>	<b>(7,730)</b>	<b>63,475</b>
Borrowings - Sovereign guaranteed	36,480	-	-	(4,710)	31,767
Borrowings - Non-sovereign guaranteed	-	4,488	10,515	(3,020)	11,983
<b>Total borrowings</b>	<b>36,480</b>	<b>4,488</b>	<b>10,515</b>	<b>(7,730)</b>	<b>43,750</b>
<b>Borrowings less financial assets</b>	<b>(9,867)</b>	<b>(13,600)</b>	<b>3,745</b>	<b>-</b>	<b>(19,725)</b>
<b>Net Crown debt</b>	<b>6,382</b>				
<b>Gross sovereign-issued debt</b>	<b>37,867</b>				

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

## Forecast Statement of Segments (continued)

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

for the year ended 30 June 2008

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008 \$m	2008 \$m	2008 \$m	2008 \$m	2008 \$m
<b>Revenue</b>					
Taxation revenue	53,921	-	-	(577)	53,344
Other sovereign levied income	707	2,675	-	(41)	3,341
Forecast revenue allocation	-	-	-	-	-
Sales of goods and services	803	1,917	10,800	(652)	12,868
Investment income	3,795	1,275	584	(851)	4,803
Other revenues	691	20,854	871	(20,084)	2,332
<b>Total revenue</b>	<b>59,917</b>	<b>26,721</b>	<b>12,255</b>	<b>(22,205)</b>	<b>76,688</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	17,179	1,970	-	(103)	19,046
Personnel expenses	5,694	8,116	2,024	(6)	15,828
Operating expenses	30,202	14,553	8,441	(21,245)	31,951
Finance costs	2,457	334	797	(510)	3,078
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	45	740	-	-	785
<b>Total expenses</b>	<b>55,577</b>	<b>25,713</b>	<b>11,262</b>	<b>(21,864)</b>	<b>70,688</b>
<b>Expenses by functional classification</b>					
Social security and welfare	17,758	3,554	-	(421)	20,891
Health	10,675	8,820	-	(9,439)	10,056
Education	9,508	7,172	23	(6,588)	10,115
Other functional classifications	13,793	5,833	10,442	(4,906)	25,162
Forecast new operating spending	1,386	-	-	-	1,386
Finance costs and FX losses/(gains)	2,457	334	797	(510)	3,078
<b>Total expenses</b>	<b>55,577</b>	<b>25,713</b>	<b>11,262</b>	<b>(21,864)</b>	<b>70,688</b>
Net surplus TEIs	-	71	-	-	71
<b>Operating balance</b>	<b>4,340</b>	<b>1,079</b>	<b>993</b>	<b>(341)</b>	<b>6,071</b>

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

as at 30 June 2008

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2008 \$m	2008 \$m	2008 \$m	2008 \$m	2008 \$m
<b>Assets</b>					
Financial assets	51,848	19,455	7,743	(8,403)	70,643
Physical assets	26,371	40,121	19,142	-	85,634
Investment in SOEs and CEs (including TEIs)	24,957	5,679	-	(24,957)	5,679
Other assets	13,102	2,467	2,720	(547)	17,742
<b>Total assets</b>	<b>116,278</b>	<b>67,722</b>	<b>29,605</b>	<b>(33,907)</b>	<b>179,698</b>
<b>Liabilities</b>					
Borrowings	38,464	4,758	12,055	(8,403)	46,869
Other liabilities	28,345	18,306	3,328	(944)	49,040
<b>Total liabilities</b>	<b>66,809</b>	<b>23,064</b>	<b>15,383</b>	<b>(9,347)</b>	<b>95,909</b>
<b>Net worth</b>	<b>49,469</b>	<b>44,658</b>	<b>14,222</b>	<b>(24,560)</b>	<b>83,789</b>
Taxpayer Funds	38,478	23,950	8,176	(24,560)	46,044
Revaluation reserves	10,991	20,708	5,753	-	37,452
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>49,469</b>	<b>44,658</b>	<b>14,222</b>	<b>(24,560)</b>	<b>83,789</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	10,166	2,543	6,673	(3,193)	16,189
MSDs and equity investments	41,682	16,912	1,070	(5,210)	54,454
<b>Total financial assets</b>	<b>51,848</b>	<b>19,455</b>	<b>7,743</b>	<b>(8,403)</b>	<b>70,643</b>
Borrowings - Sovereign guaranteed	38,464	-	-	(5,055)	33,404
Borrowings - Non-sovereign guaranteed	-	4,758	12,055	(3,348)	13,465
<b>Total borrowings</b>	<b>38,464</b>	<b>4,758</b>	<b>12,055</b>	<b>(8,403)</b>	<b>46,869</b>
<b>Borrowings less financial assets</b>	<b>(13,384)</b>	<b>(14,697)</b>	<b>4,312</b>	<b>-</b>	<b>(23,774)</b>
<b>Net Crown debt</b>	<b>5,923</b>				
<b>Gross sovereign-issued debt</b>	<b>40,153</b>				

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



## 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
<b>Revenue</b>					
Taxation revenue	56,233	-	-	(637)	55,596
Other sovereign levied income	726	2,722	-	(40)	3,408
Forecast revenue allocation	(1,000)	-	-	-	(1,000)
Sales of goods and services	811	1,973	11,278	(660)	13,402
Investment income	4,126	1,315	752	(938)	5,255
Other revenues	681	21,266	875	(20,432)	2,390
<b>Total revenue</b>	<b>61,577</b>	<b>27,276</b>	<b>12,905</b>	<b>(22,707)</b>	<b>79,051</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	17,728	2,088	-	(107)	19,709
Personnel expenses	5,793	8,217	2,083	(6)	16,087
Operating expenses	32,282	14,827	8,835	(21,658)	34,286
Finance costs	2,372	346	932	(536)	3,114
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(16)	746	-	-	730
<b>Total expenses</b>	<b>58,159</b>	<b>26,224</b>	<b>11,850</b>	<b>(22,307)</b>	<b>73,926</b>
<b>Expenses by functional classification</b>					
Social security and welfare	18,345	3,720	-	(442)	21,623
Health	10,786	9,116	-	(9,755)	10,147
Education	9,571	7,132	23	(6,576)	10,150
Other functional classifications	13,766	5,910	10,895	(4,998)	25,573
Forecast new operating spending	3,319	-	-	-	3,319
Finance costs and FX losses/(gains)	2,372	346	932	(536)	3,114
<b>Total expenses</b>	<b>58,159</b>	<b>26,224</b>	<b>11,850</b>	<b>(22,307)</b>	<b>73,926</b>
Net surplus TEIs	-	72	-	-	72
<b>Operating balance</b>	<b>3,418</b>	<b>1,124</b>	<b>1,055</b>	<b>(400)</b>	<b>5,197</b>

### 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
<b>Assets</b>					
Financial assets	52,714	20,705	9,189	(8,796)	73,812
Physical assets	26,168	41,042	20,530	-	87,741
Investment in SOEs and CEs (including TEIs)	25,146	5,743	-	(25,146)	5,743
Other assets	14,372	2,433	2,860	(547)	19,117
<b>Total assets</b>	<b>118,400</b>	<b>69,923</b>	<b>32,579</b>	<b>(34,489)</b>	<b>186,413</b>
<b>Liabilities</b>					
Borrowings	37,165	4,987	13,939	(8,796)	47,290
Other liabilities	28,346	18,951	3,726	(891)	50,137
<b>Total liabilities</b>	<b>65,511</b>	<b>23,938</b>	<b>17,665</b>	<b>(9,687)</b>	<b>97,427</b>
<b>Net worth</b>	<b>52,889</b>	<b>45,985</b>	<b>14,914</b>	<b>(24,802)</b>	<b>88,986</b>
Taxpayer Funds	41,898	25,277	8,868	(24,802)	51,241
Revaluation reserves	10,991	20,708	5,753	-	37,452
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>52,889</b>	<b>45,985</b>	<b>14,914</b>	<b>(24,802)</b>	<b>88,986</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	10,780	2,635	7,952	(3,238)	18,129
MSDs and equity investments	41,934	18,070	1,237	(5,558)	55,683
<b>Total financial assets</b>	<b>52,714</b>	<b>20,705</b>	<b>9,189</b>	<b>(8,796)</b>	<b>73,812</b>
Borrowings - Sovereign guaranteed	37,165	-	-	(5,392)	31,768
Borrowings - Non-sovereign guaranteed	-	4,987	13,939	(3,404)	15,522
<b>Total borrowings</b>	<b>37,165</b>	<b>4,987</b>	<b>13,939</b>	<b>(8,796)</b>	<b>47,290</b>
<b>Borrowings less financial assets</b>	<b>(15,549)</b>	<b>(15,718)</b>	<b>4,750</b>	<b>-</b>	<b>(26,522)</b>
<b>Net Crown debt</b>	<b>7,187</b>				
<b>Gross sovereign-issued debt</b>	<b>39,192</b>				

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

## 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
<b>Revenue</b>					
Taxation revenue	59,169	-	-	(657)	58,512
Other sovereign levied income	737	2,787	-	(41)	3,483
Forecast revenue allocation	(1,000)	-	-	-	(1,000)
Sales of goods and services	822	2,025	11,784	(664)	13,967
Investment income	4,350	1,350	760	(980)	5,480
Other revenues	668	21,271	880	(20,443)	2,376
<b>Total revenue</b>	<b>64,746</b>	<b>27,433</b>	<b>13,424</b>	<b>(22,785)</b>	<b>82,818</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	18,583	2,208	-	(111)	20,680
Personnel expenses	5,816	8,232	2,110	(6)	16,152
Operating expenses	33,967	14,989	9,252	(21,689)	36,519
Finance costs	2,285	351	971	(559)	3,048
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(97)	762	-	-	665
<b>Total expenses</b>	<b>60,554</b>	<b>26,542</b>	<b>12,333</b>	<b>(22,365)</b>	<b>77,064</b>
<b>Expenses by functional classification</b>					
Social security and welfare	18,975	3,890	-	(460)	22,405
Health	10,832	9,077	-	(9,787)	10,122
Education	9,662	7,190	23	(6,604)	10,271
Other functional classifications	13,699	6,034	11,339	(4,955)	26,117
Forecast new operating spending	5,101	-	-	-	5,101
Finance costs and FX losses/(gains)	2,285	351	971	(559)	3,048
<b>Total expenses</b>	<b>60,554</b>	<b>26,542</b>	<b>12,333</b>	<b>(22,365)</b>	<b>77,064</b>
Net surplus TEIs	-	72	-	-	72
<b>Operating balance</b>	<b>4,192</b>	<b>963</b>	<b>1,091</b>	<b>(420)</b>	<b>5,826</b>

### 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
<b>Assets</b>					
Financial assets	55,018	21,908	9,309	(9,142)	77,093
Physical assets	26,049	41,756	21,772	-	89,577
Investment in SOEs and CEs (including TEIs)	25,280	5,802	-	(25,280)	5,802
Other assets	15,182	2,449	2,932	(549)	20,014
<b>Total assets</b>	<b>121,529</b>	<b>71,915</b>	<b>34,013</b>	<b>(34,971)</b>	<b>192,486</b>
<b>Liabilities</b>					
Borrowings	36,216	5,315	14,517	(9,142)	46,901
Other liabilities	28,229	19,496	3,886	(843)	50,773
<b>Total liabilities</b>	<b>64,445</b>	<b>24,811</b>	<b>18,403</b>	<b>(9,985)</b>	<b>97,674</b>
<b>Net worth</b>	<b>57,084</b>	<b>47,104</b>	<b>15,610</b>	<b>(24,986)</b>	<b>94,812</b>
Taxpayer Funds	46,093	26,396	9,564	(24,986)	57,067
Revaluation reserves	10,991	20,708	5,753	-	37,452
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>57,084</b>	<b>47,104</b>	<b>15,610</b>	<b>(24,986)</b>	<b>94,812</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	11,424	2,722	8,064	(3,274)	18,936
MSDs and equity investments	43,594	19,186	1,245	(5,868)	58,157
<b>Total financial assets</b>	<b>55,018</b>	<b>21,908</b>	<b>9,309</b>	<b>(9,142)</b>	<b>77,093</b>
Borrowings - Sovereign guaranteed	36,216	-	-	(5,692)	30,519
Borrowings - Non-sovereign guaranteed	-	5,315	14,517	(3,450)	16,382
<b>Total borrowings</b>	<b>36,216</b>	<b>5,315</b>	<b>14,517</b>	<b>(9,142)</b>	<b>46,901</b>
<b>Borrowings less financial assets</b>	<b>(18,802)</b>	<b>(16,593)</b>	<b>5,208</b>	<b>-</b>	<b>(30,192)</b>
<b>Net Crown debt</b>	<b>7,697</b>				
<b>Gross sovereign-issued debt</b>	<b>38,615</b>				

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

## Forecast Statement of Segments (continued)

### Forecast 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
	2011 \$m	2011 \$m	2011 \$m	2011 \$m	2011 \$m
<b>Revenue</b>					
Taxation revenue	61,948	-	-	(723)	61,225
Other sovereign levied income	748	2,847	-	(40)	3,555
Forecast revenue allocation	(1,000)	-	-	-	(1,000)
Sales of goods and services	817	2,065	12,197	(664)	14,415
Investment income	4,747	1,422	770	(1,028)	5,911
Other revenues	635	21,345	756	(20,353)	2,383
<b>Total revenue</b>	<b>67,895</b>	<b>27,679</b>	<b>13,723</b>	<b>(22,808)</b>	<b>86,489</b>
<b>Expenses by input type</b>					
Subsidies and transfer payments	19,253	2,335	-	(110)	21,478
Personnel expenses	5,893	8,250	2,149	(6)	16,286
Operating expenses	36,064	15,081	9,539	(21,664)	39,020
Finance costs	2,422	355	973	(579)	3,171
FX losses/(gains)	-	-	-	-	-
GSF and ACC liability revaluation movements	(153)	781	-	-	628
<b>Total expenses</b>	<b>63,479</b>	<b>26,802</b>	<b>12,661</b>	<b>(22,359)</b>	<b>80,583</b>
<b>Expenses by functional classification</b>					
Social security and welfare	19,636	4,068	-	(481)	23,223
Health	10,826	9,089	-	(9,786)	10,129
Education	9,750	7,195	23	(6,587)	10,381
Other functional classifications	13,824	6,095	11,665	(4,926)	26,658
Forecast new operating spending	7,021	-	-	-	7,021
Finance costs and FX losses/(gains)	2,422	355	973	(579)	3,171
<b>Total expenses</b>	<b>63,479</b>	<b>26,802</b>	<b>12,661</b>	<b>(22,359)</b>	<b>80,583</b>
Net surplus TEIs	-	73	-	-	73
<b>Operating balance</b>	<b>4,416</b>	<b>950</b>	<b>1,062</b>	<b>(449)</b>	<b>5,979</b>

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

(\$ million)	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2011 \$m	2011 \$m	2011 \$m	2011 \$m	2011 \$m
<b>Assets</b>					
Financial assets	61,353	23,029	9,471	(9,526)	84,327
Physical assets	25,476	42,537	23,128	-	91,141
Investment in SOEs and CEs (including TEIs)	25,296	5,861	-	(25,296)	5,861
Other assets	15,761	2,486	2,943	(548)	20,642
<b>Total assets</b>	<b>127,886</b>	<b>73,913</b>	<b>35,542</b>	<b>(35,370)</b>	<b>201,971</b>
<b>Liabilities</b>					
Borrowings	38,276	5,580	15,206	(9,526)	49,531
Other liabilities	28,110	20,243	4,077	(786)	51,649
<b>Total liabilities</b>	<b>66,386</b>	<b>25,823</b>	<b>19,283</b>	<b>(10,312)</b>	<b>101,180</b>
<b>Net worth</b>	<b>61,500</b>	<b>48,090</b>	<b>16,259</b>	<b>(25,058)</b>	<b>100,791</b>
Taxpayer Funds	50,509	27,382	10,213	(25,058)	63,046
Revaluation reserves	10,991	20,708	5,753	-	37,452
Minority Interest	-	-	293	-	293
<b>Net worth</b>	<b>61,500</b>	<b>48,090</b>	<b>16,259</b>	<b>(25,058)</b>	<b>100,791</b>
<b>Analysis of financial assets and borrowings</b>					
Advances and cash	11,978	2,816	8,220	(3,349)	19,665
MSDs and equity investments	49,375	20,213	1,251	(6,177)	64,662
<b>Total financial assets</b>	<b>61,353</b>	<b>23,029</b>	<b>9,471</b>	<b>(9,526)</b>	<b>84,327</b>
Borrowings - Sovereign guaranteed	38,276	-	-	(5,995)	32,276
Borrowings - Non-sovereign guaranteed	-	5,580	15,206	(3,531)	17,255
<b>Total borrowings</b>	<b>38,276</b>	<b>5,580</b>	<b>15,206</b>	<b>(9,526)</b>	<b>49,531</b>
<b>Borrowings less financial assets</b>	<b>(23,077)</b>	<b>(17,449)</b>	<b>5,735</b>	<b>-</b>	<b>(34,796)</b>
<b>Net Crown debt</b>	<b>7,525</b>				
<b>Gross sovereign-issued debt</b>	<b>41,082</b>				

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

## Notes to the Forecast Financial Statements

(\$ million)	2007						
	2006 Actual	2006 Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>NOTE 1: Revenue Collected Through the Crown's Sovereign Power</b>							
<b>Income Tax Revenue (accrual)</b>							
<b>Individuals</b>							
Source deductions	19,936	20,534	21,231	22,140	23,121	24,480	25,838
Other persons	4,940	4,393	4,477	4,506	4,681	4,984	5,229
Refunds	(953)	(962)	(1,039)	(1,047)	(1,045)	(1,049)	(1,072)
Fringe benefit tax	450	425	443	465	486	513	534
<b>Total Individuals</b>	<b>24,373</b>	<b>24,390</b>	<b>25,112</b>	<b>26,064</b>	<b>27,243</b>	<b>28,928</b>	<b>30,529</b>
<b>Corporate Tax</b>							
Gross companies tax	9,413	7,966	7,799	7,904	8,449	9,287	9,609
Refunds	(270)	(205)	(240)	(245)	(260)	(260)	(260)
Non-resident withholding tax	1,096	874	1,178	1,115	1,183	1,240	1,296
Foreign-source dividend withholding payments	160	220	168	173	178	183	188
<b>Total Corporate Tax</b>	<b>10,399</b>	<b>8,855</b>	<b>8,905</b>	<b>8,947</b>	<b>9,550</b>	<b>10,450</b>	<b>10,833</b>
<b>Other Income Tax</b>							
Resident withholding tax on interest income	1,879	2,079	2,115	2,189	2,142	2,090	2,141
Resident withholding tax on dividend income	74	56	81	86	88	90	92
Estate and gift duties	3	2	2	2	2	2	2
<b>Total Other Income Tax</b>	<b>1,956</b>	<b>2,137</b>	<b>2,198</b>	<b>2,277</b>	<b>2,232</b>	<b>2,182</b>	<b>2,235</b>
<b>Total Income Tax</b>	<b>36,728</b>	<b>35,382</b>	<b>36,215</b>	<b>37,288</b>	<b>39,025</b>	<b>41,560</b>	<b>43,597</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	18,241	18,542	18,830	19,563	20,457	21,184	22,151
Refunds	(7,664)	(8,028)	(8,121)	(8,382)	(8,839)	(9,285)	(9,705)
<b>Total Goods and Services Tax</b>	<b>10,577</b>	<b>10,514</b>	<b>10,709</b>	<b>11,181</b>	<b>11,618</b>	<b>11,899</b>	<b>12,446</b>
<b>Other Taxation</b>							
Petroleum fuels excise	852	914	893	906	920	930	940
Tobacco excise <sup>2</sup>	834	145	246	150	152	154	155
Customs duty	1,083	1,773	1,724	1,842	1,819	1,830	1,868
Road user charges	731	793	772	819	877	932	988
Alcohol excise	516	537	544	565	586	604	622
Gaming duties	275	256	230	219	218	218	216
Motor vehicle fees	221	223	224	229	238	245	250
Energy resources levies	73	58	69	66	64	61	64
Approved issuer levy (AIL) and cheque duty	83	74	82	79	79	79	79
<b>Total Other Indirect Taxation</b>	<b>4,668</b>	<b>4,773</b>	<b>4,784</b>	<b>4,875</b>	<b>4,953</b>	<b>5,053</b>	<b>5,182</b>
<b>Total Indirect Taxation</b>	<b>15,245</b>	<b>15,287</b>	<b>15,493</b>	<b>16,056</b>	<b>16,571</b>	<b>16,952</b>	<b>17,628</b>
<b>Total Tax Revenue Collected</b>	<b>51,973</b>	<b>50,669</b>	<b>51,708</b>	<b>53,344</b>	<b>55,596</b>	<b>58,512</b>	<b>61,225</b>
<b>Other Sovereign Revenues (accrual)</b>							
ACC levies	2,326	2,189	2,171	2,186	2,230	2,292	2,349
Fire Service levies	254	253	255	256	257	258	259
EQC levies	82	83	84	86	87	89	91
Other levies	749	654	784	813	834	844	856
<b>Total Other Sovereign Revenues</b>	<b>3,411</b>	<b>3,179</b>	<b>3,294</b>	<b>3,341</b>	<b>3,408</b>	<b>3,483</b>	<b>3,555</b>
Forecast revenue allocation	..	..	..	..	(1,000)	(1,000)	(1,000)
<b>Total Sovereign Revenue</b>	<b>55,384</b>	<b>53,848</b>	<b>55,002</b>	<b>56,685</b>	<b>58,004</b>	<b>60,995</b>	<b>63,780</b>

<sup>2</sup> 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

(\$ million)	2007						
	2006 Actual	2006 Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>NOTE 1: Receipts Collected Through the Crown's Sovereign Power</b>							
<b>Income Tax Receipts (cash)</b>							
<b>Individuals</b>							
Source deductions	19,897	20,534	21,231	22,140	23,121	24,480	25,838
Other persons	4,883	5,189	5,189	5,324	5,421	5,823	6,053
Refunds	(1,503)	(1,780)	(1,776)	(1,920)	(1,927)	(1,930)	(1,940)
Fringe benefit tax	450	421	450	460	482	503	527
<b>Total Individuals</b>	<b>23,727</b>	<b>24,364</b>	<b>25,094</b>	<b>26,004</b>	<b>27,097</b>	<b>28,876</b>	<b>30,478</b>
<b>Corporate Tax</b>							
Gross companies tax	8,512	8,602	8,431	8,524	8,501	9,943	10,285
Refunds	(833)	(746)	(1,000)	(877)	(887)	(904)	(907)
Non-resident withholding tax	1,093	874	1,128	1,115	1,183	1,240	1,296
Foreign-source dividend withholding payments	157	220	169	173	178	183	188
<b>Total Corporate Tax</b>	<b>8,929</b>	<b>8,950</b>	<b>8,728</b>	<b>8,935</b>	<b>8,975</b>	<b>10,462</b>	<b>10,862</b>
<b>Other Income Tax</b>							
Resident withholding tax on interest income	1,862	2,078	2,111	2,190	2,143	2,091	2,142
Resident withholding tax on dividend income	74	56	81	86	88	90	92
Estate and gift duties	2	2	2	2	2	2	2
<b>Total Other Income Tax</b>	<b>1,938</b>	<b>2,136</b>	<b>2,194</b>	<b>2,278</b>	<b>2,233</b>	<b>2,183</b>	<b>2,236</b>
<b>Total Income Tax</b>	<b>34,594</b>	<b>35,450</b>	<b>36,016</b>	<b>37,217</b>	<b>38,305</b>	<b>41,521</b>	<b>43,576</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	17,705	18,183	18,275	19,202	20,096	20,823	21,790
Refunds	(7,216)	(7,669)	(7,568)	(8,019)	(8,476)	(8,922)	(9,342)
<b>Total Goods and Services Tax</b>	<b>10,489</b>	<b>10,514</b>	<b>10,707</b>	<b>11,183</b>	<b>11,620</b>	<b>11,901</b>	<b>12,448</b>
<b>Other Taxation</b>							
Petroleum fuels excise	847	914	893	906	920	930	940
Tobacco excise	842	145	246	150	152	154	155
Customs duty	1,074	1,773	1,724	1,842	1,819	1,830	1,868
Road user charges	721	793	772	819	877	932	988
Alcohol excise	514	537	544	565	586	604	622
Gaming duties	273	257	231	220	219	219	217
Motor vehicle fees	199	223	224	229	238	245	250
Energy resources levies	73	58	71	66	64	61	64
Approved issuer levy (AIL) and cheque duty	80	74	82	79	80	79	79
<b>Total Other Indirect Taxation</b>	<b>4,623</b>	<b>4,774</b>	<b>4,787</b>	<b>4,876</b>	<b>4,955</b>	<b>5,054</b>	<b>5,183</b>
<b>Total Indirect Taxation</b>	<b>15,112</b>	<b>15,288</b>	<b>15,494</b>	<b>16,059</b>	<b>16,575</b>	<b>16,955</b>	<b>17,631</b>
<b>Total Tax Receipts Collected</b>	<b>49,706</b>	<b>50,738</b>	<b>51,510</b>	<b>53,276</b>	<b>54,880</b>	<b>58,476</b>	<b>61,207</b>
<b>Other Sovereign Receipts (cash)</b>							
ACC levies	2,256	2,105	2,159	2,186	2,220	2,273	2,302
Fire Service levies	254	253	255	256	257	258	259
EQC levies	83	83	84	86	88	90	91
Other levies	653	606	639	669	682	683	685
<b>Total Other Sovereign Receipts</b>	<b>3,246</b>	<b>3,047</b>	<b>3,137</b>	<b>3,197</b>	<b>3,247</b>	<b>3,304</b>	<b>3,337</b>
Forecast revenue allocation	..	..	..	..	(1,000)	(1,000)	(1,000)
<b>Total Sovereign Receipts</b>	<b>52,952</b>	<b>53,785</b>	<b>54,647</b>	<b>56,473</b>	<b>57,127</b>	<b>60,780</b>	<b>63,544</b>

## Notes to the Forecast Financial Statements

(\$ million)	2007					
	2006 Actual	Previous Budget	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	1,139	856	963	1,067	1,307	1,576	1,870
Interest income	2,145	1,873	2,633	2,618	2,859	2,779	2,843
Gains/(losses) on marketable securities deposits	1,436	599	849	585	509	501	532
Dividends	117	71	123	133	143	151	158
Gain on sale of Southern Hydro	630	..	..	..	..	..	..
Student loans	344	269	493	389	425	462	497
Other investment income	17	19	54	11	12	11	11
<b>Total Investment Income</b>	<b>5,828</b>	<b>3,687</b>	<b>5,115</b>	<b>4,803</b>	<b>5,255</b>	<b>5,480</b>	<b>5,911</b>

### NOTE 4: Other Revenue

Unrealised (losses)/gains arising from changes in the value of commercial forests	15	..	..	..	..	..	..
GSF contributions	104	75	76	65	56	47	38
Petroleum royalties	61	55	60	60	59	56	32
Cost recovery income from Fisheries	29	30	30	30	30	30	30
Other	1,823	2,201	2,128	2,177	2,245	2,243	2,283
<b>Total Other Revenue</b>	<b>2,032</b>	<b>2,361</b>	<b>2,294</b>	<b>2,332</b>	<b>2,390</b>	<b>2,376</b>	<b>2,383</b>

### NOTE 5: Subsidies and Transfer Payments

Social assistance grants							
New Zealand Superannuation	6,414	6,782	6,767	7,127	7,486	7,922	8,405
ACC payments	1,708	1,845	1,842	1,970	2,088	2,208	2,335
Unemployment Benefit	712	783	655	649	638	628	628
Domestic Purposes Benefit	1,493	1,504	1,472	1,486	1,493	1,511	1,536
Family Support	1,285	1,725	1,748	2,027	2,040	2,032	2,025
Student allowances	354	364	380	389	395	399	403
Other social assistance grants	4,393	4,922	4,904	5,105	5,275	5,445	5,611
Subsidies	127	140	135	127	127	127	127
Other transfer payments							
Official development assistance	330	88	88	126	126	367	367
Other	34	36	40	40	41	41	41
<b>Total Subsidies and Transfer Payments</b>	<b>16,850</b>	<b>18,189</b>	<b>18,031</b>	<b>19,046</b>	<b>19,709</b>	<b>20,680</b>	<b>21,478</b>

## Notes to the Forecast Financial Statements

(\$ million)	2007					
	2006 Actual	Previous Budget	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)	1,392	1,068	1,123	1,100	1,137	1,159	1,180
Other pension expenses	206	131	137	137	137	138	138
Other personnel expenses	13,518	13,937	14,277	14,591	14,813	14,855	14,968
<b>Total Personnel Expenses</b>	<b>15,116</b>	<b>15,136</b>	<b>15,537</b>	<b>15,828</b>	<b>16,087</b>	<b>16,152</b>	<b>16,286</b>

### 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	880	900	913	962	1,006	1,014	1,018
Electricity distribution network	109	118	95	102	111	119	127
Electricity generation assets	198	216	242	269	319	372	381
Specialist military equipment (SME)	187	216	251	286	310	335	445
State highways	252	236	235	243	251	260	269
Aircraft (ex SME)	102	246	246	225	185	168	179
Other plant and equipment	905	913	967	1,045	1,084	1,093	1,085
Other assets	75	73	63	66	68	68	67
<b>Total depreciation costs</b>	<b>2,708</b>	<b>2,918</b>	<b>3,012</b>	<b>3,198</b>	<b>3,334</b>	<b>3,429</b>	<b>3,571</b>

#### Other operating items:

Rental and leasing costs	820	787	820	845	876	909	939
Change in provision for doubtful debts	429	254	253	192	189	186	301
Write off of bad debts	81	61	400	74	74	74	74
Goodwill amortised	75	89	88	87	88	88	88
Grants paid	1,578	1,162	1,902	1,965	2,045	2,105	2,100
Lottery prize payments	398	371	397	412	429	446	464
Loss/(gain) on sale of assets	93	..	..	..	..	..	..
Write down of existing student loans to fair value	1,415	..	..	..	..	..	..
Write down of new loans to fair value	328	381	489	517	543	568	592
Other operating expenses	21,352	23,797	23,042	23,275	23,389	23,613	23,870
<b>Total operating expenses</b>	<b>29,277</b>	<b>29,820</b>	<b>30,403</b>	<b>30,565</b>	<b>30,967</b>	<b>31,418</b>	<b>31,999</b>

### NOTE 8: Forecast New Operating Spending

New operating spending up to Budget 2007	..	320	216	5	106	8	8
Forecast new operating spending	..	..	..	1,381	3,213	5,093	7,013
<b>Total Forecast for Future New Spending</b>	<b>..</b>	<b>320</b>	<b>216</b>	<b>1,386</b>	<b>3,319</b>	<b>5,101</b>	<b>7,021</b>

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 \$1.94 billion for Budget 2007, \$1.98 billion for Budget 2008, \$2.02 billion for Budget 2009 and \$2.06 for Budget 2010. 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 \$1.4 billion for Budget 2007, \$1.9 billion for Budgets 2008, 2009 and 2010.

## Notes to the Forecast Financial Statements

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

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

#### By category:

<b>Total Cash</b>	<b>4,168</b>	<b>2,902</b>	<b>3,699</b>	<b>3,887</b>	<b>4,102</b>	<b>4,386</b>	<b>4,618</b>
Marketable securities and deposits	27,668	25,249	31,865	34,365	32,656	31,987	35,134
Equity investments (e.g. shares)	15,394	17,708	17,034	19,709	22,654	25,805	29,172
Reserve position at the International Monetary Fund	458	275	388	380	373	365	356
<b>Total MSDs and Equity Investments</b>	<b>43,520</b>	<b>43,232</b>	<b>49,287</b>	<b>54,454</b>	<b>55,683</b>	<b>58,157</b>	<b>64,662</b>
<b>Total Cash and MSDs &amp; Equity Investments</b>	<b>47,688</b>	<b>46,134</b>	<b>52,986</b>	<b>58,341</b>	<b>59,785</b>	<b>62,543</b>	<b>69,280</b>

#### By portfolio management:

Reserve Bank and DMO managed funds	19,284	16,693	22,183	24,074	21,235	19,504	21,589
New Zealand Superannuation Fund	8,555	11,765	11,073	13,754	16,773	20,100	23,740
Government Superannuation Fund	3,959	3,449	3,779	3,854	3,926	3,990	4,046
ACC portfolio	7,882	7,940	8,345	9,034	9,668	10,236	10,699
EQC portfolio	1,943	2,390	1,951	2,142	2,348	2,571	2,813
Other holdings	1,897	995	1,956	1,596	1,733	1,756	1,775
<b>Total MSDs and Equity Investments</b>	<b>43,520</b>	<b>43,232</b>	<b>49,287</b>	<b>54,454</b>	<b>55,683</b>	<b>58,157</b>	<b>64,662</b>

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 \$4.2 billion (30 June 2006). 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 \$12.7 billion (30 June 2006) 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	9,726	13,038	12,303	15,282	18,636	22,333	26,377
GSF financial assets	4,166	3,833	3,936	4,015	4,090	4,156	4,215
ACC portfolio	9,080	9,443	9,249	10,016	10,722	11,355	11,870
EQC portfolio	5,232	5,638	5,591	5,992	6,420	6,879	7,372



## Notes to the Forecast Financial Statements

(\$ million)	2007						
	2006 Actual	2007 Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>NOTE 10: Advances</b>							
Student loans (see analysis below)	5,569	5,868	5,839	6,375	6,896	7,412	7,891
Kiwibank deposits	2,609	3,425	3,967	5,126	6,274	6,274	6,274
Residential care loans	71	75	67	63	59	55	51
Maori development rural lending	80	63	68	75	81	87	93
Other	429	590	548	663	717	722	738
<b>Total Advances</b>	<b>8,758</b>	<b>10,021</b>	<b>10,489</b>	<b>12,302</b>	<b>14,027</b>	<b>14,550</b>	<b>15,047</b>
<b>Analysis of Student Loans</b>							
<b>Stock</b>							
Nominal loan balance	8,370	8,784	8,988	9,678	10,345	10,997	11,602
Adjustment to fair value	(2,801)	(2,916)	(3,149)	(3,303)	(3,449)	(3,585)	(3,711)
<b>Total Student Loan Balance</b>	<b>5,569</b>	<b>5,868</b>	<b>5,839</b>	<b>6,375</b>	<b>6,896</b>	<b>7,412</b>	<b>7,891</b>
<b>Movements</b>							
Opening balance	6,465	5,472	5,569	5,839	6,375	6,896	7,412
Initial fair value write down	(1,415)	..	..	..	..	..	..
Amount borrowed in current year	1,046	1,157	1,169	1,293	1,360	1,430	1,480
Fair value write down on new borrowings	(328)	(381)	(489)	(517)	(543)	(568)	(592)
Repayments made during the year	(550)	(634)	(560)	(612)	(702)	(788)	(885)
Other impairment	(13)	(15)	(343)	(17)	(19)	(20)	(21)
Interest unwind	358	87	484	380	416	452	487
Other movements	6	182	9	9	9	10	10
<b>Closing Student Loan Balance</b>	<b>5,569</b>	<b>5,868</b>	<b>5,839</b>	<b>6,375</b>	<b>6,896</b>	<b>7,412</b>	<b>7,891</b>
<b>NOTE 11: Receivables</b>							
Taxes receivable	8,720	5,607	8,873	8,992	9,767	9,867	9,845
Accounts receivable	5,259	4,706	5,272	5,270	5,401	5,494	5,608
Receivable from the sale and purchase of Maui gas	74	32	24	16	4	..	..
Prepayments	421	189	207	203	204	203	204
<b>Total Receivables</b>	<b>14,474</b>	<b>10,534</b>	<b>14,376</b>	<b>14,481</b>	<b>15,376</b>	<b>15,564</b>	<b>15,657</b>
<b>NOTE 12: Other Investments</b>							
International Bank for Reconstruction and Development	86	76	86	86	86	86	86
Asian Development Bank	92	81	92	92	92	92	92
Other	145	129	219	252	281	304	310
<b>Total Other Investments</b>	<b>323</b>	<b>286</b>	<b>397</b>	<b>430</b>	<b>459</b>	<b>482</b>	<b>488</b>

## Notes to the Forecast Financial Statements

(\$ million)	2007						
	2006 Actual	2007 Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>NOTE 13: Property, Plant and Equipment</b>							
<i>By Type</i>							
<b>Gross Carrying Value</b>							
Land (valuation)	13,803	11,801	14,140	14,327	14,644	14,878	15,057
Properties intended for sale (valuation)	467	454	467	473	470	468	466
Buildings (valuation)	21,859	22,487	23,206	23,968	25,154	25,610	26,272
Electricity distribution network (valuation)	2,311	2,668	2,487	2,758	3,174	3,808	4,527
Electricity generation assets (valuation)	8,536	8,428	9,531	10,700	11,768	12,543	13,119
Aircraft (ex SME) (valuation)	2,068	2,566	2,486	2,734	2,990	3,232	3,807
State highways (valuation)	17,948	16,757	19,304	20,226	21,188	22,164	23,253
Specialist military equipment (valuation)	3,422	4,013	4,266	4,642	4,861	5,273	5,347
Other plant and equipment (cost)	9,692	10,211	10,588	11,738	12,795	13,612	14,298
Other assets (valuation)	7,965	7,250	7,888	8,149	7,893	7,959	8,090
<b>Total Gross Carrying Value</b>	<b>88,071</b>	<b>86,635</b>	<b>94,363</b>	<b>99,715</b>	<b>104,937</b>	<b>109,547</b>	<b>114,236</b>
<b>Accumulated Depreciation</b>							
Buildings	1,307	2,883	2,447	3,107	4,057	4,686	5,504
Electricity distribution network	299	421	385	472	563	656	753
Electricity generation assets	111	525	349	611	925	1,291	1,666
Aircraft (ex SME)	..	444	235	478	729	989	1,258
State highways	..	689	712	955	1,206	1,466	1,734
Specialist military equipment	344	1,017	601	886	1,196	1,531	1,976
Other plant and equipment	6,008	6,420	6,285	7,102	7,993	8,711	9,453
Other assets	561	373	427	470	527	640	751
<b>Total Accumulated Depreciation</b>	<b>8,630</b>	<b>12,772</b>	<b>11,441</b>	<b>14,081</b>	<b>17,196</b>	<b>19,970</b>	<b>23,095</b>
<b>Net Carrying Value</b>							
Land (valuation)	13,803	11,801	14,140	14,327	14,644	14,878	15,057
Properties intended for sale (valuation)	467	454	467	473	470	468	466
Buildings (valuation)	20,552	19,604	20,759	20,861	21,097	20,924	20,768
Electricity distribution network (valuation)	2,012	2,247	2,102	2,286	2,611	3,152	3,774
Electricity generation assets (valuation)	8,425	7,903	9,182	10,089	10,843	11,252	11,453
Aircraft (ex SME) (valuation)	2,068	2,122	2,251	2,256	2,261	2,243	2,549
State highways (valuation)	17,948	16,068	18,592	19,271	19,982	20,698	21,519
Specialist military equipment (valuation)	3,078	2,996	3,665	3,756	3,665	3,742	3,371
Other plant and equipment (cost)	3,684	3,791	4,303	4,636	4,802	4,901	4,845
Other assets (valuation)	7,404	6,877	7,461	7,679	7,366	7,319	7,339
<b>Total Net Carrying Value</b>	<b>79,441</b>	<b>73,863</b>	<b>82,922</b>	<b>85,634</b>	<b>87,741</b>	<b>89,577</b>	<b>91,141</b>
<i>By Holding</i>							
Freehold assets	77,858	72,839	81,737	84,464	86,586	88,436	90,014
Leasehold assets	1,583	1,024	1,185	1,170	1,155	1,141	1,127
<b>Net carrying value</b>	<b>79,441</b>	<b>73,863</b>	<b>82,922</b>	<b>85,634</b>	<b>87,741</b>	<b>89,577</b>	<b>91,141</b>
<b>NOTE 14: Payables and Provisions</b>							
Accounts payable and accruals	8,899	7,380	8,164	8,779	9,053	8,978	9,170
Taxes repayable	3,570	2,742	3,537	3,537	3,537	3,537	3,537
Provisions	477	514	355	371	421	432	453
Provision for Kyoto Protocol	656	582	609	609	609	609	609
National Provident Fund guarantee	998	944	998	998	998	998	998
Provisions for employee entitlements	1,533	1,397	1,423	1,423	1,431	1,431	1,431
<b>Total Payables and Provisions</b>	<b>16,133</b>	<b>13,559</b>	<b>15,086</b>	<b>15,717</b>	<b>16,049</b>	<b>15,985</b>	<b>16,198</b>

## 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 2006 (the valuation date) for inclusion within the 2006 *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 2006 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 2006 *Half Year Update* was calculated using discount rates derived from the market yield curve as at 31 October 2006. This resulted in a long-term after-tax discount rate of 3.7% (3.8% as at 30 June 2006). 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 movement in the net unfunded liability is \$131 million (reflecting an increase in the GSF liability of \$299 million and an increase in the net assets of \$168 million). The change in underlying economic assumptions accounted for \$142 million of the increase (mainly due to the decrease in the discount rate). The changes from 2007/08 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)	2007						2011
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	
<b>GSF liability and asset information</b>							
<b>GSF liability</b>							
Opening GSF liability	14,952	15,361	15,231	15,530	15,575	15,559	15,462
Net projected change	279	(17)	299	45	(16)	(97)	(153)
<b>Closing GSF liability</b>	<b>15,231</b>	<b>15,344</b>	<b>15,530</b>	<b>15,575</b>	<b>15,559</b>	<b>15,462</b>	<b>15,309</b>
<b>Less net assets available to the GSF scheme</b>							
Opening net asset value	3,521	3,768	3,793	3,961	4,039	4,110	4,176
Investment valuation changes	368	186	294	196	199	203	204
Contribution and other income less membership payments	(96)	(97)	(126)	(118)	(128)	(137)	(144)
<b>Closing net asset value</b>	<b>3,793</b>	<b>3,857</b>	<b>3,961</b>	<b>4,039</b>	<b>4,110</b>	<b>4,176</b>	<b>4,236</b>
<b>Net unfunded liability of the GSF schemes</b>							
Opening unfunded liability	11,431	11,593	11,438	11,569	11,536	11,449	11,286
Net projected change	7	(106)	131	(33)	(87)	(163)	(213)
<b>Net unfunded liability</b>	<b>11,438</b>	<b>11,487</b>	<b>11,569</b>	<b>11,536</b>	<b>11,449</b>	<b>11,286</b>	<b>11,073</b>

## 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 2006. 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), average weekly earnings and the discount rate of 5.75% (5.83% at 30 June 2006). 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.

The forecasts are based on currently approved levy rates. ACC claims expenditure is forecast to increase at a greater rate than levy revenue at those levy rates. As a consequence, ACC's net reserves position is forecast to deteriorate from 2008 to 2011. Levy rates are reviewed annually to ensure that new claims are fully funded and that the required components within the claims liability relating to older claims are fully-funded by 2014.

#### Explanation of change

The total change in the gross ACC liability compared to the expected movement for 2006/07 from the 30 June 2006 estimate is an increase of \$109 million. The main driver of the change has been the decrease in the discount rate since the 30 June 2006 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)	2007						
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
<b>ACC liability and asset information</b>							
<b>Gross ACC liability</b>							
Opening gross liability	11,384	12,581	12,715	13,543	14,283	15,029	15,791
Net projected change	1,321	674	828	740	746	762	781
Transfer from other insurer	10	..	..	..	..	..	..
<b>Closing gross liability</b>	<b>12,715</b>	<b>13,255</b>	<b>13,543</b>	<b>14,283</b>	<b>15,029</b>	<b>15,791</b>	<b>16,572</b>
<b>Less net assets available to ACC</b>							
Opening net asset value	7,217	8,813	8,880	9,681	10,427	11,122	11,750
Net projected change	1,663	802	801	746	695	628	553
<b>Closing net asset values</b>	<b>8,880</b>	<b>9,615</b>	<b>9,681</b>	<b>10,427</b>	<b>11,122</b>	<b>11,750</b>	<b>12,303</b>
<b>Net ACC reserves (net liability)</b>							
Opening reserves position	(4,167)	(3,768)	(3,835)	(3,862)	(3,856)	(3,907)	(4,041)
Net projected change	332	128	(27)	6	(51)	(134)	(228)
<b>Closing reserves position (net liability)</b>	<b>(3,835)</b>	<b>(3,640)</b>	<b>(3,862)</b>	<b>(3,856)</b>	<b>(3,907)</b>	<b>(4,041)</b>	<b>(4,269)</b>

### NOTE 17: Revaluation reserves

#### Asset Revaluation Reserves

<b>Opening Balance</b>	<b>27,988</b>	<b>27,989</b>	<b>37,633</b>	<b>37,452</b>	<b>37,452</b>	<b>37,452</b>	<b>37,452</b>
Net revaluations							
Land and buildings	2,386	..	55	..	..	..	..
State highways	2,559	..	..	..	..	..	..
Electricity generation assets	1,419	..	..	..	..	..	..
Other assets	3,505	..	..	..	..	..	..
<b>Total Net Revaluations</b>	<b>9,869</b>	<b>..</b>	<b>55</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Transfer to taxpayer funds	(224)	..	(236)	..	..	..	..
<b>Closing Balance</b>	<b>37,633</b>	<b>27,989</b>	<b>37,452</b>	<b>37,452</b>	<b>37,452</b>	<b>37,452</b>	<b>37,452</b>

## Notes to the Forecast Financial Statements

(\$ million)	2007						2011 Forecast
	2006 Actual	Previous Budget	2007 Forecast	2008 Forecast	2009 Forecast	2010 Forecast	
<b>NOTE 18: Core Crown</b>							
<b>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)</b>							
<b>Core Crown Cash Flows from Operations</b>							
Total tax receipts	50,507	51,499	52,412	54,187	55,923	59,622	62,497
Total other sovereign receipts	539	503	468	515	528	529	530
Forecast revenue allocation	..	..	..	..	(1,000)	(1,000)	(1,000)
Interest, profits and dividends	1,893	1,035	1,916	1,710	1,832	1,749	1,817
Sale of goods & services and other receipts	1,449	1,387	1,465	1,372	1,382	1,389	1,361
Subsidies and transfer payments	(15,357)	(16,820)	(16,676)	(17,616)	(18,193)	(18,833)	(19,513)
Personnel and operating expenses	(28,167)	(30,815)	(30,616)	(31,849)	(32,128)	(32,195)	(32,252)
Finance costs	(2,005)	(1,781)	(2,146)	(2,120)	(2,161)	(2,111)	(2,174)
Forecast new operating spending	..	(320)	(216)	(1,386)	(3,319)	(5,101)	(7,021)
<b>Net Cash Flows from Core Crown Operations</b>	<b>8,859</b>	<b>4,688</b>	<b>6,607</b>	<b>4,813</b>	<b>2,864</b>	<b>4,049</b>	<b>4,245</b>
Net purchase of physical assets	(1,826)	(1,953)	(2,237)	(1,233)	(966)	(1,025)	(690)
Net increase in advances	(822)	(957)	(1,142)	(1,051)	(720)	(674)	(683)
Net purchase of investments	(389)	(441)	(490)	(333)	(209)	(155)	(20)
Contribution to the NZS Fund	(2,337)	(2,049)	(2,049)	(2,133)	(2,326)	(2,459)	(2,576)
Purchase of Reserve Bank reserves	(500)	(500)	(500)	(200)	..	..	..
Forecast new capital spending	..	(256)	(82)	(554)	(464)	(714)	(570)
<b>Available to Repay Debt/(Required to be Financed)</b>	<b>2,985</b>	<b>(1,468)</b>	<b>107</b>	<b>(691)</b>	<b>(1,821)</b>	<b>(978)</b>	<b>(294)</b>
<b>Financed by:</b>							
Other net sale/(purchase) of marketable securities and deposits	(2,039)	2,493	(2,842)	(1,678)	2,581	1,667	(2,146)
<b>Total Operating and Investing Activities</b>	<b>946</b>	<b>1,025</b>	<b>(2,735)</b>	<b>(2,369)</b>	<b>760</b>	<b>689</b>	<b>(2,440)</b>
<b>Used in:</b>							
Net (repayment)/issue of other New Zealand-dollar borrowing	419	(1,132)	1,994	(345)	(134)	25	15
Decrease/(increase) in cash	105	(23)	(115)	72	(13)	(104)	(12)
Issue of circulating currency	165	..	69	34	35	35	35
Net issue/(repayment) of foreign-currency borrowing	(1,801)	502	1,088	91	(174)	(15)	(63)
	<b>(1,112)</b>	<b>(653)</b>	<b>3,036</b>	<b>(148)</b>	<b>(286)</b>	<b>(59)</b>	<b>(25)</b>
<b>Net Cash Inflow/(Outflow) to be Offset by Domestic Bonds</b>	<b>(166)</b>	<b>372</b>	<b>301</b>	<b>(2,517)</b>	<b>474</b>	<b>630</b>	<b>(2,465)</b>
<b>Gross Cash Proceeds from Domestic Bonds</b>							
Domestic bonds (market)	2,375	2,438	2,456	2,517	2,476	2,472	2,465
Domestic bonds (non-market)	740	406	441	..	343	464	..
<b>Total Gross Cash Proceeds from Domestic Bonds</b>	<b>3,115</b>	<b>2,844</b>	<b>2,897</b>	<b>2,517</b>	<b>2,819</b>	<b>2,936</b>	<b>2,465</b>
Repayment of domestic bonds (market)	(2,574)	(2,777)	(2,777)	..	(2,950)	(3,102)	..
Repayment of domestic bonds (non-market)	(375)	(439)	(421)	..	(343)	(464)	..
<b>Net Cash (Repayments of)/Proceeds from Domestic Bonds</b>	<b>166</b>	<b>(372)</b>	<b>(301)</b>	<b>2,517</b>	<b>(474)</b>	<b>(630)</b>	<b>2,465</b>