

Budget 2002

ADDITIONAL GAAP INFORMATION 2002 BUDGET ECONOMIC AND FISCAL UPDATE

As outlined in the Budget Economic and Fiscal Update, further detailed GAAP tables are provided on the Treasury's website.

Contained in this document is:

Current presentation of the forecasts

- OBERAC methodology and detailed calculations
- Reconciliation of the operating balance to net debt
- Movements in gross debt schedule
- Summary and detailed expense tables covering the period 1996/97 to 2005/06. The published documents only contained the period 2000/01 to 2005/06 (refer pages 195-202 of the 2002 Budget Economic and Fiscal Update). These tables have also been reconciled to the future presentation of core Crown.

Future presentation of the forecasts

- The future presentation of the GAAP tables are reproduced with an additional segment covering the 2000/01 year.
- A ten year summary (covering the period 1996/97 to 2005/06) is included of the statement of financial performance.

The restatement of the periods 1996/97 to 1999/2000 have been prepared by Treasury by reconstructing the full consolidation using annual reports of material SOEs and Crown entities. A degree of estimation has been required to compile this information.

Further information that will be added to the web in the forth-coming months will include the restatement of further history back to the early 1990s (at the time of the introduction of accrual accounting). As further history is recreated, the level of estimation in the compilation process will increase. In addition an expansion on the notes to the Financial Statements will be added to the web.

The Operating Balance Excluding Revaluations and Accounting policy Changes (OBERAC)

The OBERAC is an additional fiscal indicator that strips out revaluation movements and accounting policy changes to provide a measure of underlying financial stewardship. The OBERAC is not a measure of the controllable portion of the operating balance. As such, it does not isolate aspects of the operating balance (such as tax revenue and unemployment benefits) that arise from cyclical factors.

Revaluations have significantly affected the operating balance as it is a relatively small balancing item between two large numbers: total revenue and total expenses. Revaluation effects are not forecast beyond the current year as a matter of policy given their inherent uncertainty.

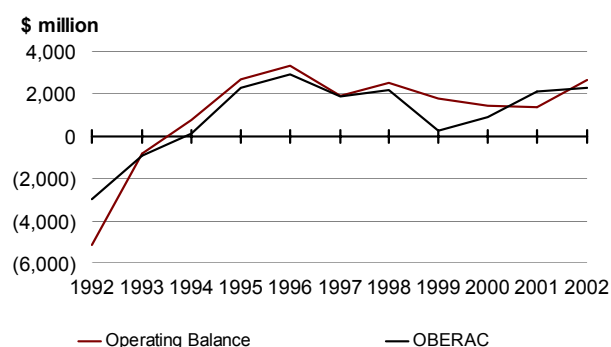
The OBERAC is calculated by adjusting for the following revaluation effects (unless the revaluation is a result of a policy decision):

- Net Present Valued assets and liabilities such as the GSF pension liability, ACC outstanding claims liability and NZS Fund assets
- market-valued financial assets and liabilities, such as tradeable MSDs
- gains or losses on sale. Selling an asset for greater (or less) than its book value is a terminal revaluation
- changes in accounting policy around the recognition of assets and liabilities. For example the recognition of the Public Trust reserves in 1999/2000 would be adjusted for had they met the materiality limit outlined below

The materiality limit for adjustments is \$100 million. Materiality is from a Crown-wide, rather than an individual department perspective and applies for any one year.

The graph below indicates the extent to which the OBERAC has differed from the operating balance reported in the accounts over the past ten years.

Figure 1 –



Source: The Treasury

Detail of OBERAC calculation

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| Operating Balance | (5,149) | (819) | 755 | 2,695 | 3,314 | 1,908 | 2,534 | 1,777 | 1,449 | 1,409 | 2,636 |
| Adjustments | | | | | | | | | | | |
| GSF pension liability movements | 420 | 664 | 111 | 155 | 226 | (4) | (233) | 429 | (201) | 164 | (368) |
| ACC revaluation | - | - | - | - | - | - | - | - | (519) | 420 | 42 |
| NPF liability movement | - | - | - | - | - | - | - | - | - | 253 | - |
| Gain on sale of assets | | | | | | | | | | | |
| Contact | - | - | - | - | - | - | - | (1,421) | - | - | - |
| Airport companies | - | - | - | - | - | - | - | (204) | - | - | - |
| Hydro stations | - | - | - | - | - | - | - | (195) | - | - | - |
| Spectrum licences | - | - | - | - | - | - | - | - | - | (140) | - |
| Other sales (BNZ, TVNZ shares, etc) | - | (283) | (129) | - | - | - | - | (140) | - | - | - |
| Write-downs (Police and Defence) | - | - | - | - | - | - | - | - | 155 | 103 | - |
| (Gains)/losses on marketable securities and deposits | - | - | - | - | - | - | (110) | - | - | (102) | - |
| Unrealised forest revaluations | - | (766) | 292 | - | - | - | - | - | - | - | - |
| Exchange rate movements | 1,764 | 296 | (898) | (551) | (603) | - | - | - | - | - | - |
| Total adjustments | 2,184 | (89) | (624) | (396) | (377) | (4) | (343) | (1,531) | (565) | 698 | (326) |
| OBERAC | (2,965) | (908) | 131 | 2,299 | 2,937 | 1,904 | 2,191 | 246 | 884 | 2,107 | 2,310 |

Source: The Treasury

Reconciliation of operating balance to net debt

| (\$ million) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Operating balance | 1,409 | 2,636 | 2,288 | 3,078 | 3,937 | 4,242 |
| Plus/(less) valuation items | 698 | (326) | - | - | - | - |
| OBERAC | 2,107 | 2,310 | 2,288 | 3,078 | 3,937 | 4,242 |
| Less NZS Fund contributions | - | (586) | (1,200) | (1,800) | (2,011) | (2,117) |
| Less after-tax income of the NZS Fund | - | (14) | (90) | (209) | (368) | (550) |
| Available after NZS Fund requirements | 2,107 | 1,710 | 998 | 1,069 | 1,558 | 1,575 |
| Decrease/(increase in net debt) | 1,425 | (191) | (773) | (1,152) | (157) | 14 |
| Difference | (682) | (1,901) | (1,771) | (2,221) | (1,715) | (1,561) |

This difference comprises:

Non-cash elements of the OBERAC

| | | | | | | |
|---|-------|-------|-------|-------|---------|---------|
| SOE/CE retained surplus net of dividends (excluding valuation issues) | (523) | (654) | (523) | (921) | (1,085) | (1,209) |
| Depreciation | 925 | 943 | 1,013 | 1,059 | 1,084 | 1,106 |
| (Gain)/loss on sale of assets | 8 | 2 | - | - | - | - |
| Commercial forests and net FX movements | (40) | 64 | - | - | - | - |
| Student loan influences | (61) | 67 | 47 | 44 | 37 | 41 |

Cash elements not in the OBERAC

| | | | | | | |
|---|--------------|----------------|----------------|----------------|----------------|----------------|
| Circulating currency | 303 | 398 | - | - | - | - |
| Net purchase of physical assets including capital contingency provision | (1,130) | (1,147) | (1,645) | (2,161) | (1,481) | (1,354) |
| Asset sale receipts | 140 | - | - | - | - | - |
| Net capital injections | 34 | (1,367) | (543) | (265) | (163) | (83) |
| Other working capital movements | (338) | (207) | (120) | 23 | (107) | (62) |
| Difference | (682) | (1,901) | (1,771) | (2,221) | (1,715) | (1,561) |

Reconciliation of movements in gross debt

| (\$ million) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Opening balance gross debt | 36,041 | 36,761 | 36,299 | 35,781 | 38,391 | 39,543 |
| Cash flow from operations | (1,922) | (2,804) | (2,711) | (3,097) | (3,537) | (3,615) |
| Investment flows | | | | | | |
| Net increase in advances | 617 | 1,264 | 1,193 | 1,632 | 957 | 1,060 |
| Net purchase of physical asset | 1,130 | 1,147 | 1,425 | 1,361 | 981 | 994 |
| Net (sale)/purchase of investments | (174) | 1,367 | 543 | 265 | 163 | 83 |
| Purchase of MSD's by NZS Fund | .. | 586 | 1,200 | 1,800 | 2,011 | 2,117 |
| Forecast for future new capital spending | .. | .. | 220 | 800 | 500 | 360 |
| Sale of MSDs | 1,001 | (1,232) | (2,453) | (222) | 28 | (15) |
| Inflow from circulating currency | (303) | (398) | .. | .. | .. | .. |
| Change in cash | 102 | 83 | 48 | 76 | 117 | 124 |
| FX movt in liabilities | 404 | (575) | .. | .. | .. | .. |
| Other movt | (135) | 100 | 17 | (5) | (68) | 5 |
| Closing balance of gross debt | 36,761 | 36,299 | 35,781 | 38,391 | 39,543 | 40,656 |

Expense Tables

The expense tables are based on the current presentation of the Crown forecasts. At the bottom of each table is the adjustment required to reconcile to core Crown as reported under the future presentation (ie, line-by-line consolidation).

These tables cover the period 1996/97 to 2005/06. The published documents only contained the period 2000/01 to 2005/06 (refer pages 195-202 of the 2002 Budget Economic and Fiscal Update).

Table B.1 – Expenses by category

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Social security and welfare | 11,878 | 12,510 | 12,906 | 12,896 | 13,216 | 13,615 | 13,936 | 14,407 | 14,805 | 15,273 |
| GSF Pension expense | 742 | 493 | 1,132 | 478 | 855 | 339 | 671 | 680 | 680 | 719 |
| Health | 5,626 | 6,001 | 6,573 | 6,874 | 7,342 | 7,733 | 8,370 | 8,873 | 9,347 | 9,475 |
| Education | 5,335 | 5,714 | 5,899 | 6,310 | 6,690 | 7,150 | 7,494 | 7,674 | 7,747 | 7,850 |
| Core government services | 1,667 | 1,562 | 1,705 | 1,710 | 1,817 | 1,611 | 1,641 | 1,616 | 1,628 | 1,658 |
| Law and order | 1,281 | 1,345 | 1,499 | 1,531 | 1,560 | 1,771 | 1,734 | 1,737 | 1,734 | 1,727 |
| Defence | 946 | 1,065 | 1,030 | 1,247 | 1,267 | 1,188 | 1,166 | 1,208 | 1,159 | 1,146 |
| Transport and communications | 888 | 948 | 1,029 | 1,036 | 1,026 | 1,156 | 1,238 | 1,300 | 1,324 | 1,335 |
| Economic and industrial services | 763 | 840 | 858 | 944 | 1,141 | 1,187 | 1,275 | 1,268 | 1,261 | 1,272 |
| Primary services | 351 | 423 | 334 | 265 | 287 | 327 | 343 | 330 | 326 | 323 |
| Heritage, culture and recreation | 277 | 297 | 316 | 456 | 424 | 500 | 533 | 558 | 584 | 595 |
| Housing and community | 47 | 29 | 41 | 68 | 50 | 95 | 103 | 99 | 91 | 91 |
| Other | 68 | 167 | 34 | 45 | 75 | 109 | 114 | 110 | 110 | 110 |
| Finance costs | 3,072 | 2,804 | 2,516 | 2,373 | 2,483 | 2,303 | 2,339 | 2,425 | 2,501 | 2,572 |
| Net foreign exchange (gains)/losses | 12 | 13 | (47) | (62) | (47) | 64 | .. | .. | .. | .. |
| Forecast for future new spending | .. | .. | .. | .. | .. | .. | 230 | 700 | 1,180 | 2,080 |
| Total Expenses (current presentation) | 32,953 | 34,211 | 35,825 | 36,171 | 38,186 | 39,148 | 41,187 | 42,985 | 44,477 | 46,226 |
| Core Crown Expenses (future presentation) | | | | | | | | | | |
| Less GST on Crown spending | (1,370) | (1,471) | (1,549) | (1,725) | (1,661) | (1,863) | (1,956) | (2,135) | (2,201) | (2,302) |
| Plus GSF expenses | 252 | 243 | 240 | 258 | 257 | 257 | 257 | 257 | 257 | 257 |
| Other Eliminations | (127) | (131) | (149) | (168) | (83) | (40) | 66 | 66 | 66 | 66 |
| Core Crown Expenses | 31,708 | 32,852 | 34,367 | 34,536 | 36,699 | 37,502 | 39,554 | 41,173 | 42,599 | 44,247 |

Source: The Treasury

Table B.2 – Social security and welfare

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Welfare benefits | 11,145 | 11,730 | 12,006 | 12,072 | 12,385 | 12,685 | 12,991 | 13,474 | 13,877 | 14,342 |
| Social rehabilitation & compensation | 89 | 123 | 91 | 70 | 62 | 91 | 103 | 106 | 108 | 110 |
| Departmental expenses | 529 | 532 | 654 | 634 | 618 | 669 | 656 | 635 | 634 | 633 |
| Other non-departmental expenses | 115 | 125 | 155 | 120 | 151 | 170 | 186 | 192 | 186 | 188 |
| Total Social Security and Welfare | 11,878 | 12,510 | 12,906 | 12,896 | 13,216 | 13,615 | 13,936 | 14,407 | 14,805 | 15,273 |
| Less GST on Crown Spending | 13 | 13 | 17 | 13 | 9 | 1 | 1 | 1 | 1 | 1 |
| Core Crown Social Security and Welfare (excluding GSF) | 11,865 | 12,497 | 12,889 | 12,883 | 13,207 | 13,614 | 13,935 | 14,406 | 14,804 | 15,272 |

Source: The Treasury

Table B.3 – New Zealand superannuation and welfare benefits

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| New Zealand Superannuation | 5,102 | 5,106 | 5,071 | 5,068 | 5,273 | 5,457 | 5,645 | 5,888 | 6,112 | 6,399 |
| Domestic Purposes Benefit | 1,447 | 1,501 | 1,451 | 1,433 | 1,444 | 1,486 | 1,521 | 1,570 | 1,599 | 1,631 |
| Unemployment Benefit | 1,327 | 1,436 | 369 | .. | .. | 1,406 | 1,364 | 1,419 | 1,451 | 1,468 |
| Community Wage | .. | .. | 1,486 | 1,937 | 1,849 | .. | .. | .. | .. | .. |
| Accommodation Supplement | 662 | 793 | 843 | 867 | 795 | 723 | 744 | 784 | 820 | 856 |
| Invalids Benefit | 536 | 599 | 630 | 677 | 745 | 835 | 912 | 995 | 1,060 | 1,124 |
| Sickness Benefit | 379 | 400 | 97 | .. | .. | 382 | 409 | 433 | 448 | 462 |
| Disability Allowance | 179 | 198 | 204 | 204 | 210 | 223 | 235 | 247 | 259 | 273 |
| Transitional Retirement Benefit | 108 | 111 | 116 | 125 | 127 | 97 | 50 | 10 | .. | .. |
| Income Related Rents | .. | .. | .. | .. | 161 | 276 | 286 | 296 | 305 | 314 |
| Family Support | 785 | 874 | 912 | 899 | 878 | 870 | 870 | 872 | 874 | 876 |
| Child Tax Credit | 41 | 121 | 164 | 167 | 161 | 159 | 159 | 159 | 160 | 160 |
| Special Benefit | 74 | 60 | 44 | 35 | 40 | 50 | 59 | 63 | 65 | 66 |
| Benefits paid in Australia | 53 | 63 | 146 | 147 | 171 | 161 | 126 | 111 | 101 | 90 |
| Paid Parental Leave | .. | .. | .. | .. | .. | .. | 41 | 44 | 45 | 46 |
| Other benefits | 452 | 468 | 473 | 513 | 531 | 560 | 570 | 583 | 578 | 577 |
| Total Welfare Benefits | 11,145 | 11,730 | 12,006 | 12,072 | 12,385 | 12,685 | 12,991 | 13,474 | 13,877 | 14,342 |

Source: The Treasury

Table B.4 – Beneficiary numbers

| (Thousands) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|----------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| New Zealand Superannuation | 476 | 470 | 464 | 456 | 449 | 448 | 454 | 462 | 472 | 484 |
| Domestic Purposes Benefit | 112 | 115 | 113 | 111 | 110 | 110 | 110 | 111 | 112 | 112 |
| Unemployment Benefit | 144 | 152 | .. | .. | .. | 141 | 134 | 136 | 137 | 136 |
| Community Wage | .. | .. | 204 | 200 | 189 | .. | .. | .. | .. | .. |
| Accommodation Supplement | 296 | 310 | 320 | 324 | 297 | 270 | 267 | 273 | 279 | 284 |
| Invalids Benefit | 44 | 48 | 50 | 53 | 58 | 62 | 67 | 71 | 74 | 77 |
| Sickness Benefit | 34 | 36 | .. | .. | .. | 35 | 37 | 38 | 39 | 39 |

Source: The Treasury

Table B.5 – GSF pension expense

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Pension expenses | 746 | 726 | 703 | 679 | 691 | 707 | 671 | 680 | 680 | 719 |
| Revaluation of Unfunded Liability | (4) | (233) | 429 | (201) | 164 | (368) | .. | .. | .. | .. |
| Total GSF pension expense | 742 | 493 | 1,132 | 478 | 855 | 339 | 671 | 680 | 680 | 719 |
| <i>Additional Pension Expenses (offset by revenue)</i> | 252 | 242 | 240 | 258 | 257 | 257 | 257 | 257 | 257 | 257 |
| Core Crown GSF | 994 | 735 | 1,372 | 736 | 1,112 | 596 | 928 | 937 | 937 | 976 |

Source: The Treasury

Table B.6 – Health

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Departmental outputs | 58 | 58 | 58 | 59 | 116 | 139 | 150 | 135 | 134 | 133 |
| Health service purchasing | 5,333 | 5,723 | 6,107 | 6,401 | 6,807 | 7,011 | 7,639 | 8,100 | 8,608 | 8,716 |
| Other non-departmental outputs | 45 | 18 | 135 | 121 | 101 | 73 | 102 | 142 | 93 | 96 |
| Health payments to ACC | 193 | 185 | 237 | 264 | 291 | 478 | 457 | 478 | 502 | 519 |
| Other expenses | (3) | 17 | 36 | 29 | 27 | 32 | 22 | 18 | 10 | 11 |
| Total Health Expenses | 5,626 | 6,001 | 6,573 | 6,874 | 7,342 | 7,733 | 8,370 | 8,873 | 9,347 | 9,475 |
| <i>Less GST on Crown Spending</i> | 597 | 640 | 698 | 728 | 778 | 801 | 862 | 923 | 973 | 974 |
| <i>Plus Other Eliminations</i> | .. | .. | .. | .. | 96 | 87 | 87 | 87 | 87 | 87 |
| Core Crown Health Expenses | 5,029 | 5,361 | 5,875 | 6,146 | 6,660 | 7,019 | 7,595 | 8,037 | 8,461 | 8,588 |

Source: The Treasury

Table B.7 – Health service purchasing

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personal health services: | | | | | | | | | | |
| Northern | 1,224 | 1,337 | 1,452 | 1,582 | 1,671 | .. | .. | .. | .. | .. |
| Midland | 791 | 844 | 890 | 936 | 997 | .. | .. | .. | .. | .. |
| Central | 933 | 981 | 1,047 | 1,104 | 1,174 | .. | .. | .. | .. | .. |
| Southern | 858 | 910 | 1,004 | 1,015 | 1,097 | .. | .. | .. | .. | .. |
| Additional health purchases | 68 | 96 | 70 | .. | .. | .. | .. | .. | .. | .. |
| Total Personal Health | 3,874 | 4,168 | 4,463 | 4,637 | 4,939 | .. | .. | .. | .. | .. |
| Disability support services | | | | | | | | | | |
| Northern | 429 | 465 | 495 | 520 | 557 | .. | .. | .. | .. | .. |
| Midland | 268 | 285 | 303 | 306 | 332 | .. | .. | .. | .. | .. |
| Central | 345 | 361 | 383 | 411 | 428 | .. | .. | .. | .. | .. |
| Southern | 321 | 343 | 355 | 410 | 426 | .. | .. | .. | .. | .. |
| Total Disability Support | 1,363 | 1,454 | 1,536 | 1,647 | 1,743 | .. | .. | .. | .. | .. |
| Payments to District Health Boards | .. | .. | .. | .. | .. | 5,460 | 5,843 | 6,080 | 6,300 | 6,408 |
| National Disability Support Services | .. | .. | .. | .. | .. | 1,345 | 1,422 | 1,466 | 1,530 | 1,530 |
| Public Health Service Purchasing | 96 | 101 | 108 | 117 | 125 | 206 | 374 | 554 | 778 | 778 |
| Total Health Servicing Purchasing | 5,333 | 5,723 | 6,107 | 6,401 | 6,807 | 7,011 | 7,639 | 8,100 | 8,608 | 8,716 |

Source: The Treasury

Table B.8 – Health-related payments to ACC

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Petrol excise | 64 | 65 | 66 | 67 | 67 | 69 | 69 | 70 | 71 | 71 |
| Medical treatment | 129 | 120 | 171 | 197 | 224 | 409 | 388 | 408 | 431 | 448 |
| Total Health related payments | 193 | 185 | 237 | 264 | 291 | 478 | 457 | 478 | 502 | 519 |

Source: The Treasury

Table B.9 – Education

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Early childhood education | 251 | 277 | 294 | 325 | 331 | 362 | 387 | 393 | 395 | 398 |
| Primary and secondary schools | 2,714 | 2,978 | 3,147 | 3,405 | 3,505 | 3,642 | 3,653 | 3,698 | 3,700 | 3,712 |
| Tertiary funding | 1,810 | 1,871 | 1,843 | 1,913 | 2,133 | 2,397 | 2,592 | 2,705 | 2,805 | 2,891 |
| Departmental expenses | 287 | 316 | 360 | 396 | 419 | 476 | 556 | 568 | 565 | 566 |
| Other education expenses | 273 | 272 | 255 | 271 | 302 | 273 | 306 | 310 | 282 | 283 |
| Total Education Expenses | 5,335 | 5,714 | 5,899 | 6,310 | 6,690 | 7,150 | 7,494 | 7,674 | 7,747 | 7,850 |
| Less GST on Crown Spending | 518 | 552 | 562 | 598 | 554 | 651 | 677 | 692 | 695 | 702 |
| Core Crown Education | 4,817 | 5,162 | 5,337 | 5,712 | 6,136 | 6,499 | 6,817 | 6,982 | 7,052 | 7,148 |

Source: The Treasury

Table B.10 – Primary and secondary education

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Primary | 1,374 | 1,515 | 1,624 | 1,731 | 1,780 | 1,845 | 1,877 | 1,904 | 1,890 | 1,884 |
| Secondary | 1,073 | 1,158 | 1,155 | 1,312 | 1,333 | 1,301 | 1,303 | 1,333 | 1,354 | 1,371 |
| Secondary allowances | 8 | | .. | .. | | | | | | |
| School transport | 89 | 94 | 93 | 100 | 106 | 109 | 112 | 112 | 113 | 114 |
| Special needs support | 170 | 211 | 275 | 262 | 286 | 284 | 247 | 235 | 235 | 236 |
| Professional Development | .. | .. | .. | .. | .. | 87 | 97 | 97 | 91 | 90 |
| Schooling Improvement | .. | .. | .. | .. | .. | 16 | 17 | 17 | 17 | 17 |
| Total Schools Funding | 2,714 | 2,978 | 3,147 | 3,405 | 3,505 | 3,642 | 3,653 | 3,698 | 3,700 | 3,712 |
| Places (year) | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Primary | 456,490 | 466,460 | 466,500 | 465,863 | 463,000 | 465,000 | 464,000 | 459,000 | 458,000 | 455,000 |
| Secondary | 239,740 | 243,600 | 248,800 | 249,905 | 251,000 | 256,000 | 264,000 | 272,000 | 278,000 | 280,000 |

Sources: Ministry of Education, The Treasury

Table B.11 – Tertiary education

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Tuition | 1,169 | 1,183 | 1,236 | 1,219 | 1,362 | 1,550 | 1,672 | 1,725 | 1,788 | 1,831 |
| Other tertiary funding | 252 | 258 | 128 | 161 | 153 | 183 | 220 | 233 | 234 | 234 |
| Total Tertiary Education and Training | 1,421 | 1,441 | 1,364 | 1,380 | 1,515 | 1,733 | 1,892 | 1,958 | 2,022 | 2,065 |
| Tertiary student allowances | 318 | 344 | 378 | 376 | 391 | 411 | 441 | 458 | 473 | 490 |
| Student loan provision and write-offs | 71 | 86 | 101 | 157 | 227 | 253 | 259 | 289 | 310 | 336 |
| Total Tertiary Funding | 1,810 | 1,871 | 1,843 | 1,913 | 2,133 | 2,397 | 2,592 | 2,705 | 2,805 | 2,891 |
| Places (year) | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| EFT Students | 145,686 | 148,978 | 169,469 | 175,166 | 192,000 | 213,000 | 223,000 | 230,000 | 236,000 | 242,000 |

Sources: Ministry of Education, The Treasury

Table B.12 – Core government services

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Official development assistance | 184 | 195 | 204 | 219 | 226 | 223 | 230 | 227 | 226 | 226 |
| Indemnity and guarantee expenses | .. | (5) | (28) | 10 | 253 | .. | .. | .. | .. | .. |
| Departmental expenses | 931 | 888 | 892 | 867 | 901 | 938 | 1,006 | 986 | 984 | 1,017 |
| Science expenses | 312 | 389 | 405 | 424 | 247 | 244 | 261 | 275 | 281 | 296 |
| Other expenses | 240 | 95 | 232 | 190 | 190 | 206 | 144 | 128 | 137 | 119 |
| Total Core Government Services | 1,667 | 1,562 | 1,705 | 1,710 | 1,817 | 1,611 | 1,641 | 1,616 | 1,628 | 1,658 |
| <i>Less GST on Crown Spending</i> | 61 | 54 | 71 | 68 | 19 | 64 | 45 | 41 | 37 | 36 |
| Total Core Crown Core Government Services | 1,606 | 1,508 | 1,634 | 1,642 | 1,798 | 1,547 | 1,596 | 1,575 | 1,591 | 1,622 |

Source: The Treasury

Table B.13 – Law and order

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Departmental expenses: | | | | | | | | | | |
| Police | 592 | 611 | 708 | 762 | 724 | 765 | 795 | 796 | 797 | 797 |
| Ministry of Justice | 12 | 11 | 11 | 12 | 13 | 15 | 15 | 15 | 15 | 15 |
| Department of Corrections | 261 | 290 | 324 | 328 | 369 | 416 | 402 | 406 | 402 | 395 |
| Department for Courts | 185 | 194 | 206 | 174 | 181 | 190 | 200 | 198 | 201 | 204 |
| Other departments | 92 | 92 | 99 | 65 | 67 | 70 | 75 | 76 | 76 | 76 |
| Total Departments | 1,142 | 1,198 | 1,348 | 1,341 | 1,354 | 1,456 | 1,487 | 1,491 | 1,491 | 1,487 |
| Non-departmental outputs | 105 | 109 | 114 | 150 | 177 | 205 | 203 | 195 | 207 | 204 |
| Other expenses | 34 | 38 | 37 | 40 | 29 | 110 | 44 | 51 | 36 | 36 |
| Total Law and Order Expenses | 1,281 | 1,345 | 1,499 | 1,531 | 1,560 | 1,771 | 1,734 | 1,737 | 1,734 | 1,727 |
| <i>Less GST on Crown Spending</i> | 15 | 16 | 17 | 22 | 19 | 6 | 6 | 6 | 6 | 6 |
| Core Crown Law and Order | 1,266 | 1,329 | 1,482 | 1,509 | 1,541 | 1,765 | 1,728 | 1,731 | 1,728 | 1,721 |

Source: The Treasury

Table B.14 – Defence

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| NZDF Core expenses | 909 | 955 | 986 | 996 | 1,058 | 1,072 | 1,103 | 1,108 | 1,107 | 1,107 |
| NZDF write-offs | 37 | .. | 5 | 77 | 104 | .. | .. | .. | .. | .. |
| NZDF East Timor deployment | .. | .. | .. | 22 | 22 | 20 | .. | .. | .. | .. |
| DWI East Timor deployment | .. | .. | .. | 17 | 22 | 23 | 9 | .. | .. | .. |
| Other departments | .. | 110 | 31 | 51 | 36 | 38 | 42 | 42 | 39 | 39 |
| GST on defence acquisitions | .. | .. | 8 | 84 | 25 | 35 | 12 | 58 | 13 | .. |
| Total Defence Expenses | 946 | 1,065 | 1,030 | 1,247 | 1,267 | 1,188 | 1,166 | 1,208 | 1,159 | 1,146 |
| <i>Less GST on Crown Spending</i> | .. | .. | 8 | 84 | 25 | 36 | 12 | 59 | 13 | .. |
| Core Crown Defence | 946 | 1,065 | 1,022 | 1,163 | 1,242 | 1,152 | 1,154 | 1,149 | 1,146 | 1,146 |

Source: The Treasury

Table B.15 – Transport and communications

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Transfund | 772 | 828 | 880 | 903 | 890 | 1,012 | 1,096 | 1,158 | 1,181 | 1,192 |
| Departmental outputs | 65 | 67 | 71 | 70 | 75 | 80 | 83 | 83 | 83 | 83 |
| Other non-departmental expenses | 51 | 52 | 61 | 57 | 52 | 56 | 54 | 54 | 54 | 54 |
| Other expenses | .. | 1 | 17 | 6 | 9 | 8 | 5 | 5 | 6 | 6 |
| Total Transport and Communications | 888 | 948 | 1,029 | 1,036 | 1,026 | 1,156 | 1,238 | 1,300 | 1,324 | 1,335 |
| <i>Less GST on Crown Spending</i> | <i>91</i> | <i>98</i> | <i>106</i> | <i>107</i> | <i>121</i> | <i>129</i> | <i>142</i> | <i>145</i> | <i>149</i> | <i>153</i> |
| Core Crown Transport | 797 | 850 | 923 | 929 | 905 | 1,027 | 1,096 | 1,155 | 1,175 | 1,182 |

Source: The Treasury

Table B.16 – Economic and industrial

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Departmental outputs | 264 | 292 | 450 | 374 | 422 | 420 | 445 | 437 | 432 | 431 |
| Employment initiatives | 278 | 294 | 166 | 209 | 204 | 221 | 241 | 244 | 241 | 244 |
| Non-departmental outputs | 151 | 159 | 176 | 198 | 423 | 424 | 432 | 441 | 445 | 456 |
| Other expenses | 70 | 95 | 66 | 163 | 92 | 122 | 157 | 146 | 143 | 141 |
| Total Economic and Industrial Services | 763 | 840 | 858 | 944 | 1,141 | 1,187 | 1,275 | 1,268 | 1,261 | 1,272 |
| <i>Less GST on Crown Spending</i> | <i>52</i> | <i>71</i> | <i>45</i> | <i>63</i> | <i>104</i> | <i>142</i> | <i>147</i> | <i>150</i> | <i>154</i> | <i>157</i> |
| Core Crown Economic and Industrial Services | 711 | 769 | 813 | 881 | 1,037 | 1,045 | 1,128 | 1,118 | 1,107 | 1,115 |

Source: The Treasury

Table B.17 – Employment initiatives

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Training benefit (including tax) | 99 | 98 | 22 | .. | .. | .. | .. | .. | .. | .. |
| Training incentive allowance | 29 | 34 | 30 | 35 | 36 | 45 | 43 | 43 | 43 | 43 |
| Community employment projects | 19 | 18 | 15 | 18 | 17 | 22 | 22 | 19 | 19 | 19 |
| Job plus | 81 | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Taskforce Green | 35 | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Subsidised work | .. | 124 | 77 | 103 | 95 | 94 | 112 | 119 | 109 | 109 |
| Employment support for disabled | .. | .. | 17 | 50 | 53 | 58 | 61 | 61 | 68 | 70 |
| Other employment assistance schemes | 15 | 20 | 5 | 3 | 3 | 2 | 3 | 2 | 2 | 3 |
| Total Employment Initiative Expenses | 278 | 294 | 166 | 209 | 204 | 221 | 241 | 244 | 241 | 244 |

Source: The Treasury

Table B.18 – Primary services

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Departmental expenses | 252 | 281 | 233 | 182 | 194 | 214 | 226 | 224 | 220 | 219 |
| Non-departmental outputs | 44 | 51 | 68 | 63 | 69 | 95 | 96 | 97 | 98 | 97 |
| Other expenses | 55 | 91 | 33 | 20 | 24 | 18 | 21 | 9 | 8 | 7 |
| Total Primary Services Expenses | 351 | 423 | 334 | 265 | 287 | 327 | 343 | 330 | 326 | 323 |
| <i>Less GST on Crown Spending</i> | 11 | 16 | 12 | 9 | 8 | 12 | 13 | 12 | 12 | 11 |
| Core Crown Primary Services | 340 | 407 | 322 | 256 | 279 | 315 | 330 | 318 | 314 | 312 |

Source: The Treasury

Table B.19 – Heritage, culture and recreation

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Housing subsidies | 5 | 2 | 1 | 1 | .. | 22 | 26 | 26 | 21 | 22 |
| Departmental outputs | 27 | 30 | 29 | 27 | 35 | 52 | 55 | 53 | 52 | 52 |
| Other non-departmental expenses | 15 | (3) | 11 | 40 | 15 | 21 | 22 | 20 | 18 | 17 |
| Housing and Community Development | 47 | 29 | 41 | 68 | 50 | 95 | 103 | 99 | 91 | 91 |
| <i>Less GST on Crown Spending</i> | 2 | .. | 1 | 5 | .. | .. | .. | .. | .. | .. |
| Core Crown Housing and Community Development | 45 | 29 | 40 | 63 | 50 | 95 | 103 | 99 | 91 | 91 |

Source: The Treasury

Table B.20 – Housing and community development

| (\$ million) | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast |
| Community grants | 20 | 20 | 20 | 18 | 18 | 6 | 6 | 6 | 6 | 6 |
| Departmental outputs | 195 | 199 | 208 | 199 | 206 | 219 | 253 | 249 | 253 | 255 |
| Non-departmental outputs | 57 | 58 | 70 | 158 | 181 | 173 | 194 | 206 | 205 | 204 |
| Other expenses | 5 | 20 | 18 | 81 | 19 | 102 | 80 | 97 | 120 | 130 |
| Total Heritage, Culture and Recreation | 277 | 297 | 316 | 456 | 424 | 500 | 533 | 558 | 584 | 595 |
| <i>Less GST on Crown Spending</i> | 9 | 11 | 12 | 29 | 24 | 21 | 25 | 28 | 30 | 31 |
| Core Crown Heritage, Culture and Recreation | 268 | 286 | 304 | 427 | 400 | 479 | 508 | 530 | 554 | 564 |

Source: The Treasury

GAAP Tables-Line-by-Line Consolidation

The financial statements presentation is changing

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

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

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

| Current presentation of consolidation | Future presentation of consolidation |
|--|---|
| <p>The current presentation shows:</p> <p>Crown expenses and revenues with net SOE and Crown entity results</p> <p>Crown assets, liabilities, net Crown debt, gross Crown debt and net worth. The Crown balance sheet only includes a net investment in SOEs and Crown entities.</p> | <p>The future presentation will show the three institutional forms of:</p> <p>“core Crown” (existing information on revenues and expenses less GST on Crown expenses plus inclusion of full GSF numbers)</p> <p>SOE revenues, expenses, assets, liabilities</p> <p>Crown entity revenues, expenses, assets, liabilities.</p> <p>The sum of these three segments (less internal transactions) is the “total Crown”.</p> <p>The core Crown is different from the current presentation owing to the removal of GST on Crown expenses and the inclusion of the full accounts of the GSF.</p> |

While the presentation is changing it is important to note that the net results for the Crown will be materially the same (ie, operating balance and net worth), although the

composition and total of items such as revenues, expenses, assets and liabilities will change.

A full explanation of the presentation change, what the impacts are and how to interpret the new information is outlined in a section contained at the end of the Fiscal Outlook chapter of the 2002 Budget Economic and Fiscal Update.

Accounting and Forecast Policies

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

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

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

Contents and Definitions

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

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

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

Borrowings are split between sovereign-guaranteed and non-sovereign-guaranteed. Essentially the debt of SOEs and Crown entities is not guaranteed explicitly by the Crown and so a distinction is made from the debt issued by the sovereign (eg, NZDMO and the Reserve Bank).

Another term is gross sovereign-issued debt. This is debt issued by the sovereign and so is a measure that does not eliminate any cross-holdings of Government stock held by entities such as the NZS Fund, GSF, ACC or EQC. The Government's debt objective uses this measure.

The ACC outstanding claims liability is shown separately in the balance sheet.

Cash flow statement:

The cash flow has been summarised.

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

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

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

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

Summary Table

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

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

Notes:

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

Summary Table (continued)

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

Summary table – Statement of Financial Performance

| (\$ million) | 1996/97 Actual | 1997/98 Actual | 1998/99 Actual | 1999/2000 Actual | 2000/01 Actual | 2001/02 Forecast | 2002/03 Forecast | 2003/04 Forecast | 2004/05 Forecast | 2005/06 Forecast |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue | | | | | | | | | | |
| Tax revenue | 30,160 | 31,161 | 30,227 | 32,000 | 34,744 | 36,205 | 37,902 | 39,530 | 41,335 | 42,771 |
| Other sovereign levied revenue | 2,144 | 2,316 | 2,154 | 1,686 | 2,269 | 2,479 | 2,454 | 2,554 | 2,630 | 2,713 |
| Other revenue (investment income Sales of goods & services, other) | 8,291 | 8,520 | 10,426 | 8,827 | 9,673 | 12,494 | 13,696 | 14,789 | 15,579 | 16,341 |
| Total Crown Revenue (future presentation) | 40,595 | 41,997 | 42,807 | 42,513 | 46,686 | 51,178 | 54,052 | 56,873 | 59,544 | 61,825 |
| Expenses - by functional classification | | | | | | | | | | |
| Social security and welfare | 13,565 | 14,007 | 14,191 | 13,682 | 15,211 | 15,388 | 15,778 | 16,349 | 16,844 | 17,410 |
| GSF | 994 | 735 | 1,372 | 736 | 1,112 | 596 | 928 | 937 | 937 | 976 |
| Health | 4,980 | 5,173 | 5,671 | 5,593 | 6,802 | 7,485 | 7,833 | 8,229 | 8,596 | 8,713 |
| Education | 5,898 | 6,368 | 6,597 | 7,187 | 7,719 | 8,185 | 8,556 | 8,650 | 8,801 | 8,914 |
| Core government services | 1,599 | 1,523 | 1,643 | 1,642 | 1,688 | 1,460 | 1,498 | 1,477 | 1,492 | 1,522 |
| Law and order | 1,400 | 1,503 | 1,633 | 1,677 | 1,796 | 1,952 | 1,926 | 1,935 | 1,926 | 1,921 |
| Defence | 931 | 1,049 | 1,007 | 1,148 | 1,225 | 1,114 | 1,112 | 1,105 | 1,098 | 1,101 |
| Transport and communications | 1,999 | 2,134 | 2,011 | 2,389 | 2,335 | 4,362 | 6,051 | 6,318 | 6,604 | 6,729 |
| Economic and industrial services | 1,778 | 2,304 | 2,058 | 2,355 | 2,404 | 3,008 | 2,672 | 2,862 | 2,855 | 2,936 |
| Primary services | 918 | 993 | 976 | 934 | 919 | 1,002 | 1,018 | 1,015 | 1,031 | 1,045 |
| Heritage, culture and recreation | 983 | 1,009 | 1,024 | 1,036 | 975 | 1,017 | 1,006 | 1,043 | 1,079 | 1,120 |
| Housing and community | 406 | 424 | 369 | 379 | 445 | 489 | 536 | 552 | 559 | 574 |
| Other | 66 | 165 | 32 | 43 | 75 | 109 | 114 | 110 | 110 | 110 |
| Finance costs | 3,136 | 2,630 | 2,472 | 2,260 | 2,572 | 2,289 | 2,532 | 2,591 | 2,626 | 2,663 |
| Net foreign exchange (gains)/losses | 34 | (147) | (12) | (51) | 50 | 86 | .. | .. | .. | .. |
| Forecast for future new spending | .. | .. | .. | .. | .. | .. | 204 | 622 | 1,049 | 1,849 |
| Total Crown Expenses (future presentation) | 38,687 | 39,870 | 41,044 | 41,010 | 45,328 | 48,542 | 51,764 | 53,795 | 55,607 | 57,583 |
| Operating balance | 1,908 | 2,127 | 1,763 | 1,503 | 1,358 | 2,636 | 2,288 | 3,078 | 3,937 | 4,242 |

The following section is a recreation of what is contained in the 2002 Budget Economic and Fiscal Update (refer pages 181 to 192), though there is an additional segment for the 2000/01 period and some minor corrections have been made.

Statement of Financial Performance – total Crown

for the years ending 30 June

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

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

Statement of Financial Performance (continued) – analysis of expenses

for the years ending 30 June

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

| (\$ million) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------|------------------|---------------|---------------|---------------|---------------|
| | Actual | Estimated Actual | Forecast | Forecast | Forecast | Forecast |
| Total Crown expenses by functional classification | | | | | | |
| Social security and welfare (includes GSF) | 16,323 | 15,984 | 16,706 | 17,286 | 17,781 | 18,386 |
| Health | 6,802 | 7,485 | 7,833 | 8,229 | 8,596 | 8,713 |
| Education | 7,719 | 8,185 | 8,556 | 8,650 | 8,801 | 8,914 |
| Core government services | 1,688 | 1,460 | 1,498 | 1,477 | 1,492 | 1,522 |
| Law and order | 1,796 | 1,952 | 1,926 | 1,935 | 1,926 | 1,921 |
| Defence | 1,225 | 1,114 | 1,112 | 1,105 | 1,098 | 1,101 |
| Transport and communications | 2,335 | 4,362 | 6,051 | 6,318 | 6,604 | 6,729 |
| Economic and industrial services | 2,404 | 3,008 | 2,672 | 2,862 | 2,855 | 2,936 |
| Primary services | 919 | 1,002 | 1,018 | 1,015 | 1,031 | 1,045 |
| Heritage, culture and recreation | 975 | 1,017 | 1,006 | 1,043 | 1,079 | 1,120 |
| Housing and community development | 445 | 489 | 536 | 552 | 559 | 574 |
| Other | 75 | 109 | 114 | 110 | 110 | 110 |
| Finance costs | 2,572 | 2,289 | 2,532 | 2,591 | 2,626 | 2,663 |
| Net foreign-exchange losses/(gains) | 50 | 86 | .. | .. | .. | .. |
| Forecast for future new spending | .. | .. | 204 | 622 | 1,049 | 1,849 |
| Total Expenses | 45,328 | 48,542 | 51,764 | 53,795 | 55,607 | 57,583 |

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

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

Statement of Financial Position – total Crown

as at 30 June

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

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

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

as at 30 June

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

Gross and Net Debt Information

Total Crown Debt

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

Definitions of debt:

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

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

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

Core Crown

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

Statement of Movement in Equity – total Crown

for the years ending 30 June

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

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

Statement of Cash Flow – total Crown

for the years ending 30 June

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

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

Statement of Borrowings – total Crown

as at 30 June

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

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

The financial assets includes the assets of the NZS Fund and the GSF. The total of borrowings less financial assets is not a measure of net Crown debt.

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

Segment Notes to the Financial Statements – total Crown

Statement of Financial Performance (institutional form) for the year ended 30 June 2001

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2001 \$m | 2001 \$m | 2001 \$m | 2001 \$m | 2001 \$m |
| Revenue | | | | | |
| Taxation revenue | 34,995 | - | - | (251) | 34,744 |
| Other sovereign levied income | 385 | 1,904 | - | (20) | 2,269 |
| Sales of goods and services | 658 | 2,501 | 4,337 | (262) | 7,234 |
| Investment income | 1,443 | 673 | 34 | (933) | 1,217 |
| Other revenues | 524 | 10,660 | 54 | (10,016) | 1,222 |
| Total revenue | 38,005 | 15,738 | 4,425 | (11,482) | 46,686 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 13,275 | 1,209 | - | - | 14,484 |
| Personnel expenses | 3,290 | 6,646 | 745 | (2) | 10,679 |
| Operating expenses | 17,386 | 7,223 | 3,030 | (10,754) | 16,885 |
| Finance costs | 2,631 | 206 | 219 | (410) | 2,646 |
| FX losses/(gains) | (47) | 42 | 50 | 5 | 50 |
| GSF and ACC liability revaluation movements | 164 | 420 | - | - | 584 |
| Total expenses | 36,699 | 15,746 | 4,044 | (11,161) | 45,328 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 14,319 | 2,618 | - | (614) | 16,323 |
| Health | 6,660 | 3,596 | - | (3,454) | 6,802 |
| Education | 6,136 | 5,857 | - | (4,274) | 7,719 |
| Other functional classifications | 7,327 | 3,427 | 3,774 | (2,666) | 11,862 |
| Forecast for future new spending | - | - | - | - | - |
| Finance costs and FX losses/(gains) | 2,257 | 248 | 270 | (153) | 2,622 |
| Total expenses | 36,699 | 15,746 | 4,044 | (11,161) | 45,328 |
| Operating balance | 1,306 | (8) | 381 | (321) | 1,358 |

Statement of Financial Position (institutional form) as at 30 June 2001

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2001 \$m | 2001 \$m | 2001 \$m | 2001 \$m | 2001 \$m |
| Assets | | | | | |
| Financial assets | 17,319 | 9,446 | 444 | (5,080) | 22,129 |
| Physical assets | 27,157 | 11,012 | 7,706 | - | 45,875 |
| Investment in SOEs and CEs | 6,709 | - | - | (6,709) | - |
| Other assets | 7,084 | 1,527 | 1,410 | (892) | 9,129 |
| Total assets | 58,269 | 21,985 | 9,560 | (12,681) | 77,133 |
| Liabilities | | | | | |
| Borrowings | 33,811 | 3,131 | 2,790 | (5,080) | 34,652 |
| Other liabilities | 20,435 | 10,259 | 1,216 | (892) | 31,018 |
| Total liabilities | 54,246 | 13,390 | 4,006 | (5,972) | 65,670 |
| Net worth | 4,023 | 8,595 | 5,554 | (6,709) | 11,463 |
| Taxpayer funds | (262) | 5,570 | 4,806 | (6,709) | 3,405 |
| Revaluation reserves | 4,285 | 3,025 | 748 | - | 8,058 |
| Net worth | 4,023 | 8,595 | 5,554 | (6,709) | 11,463 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 4,730 | 904 | 238 | (359) | 5,513 |
| MSDs and equity investments | 12,589 | 8,542 | 206 | (4,721) | 16,616 |
| Total financial assets | 17,319 | 9,446 | 444 | (5,080) | 22,129 |
| Borrowings - Sovereign guaranteed | 33,811 | - | - | (4,721) | 29,090 |
| Borrowings - Non-sovereign guaranteed | - | 3,131 | 2,790 | (359) | 5,562 |
| Total borrowings | 33,811 | 3,131 | 2,790 | (5,080) | 34,652 |
| Borrowings less financial assets | 16,492 | (6,315) | 2,346 | - | 12,523 |
| Net Crown debt | 17,021 | | | | |
| Gross sovereign-issued debt | 36,761 | | | | |

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

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2002

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

Forecast Statement of Financial Position (institutional form) as at 30 June 2002

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

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

Segment Notes to the Financial Statements (continued)

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

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

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

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

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

Segment Notes to the Financial Statements (continued)

Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2004

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m | 2004 \$m |
| Revenue | | | | | |
| Taxation revenue | 39,870 | - | - | (340) | 39,530 |
| Other sovereign levied income | 487 | 2,085 | - | (18) | 2,554 |
| Sales of goods and services | 662 | 3,132 | 8,375 | (750) | 11,419 |
| Investment income | 1,805 | 733 | 31 | (788) | 1,781 |
| Other revenues | 506 | 13,282 | 466 | (12,665) | 1,589 |
| Total revenue | 43,330 | 19,232 | 8,872 | (14,561) | 56,873 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 14,476 | 1,414 | - | - | 15,890 |
| Personnel expenses | 3,937 | 7,331 | 1,591 | (4) | 12,855 |
| Operating expenses | 20,356 | 9,544 | 6,381 | (13,822) | 22,459 |
| Finance costs | 2,404 | 245 | 314 | (372) | 2,591 |
| FX losses/(gains) | - | - | - | - | - |
| GSF and ACC liability revaluation movements | - | - | - | - | - |
| Total expenses | 41,173 | 18,534 | 8,286 | (14,198) | 53,795 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 15,343 | 2,411 | - | (468) | 17,286 |
| Health | 8,037 | 5,603 | - | (5,411) | 8,229 |
| Education | 6,982 | 6,425 | - | (4,757) | 8,650 |
| Other functional classifications | 7,785 | 3,850 | 7,972 | (3,190) | 16,417 |
| Forecast for future new spending | 622 | - | - | - | 622 |
| Finance costs and FX losses/(gains) | 2,404 | 245 | 314 | (372) | 2,591 |
| Total expenses | 41,173 | 18,534 | 8,286 | (14,198) | 53,795 |
| Operating balance | 2,157 | 698 | 586 | (363) | 3,078 |

Forecast Statement of Financial Position (institutional form) as at 30 June 2004

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

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

Segment Notes to the Financial Statements (continued)

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

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m |
| Revenue | | | | | |
| Taxation revenue | 41,701 | - | - | (366) | 41,335 |
| Other sovereign levied income | 493 | 2,155 | - | (18) | 2,630 |
| Sales of goods and services | 662 | 3,194 | 8,825 | (765) | 11,916 |
| Investment income | 2,094 | 807 | 31 | (814) | 2,118 |
| Other revenues | 501 | 13,537 | 422 | (12,915) | 1,545 |
| Total revenue | 45,451 | 19,693 | 9,278 | (14,878) | 59,544 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 14,880 | 1,489 | - | - | 16,369 |
| Personnel expenses | 3,934 | 7,420 | 1,662 | (4) | 13,012 |
| Operating expenses | 21,305 | 9,726 | 6,680 | (14,111) | 23,600 |
| Finance costs | 2,480 | 264 | 322 | (440) | 2,626 |
| FX losses/(gains) | - | - | - | - | - |
| GSF and ACC liability revaluation movements | - | - | - | - | - |
| Total expenses | 42,599 | 18,899 | 8,664 | (14,555) | 55,607 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 15,741 | 2,516 | - | (476) | 17,781 |
| Health | 8,461 | 5,730 | - | (5,595) | 8,596 |
| Education | 7,052 | 6,464 | - | (4,715) | 8,801 |
| Other functional classifications | 7,816 | 3,925 | 8,342 | (3,329) | 16,754 |
| Forecast for future new spending | 1,049 | - | - | - | 1,049 |
| Finance costs and FX losses/(gains) | 2,480 | 264 | 322 | (440) | 2,626 |
| Total expenses | 42,599 | 18,899 | 8,664 | (14,555) | 55,607 |
| Operating balance | 2,852 | 794 | 614 | (323) | 3,937 |

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

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m | 2005 \$m |
| Assets | | | | | |
| Financial assets | 26,736 | 12,897 | 973 | (7,195) | 33,411 |
| Physical assets | 27,852 | 12,351 | 10,411 | - | 50,614 |
| Investment in SOEs and CEs | 8,626 | - | - | (8,626) | - |
| Other assets | 8,970 | 2,090 | 2,680 | (794) | 12,946 |
| Total assets | 72,184 | 27,338 | 14,064 | (16,615) | 96,971 |
| Liabilities | | | | | |
| Borrowings | 39,193 | 3,554 | 4,725 | (7,195) | 40,277 |
| Other liabilities | 19,943 | 11,589 | 2,415 | (794) | 33,153 |
| Total liabilities | 59,136 | 15,143 | 7,140 | (7,989) | 73,430 |
| Net worth | 13,048 | 12,195 | 6,924 | (8,626) | 23,541 |
| Taxpayer Funds | 8,713 | 9,189 | 6,175 | (8,626) | 15,451 |
| Revaluation reserves | 4,335 | 3,006 | 749 | - | 8,090 |
| Net worth | 13,048 | 12,195 | 6,924 | (8,626) | 23,541 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 9,987 | 979 | 87 | (2,300) | 8,753 |
| MSDs and equity investments | 16,749 | 11,918 | 886 | (4,895) | 24,658 |
| Total financial assets | 26,736 | 12,897 | 973 | (7,195) | 33,411 |
| Borrowings - Sovereign guaranteed | 39,193 | - | - | (4,895) | 34,298 |
| Borrowings - Non-sovereign guaranteed | - | 3,554 | 4,725 | (2,300) | 5,979 |
| Total borrowings | 39,193 | 3,554 | 4,725 | (7,195) | 40,277 |
| Borrowings less financial assets | 12,457 | (9,343) | 3,752 | - | 6,866 |
| Net Crown debt | 21,894 | | | | |
| Gross sovereign-issued borrowings | 39,543 | | | | |

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

Segment Notes to the Financial Statements (continued)

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

| (\$ million) | Core Crown | Crown entities | State-owned enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|-------------------------|----------------------------|---------------|
| | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m | 2006 \$m |
| Revenue | | | | | |
| Taxation revenue | 43,188 | - | - | (417) | 42,771 |
| Other sovereign levied income | 506 | 2,224 | - | (17) | 2,713 |
| Sales of goods and services | 665 | 3,459 | 9,204 | (973) | 12,355 |
| Investment income | 2,422 | 885 | 31 | (869) | 2,469 |
| Other revenues | 499 | 13,664 | 378 | (13,024) | 1,517 |
| Total revenue | 47,280 | 20,232 | 9,613 | (15,300) | 61,825 |
| Expenses by input type | | | | | |
| Subsidies and transfer payments | 15,363 | 1,564 | - | - | 16,927 |
| Personnel expenses | 4,005 | 7,602 | 1,697 | (4) | 13,300 |
| Operating expenses | 22,328 | 9,940 | 6,892 | (14,467) | 24,693 |
| Finance costs | 2,551 | 266 | 324 | (478) | 2,663 |
| FX losses/(gains) | - | - | - | - | - |
| GSF and ACC liability revaluation movements | - | - | - | - | - |
| Total expenses | 44,247 | 19,372 | 8,913 | (14,949) | 57,583 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 16,248 | 2,620 | - | (482) | 18,386 |
| Health | 8,588 | 5,931 | - | (5,806) | 8,713 |
| Education | 7,148 | 6,528 | - | (4,762) | 8,914 |
| Other functional classifications | 7,863 | 4,027 | 8,589 | (3,421) | 17,058 |
| Forecast for future new spending | 1,849 | - | - | - | 1,849 |
| Finance costs and FX losses/(gains) | 2,551 | 266 | 324 | (478) | 2,663 |
| Total expenses | 44,247 | 19,372 | 8,913 | (14,949) | 57,583 |
| Operating balance | 3,033 | 860 | 700 | (351) | 4,242 |

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 | 30,530 | 14,133 | 1,276 | (7,898) | 38,041 |
| Physical assets | 27,699 | 12,421 | 10,252 | - | 50,372 |
| Investment in SOEs and CEs | 8,720 | - | - | (8,720) | - |
| Other assets | 9,207 | 2,193 | 2,776 | (839) | 13,337 |
| Total assets | 76,156 | 28,747 | 14,304 | (17,457) | 101,750 |
| Liabilities | | | | | |
| Borrowings | 40,306 | 3,593 | 4,491 | (7,898) | 40,492 |
| Other liabilities | 19,771 | 12,021 | 2,522 | (839) | 33,475 |
| Total liabilities | 60,077 | 15,614 | 7,013 | (8,737) | 73,967 |
| Net worth | 16,079 | 13,133 | 7,291 | (8,720) | 27,783 |
| Taxpayer Funds | 11,744 | 10,127 | 6,542 | (8,720) | 19,693 |
| Revaluation reserves | 4,335 | 3,006 | 749 | - | 8,090 |
| Net worth | 16,079 | 13,133 | 7,291 | (8,720) | 27,783 |
| Analysis of financial assets and borrowings | | | | | |
| Advances and cash | 11,155 | 1,069 | 92 | (2,536) | 9,780 |
| MSDs and equity investments | 19,375 | 13,064 | 1,184 | (5,362) | 28,261 |
| Total financial assets | 30,530 | 14,133 | 1,276 | (7,898) | 38,041 |
| Borrowings - Sovereign guaranteed | 40,306 | - | - | (5,362) | 34,944 |
| Borrowings - Non-sovereign guaranteed | - | 3,593 | 4,491 | (2,536) | 5,548 |
| Total borrowings | 40,306 | 3,593 | 4,491 | (7,898) | 40,492 |
| Borrowings less financial assets | 9,776 | (10,540) | 3,215 | - | 2,451 |
| Net Crown debt | 21,880 | | | | |
| Gross sovereign-issued borrowings | 40,656 | | | | |

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.