

## **Generally Accepted Accounting Practice (GAAP) Series Tables**

### **Forecast Financial Statements**

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

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

The forecasts have been prepared in accordance with the Statement of Responsibility and reflect the judgements and information known at the time they were prepared. They reflect all Government decisions and circumstances communicated to 9 May 2008.

The finalisation dates and key assumptions that underpin the preparation of the GAAP tables are outlined in the Summary on page 69 to 70.

# Statement of Accounting Policies and Forecast Assumptions

## Significant Accounting Policies

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

These Forecast Financial Statements comply with generally accepted accounting policies (GAAP) as required by the Public Finance Act 1989 and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

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

## Changes in Accounting Policies

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

## Forecast Policies

These Forecast Financial Statements have been prepared on the basis of Treasury's best professional judgment. Key assumptions used are set out on page 69 to 70.

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

## Detailed Accounting Policies and Forecast Assumptions

The specific accounting and forecasting policies are reproduced in full on Treasury's website at <http://www.treasury.govt.nz/budget/2008/>.

## Government Reporting Entity as at 9 May 2008

These forecast financial statements are for the Government reporting entity as specified in section 26Q(4) of the Public Finance Act 1989. This comprises Ministers of the Crown and the following entities:

<b>Core Crown segment</b>		
<p><b>Departments</b></p> <p>Agriculture and Forestry Archives New Zealand Building and Housing Conservation Corrections Crown Law Office Culture and Heritage Defence Economic Development Education Education Review Office Environment Fisheries Food Safety Authority Foreign Affairs and Trade Government Communications Security Bureau Health Inland Revenue Internal Affairs Justice Labour</p>	<p><b>Departments</b></p> <p>Land Information New Zealand Māori Development National Library of New Zealand New Zealand Customs Service New Zealand Defence Force Office of the Clerk Pacific Island Affairs Parliamentary Counsel Office Parliamentary Service Police Prime Minister and Cabinet Research, Science and Technology Security Intelligence Service Serious Fraud Office Social Development State Services Commission Statistics Transport Treasury Women's Affairs</p>	<p><b>State-owned enterprises</b></p> <p>Airways Corporation of New Zealand Limited Animal Control Products Limited AsureQuality Limited Electricity Corporation of New Zealand Limited Genesis Power Limited Kordia Group Limited Landcorp Farming Limited Learning Media Limited Meridian Energy Limited Meteorological Service of New Zealand Limited Mighty River Power Limited New Zealand Post Limited New Zealand Railways Corporation Quotable Value Limited Solid Energy New Zealand Limited Terralink Limited (in liquidation) Timberlands West Coast Limited Transpower New Zealand Limited</p>
<p><b>Others</b></p> <p>Government Superannuation Fund New Zealand Superannuation Fund Reserve Bank of New Zealand</p>	<p><b>Offices of Parliament</b></p> <p>Office of the Controller and Auditor-General Office of the Ombudsmen Parliamentary Commissioner for the Environment</p>	<p>Air New Zealand Limited (included for disclosure purposes as if it were a SOE)</p>

<b>Crown entities</b>	
<p>Accident Compensation Corporation Accounting Standards Review Board Alcohol Advisory Council of New Zealand Arts Council of New Zealand Toi Aotearoa Broadcasting Commission Broadcasting Standards Authority Career Services Charities Commission Children’s Commissioner Civil Aviation Authority of New Zealand Commerce Commission Crown Health Financing Agency Crown research institutes (9) District health boards (21) Drug Free Sport New Zealand Earthquake Commission Electoral Commission Electricity Commission Energy Efficiency and Conservation Authority Environmental Risk Management Authority Families Commission Foundation for Research, Science and Technology Government Superannuation Fund Authority Guardians of New Zealand Superannuation Health and Disability Commissioner Health Research Council of New Zealand Health Sponsorship Council Housing New Zealand Corporation Human Rights Commission Independent Police Conduct Authority Land Transport New Zealand Law Commission Legal Services Agency Maritime New Zealand Mental Health Commission Museum of New Zealand Te Papa Tongarewa Board New Zealand Antarctic Institute New Zealand Artificial Limb Board New Zealand Blood Service</p>	<p>New Zealand Film Commission New Zealand Fire Service Commission New Zealand Historic Places Trust (Pouhere Taonga) New Zealand Lotteries Commission New Zealand Qualifications Authority New Zealand Symphony Orchestra New Zealand Teachers Council New Zealand Tourism Board New Zealand Trade and Enterprise New Zealand Venture Investment Fund Limited Office of Film and Literature Classification Pharmaceutical Management Agency Privacy Commissioner Public Trust Radio New Zealand Limited Retirement Commissioner School boards of trustees (2,462) Securities Commission Social Workers Registration Board Sport and Recreation New Zealand Standards Council Takeovers Panel Te Reo Whakapuaki Irirangi (Te Māngai Pāho) Te Taura Whiri i te Reo Māori (Māori Language Commission) Television New Zealand Limited Tertiary Education Commission Tertiary education institutions (31) Testing Laboratory Registration Council Transit New Zealand Transport Accident Investigation Commission</p> <p>Crown entity subsidiaries are consolidated by their parents and are not listed separately in this table</p>
<b>Organisations named or described in Schedule 4 to the Public Finance Act 1989</b>	
<p>Agriculture and Marketing Research and Development Trust Asia New Zealand Foundation Fish and game councils (12) Leadership Development Centre Trust New Zealand Fish and Game Council New Zealand Game Bird Habitat Trust Board New Zealand Government Property Corporation</p>	<p>New Zealand Lottery Grants Board Ngāi Tahu Ancillary Claims Trust Pacific Co-operation Foundation Pacific Islands Business Development Trust Research and Education Advanced Network New Zealand Limited Reserves boards (24) Road Safety Trust Sentencing Council</p>

### **Purchase of Rail and Ferry Network from Toll Holding Limited**

On 5 May 2008 the Government reached an agreement with Toll Holding Limited for the purchase of Toll New Zealand's rail and ferry business with the date of acquisition set for 30 June 2008.

With the closeness of the purchase announcement to the finalisation date of the *Budget Update* Toll New Zealand's rail and ferry business are not incorporated on a line by line basis in the fiscal forecasts. Instead the 2007/08 forecast for new capital spending has increased by the value of the purchase price.

Looking ahead, the rail and ferry operating revenues and expenses and the assets acquired and liabilities assumed will be incorporated into future forecasts and Government Financial Statements from the date of effective ownership.

There are a number of valuation issues that need to be considered before the assets and liabilities are combined into the whole-of-Government financial statements on acquisition.

There is a risk that if any differential in the purchase price and the value of Toll New Zealand's rail and ferry assets and liabilities cannot be recovered through rail operations, a write-down in the Government Financial Statements will be required.

## Forecast Statement of Financial Performance

for the years ending 30 June

		2007	2008	2008	2009	2010	2011	2012
	Note	Actual \$m	Previous Budget \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m
<b>Revenue</b>								
Taxation revenue	1	53,064	54,173	56,186	55,911	57,645	59,743	62,134
Other sovereign revenue	1	3,496	3,693	3,851	4,037	4,342	4,876	5,162
<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>56,560</b>	<b>57,866</b>	<b>60,037</b>	<b>59,948</b>	<b>61,987</b>	<b>64,619</b>	<b>67,296</b>
Sales of goods and services		12,613	13,253	13,682	14,222	14,864	15,784	16,287
Interest revenue and dividends	2	2,995	3,366	3,203	3,358	3,252	3,410	3,461
Other revenue		2,421	2,387	2,891	2,591	2,738	2,881	3,008
<b>Total Revenue Earned through the Crown's Operations</b>		<b>18,029</b>	<b>19,006</b>	<b>19,776</b>	<b>20,171</b>	<b>20,854</b>	<b>22,075</b>	<b>22,756</b>
<b>Total Revenue (excluding gains)</b>		<b>74,589</b>	<b>76,872</b>	<b>79,813</b>	<b>80,119</b>	<b>82,841</b>	<b>86,694</b>	<b>90,052</b>
<b>Expenses</b>								
Social assistance and official development assistance	3	16,346	17,892	18,520	19,681	20,528	21,273	22,327
Personnel expenses	4	15,284	15,657	16,422	17,061	17,268	17,572	17,616
Depreciation and amortisation	5	3,397	3,296	3,618	3,950	4,153	4,448	4,580
Other operating expenses	5	27,579	28,997	29,217	32,053	31,934	32,781	33,087
Interest expenses	6	2,885	2,748	2,954	2,503	2,490	2,769	2,886
Insurance expenses	7	3,238	3,010	4,095	3,799	4,140	4,432	4,735
Forecast new operating spending	8	-	314	-	249	1,774	3,376	5,117
Top-down expense adjustment	8	-	-	(240)	(495)	(450)	(450)	(450)
<b>Total Expenses (excluding losses)</b>		<b>68,729</b>	<b>71,914</b>	<b>74,586</b>	<b>78,801</b>	<b>81,837</b>	<b>86,201</b>	<b>89,898</b>
<b>Operating Balance before gains/(losses)</b>		<b>5,860</b>	<b>4,958</b>	<b>5,227</b>	<b>1,318</b>	<b>1,004</b>	<b>493</b>	<b>154</b>
Net gains/(losses) on financial instruments	9	1,566	1,377	(824)	1,424	1,625	1,890	2,171
Net gains/(losses) on non-financial instruments	10	486	-	(2,007)	170	176	183	190
<b>Total Gains/(losses)</b>		<b>2,052</b>	<b>1,377</b>	<b>(2,831)</b>	<b>1,594</b>	<b>1,801</b>	<b>2,073</b>	<b>2,361</b>
Net surplus/(deficit) from associates and joint ventures		191	96	166	193	204	213	219
<b>Operating Balance from continuing activities</b>		<b>8,103</b>	<b>6,431</b>	<b>2,562</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>
Gain/(loss) from discontinued operations		(92)	-	(3)	-	-	-	-
<b>Operating Balance (including minority interest)</b>		<b>8,011</b>	<b>6,431</b>	<b>2,559</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>
Attributable to minority interest		12	-	-	-	-	-	-
<b>Operating Balance</b>	11	<b>8,023</b>	<b>6,431</b>	<b>2,559</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>

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

## Forecast Statement of Financial Performance (continued) – Functional Expense Analysis

for the years ending 30 June

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
		\$m					
<b>Total Crown</b>							
<b>Total Crown expenses</b>							
<b>By functional classification</b>							
Social security and welfare	19,829	21,271	22,274	22,843	23,888	24,814	26,179
GSF pension expenses	645	629	714	652	625	610	582
Health	10,661	11,699	10,765	12,024	11,949	11,923	11,911
Education	9,853	10,321	10,803	11,017	11,335	11,551	11,687
Core government services	4,628	2,132	3,163	3,412	3,463	3,639	3,675
Law and order	2,822	3,076	3,192	3,341	3,334	3,342	3,357
Defence	1,478	1,597	1,524	1,697	1,755	1,845	1,917
Transport and communications	6,990	7,671	7,185	8,027	8,156	8,540	8,540
Economic and industrial services	4,723	5,879	7,433	7,918	8,306	8,789	8,976
Primary services	1,233	1,319	1,404	1,364	1,349	1,351	1,358
Heritage, culture and recreation	2,043	2,218	2,366	3,130	2,765	2,997	3,043
Housing and community development	865	961	965	1,036	1,015	1,022	1,037
Other	74	79	84	83	83	83	83
Finance costs	2,885	2,748	2,954	2,503	2,490	2,769	2,886
Forecast for future new spending	-	314	-	249	1,774	3,376	5,117
Top-down expense adjustment	-	-	(240)	(495)	(450)	(450)	(450)
<b>Total Crown Expenses excluding losses</b>	<b>68,729</b>	<b>71,914</b>	<b>74,586</b>	<b>78,801</b>	<b>81,837</b>	<b>86,201</b>	<b>89,898</b>

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments, Reserve Bank and the NZS Fund, but not Crown entities and SOEs.

### Core Crown

#### Core Crown expenses

##### By functional classification

Social security and welfare	16,768	17,698	18,071	18,898	19,566	20,175	21,212
GSF pension expenses	645	629	714	652	625	610	582
Health	10,355	11,613	11,343	12,586	12,538	12,522	12,526
Education	9,269	9,719	10,046	10,524	10,892	11,096	11,217
Core government services	4,816	2,479	3,222	3,448	3,508	3,678	3,728
Law and order	2,699	2,836	2,943	3,101	3,078	3,085	3,086
Defence	1,517	1,641	1,566	1,741	1,800	1,891	1,964
Transport and communications	2,405	2,792	2,290	2,823	2,731	2,635	2,488
Economic and industrial services	1,595	2,276	2,828	3,244	3,281	3,414	3,461
Primary services	438	494	565	520	499	494	499
Heritage, culture and recreation	844	977	1,123	1,769	1,322	1,502	1,485
Housing and community development	255	304	282	334	302	299	297
Other	68	80	84	83	83	83	83
Finance costs	2,329	2,244	2,527	2,406	2,341	2,606	2,648
Forecast for future new spending	-	314	-	249	1,774	3,376	5,117
Top-down expense adjustment	-	-	(240)	(495)	(450)	(450)	(450)
<b>Total Core Crown Expenses excluding losses</b>	<b>54,003</b>	<b>56,096</b>	<b>57,364</b>	<b>61,883</b>	<b>63,890</b>	<b>67,016</b>	<b>69,943</b>

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

## Forecast Statement of Cash Flows

for the years ending 30 June

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Cash Flows From Operations</b>							
<b>Cash was provided from</b>							
Taxation receipts	52,157	54,266	55,662	54,681	57,087	59,198	61,473
Other sovereign receipts	3,415	3,472	3,496	3,675	3,812	3,932	4,028
Sales of goods and services	12,806	13,394	14,001	14,596	15,180	16,019	16,529
Interest and dividends	2,491	2,760	2,718	2,807	2,658	2,781	2,798
Other operating receipts	2,222	2,302	2,532	2,527	2,617	2,727	2,870
<b>Total cash provided from operations</b>	<b>73,091</b>	<b>76,194</b>	<b>78,409</b>	<b>78,286</b>	<b>81,354</b>	<b>84,657</b>	<b>87,698</b>
<b>Cash was disbursed to</b>							
Social assistance and official development assistance	16,344	19,529	18,242	19,123	20,241	21,052	22,036
Personnel and operating payments	41,845	44,025	46,643	49,961	50,597	51,821	52,029
Interest payments	2,441	2,530	2,705	2,284	2,335	2,472	2,613
Forecast for future new spending	-	314	-	249	1,774	3,376	5,117
Top-down expense adjustment	-	-	(240)	(355)	(310)	(310)	(310)
<b>Total cash disbursed to operations</b>	<b>60,630</b>	<b>66,398</b>	<b>67,350</b>	<b>71,262</b>	<b>74,637</b>	<b>78,411</b>	<b>81,485</b>
<b>Net Cash Flows From Operations</b>	<b>12,461</b>	<b>9,796</b>	<b>11,059</b>	<b>7,024</b>	<b>6,717</b>	<b>6,246</b>	<b>6,213</b>
<b>Cash Flows From Investing Activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Net purchase of physical assets	(5,214)	(6,661)	(5,826)	(6,583)	(6,156)	(6,337)	(5,440)
Net purchase of shares and other securities	(8,132)	(4,491)	(4,963)	(576)	15	(3,758)	202
Net purchase of intangible assets	(232)	(144)	(299)	(324)	(255)	(236)	(204)
Net issue/(repayment) of advances	(1,153)	(1,628)	(1,153)	(590)	(658)	(200)	(837)
Net acquisition of investments in associates	(295)	(95)	(994)	(230)	(6)	(23)	(1)
Capital contingency provision	-	(184)	(690)	(261)	(602)	(777)	(927)
Top-down capital adjustment	-	-	-	350	-	-	-
<b>Net Cash Flows From Investing Activities</b>	<b>(15,026)</b>	<b>(13,203)</b>	<b>(13,925)</b>	<b>(8,214)</b>	<b>(7,662)</b>	<b>(11,331)</b>	<b>(7,207)</b>
<b>Net Cash Flows From Operating and Investing Activities</b>	<b>(2,565)</b>	<b>(3,407)</b>	<b>(2,866)</b>	<b>(1,190)</b>	<b>(945)</b>	<b>(5,085)</b>	<b>(994)</b>
<b>Cash Flows From Financing Activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Issues of circulating currency	81	178	260	181	190	200	210
Net repayment/(issues) of Government stock <sup>1</sup>	(3,758)	2,223	2,357	1,235	218	4,211	242
Net repayment of foreign-currency borrowing	1,780	(1,130)	(419)	(299)	(95)	(10)	(274)
Net repayment/(issues) of other New Zealand dollar borrowing	4,992	2,225	1,735	1,255	932	1,273	1,158
<b>Net Cash Flows From Financing Activities</b>	<b>3,095</b>	<b>3,496</b>	<b>3,933</b>	<b>2,372</b>	<b>1,245</b>	<b>5,674</b>	<b>1,336</b>
<b>Net Movement in Cash</b>	<b>530</b>	<b>89</b>	<b>1,067</b>	<b>1,182</b>	<b>300</b>	<b>589</b>	<b>342</b>
<b>Opening Cash Balance</b>	<b>3,676</b>	<b>3,107</b>	<b>4,163</b>	<b>5,217</b>	<b>6,412</b>	<b>6,725</b>	<b>7,327</b>
Foreign-exchange (losses)/gains on opening cash	(43)	-	(13)	13	13	13	13
<b>Closing Cash Balance</b>	<b>4,163</b>	<b>3,196</b>	<b>5,217</b>	<b>6,412</b>	<b>6,725</b>	<b>7,327</b>	<b>7,682</b>

<sup>1</sup> Net issues of Government stock include movements within government stock holdings of entities such as NZS Fund, ACC and EQC. The Bonds reconciliation at the end of these accounts outlines the proceeds and repayments of domestic bonds.

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



## Forecast Statement of Cash Flows (continued)

for the years ending 30 June

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>							
<b>Net Cash Flows from Operations</b>	<b>12,461</b>	<b>9,796</b>	<b>11,059</b>	<b>7,024</b>	<b>6,717</b>	<b>6,246</b>	<b>6,213</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Gains/(losses)</b>							
Gains/(losses) on financial instruments	1,566	1,377	(824)	1,424	1,625	1,890	2,171
Gains/(losses) on non-financial instruments	486	-	(2,007)	170	176	183	190
<b>Total Gains/(losses)</b>	<b>2,052</b>	<b>1,377</b>	<b>(2,831)</b>	<b>1,594</b>	<b>1,801</b>	<b>2,073</b>	<b>2,361</b>
<b>Movements in Working Capital</b>							
Increase/(decrease) in receivables	(1,591)	218	267	422	(153)	(93)	(65)
Increase/(decrease) in inventories	83	41	107	63	72	112	83
Increase/(decrease) in prepayments	(89)	(2)	(49)	13	20	-	-
Decrease/(increase) in deferred revenue	(73)	-	(80)	(18)	1	-	4
Decrease/(increase) in payables	2	(569)	82	(515)	176	504	329
	<b>(1,668)</b>	<b>(312)</b>	<b>327</b>	<b>(35)</b>	<b>116</b>	<b>523</b>	<b>351</b>
<b>Other Non-cash Items in Operating Balance</b>							
Depreciation and amortisation	(3,397)	(3,296)	(3,618)	(3,950)	(4,153)	(4,448)	(4,580)
Write-down on initial recognition of loans	(629)	(518)	(628)	(667)	(705)	(739)	(773)
Impairment on financial assets (excl receivables)	37	(38)	201	1	1	1	1
Net interest revenue	61	389	237	333	439	331	390
Decrease/(increase) in defined benefit retirement plan liabilities	13	(51)	(78)	(75)	(33)	(4)	37
Decrease/(increase) in insurance liabilities	(1,098)	(1,013)	(2,276)	(1,313)	(1,378)	(1,417)	(1,485)
Other	191	97	166	193	204	213	219
<b>Total Other Non-cash Items</b>	<b>(4,822)</b>	<b>(4,430)</b>	<b>(5,996)</b>	<b>(5,478)</b>	<b>(5,625)</b>	<b>(6,063)</b>	<b>(6,191)</b>
<b>Operating Balance</b>	<b>8,023</b>	<b>6,431</b>	<b>2,559</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>

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

## Forecast Statement of Recognised Income and Expense

for the years ending 30 June

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revaluation of physical assets	5,262	-	43	-	-	-	-
Effective portion of changes in value of fair-value hedges	(331)	39	(2)	58	19	13	17
Net change in fair value of cash flow hedges transferred to the operating statement	(60)	74	(15)	-	(1)	1	(2)
Net change in fair value of cash flow hedges transferred to the hedged item	(13)	-	(36)	-	-	-	-
Foreign currency translation differences for foreign operations	(66)	-	2	-	-	1	2
Valuation gain/(losses) on investments available for sale taken to reserves	10	-	6	6	-	-	-
Other movements	11	-	(1)	2	(3)	1	-
<b>Total income/(expense) recognised directly in Net Worth</b>	<b>4,813</b>	<b>113</b>	<b>(3)</b>	<b>66</b>	<b>15</b>	<b>16</b>	<b>17</b>
<b>Operating Balance (including minority interest)</b>	<b>8,011</b>	<b>6,431</b>	<b>2,559</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>
<b>Total recognised income and expense</b>	<b>12,824</b>	<b>6,544</b>	<b>2,556</b>	<b>3,171</b>	<b>3,024</b>	<b>2,795</b>	<b>2,751</b>
<b>Attributable to:</b>							
- minority interest	(12)	-	-	-	-	-	-
- the Crown	12,836	6,544	2,556	3,171	3,024	2,795	2,751
<b>Total recognised income and expense</b>	<b>12,824</b>	<b>6,544</b>	<b>2,556</b>	<b>3,171</b>	<b>3,024</b>	<b>2,795</b>	<b>2,751</b>

## Forecast Statement of Financial Position

as at 30 June

		2007	2008	2008	2009	2010	2011	2012
	Note	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>								
Cash and cash equivalents	12	4,163	3,196	5,217	6,412	6,725	7,327	7,682
Receivables	12	12,058	12,547	12,326	12,749	12,595	12,503	12,438
Marketable securities and derivatives in gain	12	32,125	32,885	34,473	33,351	32,636	34,995	33,690
Share investments	12	13,581	17,273	12,790	13,700	15,608	17,603	19,517
Advances	12	11,793	15,087	15,799	18,648	21,043	20,981	21,623
Inventory		826	982	933	997	1,069	1,181	1,264
Prepayments and other assets		1,527	1,205	1,171	1,307	1,385	1,434	1,470
Property, plant & equipment	14	95,598	95,950	98,355	101,276	103,885	106,481	107,902
Equity accounted investments <sup>1</sup>		7,001	6,647	7,519	8,683	8,294	8,516	8,693
Intangible assets and goodwill		1,677	1,555	1,772	1,929	1,952	1,958	1,917
Forecast for new capital spending		-	234	690	951	1,553	2,330	3,257
Top-down capital adjustment		-	(250)	-	(350)	(350)	(350)	(350)
<b>Total Assets</b>		<b>180,349</b>	<b>187,311</b>	<b>191,045</b>	<b>199,653</b>	<b>206,395</b>	<b>214,959</b>	<b>219,103</b>
<b>Liabilities</b>								
Issued currency		3,444	3,730	3,704	3,885	4,075	4,275	4,484
Payables	16	8,075	9,036	8,423	8,497	8,524	8,492	8,619
Deferred revenue		966	845	1,046	1,064	1,063	1,063	1,059
Borrowings		41,898	46,364	45,546	48,656	50,616	54,959	54,910
Insurance liabilities	17	17,418	19,011	20,752	22,065	23,444	24,861	26,346
Retirement plan liabilities	18	7,161	8,414	8,146	8,221	8,254	8,258	8,222
Provisions	19	4,560	3,850	4,045	4,711	4,841	4,678	4,339
<b>Total Liabilities</b>		<b>83,522</b>	<b>91,250</b>	<b>91,662</b>	<b>97,099</b>	<b>100,817</b>	<b>106,586</b>	<b>107,979</b>
<b>Total Assets less Total Liabilities</b>		<b>96,827</b>	<b>96,061</b>	<b>99,383</b>	<b>102,554</b>	<b>105,578</b>	<b>108,373</b>	<b>111,124</b>
<b>Net Worth</b>								
Taxpayer funds	20	44,222	48,239	46,767	49,886	52,892	55,672	58,406
Revaluation reserve	20	52,442	47,402	52,498	52,486	52,486	52,486	52,486
Other reserves	20	(133)	127	(178)	(114)	(96)	(81)	(64)
<b>Total Net Worth attributable to the Crown</b>		<b>96,531</b>	<b>95,768</b>	<b>99,087</b>	<b>102,258</b>	<b>105,282</b>	<b>108,077</b>	<b>110,828</b>
Net worth attributable to minority interest		296	293	296	296	296	296	296
<b>Total Net Worth</b>		<b>96,827</b>	<b>96,061</b>	<b>99,383</b>	<b>102,554</b>	<b>105,578</b>	<b>108,373</b>	<b>111,124</b>

<sup>1</sup> Tertiary education institutions constitute most equity accounted investments.

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

## Forecast Statement of Borrowings

for the years ending 30 June

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Borrowings</b>							
Government stock	15,778	17,732	18,683	19,073	18,271	21,423	20,529
Treasury bills	2,098	2,786	1,389	1,289	1,289	1,289	1,289
Government retail stock	364	358	386	381	381	381	381
Settlement Cash with Reserve Bank	7,507	7,523	7,465	7,465	7,465	7,465	7,465
Derivatives in loss <sup>1</sup>	1,126	300	780	493	472	451	410
Finance lease liabilities	954	958	1,251	993	853	1,183	1,331
Other borrowings	14,071	16,707	15,592	18,962	21,885	22,767	23,505
<b>Total Borrowings<sup>2</sup></b>	<b>41,898</b>	<b>46,364</b>	<b>45,546</b>	<b>48,656</b>	<b>50,616</b>	<b>54,959</b>	<b>54,910</b>
Total Sovereign-Guaranteed Debt <sup>3</sup>	31,163	33,167	32,912	32,534	31,473	34,666	33,552
Total Non-Sovereign-Guaranteed Debt	10,735	13,197	12,634	16,122	19,143	20,293	21,358
<b>Total Borrowings<sup>2</sup></b>	<b>41,898</b>	<b>46,364</b>	<b>45,546</b>	<b>48,656</b>	<b>50,616</b>	<b>54,959</b>	<b>54,910</b>
<b>Gross and Net Debt analysis:</b>							
Core Crown borrowings	35,892	38,876	37,035	37,640	37,173	40,631	39,815
Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	913	1,524	638	768	988	1,253	1,594
<b>Gross sovereign-issued debt<sup>4</sup></b>	<b>36,805</b>	<b>40,400</b>	<b>37,673</b>	<b>38,408</b>	<b>38,161</b>	<b>41,884</b>	<b>41,409</b>
Less core Crown financial assets <sup>6</sup>	44,272	51,184	48,927	49,745	49,948	54,232	54,379
<b>Net Core Crown debt (incl. NZS Fund)<sup>7</sup></b>	<b>(7,467)</b>	<b>(10,784)</b>	<b>(11,254)</b>	<b>(11,337)</b>	<b>(11,787)</b>	<b>(12,348)</b>	<b>(12,970)</b>
Add back NZS Fund financial assets	11,576	15,439	13,100	15,915	19,059	22,493	26,163
<b>Net Core Crown Debt (excl. NZS Fund)<sup>8</sup></b>	<b>4,109</b>	<b>4,655</b>	<b>1,846</b>	<b>4,578</b>	<b>7,272</b>	<b>10,145</b>	<b>13,193</b>
<b>Gross sovereign-issued debt excluding Reserve Bank Settlement Cash:</b>							
Gross sovereign-issued debt <sup>4</sup>	36,805	40,400	37,673	38,408	38,161	41,884	41,409
Less Reserve Bank settlement cash (incl. Kiwibank)	(7,758)	(7,523)	(7,510)	(7,510)	(7,510)	(7,510)	(7,510)
Add back changes to DMO borrowing due to settlement cash <sup>5</sup>	1,600	1,600	1,600	1,600	1,600	1,600	1,600
<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash</b>	<b>30,647</b>	<b>34,477</b>	<b>31,763</b>	<b>32,498</b>	<b>32,251</b>	<b>35,974</b>	<b>35,499</b>

### Notes on Borrowings

1. Derivatives are included in either borrowings or marketable securities, deposits and equity investments depending on their value at balance date. This treatment leads to fluctuations in individual items within the Statement of Borrowings, primarily due to exchange rate movements.

2. Total Borrowings (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.

3. Total Borrowings (Gross Debt) can be split into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that borrowings by SOEs and Crown entities are not explicitly guaranteed by the Crown. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

4. Gross sovereign-issued debt is debt issued by the sovereign (i.e., core Crown) and includes Government stock held by the NZS Fund, ACC or EQC for example. In other words, the total sovereign-issued debt does not eliminate any internal cross-holdings held by these entities.

5. The Reserve Bank has used \$1.6b of settlement cash to purchase reserves that were to have been funded by DMO borrowing. Therefore the impact of Settlement Cash on GSID is adjusted by this amount.

6. Core Crown financial assets exclude receivables.

7. Net core Crown debt is the Government Sovereign-issued debt less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the credit-worthiness of a country. However, as some financial assets are not easily converted into cash, and some are restricted, it is important to view net debt alongside gross sovereign-issued debt.

8. Adding back the NZ Superannuation Fund Assets provides the financial liabilities less financial assets of the Core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.

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

## Statement of Actual Commitments

as at 31 March

	As at 31 March 2008 \$m	As at 30 June 2007 \$m
<b>Capital Commitments</b>		
Specialist military equipment	832	823
Land and buildings	704	605
Other property, plant and equipment	2,608	2,617
Other capital commitments	167	184
Tertiary Education Institutions	90	90
<b>Total capital commitments</b>	<b>4,401</b>	<b>4,319</b>
<b>Operating Commitments</b>		
Non-cancellable accommodation leases	2,262	2,296
Other non-cancellable leases	2,327	2,355
Non-cancellable contracts for the supply of goods and services	1,813	1,626
Other operating commitments	7,445	7,278
Tertiary Education Institutions	303	303
<b>Total operating commitments</b>	<b>14,150</b>	<b>13,858</b>
<b>Total commitments</b>	<b>18,551</b>	<b>18,177</b>
<b>Total Commitments by Segment</b>		
Core Crown	12,932	19,944
Crown entities	9,907	9,835
State Owned Enterprises	3,509	3,508
Inter-segment eliminations	(7,797)	(15,110)
<b>Total commitments</b>	<b>18,551</b>	<b>18,177</b>

## Statement of Actual Contingent Liabilities and Assets

as at 31 March

	As at 31 March 2008 \$m	As at 30 June 2007 \$m
<b>Quantifiable Contingent Liabilities</b>		
Guarantees and indemnities	168	171
Uncalled capital	2,080	2,076
Legal proceedings and disputes	349	1,170
Other contingent liabilities	1,984	1,829
<b>Total quantifiable contingent liabilities</b>	<b>4,581</b>	<b>5,246</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>		
Core Crown	4,474	5,071
Crown entities	52	45
State Owned Enterprises	91	150
Inter-segment eliminations	(36)	(20)
<b>Total quantifiable contingent liabilities</b>	<b>4,581</b>	<b>5,246</b>
<b>Quantifiable Contingent Assets</b>		
Core Crown	85	86
Crown entities	5	-
<b>Total quantifiable contingent assets</b>	<b>90</b>	<b>86</b>

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

A detailed Statement of Contingent Liabilities and Assets (quantified and unquantified) is outlined on pages 146 to 148 of the Specific Fiscal Risk chapter.

The Statement of Specific Risks (quantified and unquantified) is outlined on pages 123 to 145 of the Specific Fiscal Risk chapter.

## Notes to the Forecast Financial Statements

	2007 Actual \$m	2008 Previous Budget \$m	2008 Forecast \$m	2009 Forecast \$m	2010 Forecast \$m	2011 Forecast \$m	2012 Forecast \$m
<b>NOTE 1: Revenue Collected Through the Crown's Sovereign Power</b>							
<b>Taxation Revenue (accrual)</b>							
<b>Individuals</b>							
Source deductions	20,980	22,334	22,735	22,874	23,639	24,368	25,325
Other persons	4,440	4,553	4,986	4,986	5,162	5,205	5,317
Refunds	(1,080)	(1,102)	(1,290)	(1,199)	(1,277)	(1,288)	(1,322)
Fringe benefit tax	468	474	521	523	541	571	595
<b>Total Individuals</b>	<b>24,808</b>	<b>26,259</b>	<b>26,952</b>	<b>27,184</b>	<b>28,065</b>	<b>28,856</b>	<b>29,915</b>
<b>Corporate Tax</b>							
Gross companies tax	8,849	8,222	8,403	7,817	8,135	8,773	9,372
Refunds	(296)	(255)	(310)	(300)	(300)	(300)	(300)
Non-resident withholding tax	1,189	1,005	1,653	1,402	1,364	1,303	1,375
Foreign-source dividend w/holding payments	149	102	122	109	109	109	109
<b>Total Corporate Tax</b>	<b>9,891</b>	<b>9,074</b>	<b>9,868</b>	<b>9,028</b>	<b>9,308</b>	<b>9,885</b>	<b>10,556</b>
<b>Other Income Tax</b>							
Resident w/holding tax on interest income	2,227	2,340	2,596	2,740	2,719	2,646	2,719
Resident w/holding tax on dividend income	89	92	63	91	221	269	271
Estate and gift duties	2	2	3	3	3	3	3
<b>Total Other Income Tax</b>	<b>2,318</b>	<b>2,434</b>	<b>2,662</b>	<b>2,834</b>	<b>2,943</b>	<b>2,918</b>	<b>2,993</b>
<b>Total Income Tax</b>	<b>37,017</b>	<b>37,767</b>	<b>39,482</b>	<b>39,046</b>	<b>40,316</b>	<b>41,659</b>	<b>43,464</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	19,540	19,726	20,655	20,458	21,432	23,034	24,398
Refunds	(8,325)	(8,231)	(8,841)	(8,578)	(9,143)	(10,042)	(10,871)
<b>Total Goods and Services Tax</b>	<b>11,215</b>	<b>11,495</b>	<b>11,814</b>	<b>11,880</b>	<b>12,289</b>	<b>12,992</b>	<b>13,527</b>
<b>Other Indirect Taxation</b>							
Petroleum fuels excise	819	903	818	813	831	841	849
Tobacco excise	238	148	144	151	154	157	160
Customs duty	1,836	1,865	1,880	1,859	1,862	1,861	1,854
Road user charges	786	877	867	940	925	933	944
Alcohol excise	553	586	573	605	636	660	687
Gaming duties	230	215	245	254	262	269	276
Motor vehicle fees	222	219	227	229	230	232	234
Energy resources levies	54	34	47	43	43	43	43
Approved issuer levy and cheque duty	94	64	89	91	97	96	96
<b>Total Other Indirect Taxation</b>	<b>4,832</b>	<b>4,911</b>	<b>4,890</b>	<b>4,985</b>	<b>5,040</b>	<b>5,092</b>	<b>5,143</b>
<b>Total Indirect Taxation</b>	<b>16,047</b>	<b>16,406</b>	<b>16,704</b>	<b>16,865</b>	<b>17,329</b>	<b>18,084</b>	<b>18,670</b>
<b>Total Taxation Revenue</b>	<b>53,064</b>	<b>54,173</b>	<b>56,186</b>	<b>55,911</b>	<b>57,645</b>	<b>59,743</b>	<b>62,134</b>
<b>Other Sovereign Revenue (accrual)</b>							
ACC levies	2,468	2,654	2,770	2,780	2,907	2,993	3,077
Fire Service levies	268	261	285	303	309	315	322
EQC levies	84	86	86	87	89	90	92
Other miscellaneous items	676	692	710	867	1,037	1,478	1,671
<b>Total Other Sovereign Revenue</b>	<b>3,496</b>	<b>3,693</b>	<b>3,851</b>	<b>4,037</b>	<b>4,342</b>	<b>4,876</b>	<b>5,162</b>
<b>Total Sovereign Revenue</b>	<b>56,560</b>	<b>57,866</b>	<b>60,037</b>	<b>59,948</b>	<b>61,987</b>	<b>64,619</b>	<b>67,296</b>

## Notes to the Forecast Financial Statements

	2007 Actual \$m	2008 Previous Budget \$m	2008 Forecast \$m	2009 Forecast \$m	2010 Forecast \$m	2011 Forecast \$m	2012 Forecast \$m
<b>NOTE 1 (continued): Receipts Collected Through the Crown's Sovereign Power</b>							
<b>Income Tax Receipts (cash)</b>							
<b>Individuals</b>							
Source deductions	21,009	22,334	22,676	22,737	23,570	24,296	25,251
Other persons	5,121	5,430	5,669	5,570	5,813	5,895	5,928
Refunds	(1,850)	(2,017)	(2,238)	(2,065)	(2,093)	(2,117)	(2,122)
Fringe benefit tax	482	470	486	513	535	560	586
<b>Total Individuals</b>	<b>24,762</b>	<b>26,217</b>	<b>26,593</b>	<b>26,755</b>	<b>27,825</b>	<b>28,634</b>	<b>29,643</b>
<b>Corporate Tax</b>							
Gross companies tax	9,120	9,184	9,327	7,948	8,631	9,291	9,911
Refunds	(1,153)	(1,041)	(1,000)	(1,000)	(880)	(949)	(1,012)
Non-resident withholding tax	1,135	981	1,615	1,373	1,335	1,340	1,396
Foreign-source dividend w/holding payments	141	102	122	109	109	109	109
<b>Total Corporate Tax</b>	<b>9,243</b>	<b>9,226</b>	<b>10,064</b>	<b>8,430</b>	<b>9,195</b>	<b>9,791</b>	<b>10,404</b>
<b>Other Income Tax</b>							
Resident w/holding tax on interest income	2,192	2,340	2,567	2,740	2,719	2,646	2,719
Resident w/holding tax on dividend income	90	92	63	90	220	267	269
Estate and gift duties	3	2	3	3	3	3	3
<b>Total Other Income Tax</b>	<b>2,285</b>	<b>2,434</b>	<b>2,633</b>	<b>2,833</b>	<b>2,942</b>	<b>2,916</b>	<b>2,991</b>
<b>Total Income Tax</b>	<b>36,290</b>	<b>37,877</b>	<b>39,290</b>	<b>38,018</b>	<b>39,962</b>	<b>41,341</b>	<b>43,038</b>
<b>Goods and Services Tax</b>							
Gross goods and services tax	18,701	19,354	20,038	19,944	20,917	22,496	23,852
Refunds	(7,625)	(7,877)	(8,561)	(8,267)	(8,832)	(9,731)	(10,560)
<b>Total Goods and Services Tax</b>	<b>11,076</b>	<b>11,477</b>	<b>11,477</b>	<b>11,677</b>	<b>12,085</b>	<b>12,765</b>	<b>13,292</b>
<b>Other Indirect Taxation</b>							
Petroleum fuels excise	835	903	818	813	831	841	849
Tobacco excise	265	148	144	151	154	157	160
Customs duty	1,778	1,865	1,880	1,859	1,862	1,861	1,854
Road user charges	791	877	867	940	925	933	944
Alcohol excise	549	586	573	605	636	660	687
Gaming duties	236	215	245	254	262	269	276
Motor vehicle fees	208	219	227	229	230	232	234
Energy resources levies	55	35	52	43	43	43	43
Approved issuer levy and cheque duty	74	64	89	92	97	96	96
<b>Total Other Indirect Taxation</b>	<b>4,791</b>	<b>4,912</b>	<b>4,895</b>	<b>4,986</b>	<b>5,040</b>	<b>5,092</b>	<b>5,143</b>
<b>Total Indirect Taxation</b>	<b>15,867</b>	<b>16,389</b>	<b>16,372</b>	<b>16,663</b>	<b>17,125</b>	<b>17,857</b>	<b>18,435</b>
<b>Total Tax Receipts Collected</b>	<b>52,157</b>	<b>54,266</b>	<b>55,662</b>	<b>54,681</b>	<b>57,087</b>	<b>59,198</b>	<b>61,473</b>
<b>Other Sovereign Receipts (cash)</b>							
ACC levies	2,599	2,561	2,565	2,688	2,808	2,908	2,985
Fire Service levies	268	263	285	303	309	316	322
EQC levies	84	86	86	87	88	90	92
Other miscellaneous items	464	562	560	597	607	618	629
<b>Total Other Sovereign Receipts</b>	<b>3,415</b>	<b>3,472</b>	<b>3,496</b>	<b>3,675</b>	<b>3,812</b>	<b>3,932</b>	<b>4,028</b>
<b>Total Sovereign Receipts</b>	<b>55,572</b>	<b>57,738</b>	<b>59,158</b>	<b>58,356</b>	<b>60,899</b>	<b>63,130</b>	<b>65,501</b>

## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

### NOTE 2: Interest Revenue and Dividends

#### By type

Interest revenue	2,555	2,865	2,864	2,967	2,802	2,896	2,886
Dividends	440	501	339	391	450	514	575
<b>Total Interest Revenue and Dividends</b>	<b>2,995</b>	<b>3,366</b>	<b>3,203</b>	<b>3,358</b>	<b>3,252</b>	<b>3,410</b>	<b>3,461</b>

#### By source

Core Crown	2,580	2,587	2,562	2,835	2,702	2,879	2,981
Crown entities	756	880	1,085	1,083	1,136	1,183	1,242
State-owned enterprises	484	481	509	239	263	225	243
Inter-segment eliminations	(825)	(582)	(953)	(799)	(849)	(877)	(1,005)
<b>Total Interest Revenue and Dividends</b>	<b>2,995</b>	<b>3,366</b>	<b>3,203</b>	<b>3,358</b>	<b>3,252</b>	<b>3,410</b>	<b>3,461</b>

### NOTE 3: Social Assistance and Official Development Assistance

New Zealand superannuation	6,810	7,292	7,347	7,741	8,196	8,622	9,219
Domestic purposes benefit	1,468	1,456	1,475	1,455	1,463	1,469	1,535
Unemployment benefit	613	497	455	403	431	419	421
Invalids benefit	1,132	1,201	1,214	1,264	1,298	1,327	1,397
Family support	1,699	1,964	2,081	2,132	2,132	2,137	2,236
Accommodation supplement	877	909	888	911	935	953	977
Sickness benefit	573	608	580	548	538	530	541
Student allowances	382	402	384	398	418	429	446
Disability allowances	270	279	278	387	410	433	456
KiwiSaver subsidies	-	491	1,030	1,370	1,441	1,502	1,507
Other social assistance benefits	2,192	2,392	2,390	2,638	2,767	2,884	3,024
<b>Total Social Assistance</b>	<b>16,016</b>	<b>17,491</b>	<b>18,122</b>	<b>19,247</b>	<b>20,029</b>	<b>20,705</b>	<b>21,759</b>
Official development assistance	330	401	398	434	499	568	568
<b>Total Social Assistance and Official Development Assistance</b>	<b>16,346</b>	<b>17,892</b>	<b>18,520</b>	<b>19,681</b>	<b>20,528</b>	<b>21,273</b>	<b>22,327</b>

ACC payments are now classified as insurance expenses under NZ IFRS (refer note 7).

### NOTE 4: Personnel Expenses

Core Crown	5,092	5,434	5,621	5,846	5,800	5,857	5,870
Crown entities	8,183	8,213	8,624	8,976	9,162	9,321	9,313
State-owned enterprises	2,018	2,011	2,186	2,248	2,316	2,404	2,443
Inter-segment eliminations	(9)	(1)	(9)	(9)	(10)	(10)	(10)
<b>Total Personnel Expenses</b>	<b>15,284</b>	<b>15,657</b>	<b>16,422</b>	<b>17,061</b>	<b>17,268</b>	<b>17,572</b>	<b>17,616</b>

### NOTE 5: Operating Expenses

Core Crown	30,120	30,102	30,791	34,027	33,741	34,194	34,269
Crown entities	13,485	15,291	14,789	15,773	15,898	16,053	16,150
State-owned enterprises	8,294	9,180	9,434	10,017	10,549	11,098	11,357
Inter-segment eliminations	(20,922)	(22,280)	(22,179)	(23,814)	(24,101)	(24,116)	(24,109)
<b>Total Operating Expenses</b>	<b>30,977</b>	<b>32,293</b>	<b>32,835</b>	<b>36,003</b>	<b>36,087</b>	<b>37,229</b>	<b>37,667</b>



## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	2008 Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 6: Interest Expenses</b>							
<i>By type</i>							
Interest on financial liabilities	2,867	2,335	2,930	2,482	2,469	2,748	2,866
Interest unwind on provisions	18	413	24	21	21	21	20
<b>Total Interest Expenses</b>	<b>2,885</b>	<b>2,748</b>	<b>2,954</b>	<b>2,503</b>	<b>2,490</b>	<b>2,769</b>	<b>2,886</b>
<i>By source</i>							
Core Crown	2,330	2,245	2,527	2,406	2,341	2,606	2,648
Crown entities	265	306	275	294	301	297	310
State-owned Enterprises	685	704	734	442	511	553	630
Inter-segment eliminations	(395)	(507)	(582)	(639)	(663)	(687)	(702)
<b>Total Interest Expenses</b>	<b>2,885</b>	<b>2,748</b>	<b>2,954</b>	<b>2,503</b>	<b>2,490</b>	<b>2,769</b>	<b>2,886</b>

### NOTE 7: Insurance Expenses

#### *By type*

ACC	3,143	2,965	4,001	3,749	4,088	4,380	4,682
Earthquake Commission	77	37	82	39	40	40	41
Other insurance expenses	18	8	12	11	12	12	12
<b>Total Insurance Expenses</b>	<b>3,238</b>	<b>3,010</b>	<b>4,095</b>	<b>3,799</b>	<b>4,140</b>	<b>4,432</b>	<b>4,735</b>

### NOTE 8: Forecast New Operating Spending

New operating spending up to Budget 2009	-	314	-	249	210	209	219
Forecast for future new spending	-	-	-	-	1,564	3,167	4,898
<b>Total Forecast New Operating Spending</b>	<b>-</b>	<b>314</b>	<b>-</b>	<b>249</b>	<b>1,774</b>	<b>3,376</b>	<b>5,117</b>
Top-down expense adjustment	-	-	(240)	(495)	(450)	(450)	(450)

New operating spending up to Budget 2009 represents expenses included in Budget 2008 that have yet to be allocated.

Forecast new operating spending indicates in broad terms the potential spending increases that could be introduced in each future remaining budget round. As some of this spending has already been allocated to the Defence funding package, this line represents the unallocated portion. Total potential spending increases included in the forecasts are \$1.75 billion for the next four Budgets.

### NOTE 9: Gains and Losses on Financial Instruments

#### *By source*

Core Crown	1,179	1,155	200	1,377	1,612	1,864	2,105
Crown entities	365	485	(691)	354	335	367	398
State-owned enterprises	63	18	(138)	(50)	(60)	(76)	(69)
Inter-segment eliminations	(41)	(281)	(195)	(257)	(262)	(265)	(263)
<b>Net Gains/(Losses) on Financial Instruments</b>	<b>1,566</b>	<b>1,377</b>	<b>(824)</b>	<b>1,424</b>	<b>1,625</b>	<b>1,890</b>	<b>2,171</b>

### NOTE 10: Gains and Losses on Non-Financial Instruments

Actuarial gains/(losses) on GSF liability	1,133	-	(906)	-	-	-	-
Actuarial gains/(losses) on ACC outstanding claims	(481)	-	(1,059)	-	-	-	-
Other	(166)	-	(42)	170	176	183	190
<b>Net Gains/(Losses) on Non-Financial Instruments</b>	<b>486</b>	<b>-</b>	<b>(2,007)</b>	<b>170</b>	<b>176</b>	<b>183</b>	<b>190</b>
<i>By source</i>							
Core Crown	1,163	-	(1,057)	8	9	9	10
Crown entities	(495)	-	(1,078)	-	-	-	-
State-owned enterprises	(181)	-	128	162	167	174	180
Inter-segment eliminations	(1)	-	-	-	-	-	-
<b>Net Gains/(Losses) on Non-Financial Instruments</b>	<b>486</b>	<b>-</b>	<b>(2,007)</b>	<b>170</b>	<b>176</b>	<b>183</b>	<b>190</b>

## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 11: Source of Operating Balance</b>							
Core Crown	6,510	4,464	3,729	1,436	1,445	1,329	1,391
Crown entities	1,023	1,242	(1,285)	1,147	925	914	861
State-owned enterprises	807	1,068	747	1,067	1,137	1,028	1,020
Inter-segment eliminations	(317)	(343)	(632)	(545)	(498)	(492)	(538)
<b>Total Operating Balance</b>	<b>8,023</b>	<b>6,431</b>	<b>2,559</b>	<b>3,105</b>	<b>3,009</b>	<b>2,779</b>	<b>2,734</b>

### NOTE 12: Financial Assets

Cash and cash equivalents	4,163	3,196	5,217	6,412	6,725	7,327	7,682
Tax receivables	6,368	7,078	6,005	6,139	5,823	5,567	5,384
Trade and other receivables	5,690	5,469	6,321	6,610	6,772	6,936	7,054
Student loans (refer note 13)	6,011	6,252	6,278	6,718	7,161	7,604	8,044
Kiwibank mortgages	3,637	5,127	5,751	8,137	10,067	10,067	10,067
Long-term deposits	2,110	2,037	1,741	1,785	1,812	1,339	1,561
Reserve position at the IMF	183	212	151	141	131	120	109
Other advances	2,145	1,459	1,878	1,867	1,872	1,851	1,842
Share investments	13,581	17,273	12,790	13,700	15,608	17,603	19,517
Derivatives in gain	2,352	464	1,167	565	496	465	436
Other marketable securities	27,480	32,421	33,306	32,786	32,140	34,530	33,254
<b>Total Financial Assets</b>	<b>73,720</b>	<b>80,988</b>	<b>80,605</b>	<b>84,860</b>	<b>88,607</b>	<b>93,409</b>	<b>94,950</b>

### Financial assets by portfolio

Reserve Bank and DMO managed funds	22,577	26,013	23,559	21,026	17,661	17,836	13,859
NZ Superannuation Fund	12,576	15,439	13,816	16,821	20,149	23,867	27,896
Other core Crown	14,403	14,311	16,021	16,382	16,465	16,690	16,999
Intra-segment eliminations	(952)	(1,536)	(587)	(775)	(1,000)	(1,270)	(1,614)
<b>Total Core Crown</b>	<b>48,604</b>	<b>54,227</b>	<b>52,809</b>	<b>53,454</b>	<b>53,275</b>	<b>57,123</b>	<b>57,140</b>
ACC portfolio	10,588	11,695	11,864	12,916	13,953	14,959	15,897
EQC portfolio	1,920	2,174	1,814	1,963	2,124	2,298	2,485
Other Crown entities	4,078	3,670	3,894	3,895	3,999	4,117	4,255
<b>Total Crown Entities</b>	<b>16,586</b>	<b>17,539</b>	<b>17,572</b>	<b>18,774</b>	<b>20,076</b>	<b>21,374</b>	<b>22,637</b>
<b>Total State-Owned Enterprises</b>	<b>8,530</b>	<b>9,222</b>	<b>10,224</b>	<b>12,632</b>	<b>15,256</b>	<b>14,912</b>	<b>15,173</b>
<b>Total Financial Assets by portfolio</b>	<b>73,720</b>	<b>80,988</b>	<b>80,605</b>	<b>84,860</b>	<b>88,607</b>	<b>93,409</b>	<b>94,950</b>

### NOTE 13: Student Loans

Nominal value (including accrued interest)	9,413	9,983	10,012	10,642	11,284	11,928	12,573
Opening book value	5,569	5,761	6,011	6,278	6,718	7,161	7,604
Amount borrowed in the year	1,176	1,278	1,210	1,305	1,399	1,483	1,568
Initial fair value write down on new borrowings	(488)	(526)	(487)	(525)	(563)	(597)	(631)
Repayments made during the year	(555)	(621)	(611)	(675)	(758)	(838)	(924)
Interest unwind	360	391	414	445	475	506	536
Impairment	(151)	(31)	(260)	(110)	(110)	(110)	(110)
Other movements	100	-	1	-	-	(1)	1
<b>Closing book value</b>	<b>6,011</b>	<b>6,252</b>	<b>6,278</b>	<b>6,718</b>	<b>7,161</b>	<b>7,604</b>	<b>8,044</b>

## Notes to the Forecast Financial Statements

	2007 Actual \$m	2008 Previous Budget \$m	2008 Forecast \$m	2009 Forecast \$m	2010 Forecast \$m	2011 Forecast \$m	2012 Forecast \$m
<b>NOTE 14: Property, Plant and Equipment</b>							
<i>By Class of asset</i>							
<b>Net Carrying Value</b>							
Land (valuation)	21,140	18,963	21,418	21,586	21,751	21,891	21,952
Buildings (valuation)	20,777	21,349	21,368	21,775	22,227	22,327	22,312
Electricity distribution network (cost)	1,972	2,219	2,060	2,343	2,790	3,387	3,824
Electricity generation assets (valuation)	10,402	10,057	11,059	11,882	12,541	13,151	14,043
Aircraft (excl military) (valuation)	2,104	2,064	1,955	1,756	1,808	2,695	2,848
State highways (valuation)	19,400	19,415	20,220	20,937	21,470	22,040	22,667
Rail network (valuation)	10,568	10,804	10,581	10,917	11,248	11,348	11,221
Specialist military equipment (valuation)	3,079	3,628	3,157	3,160	3,148	2,891	2,464
Other plant and equipment (cost)	3,805	5,882	4,146	4,513	4,478	4,305	4,104
Specified cultural and heritage assets (valuation)	2,351	1,569	2,391	2,407	2,424	2,446	2,467
<b>Total Property, Plant and Equipment</b>	<b>95,598</b>	<b>95,950</b>	<b>98,355</b>	<b>101,276</b>	<b>103,885</b>	<b>106,481</b>	<b>107,902</b>
<i>By source</i>							
Core Crown	26,213	26,492	26,458	26,827	27,079	26,860	26,416
Crown entities	41,296	40,327	42,683	43,868	44,723	45,479	46,165
State-owned enterprises	28,087	29,131	29,214	30,580	32,083	34,143	35,320
Inter-segment eliminations	2	-	-	1	-	(1)	1
<b>Total Property, Plant and Equipment</b>	<b>95,598</b>	<b>95,950</b>	<b>98,355</b>	<b>101,276</b>	<b>103,885</b>	<b>106,481</b>	<b>107,902</b>
<b>NOTE 15: NZ Superannuation Fund</b>							
Revenue	436	447	381	427	516	612	715
Other expenses	(52)	109	51	154	177	204	231
Tax expenses	707	349	259	323	404	480	560
Gains/(losses)	1,313	866	(686)	1,068	1,345	1,597	1,850
<b>Operating Balance</b>	<b>1,094</b>	<b>855</b>	<b>(615)</b>	<b>1,018</b>	<b>1,280</b>	<b>1,525</b>	<b>1,774</b>
Opening net worth	9,855	12,973	12,973	14,461	17,721	21,152	24,947
Gross contribution from the Crown	2,049	2,103	2,103	2,242	2,151	2,270	2,290
Income after tax	1,094	855	(615)	1,018	1,280	1,525	1,774
Other movements in reserves	(25)	-	-	-	-	-	-
<b>Closing Net Worth</b>	<b>12,973</b>	<b>15,931</b>	<b>14,461</b>	<b>17,721</b>	<b>21,152</b>	<b>24,947</b>	<b>29,011</b>
<i>comprising:</i>							
Financial assets	12,576	15,439	13,816	16,821	20,149	23,867	27,896
Net other assets	397	492	645	900	1,003	1,080	1,115
<b>Closing Net Worth</b>	<b>12,973</b>	<b>15,931</b>	<b>14,461</b>	<b>17,721</b>	<b>21,152</b>	<b>24,947</b>	<b>29,011</b>
<b>Reconciliation Core Crown to Core Crown excluding NZSF net revenue</b>							
Core Crown revenue	58,211	59,402	61,936	61,891	63,664	66,416	69,159
Less NZSF revenue	436	447	381	427	516	612	715
Add back NZSF tax	707	349	259	323	404	480	560
<b>Core Crown revenue excluding NZS Fund</b>	<b>58,482</b>	<b>59,304</b>	<b>61,814</b>	<b>61,787</b>	<b>63,552</b>	<b>66,284</b>	<b>69,004</b>
OBEGAL	5,860	4,958	5,227	1,318	1,004	493	154
Less NZSF revenue	436	447	381	427	516	612	715
Less NZSF expenses	119	110	114	140	156	182	208
Add back NZSF tax	707	349	259	323	404	480	560
<b>OBEGAL excluding NZS Fund</b>	<b>6,250</b>	<b>4,970</b>	<b>5,219</b>	<b>1,354</b>	<b>1,048</b>	<b>543</b>	<b>207</b>

## Notes to the Forecast Financial Statements

	2007 Actual \$m	2008 Previous Budget \$m	2008 Forecast \$m	2009 Forecast \$m	2010 Forecast \$m	2011 Forecast \$m	2012 Forecast \$m
<b>NOTE 16: Payables</b>							
Accounts payable	4,896	5,556	5,244	5,318	5,345	5,313	5,440
Taxes repayable	3,179	3,480	3,179	3,179	3,179	3,179	3,179
<b>Total Payables</b>	<b>8,075</b>	<b>9,036</b>	<b>8,423</b>	<b>8,497</b>	<b>8,524</b>	<b>8,492</b>	<b>8,619</b>

### By source

Core Crown	5,334	5,181	5,256	5,235	5,010	5,050	5,187
Crown entities	4,169	4,164	3,917	3,910	3,919	3,866	3,839
State-owned enterprises	3,719	3,446	4,124	4,079	4,237	4,152	4,224
Inter-segment eliminations	(5,147)	(3,755)	(4,874)	(4,727)	(4,642)	(4,576)	(4,631)
<b>Total Payables</b>	<b>8,075</b>	<b>9,036</b>	<b>8,423</b>	<b>8,497</b>	<b>8,524</b>	<b>8,492</b>	<b>8,619</b>

### NOTE 17: Insurance Liabilities

ACC liability	17,328	18,949	20,663	21,976	23,354	24,771	26,255
EQC liability	68	42	79	79	79	79	79
Other insurance liabilities	22	20	10	10	11	11	12
<b>Total Insurance Liabilities</b>	<b>17,418</b>	<b>19,011</b>	<b>20,752</b>	<b>22,065</b>	<b>23,444</b>	<b>24,861</b>	<b>26,346</b>

### ACC liability

#### Calculation information

PricewaterhouseCoopers Actuarial Pty Ltd have prepared an independent actuarial estimate of the ACC outstanding claims liability as at 31 December 2007. This estimate includes the expected future payments relating to accidents that occurred prior to balance date (whether or not the associated claims have been reported to, or accepted by, ACC) and also the expected future administrative expenses of managing these claims. The estimate has been updated as at 31 March 2008 to reflect material changes to those expected future payments identified since 31 December 2007.

The key economic variables that impact on changes to the valuation are the long-term Labour Cost Index (LCI), average weekly earnings and the discount rate of 6.23% (6.61% at 30 June 2007). Other key variables in each valuation are the forecast increases in claim costs over and above the economic variables above, and the assumed rate at which long-term claimants will leave the scheme over the period. This assessment is largely based on scheme history.

#### Presentation approach

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

#### Gross ACC liability

Opening gross liability	15,761	17,924	17,328	20,663	21,976	23,354	24,771
Net change	1,567	1,025	3,335	1,313	1,378	1,417	1,484
Closing gross liability	<b>17,328</b>	<b>18,949</b>	<b>20,663</b>	<b>21,976</b>	<b>23,354</b>	<b>24,771</b>	<b>26,255</b>

#### Less net assets available to ACC

Opening net asset value	10,298	11,724	11,757	12,735	13,826	14,740	15,520
Net change	1,459	1,024	978	1,091	914	780	646
Closing net asset value	<b>11,757</b>	<b>12,748</b>	<b>12,735</b>	<b>13,826</b>	<b>14,740</b>	<b>15,520</b>	<b>16,166</b>

#### Net ACC reserves (net liability)

Opening reserves position	(5,463)	(6,200)	(5,571)	(7,928)	(8,150)	(8,614)	(9,251)
Net change	(108)	(1)	(2,357)	(222)	(464)	(637)	(838)
Closing reserves position (net liability)	<b>(5,571)</b>	<b>(6,201)</b>	<b>(7,928)</b>	<b>(8,150)</b>	<b>(8,614)</b>	<b>(9,251)</b>	<b>(10,089)</b>

## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

### NOTE 18: Retirement Plan Liabilities

Government Superannuation Fund	7,160	8,402	8,141	8,216	8,249	8,253	8,216
Other funds	1	12	5	5	5	5	6
<b>Total Retirement Plan Liabilities</b>	<b>7,161</b>	<b>8,414</b>	<b>8,146</b>	<b>8,221</b>	<b>8,254</b>	<b>8,258</b>	<b>8,222</b>

The net liability of the Government Superannuation Fund (GSF), as at 29 February 2008 (the valuation date), has been calculated by the Government Actuary for inclusion within the 2008 Budget Update. The GSF net liability arises from closed schemes for past and present public sector employees (set out in the GSF Act 1956). The Projected Unit Credit Method, based on 29 February 2008 membership data, was used for the valuation. This method requires the benefits payable from the GSF in respect of past service to be calculated and then discounted back to the valuation date.

The projected GSF net liability included in the 2008 Budget Update was calculated using discount rates derived from the market yield curve as at 29 February 2008. This resulted in long-term before-tax discount rates ranging from 7.31% in 2008 to 5.73% in 2017 and beyond. The principal long-term financial assumptions used in the calculation were an inflation rate of 2.25% and an annual salary increases rate, before any promotional effects, of 3.0%.

The 2007/08 projected movement in the net liability is \$981 million, reflecting an increase in the GSF liability of \$659 million and a decrease in the GSF assets of \$322 million.

The increase in the projected GSF liability of \$659 million includes an actuarial loss of \$563 million at 29 February 2008, of which \$75 million resulted from experience adjustments with the balance due to a change in discount rate assumptions on valuation date. The remainder of the increase in the GSF liability is the net of the current service cost, interest cost and benefits paid to members.

The decrease in the projected GSF assets of \$322 million includes an actuarial loss of \$363 million at 31 October 2007 reflecting the recent equity market downturn resulting from the US economic slowdown. The remaining increase in GSF assets is the net of expected investments returns, contributions received by the GSF and benefits paid to members.

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

### GSF net defined benefit retirement liability

#### GSF liability

Opening GSF liability	12,098	12,365	11,167	11,826	11,947	12,016	12,049
Net projected change	(931)	158	659	121	69	33	(16)
Closing GSF liability	<b>11,167</b>	<b>12,523</b>	<b>11,826</b>	<b>11,947</b>	<b>12,016</b>	<b>12,049</b>	<b>12,033</b>

#### Less net assets available to GSF

Opening net asset value	3,799	4,014	4,007	3,685	3,731	3,767	3,796
Investment valuation changes	354	225	(143)	222	225	228	230
Contribution and other income less membership payments	(146)	(118)	(179)	(176)	(189)	(199)	(209)
Closing net asset value	<b>4,007</b>	<b>4,121</b>	<b>3,685</b>	<b>3,731</b>	<b>3,767</b>	<b>3,796</b>	<b>3,817</b>

#### Net GSF liability

Opening unfunded liability	8,299	8,351	7,160	8,141	8,216	8,249	8,253
Net projected change	(1,139)	51	981	75	33	4	(37)
Closing unfunded liability	<b>7,160</b>	<b>8,402</b>	<b>8,141</b>	<b>8,216</b>	<b>8,249</b>	<b>8,253</b>	<b>8,216</b>

## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

### NOTE 19: Provisions

Provision for Kyoto	704	557	482	482	482	482	482
Provision for ETS credits	-	-	-	618	685	492	121
Provision for National Provident Fund guarantee	771	805	780	780	780	780	780
Provision for employee entitlements	1,828	1,621	1,738	1,747	1,768	1,782	1,793
Other provisions	1,257	867	1,045	1,084	1,126	1,142	1,163
<b>Total Provisions</b>	<b>4,560</b>	<b>3,850</b>	<b>4,045</b>	<b>4,711</b>	<b>4,841</b>	<b>4,678</b>	<b>4,339</b>

### By source

Core Crown	2,537	2,267	2,353	2,862	2,978	2,833	2,519
Crown entities	1,195	1,042	1,214	1,220	1,236	1,243	1,247
State-owned enterprises	852	757	610	652	660	644	635
Inter-segment eliminations	(24)	(216)	(132)	(23)	(33)	(42)	(62)
<b>Total Provisions</b>	<b>4,560</b>	<b>3,850</b>	<b>4,045</b>	<b>4,711</b>	<b>4,841</b>	<b>4,678</b>	<b>4,339</b>

### Analysis of Provision for Kyoto

Opening balance	656	557	704	482	482	482	482
Change in price of carbon	(20)	-	145	-	-	-	-
Change in net projected emission units	68	-	(367)	-	-	-	-
Closing balance	<b>704</b>	<b>557</b>	<b>482</b>	<b>482</b>	<b>482</b>	<b>482</b>	<b>482</b>

### Analysis of Provision for ETS credits

The Emissions Trading Scheme (ETS) was established to encourage reduction in greenhouse gas emissions. The ETS creates a limited number of tradable units (the NZ Unit) which the Government can allocate freely or sell to entities. The allocation of NZ Units creates a provision (and an expense if allocated for free). The provision is reduced, and revenue recognised, as NZ Units are surrendered to the Crown by emitters. Emitters can also use international Kyoto units to settle their emission obligation, which will occur where emissions exceed the number of allocated NZ units.

The ETS impact on the fiscal forecast is as follows:

Revenue	-	-	-	131	289	716	894
Expenses	-	-	-	749	356	523	523
<b>OBEGAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(618)</b>	<b>(67)</b>	<b>193</b>	<b>371</b>

Provision for ETS credits	-	-	-	618	685	492	121
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## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 20: Net Worth attributable to the Crown</b>							
Taxpayers funds	44,222	48,239	46,767	49,886	52,892	55,672	58,406
Property, plant and equipment revaluation reserve	52,442	47,402	52,498	52,486	52,486	52,486	52,486
Investment revaluation reserve	23	13	29	35	35	35	35
Cash flow hedge reserve	(122)	97	(175)	(117)	(99)	(85)	(70)
Foreign currency translation reserve	(34)	17	(32)	(32)	(32)	(31)	(29)
<b>Total net worth attributable to the Crown</b>	<b>96,531</b>	<b>95,768</b>	<b>99,087</b>	<b>102,258</b>	<b>105,282</b>	<b>108,077</b>	<b>110,828</b>
<b>Taxpayers Funds</b>							
Opening taxpayers funds	36,214	42,219	44,222	46,767	49,886	52,892	55,672
Operating balance excluding minority interest	8,023	6,431	2,559	3,105	3,009	2,779	2,734
Transfers from/(to) other reserves	(15)	(411)	(14)	14	(3)	1	-
<b>Closing Taxpayers Funds</b>	<b>44,222</b>	<b>48,239</b>	<b>46,767</b>	<b>49,886</b>	<b>52,892</b>	<b>55,672</b>	<b>58,406</b>
<b>Property, Plant and Equipment Revaluation Reserve</b>							
Opening revaluation reserve	47,153	47,459	52,442	52,498	52,486	52,486	52,486
Net revaluations	5,262	2	43	-	-	-	-
Transfers from/(to) other reserves	27	(59)	13	(12)	-	-	-
<b>Closing Property, Plant and Equipment Revaluation Reserve</b>	<b>52,442</b>	<b>47,402</b>	<b>52,498</b>	<b>52,486</b>	<b>52,486</b>	<b>52,486</b>	<b>52,486</b>
<b>Investment Revaluation Reserve</b>							
Opening investment revaluation reserve	13	13	23	29	35	35	35
Valuation gain/(losses) on investments available for sale taken to reserves	10	-	6	6	-	-	-
<b>Closing Investment Revaluation Reserve</b>	<b>23</b>	<b>13</b>	<b>29</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>Cash Flow Hedge Reserve</b>							
Opening cash flow hedge reserve	281	62	(122)	(175)	(117)	(99)	(85)
Transfer into reserve	(331)	(39)	(2)	58	19	13	17
Transfer to the statement of financial performance	(59)	74	(15)	-	(1)	1	(2)
Transfer to initial carrying value of hedged item	(13)	-	(36)	-	-	-	-
<b>Closing Cash Flow Hedge Reserve</b>	<b>(122)</b>	<b>97</b>	<b>(175)</b>	<b>(117)</b>	<b>(99)</b>	<b>(85)</b>	<b>(70)</b>
<b>Foreign Currency Translation Reserve</b>							
Opening foreign currency translation reserve	31	17	(34)	(32)	(32)	(32)	(31)
Movement arising from translation of foreign operations	(65)	-	2	-	-	1	2
<b>Closing Foreign Currency Translation Reserve</b>	<b>(34)</b>	<b>17</b>	<b>(32)</b>	<b>(32)</b>	<b>(32)</b>	<b>(31)</b>	<b>(29)</b>

## Notes to the Forecast Financial Statements

	2007	2008	2008	2009	2010	2011	2012
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 21: Reconciliation of core Crown operating cash flows to residual core Crown cash</b>							
<b>Core Crown Cash Flows from Operations</b>							
Total tax receipts	53,278	55,121	56,392	55,599	58,066	60,276	62,615
Total other sovereign receipts	395	477	494	530	539	551	561
Interest, profits and dividends	1,896	1,857	1,980	2,232	1,990	2,055	2,031
Sale of goods & services and other receipts	1,433	1,472	1,654	1,658	1,656	1,691	1,742
Subsidies and transfer payments	(17,234)	(18,789)	(19,931)	(21,068)	(22,259)	(23,084)	(24,095)
Personnel and operating costs	(28,962)	(32,610)	(31,478)	(34,224)	(34,257)	(34,094)	(33,982)
Finance costs	(2,220)	(2,176)	(2,333)	(2,282)	(2,282)	(2,424)	(2,521)
Forecast for future new operating spending	-	(314)	-	(249)	(1,774)	(3,376)	(5,117)
Top-down expense adjustment	-	-	240	355	310	310	310
<b>Net Cash Flows from core Crown Operations</b>	<b>8,586</b>	<b>5,038</b>	<b>7,018</b>	<b>2,551</b>	<b>1,989</b>	<b>1,905</b>	<b>1,544</b>
<b>Residual Cash</b>							
Net purchase of physical assets	(1,755)	(1,803)	(1,544)	(1,891)	(1,683)	(1,327)	(1,146)
Net increase in advances	(1,125)	(1,088)	(1,254)	(821)	(626)	(760)	(541)
Net purchase of investments	(281)	(636)	(519)	(1,164)	(229)	(218)	(97)
Contribution to NZ Superannuation Fund	(2,048)	(2,103)	(2,103)	(2,242)	(2,151)	(2,270)	(2,290)
Purchase of Reserve Bank reserves	(500)	(200)	-	-	-	-	-
Forecast for future new capital spending	-	(184)	(690)	(261)	(602)	(777)	(927)
Top-down capital adjustment	-	-	-	350	-	-	-
<b>Residual Cash</b>	<b>2,877</b>	<b>(976)</b>	<b>908</b>	<b>(3,478)</b>	<b>(3,302)</b>	<b>(3,447)</b>	<b>(3,457)</b>
<b>Financed by:</b>							
Other net sale/(purchase) of marketable securities and deposits	(5,040)	(1,649)	(2,863)	2,643	3,401	(279)	3,807
<b>Total Operating and Investing Activities</b>	<b>(2,163)</b>	<b>(2,625)</b>	<b>(1,955)</b>	<b>(835)</b>	<b>99</b>	<b>(3,726)</b>	<b>350</b>
<b>Used in:</b>							
Net repayment/(issue) of other New Zealand-dollar borrowing	1,120	709	167	399	121	(49)	238
Net repayment/(issue) of foreign currency borrowing	1,775	(993)	(504)	(541)	(163)	(49)	(479)
Issues of circulating currency	81	178	260	181	190	200	210
Decrease/(increase) in cash	(479)	3	(572)	(29)	55	(15)	52
	<b>2,497</b>	<b>(103)</b>	<b>(649)</b>	<b>10</b>	<b>203</b>	<b>87</b>	<b>21</b>
<b>Net Cash Inflow/(Outflow) to be Offset by Domestic Bonds</b>	<b>334</b>	<b>(2,728)</b>	<b>(2,604)</b>	<b>(825)</b>	<b>302</b>	<b>(3,639)</b>	<b>371</b>
<b>Gross Cash Proceeds from Domestic Bonds</b>							
Domestic bonds (market)	2,294	2,520	2,415	3,314	3,393	3,394	3,365
Domestic bonds (non-market)	570	208	189	662	851	245	1,286
<b>Total Gross Cash Proceeds from Domestic Bonds</b>	<b>2,864</b>	<b>2,728</b>	<b>2,604</b>	<b>3,976</b>	<b>4,244</b>	<b>3,639</b>	<b>4,651</b>
Repayment of domestic bonds (market)	(2,777)	-	-	(2,700)	(3,947)	-	(3,976)
Repayment of domestic bonds (non-market)	(421)	-	-	(451)	(599)	-	(1,046)
<b>Net (Repayments of)/Cash Proceeds from Domestic Bonds</b>	<b>(334)</b>	<b>2,728</b>	<b>2,604</b>	<b>825</b>	<b>(302)</b>	<b>3,639</b>	<b>(371)</b>



## Forecast Statement of Segments

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2007

	Core Crown 2007 Actual \$m	Crown Entities 2007 Actual \$m	State-owned Enterprises 2007 Actual \$m	Inter-segment eliminations 2007 Actual \$m	Total Crown 2007 Actual \$m
<b>Revenue</b>					
Taxation revenue	53,477	-	-	(413)	53,064
Other sovereign revenue	636	3,640	-	(780)	3,496
Sales of goods and services	1,095	11,322	10,701	(10,505)	12,613
Interest revenue and dividends	2,580	756	484	(825)	2,995
Other revenue	423	10,482	703	(9,187)	2,421
<b>Total Revenue (excluding gains)</b>	<b>58,211</b>	<b>26,200</b>	<b>11,888</b>	<b>(21,710)</b>	<b>74,589</b>
<b>Expenses</b>					
Social assistance and official development assistance	16,453	-	-	(107)	16,346
Personnel expenses	5,092	8,183	2,018	(9)	15,284
Other operating expenses	30,128	16,709	8,301	(20,924)	34,214
Interest expenses	2,330	265	685	(395)	2,885
Forecast for future new spending	-	-	-	-	-
<b>Total Expenses (excluding losses)</b>	<b>54,003</b>	<b>25,157</b>	<b>11,004</b>	<b>(21,435)</b>	<b>68,729</b>
<b>Operating Balance before gains/(losses)</b>	<b>4,208</b>	<b>1,043</b>	<b>884</b>	<b>(275)</b>	<b>5,860</b>
Total Gains/(losses)	2,342	(130)	(118)	(42)	2,052
Net surplus/(deficit) from associates and joint ventures	53	108	30	-	191
Gain/(loss) from discontinued operations	(92)	-	-	-	(92)
Attributable to minority interest in Air NZ	-	-	12	-	12
<b>Operating Balance</b>	<b>6,511</b>	<b>1,021</b>	<b>808</b>	<b>(317)</b>	<b>8,023</b>
<b>Expenses by functional classification</b>					
Social security and welfare	16,768	3,665	-	(604)	19,829
Health	10,355	8,972	-	(8,666)	10,661
Education	9,269	6,900	24	(6,340)	9,853
Transport and communications	2,405	1,598	5,338	(2,351)	6,990
Other	12,876	3,757	4,957	(3,079)	18,511
Finance costs	2,330	265	685	(395)	2,885
Forecast for future new spending	-	-	-	-	-
<b>Total Crown Expenses excluding losses</b>	<b>54,003</b>	<b>25,157</b>	<b>11,004</b>	<b>(21,435)</b>	<b>68,729</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2007

	Core Crown 2007 Actual \$m	Crown Entities 2007 Actual \$m	State-owned Enterprises 2007 Actual \$m	Inter-segment eliminations 2007 Actual \$m	Total Crown 2007 Actual \$m
<b>Assets</b>					
Cash and cash equivalents	1,118	2,812	492	(259)	4,163
Receivables	7,590	3,687	1,729	(948)	12,058
Other financial assets	43,377	16,044	6,721	(8,643)	57,499
Property, plant & equipment	26,213	41,296	28,087	2	95,598
Equity accounted investments	25,049	6,331	88	(24,467)	7,001
Intangible assets and goodwill	804	377	495	1	1,677
Other assets	1,062	244	829	218	2,353
Forecast for new capital spending	-	-	-	-	-
<b>Total Assets</b>	<b>105,213</b>	<b>70,791</b>	<b>38,441</b>	<b>(34,096)</b>	<b>180,349</b>
<b>Liabilities</b>					
Borrowings	35,885	4,430	10,293	(8,710)	41,898
Other liabilities	18,538	23,032	5,346	(5,292)	41,624
<b>Total Liabilities</b>	<b>54,423</b>	<b>27,462</b>	<b>15,639</b>	<b>(14,002)</b>	<b>83,522</b>
<b>Total Assets less Total Liabilities</b>	<b>50,790</b>	<b>43,329</b>	<b>22,802</b>	<b>(20,094)</b>	<b>96,827</b>
<b>Net Worth</b>					
Taxpayer funds	39,110	20,978	7,139	(23,005)	44,222
Reserves	11,680	22,351	15,261	3,017	52,309
Net worth attributable to minority interest in Air NZ	-	-	402	(106)	296
<b>Total Net Worth</b>	<b>50,790</b>	<b>43,329</b>	<b>22,802</b>	<b>(20,094)</b>	<b>96,827</b>

## Forecast Statement of Segments (continued)

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2008

	Core Crown 2008 Forecast \$m	Crown Entities 2008 Forecast \$m	State-owned Enterprises 2008 Forecast \$m	Inter-segment eliminations 2008 Forecast \$m	Total Crown 2008 Forecast \$m
<b>Revenue</b>					
Taxation revenue	56,673	-	-	(487)	56,186
Other sovereign revenue	673	4,061	-	(883)	3,851
Sales of goods and services	1,161	12,080	11,711	(11,270)	13,682
Interest revenue and dividends	2,562	1,085	509	(953)	3,203
Other revenue	867	10,911	874	(9,761)	2,891
<b>Total Revenue (excluding gains)</b>	<b>61,936</b>	<b>28,137</b>	<b>13,094</b>	<b>(23,354)</b>	<b>79,813</b>
<b>Expenses</b>					
Social assistance and official development assistance	18,666	-	-	(146)	18,520
Personnel expenses	5,621	8,624	2,186	(9)	16,422
Other operating expenses	30,790	18,874	9,443	(22,177)	36,930
Interest expenses	2,527	275	734	(582)	2,954
Forecast for future new spending and top down adjustment	(240)	-	-	-	(240)
<b>Total Expenses (excluding losses)</b>	<b>57,364</b>	<b>27,773</b>	<b>12,363</b>	<b>(22,914)</b>	<b>74,586</b>
<b>Operating Balance before gains/(losses)</b>	<b>4,572</b>	<b>364</b>	<b>731</b>	<b>(440)</b>	<b>5,227</b>
Total Gains/(losses)	(860)	(1,768)	(10)	(193)	(2,831)
Net surplus/(deficit) from associates and joint ventures	19	120	26	1	166
Gain/(loss) from discontinued operations	(3)	-	-	-	(3)
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating Balance</b>	<b>3,728</b>	<b>(1,284)</b>	<b>747</b>	<b>(632)</b>	<b>2,559</b>
<b>Expenses by functional classification</b>					
Social security and welfare	18,071	4,870	-	(667)	22,274
Health	11,343	9,512	-	(10,090)	10,765
Education	10,046	7,563	24	(6,830)	10,803
Transport and communications	2,290	1,492	5,827	(2,424)	7,185
Other	13,327	4,061	5,778	(2,321)	20,845
Finance costs	2,527	275	734	(582)	2,954
Forecast for future new spending and top down adjustment	(240)	-	-	-	(240)
<b>Total Crown Expenses excluding losses</b>	<b>57,364</b>	<b>27,773</b>	<b>12,363</b>	<b>(22,914)</b>	<b>74,586</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2008

	Core Crown 2008 Forecast \$m	Crown Entities 2008 Forecast \$m	State-owned Enterprises 2008 Forecast \$m	Inter-segment eliminations 2008 Forecast \$m	Total Crown 2008 Forecast \$m
<b>Assets</b>					
Cash and cash equivalents	1,846	3,203	415	(247)	5,217
Receivables	7,108	4,260	1,742	(784)	12,326
Other financial assets	47,336	16,018	8,243	(8,535)	63,062
Property, plant & equipment	26,458	42,683	29,215	(1)	98,355
Equity accounted investments	25,709	6,606	193	(24,989)	7,519
Intangible assets and goodwill	915	312	546	(1)	1,772
Other assets	1,040	252	860	(48)	2,104
Forecast for new capital spending	690	-	-	-	690
<b>Total Assets</b>	<b>111,102</b>	<b>73,334</b>	<b>41,214</b>	<b>(34,605)</b>	<b>191,045</b>
<b>Liabilities</b>					
Borrowings	37,034	4,650	12,608	(8,746)	45,546
Other liabilities	19,513	26,130	5,732	(5,259)	46,116
<b>Total Liabilities</b>	<b>56,547</b>	<b>30,780</b>	<b>18,340</b>	<b>(14,005)</b>	<b>91,662</b>
<b>Total Assets less Total Liabilities</b>	<b>54,555</b>	<b>42,554</b>	<b>22,874</b>	<b>(20,600)</b>	<b>99,383</b>
<b>Net Worth</b>					
Taxpayer funds	42,825	20,191	7,366	(23,615)	46,767
Reserves	11,730	22,363	15,212	3,015	52,320
Net worth attributable to minority interest in Air NZ	-	-	296	-	296
<b>Total Net Worth</b>	<b>54,555</b>	<b>42,554</b>	<b>22,874</b>	<b>(20,600)</b>	<b>99,383</b>

## Forecast Statement of Segments (continued)

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2009

	Core Crown 2009 Forecast \$m	Crown Entities 2009 Forecast \$m	State-owned Enterprises 2009 Forecast \$m	Inter-segment eliminations 2009 Forecast \$m	Total Crown 2009 Forecast \$m
<b>Revenue</b>					
Taxation revenue	56,523	-	-	(612)	55,911
Other sovereign revenue	828	4,149	-	(940)	4,037
Sales of goods and services	1,238	12,004	12,358	(11,378)	14,222
Interest revenue and dividends	2,835	1,083	239	(799)	3,358
Other revenue	467	12,268	1,042	(11,186)	2,591
<b>Total Revenue (excluding gains)</b>	<b>61,891</b>	<b>29,504</b>	<b>13,639</b>	<b>(24,915)</b>	<b>80,119</b>
<b>Expenses</b>					
Social assistance and official development assistance	19,846	-	-	(165)	19,681
Personnel expenses	5,846	8,976	2,248	(9)	17,061
Other operating expenses	34,031	19,563	10,025	(23,817)	39,802
Interest expenses	2,406	294	442	(639)	2,503
Forecast for future new spending and top down adjustment	(246)	-	-	-	(246)
<b>Total Expenses (excluding losses)</b>	<b>61,883</b>	<b>28,833</b>	<b>12,715</b>	<b>(24,630)</b>	<b>78,801</b>
<b>Operating Balance before gains/(losses)</b>	<b>8</b>	<b>671</b>	<b>924</b>	<b>(285)</b>	<b>1,318</b>
Total Gains/(losses)	1,381	354	112	(253)	1,594
Net surplus/(deficit) from associates and joint ventures	41	122	31	(1)	193
Gain/(loss) from discontinued operations	-	-	-	-	-
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating Balance</b>	<b>1,430</b>	<b>1,147</b>	<b>1,067</b>	<b>(539)</b>	<b>3,105</b>
<b>Expenses by functional classification</b>					
Social security and welfare	18,898	4,663	-	(718)	22,843
Health	12,586	9,959	-	(10,521)	12,024
Education	10,524	7,720	24	(7,251)	11,017
Transport and communications	2,823	1,912	6,234	(2,942)	8,027
Other	14,892	4,285	6,015	(2,559)	22,633
Finance costs	2,406	294	442	(639)	2,503
Forecast for future new spending and top down adjustment	(246)	-	-	-	(246)
<b>Total Crown Expenses excluding losses</b>	<b>61,883</b>	<b>28,833</b>	<b>12,715</b>	<b>(24,630)</b>	<b>78,801</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2009

	Core Crown 2009 Forecast \$m	Crown Entities 2009 Forecast \$m	State-owned Enterprises 2009 Forecast \$m	Inter-segment eliminations 2009 Forecast \$m	Total Crown 2009 Forecast \$m
<b>Assets</b>					
Cash and cash equivalents	3,047	3,224	389	(248)	6,412
Receivables	7,201	4,437	1,909	(798)	12,749
Other financial assets	46,952	17,300	10,512	(9,065)	65,699
Property, plant & equipment	26,827	43,868	30,582	(1)	101,276
Equity accounted investments	27,019	6,832	246	(25,414)	8,683
Intangible assets and goodwill	1,053	337	538	1	1,929
Other assets	1,183	272	893	(44)	2,304
Forecast for new capital spending	601	-	-	-	601
<b>Total Assets</b>	<b>113,883</b>	<b>76,270</b>	<b>45,069</b>	<b>(35,569)</b>	<b>199,653</b>
<b>Liabilities</b>					
Borrowings	37,639	4,621	15,719	(9,323)	48,656
Other liabilities	20,252	27,439	5,751	(4,999)	48,443
<b>Total Liabilities</b>	<b>57,891</b>	<b>32,060</b>	<b>21,470</b>	<b>(14,322)</b>	<b>97,099</b>
<b>Total Assets less Total Liabilities</b>	<b>55,992</b>	<b>44,210</b>	<b>23,599</b>	<b>(21,247)</b>	<b>102,554</b>
<b>Net Worth</b>					
Taxpayer funds	44,274	21,836	8,054	(24,278)	49,886
Reserves	11,718	22,374	15,249	3,031	52,372
Net worth attributable to minority interest in Air NZ	-	-	296	-	296
<b>Total Net Worth</b>	<b>55,992</b>	<b>44,210</b>	<b>23,599</b>	<b>(21,247)</b>	<b>102,554</b>

## Forecast Statement of Segments (continued)

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2010

	Core Crown 2010 Forecast \$m	Crown Entities 2010 Forecast \$m	State-owned Enterprises 2010 Forecast \$m	Inter-segment eliminations 2010 Forecast \$m	Total Crown 2010 Forecast \$m
<b>Revenue</b>					
Taxation revenue	58,228	-	-	(583)	57,645
Other sovereign revenue	998	4,301	-	(957)	4,342
Sales of goods and services	1,265	12,052	12,992	(11,445)	14,864
Interest revenue and dividends	2,702	1,136	263	(849)	3,252
Other revenue	471	12,468	1,131	(11,332)	2,738
<b>Total Revenue (excluding gains)</b>	<b>63,664</b>	<b>29,957</b>	<b>14,386</b>	<b>(25,166)</b>	<b>82,841</b>
<b>Expenses</b>					
Social assistance and official development assistance	20,684	-	-	(156)	20,528
Personnel expenses	5,800	9,162	2,316	(10)	17,268
Other operating expenses	33,741	20,029	10,558	(24,101)	40,227
Interest expenses	2,341	301	511	(663)	2,490
Forecast for future new spending and down adjustment	1,324	-	-	-	1,324
<b>Total Expenses (excluding losses)</b>	<b>63,890</b>	<b>29,492</b>	<b>13,385</b>	<b>(24,930)</b>	<b>81,837</b>
<b>Operating Balance before gains/(losses)</b>	<b>(226)</b>	<b>465</b>	<b>1,001</b>	<b>(236)</b>	<b>1,004</b>
Total Gains/(losses)	1,620	335	107	(261)	1,801
Net surplus/(deficit) from associates and joint ventures	50	125	29	-	204
Gain/(loss) from discontinued operations	-	-	-	-	-
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating Balance</b>	<b>1,444</b>	<b>925</b>	<b>1,137</b>	<b>(497)</b>	<b>3,009</b>
<b>Expenses by functional classification</b>					
Social security and welfare	19,566	5,057	-	(735)	23,888
Health	12,538	9,980	-	(10,569)	11,949
Education	10,892	7,958	24	(7,539)	11,335
Transport and communications	2,731	1,890	6,406	(2,871)	8,156
Other	14,498	4,306	6,444	(2,553)	22,695
Finance costs	2,341	301	511	(663)	2,490
Forecast for future new spending and down adjustment	1,324	-	-	-	1,324
<b>Total Crown Expenses excluding losses</b>	<b>63,890</b>	<b>29,492</b>	<b>13,385</b>	<b>(24,930)</b>	<b>81,837</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2010

	Core Crown 2010 Forecast \$m	Crown Entities 2010 Forecast \$m	State-owned Enterprises 2010 Forecast \$m	Inter-segment eliminations 2010 Forecast \$m	Total Crown 2010 Forecast \$m
<b>Assets</b>					
Cash and cash equivalents	3,361	3,264	344	(244)	6,725
Receivables	6,871	4,636	1,902	(814)	12,595
Other financial assets	46,841	18,697	12,488	(8,739)	69,287
Property, plant & equipment	27,079	44,723	32,082	1	103,885
Equity accounted investments	27,276	6,984	315	(26,281)	8,294
Intangible assets and goodwill	1,089	328	535	-	1,952
Other assets	1,253	256	970	(25)	2,454
Forecast for new capital spending	1,203	-	-	-	1,203
<b>Total Assets</b>	<b>114,973</b>	<b>78,888</b>	<b>48,636</b>	<b>(36,102)</b>	<b>206,395</b>
<b>Liabilities</b>					
Borrowings	37,173	4,719	18,406	(9,682)	50,616
Other liabilities	20,364	28,822	5,917	(4,902)	50,201
<b>Total Liabilities</b>	<b>57,537</b>	<b>33,541</b>	<b>24,323</b>	<b>(14,584)</b>	<b>100,817</b>
<b>Total Assets less Total Liabilities</b>	<b>57,436</b>	<b>45,347</b>	<b>24,313</b>	<b>(21,518)</b>	<b>105,578</b>
<b>Net Worth</b>					
Taxpayer funds	45,718	22,955	8,768	(24,549)	52,892
Reserves	11,718	22,392	15,249	3,031	52,390
Net worth attributable to minority interest in Air NZ	-	-	296	-	296
<b>Total Net Worth</b>	<b>57,436</b>	<b>45,347</b>	<b>24,313</b>	<b>(21,518)</b>	<b>105,578</b>

## Forecast Statement of Segments (continued)

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2011

	Core Crown 2011 Forecast \$m	Crown Entities 2011 Forecast \$m	State-owned Enterprises 2011 Forecast \$m	Inter-segment eliminations 2011 Forecast \$m	Total Crown 2011 Forecast \$m
<b>Revenue</b>					
Taxation revenue	60,319	-	-	(576)	59,743
Other sovereign revenue	1,439	4,437	-	(1,000)	4,876
Sales of goods and services	1,308	12,113	13,842	(11,479)	15,784
Interest revenue and dividends	2,879	1,183	225	(877)	3,410
Other revenue	471	12,779	897	(11,266)	2,881
<b>Total Revenue (excluding gains)</b>	<b>66,416</b>	<b>30,512</b>	<b>14,964</b>	<b>(25,198)</b>	<b>86,694</b>
<b>Expenses</b>					
Social assistance and official development assistance	21,432	-	-	(159)	21,273
Personnel expenses	5,857	9,321	2,404	(10)	17,572
Other operating expenses	34,195	20,475	11,108	(24,117)	41,661
Interest expenses	2,606	297	553	(687)	2,769
Forecast for future new spending and top down adjustment	2,926	-	-	-	2,926
<b>Total Expenses (excluding losses)</b>	<b>67,016</b>	<b>30,093</b>	<b>14,065</b>	<b>(24,973)</b>	<b>86,201</b>
<b>Operating Balance before gains/(losses)</b>	<b>(600)</b>	<b>419</b>	<b>899</b>	<b>(225)</b>	<b>493</b>
Total Gains/(losses)	1,870	367	98	(262)	2,073
Net surplus/(deficit) from associates and joint ventures	55	128	30	-	213
Gain/(loss) from discontinued operations	-	-	-	-	-
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating Balance</b>	<b>1,325</b>	<b>914</b>	<b>1,027</b>	<b>(487)</b>	<b>2,779</b>
<b>Expenses by functional classification</b>					
Social security and welfare	20,175	5,403	-	(764)	24,814
Health	12,522	10,002	-	(10,601)	11,923
Education	11,096	8,021	24	(7,590)	11,551
Transport and communications	2,635	1,992	6,686	(2,773)	8,540
Other	15,056	4,378	6,802	(2,558)	23,678
Finance costs	2,606	297	553	(687)	2,769
Forecast for future new spending and top down adjustment	2,926	-	-	-	2,926
<b>Total Crown Expenses excluding losses</b>	<b>67,016</b>	<b>30,093</b>	<b>14,065</b>	<b>(24,973)</b>	<b>86,201</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2011

	Core Crown 2011 Forecast \$m	Crown Entities 2011 Forecast \$m	State-owned Enterprises 2011 Forecast \$m	Inter-segment eliminations 2011 Forecast \$m	Total Crown 2011 Forecast \$m
<b>Assets</b>					
Cash and cash equivalents	3,746	3,332	498	(249)	7,327
Receivables	6,579	4,786	1,931	(793)	12,503
Other financial assets	50,739	20,115	11,965	(9,240)	73,579
Property, plant & equipment	26,860	45,479	34,143	(1)	106,481
Equity accounted investments	27,527	7,125	320	(26,456)	8,516
Intangible assets and goodwill	1,114	313	531	-	1,958
Other assets	1,314	257	1,068	(24)	2,615
Forecast for new capital spending	1,980	-	-	-	1,980
<b>Total Assets</b>	<b>119,859</b>	<b>81,407</b>	<b>50,456</b>	<b>(36,763)</b>	<b>214,959</b>
<b>Liabilities</b>					
Borrowings	40,631	4,880	19,718	(10,270)	54,959
Other liabilities	20,462	30,191	5,819	(4,845)	51,627
<b>Total Liabilities</b>	<b>61,093</b>	<b>35,071</b>	<b>25,537</b>	<b>(15,115)</b>	<b>106,586</b>
<b>Total Assets less Total Liabilities</b>	<b>58,766</b>	<b>46,336</b>	<b>24,919</b>	<b>(21,648)</b>	<b>108,373</b>
<b>Net Worth</b>					
Taxpayer funds	47,048	23,936	9,370	(24,682)	55,672
Reserves	11,718	22,400	15,253	3,034	52,405
Net worth attributable to minority interest in Air NZ	-	-	296	-	296
<b>Total Net Worth</b>	<b>58,766</b>	<b>46,336</b>	<b>24,919</b>	<b>(21,648)</b>	<b>108,373</b>

## Forecast Statement of Segments (continued)

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2012

	Core Crown 2012 Forecast \$m	Crown Entities 2012 Forecast \$m	State-owned Enterprises 2012 Forecast \$m	Inter-segment eliminations 2012 Forecast \$m	Total Crown 2012 Forecast \$m
<b>Revenue</b>					
Taxation revenue	62,712	-	-	(578)	62,134
Other sovereign revenue	1,632	4,568	-	(1,038)	5,162
Sales of goods and services	1,360	12,193	14,254	(11,520)	16,287
Interest revenue and dividends	2,981	1,242	243	(1,005)	3,461
Other revenue	474	12,829	823	(11,118)	3,008
Forecast revenue reduction contingency	-	-	-	-	-
<b>Total Revenue (excluding gains)</b>	<b>69,159</b>	<b>30,832</b>	<b>15,320</b>	<b>(25,259)</b>	<b>90,052</b>
<b>Expenses</b>					
Social assistance and official development assistance	22,487	-	-	(160)	22,327
Personnel expenses	5,870	9,313	2,443	(10)	17,616
Other operating expenses	34,271	20,875	11,366	(24,110)	42,402
Interest expenses	2,648	310	630	(702)	2,886
Forecast for future new spending and top down adjustment	4,667	-	-	-	4,667
<b>Total Expenses (excluding losses)</b>	<b>69,943</b>	<b>30,498</b>	<b>14,439</b>	<b>(24,982)</b>	<b>89,898</b>
<b>Operating Balance before gains/(losses)</b>	<b>(784)</b>	<b>334</b>	<b>881</b>	<b>(277)</b>	<b>154</b>
Total Gains/(losses)	2,112	398	110	(259)	2,361
Net surplus/(deficit) from associates and joint ventures	60	129	30	-	219
Gain/(loss) from discontinued operations	-	-	-	-	-
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating Balance</b>	<b>1,388</b>	<b>861</b>	<b>1,021</b>	<b>(536)</b>	<b>2,734</b>
<b>Expenses by functional classification</b>					
Social security and welfare	21,212	5,762	-	(795)	26,179
Health	12,526	10,044	-	(10,659)	11,911
Education	11,217	8,035	24	(7,589)	11,687
Transport and communications	2,488	1,899	6,778	(2,625)	8,540
Other	15,185	4,448	7,007	(2,612)	24,028
Finance costs	2,648	310	630	(702)	2,886
Forecast for future new spending and top down adjustment	4,667	-	-	-	4,667
<b>Total Crown Expenses excluding losses</b>	<b>69,943</b>	<b>30,498</b>	<b>14,439</b>	<b>(24,982)</b>	<b>89,898</b>

### STATEMENT OF FINANCIAL POSITION as at 30 June 2012

	Core Crown 2012 Forecast \$m	Crown Entities 2012 Forecast \$m	State-owned Enterprises 2012 Forecast \$m	Inter-segment eliminations 2012 Forecast \$m	Total Crown 2012 Forecast \$m
<b>Assets</b>					
Cash and cash equivalents	3,972	3,389	570	(249)	7,682
Receivables	6,388	4,917	1,931	(798)	12,438
Other financial assets	50,661	21,529	12,150	(9,510)	74,830
Property, plant & equipment	26,416	46,165	35,320	1	107,902
Equity accounted investments	27,643	7,254	319	(26,523)	8,693
Intangible assets and goodwill	1,091	300	527	(1)	1,917
Other assets	1,348	258	1,153	(25)	2,734
Forecast for new capital spending	2,907	-	-	-	2,907
<b>Total Assets</b>	<b>120,426</b>	<b>83,812</b>	<b>51,970</b>	<b>(37,105)</b>	<b>219,103</b>
<b>Liabilities</b>					
Borrowings	39,815	4,982	20,673	(10,560)	54,910
Other liabilities	20,455	31,653	5,880	(4,919)	53,069
<b>Total Liabilities</b>	<b>60,270</b>	<b>36,635</b>	<b>26,553</b>	<b>(15,479)</b>	<b>107,979</b>
<b>Total Assets less Total Liabilities</b>	<b>60,156</b>	<b>47,177</b>	<b>25,417</b>	<b>(21,626)</b>	<b>111,124</b>
<b>Net Worth</b>					
Taxpayer funds	48,438	24,768	9,859	(24,659)	58,406
Reserves	11,718	22,409	15,262	3,033	52,422
Net worth attributable to minority interest in Air NZ	-	-	296	-	296
<b>Total Net Worth</b>	<b>60,156</b>	<b>47,177</b>	<b>25,417</b>	<b>(21,626)</b>	<b>111,124</b>

