
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 5 May 2009.

The finalisation dates and key assumptions that underpin the preparation of the Forecast Financial Statements are outlined on pages 93 to 96.

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 94 to 96.

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/forecasts/befu2009>.

Government Reporting Entity as at 5 May 2009

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:

| Core Crown segment | | |
|---|--|---|
| <p>Departments</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 Foreign Affairs and Trade Government Communications Security Bureau Health Inland Revenue Internal Affairs Justice Labour</p> | <p>Departments</p> <p>Land Information New Zealand Māori Development National Library of New Zealand New Zealand Customs Service New Zealand Defence Force New Zealand Food Safety Authority New Zealand Police New Zealand Security Intelligence Service Office of the Clerk Pacific Island Affairs Parliamentary Counsel Office Parliamentary Service Prime Minister and Cabinet Research, Science and Technology Serious Fraud Office Social Development State Services Commission Statistics Transport Treasury Women's Affairs</p> | <p>State-owned enterprises</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>Others</p> <p>Government Superannuation Fund New Zealand Superannuation Fund Reserve Bank of New Zealand</p> | <p>Offices of Parliament</p> <p>Office of the Controller and Auditor-General Office of the Ombudsmen Parliamentary Commissioner for the Environment</p> | <p>Air New Zealand Limited (included for disclosure purposes as if it were a SOE)</p> |

* KiwiRail Holdings Limited was acquired by the Crown on 1 July 2008 and in turn was transferred to New Zealand Railways Corporation on 1 October 2008.

| Crown entities | |
|--|---|
| Accident Compensation Corporation | New Zealand Fast Forward Fund Limited |
| Accounting Standards Review Board | New Zealand Film Commission |
| Alcohol Advisory Council of New Zealand | New Zealand Fire Service Commission |
| Arts Council of New Zealand Toi Aotearoa | New Zealand Historic Places Trust (Pouhere Taonga) |
| Broadcasting Commission | New Zealand Lotteries Commission |
| Broadcasting Standards Authority | New Zealand Qualifications Authority |
| Career Services | New Zealand Symphony Orchestra |
| Charities Commission | New Zealand Teachers Council |
| Children's Commissioner | New Zealand Tourism Board |
| Civil Aviation Authority of New Zealand | New Zealand Trade and Enterprise |
| Commerce Commission | New Zealand Transport Agency |
| Crown Health Financing Agency | New Zealand Venture Investment Fund Limited |
| Crown research institutes (9) | New Zealand Walking Access Commission |
| District health boards (21) | Office of Film and Literature Classification |
| Drug Free Sport New Zealand | Pharmaceutical Management Agency |
| Earthquake Commission | Privacy Commissioner |
| Electoral Commission | Public Trust |
| Electricity Commission | Radio New Zealand Limited |
| Energy Efficiency and Conservation Authority | Real Estate Agents Authority |
| Environmental Risk Management Authority | Retirement Commissioner |
| Families Commission | School boards of trustees (2,484) |
| Foundation for Research, Science and Technology | Securities Commission |
| Government Superannuation Fund Authority | Social Workers Registration Board |
| Guardians of New Zealand Superannuation | Sport and Recreation New Zealand |
| Health and Disability Commissioner | Standards Council |
| Health Research Council of New Zealand | Takeovers Panel |
| Health Sponsorship Council | Te Reo Whakapuaki Irirangi (Te Māngai Pāho) |
| Housing New Zealand Corporation | Te Taura Whiri i te Reo Māori (Māori Language Commission) |
| Human Rights Commission | Television New Zealand Limited |
| Independent Police Conduct Authority | Tertiary Education Commission |
| Law Commission | Tertiary education institutions (31) |
| Legal Services Agency | Testing Laboratory Registration Council |
| Maritime New Zealand | Transport Accident Investigation Commission |
| Mental Health Commission | |
| Museum of New Zealand Te Papa Tongarewa Board | Crown entity subsidiaries are consolidated by their parents and are not listed separately in this table |
| New Zealand Antarctic Institute | |
| New Zealand Artificial Limb Board | |
| New Zealand Blood Service | |
| Organisations named or described in Schedule 4 to the Public Finance Act 1989 | |
| Agriculture and Marketing Research and Development Trust | New Zealand Lottery Grants Board |
| Asia New Zealand Foundation | Ngāi Tahu Ancillary Claims Trust |
| Fish and game councils (12) | Pacific Co-operation Foundation |
| Leadership Development Centre Trust | Pacific Island Business Development Trust |
| National Pacific Radio Trust | Research and Education Advanced Network New Zealand Limited |
| New Zealand Fast Forward Limited | Reserves boards (24) |
| New Zealand Fish and Game Council | Road Safety Trust |
| New Zealand Game Bird Habitat Trust Board | Sentencing Council |
| New Zealand Government Property Corporation | |

Forecast Statement of Financial Performance

for the years ending 30 June

| | | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------|----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | Previous | | | | | |
| | Note | Actual \$m | Budget \$m | Forecast \$m | Forecast \$m | Forecast \$m | Forecast \$m | Forecast \$m |
| Revenue | | | | | | | | |
| Taxation revenue | 1 | 56,372 | 55,911 | 53,523 | 51,052 | 51,326 | 54,013 | 57,781 |
| Other sovereign revenue | 1 | 3,879 | 4,037 | 4,114 | 4,860 | 5,403 | 5,700 | 6,299 |
| Total revenue levied through the Crown's sovereign power | | 60,251 | 59,948 | 57,637 | 55,912 | 56,729 | 59,713 | 64,080 |
| Sales of goods and services | | 15,399 | 14,222 | 15,248 | 16,049 | 17,415 | 17,742 | 18,377 |
| Interest revenue and dividends | 2 | 3,214 | 3,358 | 2,999 | 3,159 | 3,331 | 3,363 | 3,442 |
| Other revenue | | 2,615 | 2,591 | 3,075 | 2,814 | 3,014 | 3,035 | 3,213 |
| Total revenue earned through the Crown's operations | | 21,228 | 20,171 | 21,322 | 22,022 | 23,760 | 24,140 | 25,032 |
| Total Revenue (excluding gains) | | 81,479 | 80,119 | 78,959 | 77,934 | 80,489 | 83,853 | 89,112 |
| Expenses | | | | | | | | |
| Transfer payments and subsidies | 3 | 18,374 | 19,681 | 20,182 | 21,175 | 22,196 | 22,987 | 23,658 |
| Personnel expenses | 4 | 16,478 | 17,061 | 18,031 | 18,324 | 18,681 | 18,995 | 19,189 |
| Depreciation and amortisation | 5 | 3,670 | 3,950 | 4,283 | 4,126 | 4,365 | 4,529 | 4,617 |
| Other operating expenses | 5 | 30,656 | 32,053 | 32,605 | 34,855 | 35,057 | 35,330 | 36,208 |
| Interest expenses | 6 | 3,101 | 2,503 | 3,358 | 3,349 | 4,019 | 4,625 | 5,460 |
| Insurance expenses | 7 | 3,563 | 3,799 | 3,916 | 3,890 | 4,225 | 4,587 | 4,931 |
| Forecast new operating spending | 8 | - | 249 | - | 254 | 1,436 | 2,533 | 3,622 |
| Top-down expense adjustment | 8 | - | (495) | (500) | (300) | (225) | (150) | (150) |
| Total Expenses (excluding losses) | | 75,842 | 78,801 | 81,875 | 85,673 | 89,754 | 93,436 | 97,535 |
| Operating Balance before gains/(losses) | | 5,637 | 1,318 | (2,916) | (7,739) | (9,265) | (9,583) | (8,423) |
| Net gains/(losses) on financial instruments | 9 | (617) | 1,424 | (3,266) | 1,416 | 1,529 | 1,838 | 2,044 |
| Net gains/(losses) on non-financial instruments | 10 | (2,925) | 170 | (3,450) | 205 | 224 | 231 | 225 |
| Total gains/(losses) | | (3,542) | 1,594 | (6,716) | 1,621 | 1,753 | 2,069 | 2,269 |
| Net surplus/(deficit) from associates and joint ventures | | 334 | 193 | 333 | 390 | 402 | 400 | 382 |
| Operating Balance from continuing activities | | 2,429 | 3,105 | (9,299) | (5,728) | (7,110) | (7,114) | (5,772) |
| Gain/(loss) from discontinued operations | 22 | - | - | (4) | (1) | (1) | (1) | (1) |
| Operating Balance (including minority interest) | | 2,451 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |
| Attributable to minority interest | | (67) | - | - | - | - | - | - |
| Operating balance | 11 | 2,384 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |

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

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Total Crown | | | | | | | |
| Total Crown expenses | | | | | | | |
| By functional classification | | | | | | | |
| Social security and welfare | 21,509 | 22,843 | 23,409 | 25,073 | 26,409 | 27,604 | 28,607 |
| GSF pension expenses | 690 | 652 | 680 | 370 | 390 | 437 | 494 |
| Health | 10,809 | 12,024 | 11,947 | 12,815 | 12,754 | 12,713 | 12,692 |
| Education | 10,397 | 11,017 | 11,844 | 12,147 | 12,198 | 12,237 | 12,290 |
| Core government services | 3,274 | 3,412 | 3,813 | 3,582 | 3,602 | 3,656 | 3,733 |
| Law and order | 3,082 | 3,341 | 3,358 | 3,515 | 3,549 | 3,565 | 3,588 |
| Defence | 1,525 | 1,697 | 1,687 | 1,761 | 1,757 | 1,746 | 1,744 |
| Transport and communications | 7,424 | 8,027 | 9,349 | 8,868 | 9,178 | 9,240 | 9,485 |
| Economic and industrial services | 9,038 | 7,918 | 8,055 | 8,246 | 8,811 | 8,884 | 8,969 |
| Primary services | 1,459 | 1,364 | 1,437 | 1,510 | 1,452 | 1,465 | 1,473 |
| Heritage, culture and recreation | 2,337 | 3,130 | 2,414 | 2,806 | 3,031 | 2,967 | 4,060 |
| Housing and community development | 938 | 1,036 | 904 | 1,115 | 1,146 | 1,175 | 1,184 |
| Other | 259 | 83 | 120 | 562 | 247 | 739 | 284 |
| Finance costs | 3,101 | 2,503 | 3,358 | 3,349 | 4,019 | 4,625 | 5,460 |
| Forecast for future new spending | - | 249 | - | 254 | 1,436 | 2,533 | 3,622 |
| Top-down expense adjustment | - | (495) | (500) | (300) | (225) | (150) | (150) |
| Total Crown Expenses excluding losses | 75,842 | 78,801 | 81,875 | 85,673 | 89,754 | 93,436 | 97,535 |

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.

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Core Crown | | | | | | | |
| Core Crown expenses | | | | | | | |
| By functional classification | | | | | | | |
| Social security and welfare | 17,877 | 18,898 | 19,475 | 21,139 | 22,114 | 22,925 | 23,572 |
| GSF pension expenses | 690 | 652 | 680 | 370 | 390 | 437 | 494 |
| Health | 11,297 | 12,586 | 12,395 | 13,397 | 13,371 | 13,358 | 13,324 |
| Education | 9,551 | 10,524 | 10,964 | 11,284 | 11,304 | 11,311 | 11,332 |
| Core government services | 3,371 | 3,448 | 3,853 | 3,620 | 3,632 | 3,697 | 3,774 |
| Law and order | 2,894 | 3,101 | 3,116 | 3,267 | 3,302 | 3,302 | 3,319 |
| Defence | 1,562 | 1,741 | 1,735 | 1,810 | 1,807 | 1,797 | 1,796 |
| Transport and communications | 2,244 | 2,823 | 2,954 | 2,253 | 1,864 | 1,740 | 1,615 |
| Economic and industrial services | 2,889 | 3,244 | 3,145 | 2,673 | 2,594 | 2,590 | 2,585 |
| Primary services | 541 | 520 | 545 | 611 | 545 | 553 | 559 |
| Heritage, culture and recreation | 1,107 | 1,769 | 1,062 | 1,507 | 1,711 | 1,594 | 2,638 |
| Housing and community development | 260 | 334 | 312 | 365 | 356 | 360 | 346 |
| Other | 254 | 83 | 120 | 562 | 247 | 739 | 284 |
| Finance costs | 2,460 | 2,406 | 2,507 | 2,470 | 2,998 | 3,575 | 4,330 |
| Forecast for future new spending | - | 249 | - | 254 | 1,436 | 2,533 | 3,622 |
| Top-down expense adjustment | - | (495) | (500) | (300) | (225) | (150) | (150) |
| Total Core Crown Expenses excluding losses | 56,997 | 61,883 | 62,363 | 65,282 | 67,446 | 70,361 | 73,440 |

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

Forecast Statement of Cash Flows

for the years ending 30 June

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------|--------------------|-----------------|----------------|-----------------|----------------|----------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Cash Flows From Operations | | | | | | | |
| Cash was provided from | | | | | | | |
| Taxation receipts | 55,168 | 54,681 | 52,266 | 50,268 | 50,791 | 53,223 | 56,647 |
| Other sovereign receipts | 3,460 | 3,675 | 3,733 | 4,290 | 4,446 | 4,550 | 4,660 |
| Sales of goods and services | 14,635 | 14,596 | 16,458 | 16,472 | 17,825 | 18,244 | 18,898 |
| Interest and dividend receipts | 3,111 | 2,807 | 2,731 | 2,697 | 2,788 | 2,764 | 2,776 |
| Other operating receipts | 2,211 | 2,527 | 2,707 | 2,734 | 2,659 | 2,657 | 2,832 |
| Total cash provided from operations | 78,585 | 78,286 | 77,895 | 76,461 | 78,509 | 81,438 | 85,813 |
| Cash was disbursed to | | | | | | | |
| Transfer payments and subsidies | 18,026 | 19,123 | 19,863 | 21,159 | 22,095 | 22,756 | 24,382 |
| Personnel and operating payments | 45,972 | 49,961 | 52,281 | 54,128 | 55,094 | 55,308 | 55,236 |
| Interest payments | 2,820 | 2,284 | 2,907 | 3,042 | 3,676 | 4,389 | 5,232 |
| Forecast for future new spending | - | 249 | - | 254 | 1,436 | 2,533 | 3,622 |
| Top-down expense adjustment | - | (355) | (400) | (300) | (225) | (150) | (150) |
| Total cash disbursed to operations | 66,818 | 71,262 | 74,651 | 78,283 | 82,076 | 84,836 | 88,322 |
| Net cash flows from operations | 11,767 | 7,024 | 3,244 | (1,822) | (3,567) | (3,398) | (2,509) |
| Cash Flows From Investing Activities | | | | | | | |
| Cash was provided from/(disbursed to) | | | | | | | |
| Net purchase of physical assets | (4,922) | (6,583) | (6,106) | (7,679) | (7,009) | (5,772) | (6,167) |
| Net purchase of shares and other securities | (6,080) | (576) | (7,678) | 3,887 | 797 | 3,920 | 2,645 |
| Net purchase of intangible assets | (320) | (324) | (391) | (350) | (290) | (284) | (284) |
| Net repayment/(issues) of advances | (2,646) | (590) | (1,013) | (651) | (695) | (1,118) | (1,381) |
| Net acquisition of investments in associates | (363) | (230) | (313) | (46) | 52 | 67 | 67 |
| Forecast for new capital spending | - | (261) | - | (72) | (702) | (1,152) | (1,450) |
| Top-down capital adjustment | - | 350 | 275 | 100 | - | - | - |
| Net cash flows from investing activities | (14,331) | (8,214) | (15,226) | (4,811) | (7,847) | (4,339) | (6,570) |
| Net cash flows from operating and investing activities | (2,564) | (1,190) | (11,982) | (6,633) | (11,414) | (7,737) | (9,079) |
| Cash Flows From Financing Activities | | | | | | | |
| Cash was provided from/(disbursed to) | | | | | | | |
| Issues of circulating currency | 86 | 181 | 509 | 181 | 190 | 200 | 210 |
| Net issue/(repayment) of Government stock ¹ | 1,674 | 1,235 | 2,451 | 3,870 | 10,542 | 7,538 | 7,125 |
| Net issue/(repayment) of foreign-currency borrowing | 1,099 | (299) | (5,636) | (3,708) | 35 | (1,020) | (506) |
| Net issue/(repayment) of other New Zealand dollar borrowing | (697) | 1,255 | 16,076 | 5,968 | 639 | 1,333 | 1,976 |
| Net cash flows from financing activities | 2,162 | 2,372 | 13,400 | 6,311 | 11,406 | 8,051 | 8,805 |
| Net movement in cash | (402) | 1,182 | 1,418 | (322) | (8) | 314 | (274) |
| Opening cash balance | 4,162 | 5,217 | 3,804 | 5,353 | 5,042 | 5,045 | 5,370 |
| Foreign-exchange gains/(losses) on opening cash | 44 | 13 | 131 | 11 | 11 | 11 | 11 |
| Closing cash balance | 3,804 | 6,412 | 5,353 | 5,042 | 5,045 | 5,370 | 5,107 |

¹ Net issues of Government stock include movements in the government stock holdings of entities such as NZS Fund, ACC and EQC. Further information on the proceeds and repayments of Government stock ("domestic bonds") is available in note 21.

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

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Reconciliation Between the Net Cash Flows from Operations and the Operating Balance | | | | | | | |
| Net Cash Flows from Operations | 11,767 | 7,024 | 3,244 | (1,822) | (3,567) | (3,398) | (2,509) |
| <i>Items included in the operating balance but not in net cash flows from operations</i> | | | | | | | |
| Gains/(losses) | | | | | | | |
| Gains/(losses) on other financial instruments | (617) | 1,424 | (3,266) | 1,416 | 1,529 | 1,838 | 2,044 |
| Gains/(losses) on other non-financial instruments | (2,925) | 170 | (3,450) | 205 | 224 | 231 | 225 |
| Total Gains/(losses) | (3,542) | 1,594 | (6,716) | 1,621 | 1,753 | 2,069 | 2,269 |
| Other Non-cash Items in Operating Balance | | | | | | | |
| Depreciation and amortisation | (3,670) | (3,950) | (4,283) | (4,126) | (4,365) | (4,529) | (4,617) |
| Write-down on initial recognition of financial assets | (559) | (667) | (718) | (578) | (606) | (619) | (631) |
| Impairment on financial assets (excl receivables) | 213 | 1 | 15 | 3 | 1 | 1 | 2 |
| Decrease/(increase) in defined benefit retirement plan liabilities | 2 | (75) | (39) | 274 | 268 | 241 | 186 |
| Decrease/(increase) in insurance liabilities | (1,358) | (1,313) | (1,557) | (1,209) | (1,317) | (1,549) | (1,739) |
| Other | 334 | 193 | 333 | 390 | 402 | 400 | 382 |
| Total other non-cash Items | (5,038) | (5,811) | (6,249) | (5,246) | (5,617) | (6,055) | (6,417) |
| Movements in Working Capital | | | | | | | |
| Increase/(decrease) in receivables | 2,100 | 422 | (371) | 305 | (75) | 11 | 410 |
| Increase/(decrease) in accrued interest | (179) | 333 | (182) | 155 | 199 | 362 | 437 |
| Increase/(decrease) in inventories | 138 | 63 | 134 | 67 | 83 | 14 | 3 |
| Increase/(decrease) in prepayments | 77 | 13 | (8) | 8 | 8 | (1) | 6 |
| Decrease/(increase) in deferred revenue | (326) | (18) | 74 | 5 | (10) | (10) | (6) |
| Decrease/(increase) in payables | (2,613) | (515) | 771 | (822) | 115 | (107) | 34 |
| Total movements in working capital | (803) | 298 | 418 | (282) | 320 | 269 | 884 |
| Operating Balance | 2,384 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |

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

Forecast Statement of Comprehensive Income

for the years ending 30 June

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revaluation of physical assets | 6,214 | - | (707) | (1) | (1) | - | (1) |
| Effective portion of changes in value of cash flow hedges | 9 | 58 | 4 | (18) | (22) | (6) | (29) |
| Net change in fair value of cash flow hedges transferred to operating balance | 22 | - | (1) | - | (1) | - | - |
| Net change in fair value of cash flow hedges transferred to the hedged item | (60) | - | 65 | 3 | 1 | 1 | - |
| Foreign currency translation differences for foreign operations | 17 | - | 76 | - | - | - | - |
| Valuation gain/(losses) on investments available for sale taken to reserves | 11 | 6 | 49 | (3) | - | - | - |
| Other movements | - | 2 | 1 | (1) | (3) | 2 | 1 |
| Other comprehensive income for the year | 6,213 | 66 | (513) | (20) | (26) | (3) | (29) |
| Operating Balance (including minority interest) | 2,451 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |
| Total comprehensive income | 8,664 | 3,171 | (9,816) | (5,749) | (7,137) | (7,118) | (5,802) |
| Attributable to: | | | | | | | |
| - minority interest | 83 | - | - | - | - | - | - |
| - the Crown | 8,581 | 3,171 | (9,816) | (5,749) | (7,137) | (7,118) | (5,802) |
| Total comprehensive income | 8,664 | 3,171 | (9,816) | (5,749) | (7,137) | (7,118) | (5,802) |

This statement reports changes in net worth due to the operating balance, items of income or expense that are recognised directly in net worth, the effect of certain accounting changes and corrections of errors.

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

Forecast Statement of Financial Position

as at 30 June

| | | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| | Note | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | | | | |
| Cash and cash equivalents | 12 | 3,804 | 6,412 | 5,353 | 5,042 | 5,045 | 5,370 | 5,107 |
| Receivables | 12 | 14,158 | 12,749 | 13,787 | 14,093 | 14,018 | 14,029 | 14,439 |
| Marketable securities, deposits and derivatives in gain | 12 | 41,189 | 35,277 | 54,676 | 49,683 | 49,010 | 46,439 | 45,151 |
| Share investments | 12 | 12,964 | 13,700 | 10,664 | 12,184 | 13,544 | 15,170 | 17,232 |
| Advances | 12 | 12,948 | 16,722 | 15,042 | 17,268 | 18,905 | 19,502 | 20,124 |
| Inventory | | 964 | 997 | 1,099 | 1,165 | 1,248 | 1,262 | 1,265 |
| Other assets | | 1,663 | 1,307 | 1,547 | 1,519 | 1,490 | 1,478 | 1,438 |
| Property, plant & equipment | 14 | 103,329 | 101,276 | 106,498 | 110,251 | 113,517 | 115,764 | 118,486 |
| Equity accounted investments ¹ | | 8,065 | 8,683 | 8,805 | 9,197 | 9,532 | 9,729 | 9,686 |
| Intangible assets and goodwill | | 1,751 | 1,929 | 1,928 | 2,133 | 2,281 | 2,333 | 2,239 |
| Forecast for new capital spending | | - | 951 | - | 72 | 774 | 1,926 | 3,376 |
| Top-down capital adjustment | | - | (350) | (275) | (375) | (375) | (375) | (375) |
| Total assets | | 200,835 | 199,653 | 219,124 | 222,232 | 228,989 | 232,627 | 238,168 |
| Liabilities | | | | | | | | |
| Issued currency | | 3,530 | 3,885 | 4,039 | 4,220 | 4,410 | 4,610 | 4,819 |
| Payables | 16 | 10,895 | 8,497 | 9,949 | 10,296 | 10,672 | 11,313 | 11,405 |
| Deferred revenue | | 1,292 | 1,064 | 1,218 | 1,213 | 1,223 | 1,233 | 1,239 |
| Borrowings | | 46,110 | 48,656 | 69,156 | 76,423 | 88,656 | 97,420 | 106,621 |
| Insurance liabilities | 17 | 20,484 | 22,065 | 24,136 | 25,345 | 26,662 | 28,211 | 29,950 |
| Retirement plan liabilities | 18 | 8,257 | 8,221 | 10,557 | 10,307 | 10,063 | 9,850 | 9,693 |
| Provisions | 19 | 4,753 | 4,711 | 4,371 | 4,479 | 4,491 | 4,296 | 4,549 |
| Total liabilities | | 95,321 | 97,099 | 123,426 | 132,283 | 146,177 | 156,933 | 168,276 |
| Total assets less total liabilities | | 105,514 | 102,554 | 95,698 | 89,949 | 82,812 | 75,694 | 69,892 |
| Net Worth | | | | | | | | |
| Taxpayer funds | 20 | 46,700 | 49,886 | 37,534 | 31,803 | 24,689 | 17,577 | 11,805 |
| Property, plant and equipment revaluation reserve | 20 | 58,566 | 52,486 | 57,723 | 57,723 | 57,722 | 57,721 | 57,720 |
| Other reserves | 20 | (134) | (114) | 59 | 41 | 19 | 14 | (15) |
| Total net worth attributable to the Crown | | 105,132 | 102,258 | 95,316 | 89,567 | 82,430 | 75,312 | 69,510 |
| Net worth attributable to minority interest | | 382 | 296 | 382 | 382 | 382 | 382 | 382 |
| Total net worth | | 105,514 | 102,554 | 95,698 | 89,949 | 82,812 | 75,694 | 69,892 |

¹ 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

as at 30 June

| | 2008 Actual \$m | 2009 Previous Budget \$m | 2009 Forecast \$m | 2010 Forecast \$m | 2011 Forecast \$m | 2012 Forecast \$m | 2013 Forecast \$m |
|--|-----------------------|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Borrowings | | | | | | | |
| Government stock | 18,516 | 19,073 | 21,237 | 25,629 | 36,749 | 45,057 | 53,052 |
| Treasury bills | 1,484 | 1,289 | 7,140 | 9,550 | 9,548 | 9,517 | 9,486 |
| Government retail stock | 423 | 381 | 581 | 581 | 581 | 581 | 581 |
| Settlement deposits with Reserve Bank | 7,750 | 7,465 | 9,432 | 9,432 | 9,432 | 9,432 | 9,432 |
| Derivatives in loss ¹ | 1,591 | 493 | 4,127 | 3,237 | 3,130 | 2,681 | 2,084 |
| Finance lease liabilities | 955 | 993 | 1,444 | 1,247 | 1,431 | 2,018 | 2,875 |
| Other borrowings | 15,391 | 18,962 | 25,195 | 26,747 | 27,785 | 28,134 | 29,111 |
| Total borrowings | 46,110 | 48,656 | 69,156 | 76,423 | 88,656 | 97,420 | 106,621 |
| Total sovereign-guaranteed debt | 33,192 | 32,534 | 51,654 | 58,076 | 69,106 | 76,885 | 84,249 |
| Total non sovereign-guaranteed debt | 12,918 | 16,122 | 17,502 | 18,347 | 19,550 | 20,535 | 22,372 |
| Total borrowings | 46,110 | 48,656 | 69,156 | 76,423 | 88,656 | 97,420 | 106,621 |
| Net Debt: | | | | | | | |
| Core Crown borrowings | 37,336 | 37,640 | 57,329 | 64,116 | 75,570 | 83,801 | 91,614 |
| Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings | 409 | 768 | (528) | (559) | (559) | (560) | (561) |
| Gross sovereign-issued debt | 37,745 | 38,408 | 56,801 | 63,557 | 75,011 | 83,241 | 91,053 |
| Less core Crown financial assets | 40,421 | 37,948 | 52,987 | 49,496 | 50,077 | 48,063 | 47,031 |
| Net core Crown debt (incl. NZS Fund)² | (2,676) | 460 | 3,814 | 14,061 | 24,934 | 35,178 | 44,022 |
| Add back NZS Fund holdings of core Crown financial assets and NZS Fund financial assets | 12,934 | 15,915 | 11,668 | 13,258 | 14,825 | 16,732 | 18,612 |
| Net core Crown debt (excl. NZS Fund)³ | 10,258 | 16,375 | 15,482 | 27,319 | 39,759 | 51,910 | 62,634 |
| Gross Debt: | | | | | | | |
| Gross sovereign-issued debt | 37,745 | 38,408 | 56,801 | 63,557 | 75,011 | 83,241 | 91,053 |
| Less Reserve Bank settlement cash and bank bills | (7,955) | (7,510) | (14,184) | (14,184) | (14,184) | (14,184) | (14,184) |
| Add back changes to DMO borrowing due to settlement cash | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| Gross sovereign-issued debt excluding Reserve Bank settlement cash and bank bills⁴ | 31,390 | 32,498 | 44,217 | 50,973 | 62,427 | 70,657 | 78,469 |

Notes on Borrowings

Total Borrowings represents the Government's debt obligations to external parties. Total borrowings can be split into sovereign-guaranteed debt and non-sovereign-guaranteed debt. Non sovereign-guaranteed debt represents the debt obligations of SOEs and Crown entities that are not explicitly guaranteed by the Crown.

1. Derivatives are included in either borrowings (as a liability) or marketable securities, deposits and equity investments (as an asset) 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. Net Core Crown Debt represents GSID 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 held for public policy rather than treasury management purposes, they are excluded from the net debt indicator (eg advances and receivables).

3. NZS Fund is excluded from net core Crown debt as these assets are set aside to meet part of the future cost of New Zealand superannuation.

4. Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the NZS Fund, ACC and EQC. GSID excludes debt instruments issued by the Reserve Bank for liquidity management purposes (specifically settlement cash and bank bills). In addition, 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.

The composition of these debt indicators has been re-specified as part of the reformulation of the Government's fiscal strategy (refer to the Fiscal Strategy Report). The two main changes were:

- i) Reserve Bank bills are now deducted from GSID as, like settlement cash, these bills are a vehicle for managing liquidity in financial markets.
- ii) The definition of net debt now excludes advances.

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

Statement of Actual Commitments

as at 31 March 2009

| | As at 31 March 2009 \$m | As at 30 June 2008 \$m |
|--|----------------------------------|---------------------------------|
| Capital Commitments | | |
| Specialist military equipment | 895 | 873 |
| Land and buildings | 1,211 | 1,121 |
| Other property, plant and equipment | 4,097 | 4,303 |
| Other capital commitments | 371 | 304 |
| Tertiary Education Institutions | 209 | 209 |
| Total capital commitments | 6,783 | 6,810 |
| Operating Commitments | | |
| Non-cancellable accommodation leases | 2,440 | 2,460 |
| Other non-cancellable leases | 2,658 | 2,390 |
| Non-cancellable contracts for the supply of goods and services | 2,397 | 2,157 |
| Other operating commitments | 6,784 | 7,995 |
| Tertiary Education Institutions | 315 | 315 |
| Total operating commitments | 14,594 | 15,317 |
| Total commitments | 21,377 | 22,127 |
| Total Commitments by Segment | | |
| Core Crown | 11,980 | 19,627 |
| Crown entities | 12,959 | 15,830 |
| State-owned Enterprises | 4,895 | 4,724 |
| Inter-segment eliminations | (8,457) | (18,054) |
| Total commitments | 21,377 | 22,127 |

Statement of Actual Contingent Liabilities and Assets

as at 31 March 2009

| | As at 31 March 2009 \$m | As at 30 June 2008 \$m |
|---|----------------------------------|---------------------------------|
| Quantifiable Contingent Liabilities | | |
| Guarantees and indemnities | 107 | 286 |
| Uncalled capital | 2,972 | 2,205 |
| Legal proceedings and disputes | 347 | 383 |
| Other contingent liabilities | 2,437 | 1,995 |
| Total quantifiable contingent liabilities | 5,863 | 4,869 |
| Total Quantifiable Contingent Liabilities by Segment | | |
| Core Crown | 5,717 | 4,685 |
| Crown entities | 79 | 86 |
| State-owned Enterprises | 67 | 98 |
| Inter-segment eliminations | - | - |
| Total quantifiable contingent liabilities | 5,863 | 4,869 |
| Quantifiable Contingent Assets | | |
| Core Crown | 318 | 389 |
| Crown entities | - | - |
| Total quantifiable contingent assets | 318 | 389 |

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

More information on contingent liabilities (quantified and unquantified) is outlined on pages 124 to 136 of the Fiscal Risks chapter.

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 1: Revenue Collected Through the Crown's Sovereign Power | | | | | | | |
| Taxation Revenue (accrual) | | | | | | | |
| Individuals | | | | | | | |
| Source deductions | 23,345 | 22,874 | 22,967 | 21,699 | 21,732 | 22,594 | 23,909 |
| Other persons | 5,071 | 4,986 | 4,639 | 4,387 | 4,235 | 4,469 | 4,713 |
| Refunds | (1,470) | (1,199) | (1,731) | (1,651) | (1,651) | (1,671) | (1,763) |
| Fringe benefit tax | 522 | 523 | 499 | 487 | 496 | 520 | 544 |
| Total individuals | 27,468 | 27,184 | 26,374 | 24,922 | 24,812 | 25,912 | 27,403 |
| Corporate Tax | | | | | | | |
| Gross companies tax | 8,787 | 7,817 | 7,014 | 7,077 | 7,728 | 8,592 | 9,595 |
| Refunds | (242) | (300) | (535) | (345) | (348) | (369) | (402) |
| Non-resident withholding tax | 1,506 | 1,402 | 1,409 | 1,107 | 1,135 | 1,247 | 1,366 |
| Foreign-source dividend w/holding payments | 71 | 109 | 5 | 13 | 13 | 13 | 13 |
| Total corporate tax | 10,122 | 9,028 | 7,893 | 7,852 | 8,528 | 9,483 | 10,572 |
| Other Direct Income Tax | | | | | | | |
| Resident w/holding tax on interest income | 2,699 | 2,740 | 2,763 | 2,049 | 1,522 | 1,619 | 1,982 |
| Resident w/holding tax on dividend income | 69 | 91 | 61 | 211 | 253 | 258 | 264 |
| Estate and gift duties | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Total other direct income tax | 2,771 | 2,834 | 2,826 | 2,262 | 1,777 | 1,879 | 2,248 |
| Total direct income tax | 40,361 | 39,046 | 37,093 | 35,036 | 35,117 | 37,274 | 40,223 |
| Goods and Services Tax | | | | | | | |
| Gross goods and services tax | 20,631 | 20,458 | 22,248 | 21,121 | 21,856 | 23,105 | 24,546 |
| Refunds | (9,516) | (8,578) | (10,655) | (9,960) | (10,605) | (11,445) | (12,211) |
| Total goods and services tax | 11,115 | 11,880 | 11,593 | 11,161 | 11,251 | 11,660 | 12,335 |
| Other Indirect Taxation | | | | | | | |
| Petroleum fuels excise | 819 | 813 | 811 | 802 | 802 | 807 | 814 |
| Tobacco excise | 159 | 151 | 170 | 172 | 175 | 178 | 181 |
| Customs duty | 1,857 | 1,859 | 1,828 | 1,818 | 1,819 | 1,820 | 1,859 |
| Road user charges | 851 | 940 | 883 | 885 | 955 | 1,036 | 1,100 |
| Alcohol excise | 573 | 605 | 630 | 657 | 682 | 708 | 734 |
| Gaming duties | 260 | 254 | 215 | 224 | 227 | 229 | 232 |
| Motor vehicle fees | 226 | 229 | 171 | 167 | 168 | 171 | 173 |
| Energy resources levies | 46 | 43 | 37 | 38 | 38 | 38 | 38 |
| Approved issuer levy and cheque duty | 105 | 91 | 92 | 92 | 92 | 92 | 92 |
| Total other indirect taxation | 4,896 | 4,985 | 4,837 | 4,855 | 4,958 | 5,079 | 5,223 |
| Total indirect taxation | 16,011 | 16,865 | 16,430 | 16,016 | 16,209 | 16,739 | 17,558 |
| Total taxation revenue | 56,372 | 55,911 | 53,523 | 51,052 | 51,326 | 54,013 | 57,781 |
| Other Sovereign Revenue (accrual) | | | | | | | |
| ACC levies | 2,718 | 2,780 | 2,885 | 3,226 | 3,338 | 3,426 | 3,520 |
| Fire Service levies | 279 | 303 | 303 | 307 | 314 | 322 | 330 |
| EQC levies | 86 | 87 | 87 | 88 | 90 | 91 | 93 |
| Other miscellaneous items | 796 | 867 | 839 | 1,239 | 1,661 | 1,861 | 2,356 |
| Total other sovereign revenue | 3,879 | 4,037 | 4,114 | 4,860 | 5,403 | 5,700 | 6,299 |
| Total sovereign revenue | 60,251 | 59,948 | 57,637 | 55,912 | 56,729 | 59,713 | 64,080 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 1 (continued): Receipts Collected Through the Crown's Sovereign Power | | | | | | | |
| Income Tax Receipts (cash) | | | | | | | |
| Individuals | | | | | | | |
| Source deductions | 22,830 | 22,737 | 22,767 | 21,630 | 21,662 | 22,521 | 23,831 |
| Other persons | 5,469 | 5,570 | 5,050 | 4,983 | 4,884 | 5,095 | 5,375 |
| Refunds | (2,171) | (2,065) | (2,465) | (2,393) | (2,383) | (2,512) | (2,624) |
| Fringe benefit tax | 489 | 513 | 500 | 487 | 490 | 513 | 539 |
| Total individuals | 26,617 | 26,755 | 25,852 | 24,707 | 24,653 | 25,617 | 27,121 |
| Corporate Tax | | | | | | | |
| Gross companies tax | 9,075 | 7,948 | 7,965 | 7,801 | 8,642 | 9,471 | 10,232 |
| Refunds | (1,026) | (1,000) | (1,741) | (1,379) | (1,388) | (1,472) | (1,607) |
| Non-resident withholding tax | 1,638 | 1,373 | 1,378 | 1,106 | 1,134 | 1,246 | 1,365 |
| Foreign-source dividend w/holding payments | 72 | 109 | 5 | 13 | 13 | 13 | 13 |
| Total corporate tax | 9,759 | 8,430 | 7,607 | 7,541 | 8,401 | 9,258 | 10,003 |
| Other Direct Income Tax | | | | | | | |
| Resident w/holding tax on interest income | 2,616 | 2,740 | 2,746 | 2,051 | 1,524 | 1,621 | 1,984 |
| Resident w/holding tax on dividend income | 40 | 90 | 86 | 210 | 252 | 257 | 262 |
| Estate and gift duties | 2 | 3 | 2 | 2 | 2 | 2 | 2 |
| Total other direct income tax | 2,658 | 2,833 | 2,834 | 2,263 | 1,778 | 1,880 | 2,248 |
| Total direct income tax | 39,034 | 38,018 | 36,293 | 34,511 | 34,832 | 36,755 | 39,372 |
| Goods and Services Tax | | | | | | | |
| Gross goods and services tax | 20,085 | 19,944 | 20,566 | 20,252 | 20,996 | 22,224 | 23,653 |
| Refunds | (8,859) | (8,267) | (9,455) | (9,360) | (10,005) | (10,845) | (11,611) |
| Total goods and services tax | 11,226 | 11,677 | 11,111 | 10,892 | 10,991 | 11,379 | 12,042 |
| Other Indirect Taxation | | | | | | | |
| Petroleum fuels excise | 809 | 813 | 811 | 802 | 802 | 807 | 814 |
| Tobacco excise | 160 | 151 | 170 | 172 | 175 | 178 | 181 |
| Customs duty | 1,946 | 1,859 | 1,828 | 1,818 | 1,819 | 1,820 | 1,859 |
| Road user charges | 851 | 940 | 883 | 885 | 955 | 1,036 | 1,100 |
| Alcohol excise | 554 | 605 | 630 | 657 | 682 | 708 | 734 |
| Gaming duties | 238 | 254 | 224 | 224 | 227 | 229 | 232 |
| Motor vehicle fees | 223 | 229 | 171 | 167 | 168 | 171 | 173 |
| Energy resources levies | 42 | 43 | 43 | 38 | 38 | 38 | 38 |
| Approved issuer levy and cheque duty | 85 | 92 | 102 | 102 | 102 | 102 | 102 |
| Total other indirect taxation | 4,908 | 4,986 | 4,862 | 4,865 | 4,968 | 5,089 | 5,233 |
| Total indirect taxation | 16,134 | 16,663 | 15,973 | 15,757 | 15,959 | 16,468 | 17,275 |
| Total tax receipts collected | 55,168 | 54,681 | 52,266 | 50,268 | 50,791 | 53,223 | 56,647 |
| Other Sovereign Receipts (cash) | | | | | | | |
| ACC levies | 2,561 | 2,688 | 2,795 | 3,170 | 3,282 | 3,367 | 3,456 |
| Fire Service levies | 281 | 303 | 304 | 308 | 314 | 322 | 330 |
| EQC levies | 86 | 87 | 86 | 88 | 90 | 91 | 93 |
| Other miscellaneous items | 532 | 597 | 548 | 724 | 760 | 770 | 781 |
| Total other sovereign receipts | 3,460 | 3,675 | 3,733 | 4,290 | 4,446 | 4,550 | 4,660 |
| Total sovereign receipts | 58,628 | 58,356 | 55,999 | 54,558 | 55,237 | 57,773 | 61,307 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 2: Interest Revenue and Dividends | | | | | | | |
| <i>By type</i> | | | | | | | |
| Interest revenue | 2,803 | 2,967 | 2,621 | 2,765 | 2,900 | 2,910 | 2,967 |
| Dividends | 411 | 391 | 378 | 394 | 431 | 453 | 475 |
| Total interest revenue and dividends | 3,214 | 3,358 | 2,999 | 3,159 | 3,331 | 3,363 | 3,442 |
| <i>By source</i> | | | | | | | |
| Core Crown | 2,344 | 2,835 | 1,897 | 2,076 | 2,165 | 2,243 | 2,456 |
| Crown entities | 1,233 | 1,083 | 1,329 | 832 | 856 | 878 | 891 |
| State-owned enterprises | 704 | 239 | 739 | 927 | 1,031 | 1,028 | 1,033 |
| Inter-segment eliminations | (1,067) | (799) | (966) | (676) | (721) | (786) | (938) |
| Total interest revenue and dividends | 3,214 | 3,358 | 2,999 | 3,159 | 3,331 | 3,363 | 3,442 |
| NOTE 3: Transfer Payments and Subsidies | | | | | | | |
| New Zealand superannuation | 7,348 | 7,741 | 7,746 | 8,246 | 8,665 | 9,186 | 9,666 |
| Domestic purposes benefit | 1,478 | 1,455 | 1,528 | 1,647 | 1,711 | 1,759 | 1,786 |
| Unemployment benefit | 458 | 403 | 588 | 1,078 | 1,268 | 1,283 | 1,205 |
| Invalids benefit | 1,216 | 1,264 | 1,258 | 1,297 | 1,337 | 1,375 | 1,391 |
| Family tax credit | 1,897 | 2,132 | 2,123 | 2,158 | 2,191 | 2,204 | 2,298 |
| Accommodation supplement | 891 | 911 | 988 | 1,166 | 1,248 | 1,282 | 1,296 |
| Sickness benefit | 582 | 548 | 610 | 692 | 736 | 747 | 751 |
| Student allowances | 386 | 398 | 429 | 462 | 470 | 473 | 470 |
| Disability allowances | 278 | 387 | 390 | 417 | 439 | 461 | 479 |
| Other social assistance benefits | 2,376 | 2,638 | 2,628 | 2,632 | 2,705 | 2,751 | 2,775 |
| Total social assistance grants | 16,910 | 17,877 | 18,288 | 19,795 | 20,770 | 21,521 | 22,117 |
| Subsidies | | | | | | | |
| KiwiSaver subsidies | 1,102 | 1,370 | 1,420 | 919 | 940 | 956 | 982 |
| Other transfer payments | | | | | | | |
| Official development assistance | 362 | 434 | 474 | 461 | 486 | 510 | 559 |
| Total transfer payments and subsidies | 18,374 | 19,681 | 20,182 | 21,175 | 22,196 | 22,987 | 23,658 |
| NOTE 4: Personnel Expenses | | | | | | | |
| Core Crown | 5,584 | 5,846 | 6,102 | 5,924 | 5,996 | 6,055 | 6,142 |
| Crown entities | 8,741 | 8,976 | 9,513 | 9,902 | 10,069 | 10,270 | 10,298 |
| State-owned enterprises | 2,164 | 2,248 | 2,419 | 2,501 | 2,619 | 2,673 | 2,752 |
| Inter-segment eliminations | (11) | (9) | (3) | (3) | (3) | (3) | (3) |
| Total personnel expenses | 16,478 | 17,061 | 18,031 | 18,324 | 18,681 | 18,995 | 19,189 |
| NOTE 5: Other Operating Expenses | | | | | | | |
| Core Crown | 30,432 | 34,027 | 33,789 | 35,487 | 34,786 | 35,107 | 35,586 |
| Crown entities | 15,754 | 15,773 | 16,469 | 17,172 | 17,133 | 17,039 | 17,171 |
| State-owned enterprises | 10,945 | 10,017 | 10,696 | 11,506 | 12,437 | 12,568 | 12,894 |
| Inter-segment eliminations | (22,805) | (23,814) | (24,066) | (25,184) | (24,934) | (24,855) | (24,826) |
| Total other operating expenses | 34,326 | 36,003 | 36,888 | 38,981 | 39,422 | 39,859 | 40,825 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Previous | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | Budget | \$m | \$m | \$m | \$m | \$m |
| NOTE 6: Interest Expenses | | | | | | | |
| By type | | | | | | | |
| Interest on financial liabilities | 3,015 | 2,482 | 3,221 | 3,233 | 3,875 | 4,481 | 5,279 |
| Interest unwind on provisions | 86 | 21 | 137 | 116 | 144 | 144 | 181 |
| Total interest expenses | 3,101 | 2,503 | 3,358 | 3,349 | 4,019 | 4,625 | 5,460 |
| By source | | | | | | | |
| Core Crown | 2,460 | 2,406 | 2,507 | 2,470 | 2,998 | 3,575 | 4,330 |
| Crown entities | 248 | 294 | 248 | 140 | 160 | 180 | 150 |
| State-owned Enterprises | 870 | 442 | 1,185 | 1,198 | 1,342 | 1,363 | 1,472 |
| Inter-segment eliminations | (477) | (639) | (582) | (459) | (481) | (493) | (492) |
| Total interest expenses | 3,101 | 2,503 | 3,358 | 3,349 | 4,019 | 4,625 | 5,460 |

NOTE 7: Insurance Expenses

| By entity | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ACC | 3,423 | 3,749 | 3,818 | 3,834 | 4,168 | 4,529 | 4,873 |
| Earthquake Commission | 130 | 39 | 81 | 39 | 39 | 39 | 39 |
| Other | 10 | 11 | 17 | 17 | 18 | 19 | 19 |
| Total insurance expenses | 3,563 | 3,799 | 3,916 | 3,890 | 4,225 | 4,587 | 4,931 |

NOTE 8: Forecast New Operating Spending

| | | | | | | | |
|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|
| Forecast new spending up to Budget 10 | - | 249 | - | 254 | 336 | 313 | 262 |
| Forecast for future new spending | - | - | - | - | 1,100 | 2,220 | 3,360 |
| Total Forecast new operating spending | - | 249 | - | 254 | 1,436 | 2,533 | 3,622 |
| Top-down expense adjustment | - | (495) | (500) | (300) | (225) | (150) | (150) |

Forecast new spending up to Budget 10 represents the unallocated allowance from Budget 2009.

Forecast for future new spending indicates expected spending increases that will be introduced in future budgets.

NOTE 9: Gains and Losses on Financial Instruments

| By source | | | | | | | |
|--|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Core Crown | 353 | 1,377 | (1,788) | 1,256 | 1,386 | 1,477 | 1,595 |
| Crown entities | (743) | 354 | (1,037) | 117 | 309 | 538 | 663 |
| State-owned enterprises | (37) | (50) | (179) | 140 | (67) | (60) | (65) |
| Inter-segment eliminations | (190) | (257) | (262) | (97) | (99) | (117) | (149) |
| Net gains/(losses) on financial instruments | (617) | 1,424 | (3,266) | 1,416 | 1,529 | 1,838 | 2,044 |

NOTE 10: Gains and Losses on Non-Financial Instruments

| By type | | | | | | | |
|--|----------------|------------|----------------|------------|------------|------------|------------|
| Actuarial gains/(losses) on GSF liability | (1,098) | - | (2,262) | (12) | (12) | (14) | (14) |
| Actuarial gains/(losses) on ACC liability | (1,709) | - | (2,095) | - | - | - | - |
| Other | (118) | 170 | 907 | 217 | 236 | 245 | 239 |
| Net gains/(losses) on non-financial instruments | (2,925) | 170 | (3,450) | 205 | 224 | 231 | 225 |
| By source | | | | | | | |
| Core Crown | (1,369) | 8 | (1,529) | 39 | 43 | 43 | 33 |
| Crown entities | (1,725) | - | (2,082) | (12) | (11) | (12) | (13) |
| State-owned enterprises | 170 | 162 | 162 | 178 | 192 | 200 | 205 |
| Inter-segment eliminations | (1) | - | (1) | - | - | - | - |
| Net Gains/(Losses) on Non-Financial Instruments | (2,925) | 170 | (3,450) | 205 | 224 | 231 | 225 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 11: Source of Operating Balance | | | | | | | |
| Core Crown | 3,891 | 1,436 | (6,744) | (7,119) | (8,402) | (8,205) | (6,686) |
| Crown entities | (1,526) | 1,147 | (2,368) | 328 | 320 | 294 | 156 |
| State-owned enterprises | 723 | 1,067 | 665 | 1,351 | 1,206 | 1,107 | 1,205 |
| Inter-segment eliminations | (704) | (545) | (856) | (289) | (235) | (311) | (448) |
| Total operating balance | 2,384 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |
| NOTE 12: Financial Assets | | | | | | | |
| Cash and cash equivalents | 3,804 | 6,412 | 5,353 | 5,042 | 5,045 | 5,370 | 5,107 |
| Tax receivables | 7,398 | 6,139 | 7,248 | 7,378 | 7,103 | 6,972 | 7,205 |
| Trade and other receivables | 6,760 | 6,610 | 6,539 | 6,715 | 6,915 | 7,057 | 7,234 |
| Student loans (refer note 13) | 6,741 | 6,718 | 7,131 | 7,658 | 8,196 | 8,720 | 9,232 |
| Kiwibank mortgages | 5,581 | 8,137 | 7,219 | 8,843 | 9,913 | 9,913 | 9,913 |
| Long-term deposits | 2,787 | 1,785 | 2,789 | 2,635 | 2,168 | 2,170 | 2,505 |
| Reserve position at the IMF | 188 | 141 | 899 | 901 | 902 | 902 | 903 |
| Other advances | 626 | 1,867 | 692 | 767 | 796 | 869 | 979 |
| Share investments | 12,964 | 13,700 | 10,664 | 12,184 | 13,544 | 15,170 | 17,232 |
| Derivatives in gain | 1,563 | 565 | 2,934 | 1,176 | 929 | 767 | 600 |
| Other marketable securities | 36,651 | 32,786 | 48,054 | 44,971 | 45,011 | 42,600 | 41,143 |
| Total financial assets | 85,063 | 84,860 | 99,522 | 98,270 | 100,522 | 100,510 | 102,053 |
| Financial assets by entity | | | | | | | |
| NZDMO | 20,536 | 14,514 | 20,999 | 15,593 | 14,570 | 10,013 | 7,185 |
| Reserve Bank of New Zealand | 18,159 | 17,185 | 29,413 | 28,823 | 28,887 | 28,250 | 27,415 |
| NZ Superannuation Fund | 13,791 | 16,821 | 11,996 | 13,340 | 14,918 | 16,836 | 18,725 |
| Other core Crown | 17,006 | 15,189 | 17,653 | 17,625 | 17,881 | 18,556 | 19,253 |
| Intra-segment eliminations | (9,595) | (6,510) | (6,797) | (4,722) | (4,723) | (3,719) | (3,094) |
| Total core Crown segment | 59,897 | 57,199 | 73,264 | 70,659 | 71,533 | 69,936 | 69,484 |
| ACC portfolio | 12,958 | 14,063 | 13,503 | 14,543 | 15,872 | 17,335 | 18,729 |
| EQC portfolio | 5,615 | 6,001 | 5,820 | 6,148 | 6,498 | 6,872 | 7,273 |
| Other Crown entities | 6,844 | 6,130 | 6,424 | 6,288 | 6,270 | 6,359 | 6,429 |
| Intra-segment eliminations | (1,517) | (1,233) | (1,420) | (1,425) | (1,423) | (1,430) | (1,437) |
| Total Crown entities segment | 23,900 | 24,961 | 24,327 | 25,554 | 27,217 | 29,136 | 30,994 |
| Total State-owned enterprises segment | 11,726 | 12,811 | 13,991 | 14,451 | 14,649 | 14,765 | 15,148 |
| Inter-segment eliminations | (10,460) | (10,111) | (12,060) | (12,394) | (12,877) | (13,327) | (13,573) |
| Total financial assets | 85,063 | 84,860 | 99,522 | 98,270 | 100,522 | 100,510 | 102,053 |
| NOTE 13: Student Loans | | | | | | | |
| Nominal value (including accrued interest) | 9,573 | 10,642 | 10,320 | 11,110 | 11,907 | 12,673 | 13,410 |
| Opening book value | 6,011 | 6,278 | 6,741 | 7,131 | 7,658 | 8,196 | 8,720 |
| Amount borrowed during the year | 1,201 | 1,305 | 1,366 | 1,478 | 1,551 | 1,585 | 1,616 |
| Initial fair value write down on new borrowings | (487) | (525) | (539) | (573) | (601) | (614) | (626) |
| Repayments made during the year | (629) | (675) | (717) | (794) | (869) | (944) | (1,013) |
| Interest unwind | 407 | 445 | 480 | 516 | 557 | 597 | 635 |
| Impairment | 231 | (110) | (210) | (110) | (110) | (110) | (110) |
| Other movements | 7 | - | 10 | 10 | 10 | 10 | 10 |
| Closing book value | 6,741 | 6,718 | 7,131 | 7,658 | 8,196 | 8,720 | 9,232 |

Notes to the Forecast Financial Statements

| | 2008 Actual \$m | 2009 Previous Budget \$m | 2009 Forecast \$m | 2010 Forecast \$m | 2011 Forecast \$m | 2012 Forecast \$m | 2013 Forecast \$m |
|--|-----------------------|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| NOTE 14: Property, Plant and Equipment | | | | | | | |
| By Class of asset | | | | | | | |
| Net Carrying Value | | | | | | | |
| Land (valuation) | 17,609 | 16,918 | 17,394 | 17,348 | 17,547 | 17,862 | 18,050 |
| Buildings (valuation) | 22,257 | 21,775 | 22,429 | 23,417 | 23,929 | 23,998 | 23,972 |
| Electricity distribution network (cost) | 1,887 | 2,343 | 2,255 | 2,572 | 2,982 | 3,367 | 3,766 |
| Electricity generation assets (valuation) | 11,202 | 11,882 | 11,800 | 12,221 | 12,683 | 12,915 | 13,807 |
| Aircraft (excluding military) (valuation) | 2,071 | 1,756 | 2,133 | 2,344 | 3,219 | 4,051 | 4,869 |
| State highways (valuation) | 20,947 | 20,937 | 21,787 | 22,628 | 23,203 | 23,773 | 24,393 |
| Rail network (valuation) | 11,621 | 10,917 | 11,993 | 12,482 | 12,601 | 12,502 | 12,460 |
| Specialist military equipment (valuation) | 3,345 | 3,160 | 3,340 | 3,464 | 3,386 | 3,206 | 3,085 |
| Other plant and equipment (cost) | 4,412 | 4,513 | 5,397 | 5,785 | 5,960 | 6,069 | 6,043 |
| Specified cultural and heritage assets (valuation) | 7,978 | 7,075 | 7,970 | 7,990 | 8,007 | 8,021 | 8,041 |
| Total property, plant and equipment | 103,329 | 101,276 | 106,498 | 110,251 | 113,517 | 115,764 | 118,486 |
| By source | | | | | | | |
| Core Crown | 28,637 | 26,827 | 29,094 | 29,740 | 29,913 | 29,765 | 29,562 |
| Crown entities | 43,659 | 43,868 | 44,157 | 45,757 | 46,883 | 47,887 | 48,802 |
| State-owned enterprises | 31,033 | 30,580 | 33,246 | 34,755 | 36,721 | 38,113 | 40,122 |
| Inter-segment eliminations | - | 1 | 1 | (1) | - | (1) | - |
| Total property, plant and equipment | 103,329 | 101,276 | 106,498 | 110,251 | 113,517 | 115,764 | 118,486 |
| NOTE 15: NZ Superannuation Fund | | | | | | | |
| Revenue | 385 | 427 | 399 | 397 | 424 | 458 | 498 |
| Less current tax expense | 237 | 323 | (83) | - | - | 165 | 400 |
| Less other expenses | 34 | 154 | (840) | 461 | 500 | 370 | 159 |
| Add gains/(losses) | (995) | 1,068 | (4,582) | 1,129 | 1,277 | 1,410 | 1,541 |
| Operating balance | (881) | 1,018 | (3,260) | 1,065 | 1,201 | 1,333 | 1,480 |
| Opening net worth | 12,973 | 14,461 | 14,212 | 13,275 | 14,590 | 15,791 | 17,124 |
| Gross contribution from the Crown | 2,104 | 2,242 | 2,242 | 250 | - | - | - |
| Operating balance | (881) | 1,018 | (3,260) | 1,065 | 1,201 | 1,333 | 1,480 |
| Other movements in reserves | 16 | - | 81 | - | - | - | - |
| Closing net worth | 14,212 | 17,721 | 13,275 | 14,590 | 15,791 | 17,124 | 18,604 |
| comprising: | | | | | | | |
| Financial assets | 13,791 | 16,821 | 11,996 | 13,340 | 14,918 | 16,836 | 18,725 |
| Net other assets | 421 | 900 | 1,279 | 1,250 | 873 | 288 | (121) |
| Closing net worth | 14,212 | 17,721 | 13,275 | 14,590 | 15,791 | 17,124 | 18,604 |
| Core Crown revenue (excl NZS Fund) | | | | | | | |
| Core Crown revenue | 61,819 | 61,891 | 58,874 | 56,771 | 57,518 | 60,538 | 65,046 |
| Less NZS Fund revenue | 385 | 427 | 399 | 397 | 424 | 458 | 498 |
| Add back NZS Fund intra-segment revenue | 237 | 323 | (83) | - | - | 165 | 400 |
| Core Crown revenue excluding NZS Fund | 61,671 | 61,787 | 58,392 | 56,374 | 57,094 | 60,245 | 64,948 |
| OBEGAL (excl NZS Fund) | | | | | | | |
| Total Crown OBEGAL | 5,637 | 1,318 | (2,916) | (7,662) | (9,101) | (9,437) | (8,252) |
| Less NZS Fund revenue | 385 | 427 | 399 | 397 | 424 | 458 | 498 |
| Less NZS Fund external expenses | 97 | 140 | 103 | 111 | 115 | 125 | 136 |
| Add back NZS Fund tax | 237 | 323 | (83) | - | - | 165 | 400 |
| OBEGAL excluding NZS Fund | 5,586 | 1,354 | (3,295) | (7,948) | (9,410) | (9,605) | (8,214) |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | Actual | Previous | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | Budget | \$m | \$m | \$m | \$m | \$m |
| NOTE 16: Payables | | | | | | | |
| By type | | | | | | | |
| Accounts payable | 6,444 | 5,318 | 5,498 | 5,845 | 6,221 | 6,862 | 6,954 |
| Taxes repayable | 4,451 | 3,179 | 4,451 | 4,451 | 4,451 | 4,451 | 4,451 |
| Total payables | 10,895 | 8,497 | 9,949 | 10,296 | 10,672 | 11,313 | 11,405 |

| | | | | | | | |
|----------------------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
| By source | | | | | | | |
| Core Crown | 7,425 | 5,235 | 7,232 | 7,373 | 7,410 | 7,947 | 7,918 |
| Crown entities | 4,042 | 3,910 | 3,451 | 3,457 | 3,481 | 3,567 | 3,617 |
| State-owned enterprises | 4,877 | 4,079 | 4,558 | 4,715 | 4,960 | 5,088 | 5,093 |
| Inter-segment eliminations | (5,449) | (4,727) | (5,292) | (5,249) | (5,179) | (5,289) | (5,223) |
| Total payables | 10,895 | 8,497 | 9,949 | 10,296 | 10,672 | 11,313 | 11,405 |

NOTE 17: Insurance Liabilities

| By entity | | | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| ACC liability | 20,374 | 21,976 | 23,958 | 25,171 | 26,516 | 28,071 | 29,815 |
| EQC property damage claims | 97 | 79 | 91 | 91 | 91 | 91 | 91 |
| Other insurance liabilities | 13 | 10 | 87 | 83 | 55 | 49 | 44 |
| Total insurance liabilities | 20,484 | 22,065 | 24,136 | 25,345 | 26,662 | 28,211 | 29,950 |

ACC liability

Calculation information

PricewaterhouseCoopers Actuarial Pty Ltd have prepared an independent actuarial estimate of the ACC outstanding claims liability as at 31 December 2008. 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 2009 to reflect material changes to those expected future payments identified since 31 December 2008.

The key economic variables that impact on changes to the valuation are the long-term Labour Cost Index (LCI), average weekly earnings and the discount rate of 5.40% (6.63% at 30 June 2008). 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 | 17,328 | 20,663 | 20,374 | 23,958 | 25,171 | 26,516 | 28,071 |
| Net change | 3,046 | 1,313 | 3,584 | 1,213 | 1,345 | 1,555 | 1,744 |
| Closing gross liability | 20,374 | 21,976 | 23,958 | 25,171 | 26,516 | 28,071 | 29,815 |

Less net assets available to ACC

| | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Opening net asset value | 11,757 | 12,735 | 12,397 | 13,135 | 14,388 | 15,715 | 17,171 |
| Net change | 640 | 1,091 | 738 | 1,253 | 1,327 | 1,456 | 1,450 |
| Closing net asset value | 12,397 | 13,826 | 13,135 | 14,388 | 15,715 | 17,171 | 18,621 |

Net ACC reserves (net liability)

| | | | | | | | |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Opening reserves position | (5,571) | (7,928) | (7,977) | (10,823) | (10,783) | (10,801) | (10,900) |
| Net change | (2,406) | (222) | (2,846) | 40 | (18) | (99) | (294) |
| Closing reserves position (net liability) | (7,977) | (8,150) | (10,823) | (10,783) | (10,801) | (10,900) | (11,194) |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------------------|----------|----------|----------|----------|----------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |

NOTE 18: Retirement Plan Liabilities

| | | | | | | | |
|--|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| Government Superannuation Fund | 8,257 | 8,216 | 10,557 | 10,307 | 10,063 | 9,850 | 9,693 |
| Other funds | - | 5 | - | - | - | - | - |
| Total retirement plan liabilities | 8,257 | 8,221 | 10,557 | 10,307 | 10,063 | 9,850 | 9,693 |

The net liability of the Government Superannuation Fund (GSF), as at 28 February 2009 (the valuation date), has been calculated by the Government Actuary for inclusion in the 2009 Budget Update. The GSF net liability arises from closed schemes for past and present public sector employees (set out in the GSF Act 1956). The Projected Unit Credit Method, based on 28 February 2009 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 2009 Budget Update was calculated using discount rates derived from the market yield curve as at 28 February 2009. This resulted in long-term before-tax discount rates ranging from 3.35% in 2010 to 5.39% in 2017 and beyond. The principal long-term financial assumptions used in the calculation were an inflation rate of 2% and an annual salary increases rate, before any promotional effects of 2.5%.

The 2008/09 projected movement in the net liability is \$2,299 million, reflecting an increase in the GSF liability of \$1,284 million and a decrease in the GSF assets of \$1,015 million.

The increase in the projected GSF liability of \$1,284 million includes an actuarial loss of \$1,355 million at 28 February 2009, of which \$1,821 million resulted from a change in the discount rate assumption and \$31 million due to experience adjustments. This is offset by \$497 million due to the change in the inflation assumption on valuation date. The remainder of the change 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 \$1,015 million includes an actuarial loss of \$1,023 million at 28 February 2009 reflecting the continuing turmoil in global financial markets. The remaining change 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 2009/10 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 | 11,167 | 11,826 | 11,831 | 13,115 | 12,833 | 12,544 | 12,271 |
| Net projected change | 664 | 121 | 1,284 | (282) | (289) | (273) | (225) |
| Closing GSF liability | 11,831 | 11,947 | 13,115 | 12,833 | 12,544 | 12,271 | 12,046 |

Less net assets available to GSF

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening net asset value | 4,007 | 3,685 | 3,574 | 2,559 | 2,527 | 2,481 | 2,422 |
| Investment valuation changes | (261) | 222 | (800) | 121 | 118 | 114 | 110 |
| Contribution and other income less membership payments | (172) | (176) | (215) | (153) | (164) | (173) | (178) |
| Closing net asset value | 3,574 | 3,731 | 2,559 | 2,527 | 2,481 | 2,422 | 2,354 |

Net GSF liability

| | | | | | | | |
|----------------------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| Opening unfunded liability | 7,160 | 8,141 | 8,257 | 10,557 | 10,307 | 10,063 | 9,850 |
| Net projected change | 1,097 | 75 | 2,300 | (250) | (244) | (213) | (157) |
| Closing unfunded liability | 8,257 | 8,216 | 10,557 | 10,307 | 10,063 | 9,850 | 9,693 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------------------|----------|----------|----------|----------|----------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |

NOTE 19: Provisions

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Provision for Kyoto ¹ | 562 | 482 | - | - | - | - | - |
| Provision for ETS credits | - | 618 | 23 | 173 | 197 | - | 238 |
| Provision for National Provident Fund guarantee | 907 | 780 | 978 | 919 | 892 | 866 | 839 |
| Provision for employee entitlements | 2,220 | 1,747 | 2,358 | 2,369 | 2,418 | 2,444 | 2,457 |
| Other provisions | 1,064 | 1,084 | 1,012 | 1,018 | 984 | 986 | 1,015 |
| Total provisions | 4,753 | 4,711 | 4,371 | 4,479 | 4,491 | 4,296 | 4,549 |

By source

| | | | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Core Crown | 2,763 | 2,862 | 2,114 | 2,231 | 2,254 | 2,073 | 2,302 |
| Crown entities | 1,500 | 1,220 | 1,475 | 1,496 | 1,512 | 1,526 | 1,532 |
| State-owned enterprises | 684 | 652 | 808 | 798 | 783 | 774 | 803 |
| Inter-segment eliminations | (194) | (23) | (26) | (46) | (58) | (77) | (88) |
| Total provisions | 4,753 | 4,711 | 4,371 | 4,479 | 4,491 | 4,296 | 4,549 |

Analysis of Provision for Kyoto

¹ The Crown's net position under the Kyoto protocol has shifted from a 21.7 million tonne unit deficit (\$562 million net liability as at 30 June 2008) to a 9.6 million tonne unit surplus (\$228 million net asset forecast as at 30 June 2009 increasing to \$235 million at 30 June 2013) with the release of the 2009 Net Position Report. The net asset is included in the intangible asset line in these forecast financial statements. A full copy of the Net Position Report 2009 can be found on the Ministry for the Environment's website: www.mfe.govt.nz

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 | - | 321 | 720 | 902 | 1,377 |
| Expenses | - | 749 | 23 | 471 | 744 | 636 | 1,684 |
| OBEGAL | - | (618) | (23) | (150) | (24) | 266 | (307) |

| | | | | | | | |
|---------------------------|---|-----|----|-----|-----|------|-----|
| Provision for ETS credits | - | 618 | 23 | 173 | 197 | (69) | 238 |
|---------------------------|---|-----|----|-----|-----|------|-----|

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 20: Net Worth attributable to the Crown | | | | | | | |
| Taxpayers funds | 46,700 | 49,886 | 37,534 | 31,803 | 24,689 | 17,577 | 11,805 |
| Property, plant and equipment revaluation reserve | 58,566 | 52,486 | 57,723 | 57,723 | 57,722 | 57,721 | 57,720 |
| Investment revaluation reserve | 34 | 35 | 83 | 80 | 80 | 80 | 80 |
| Cash flow hedge reserve | (151) | (117) | (83) | (98) | (120) | (125) | (154) |
| Foreign currency translation reserve | (17) | (32) | 59 | 59 | 59 | 59 | 59 |
| Total net worth attributable to the Crown | 105,132 | 102,258 | 95,316 | 89,567 | 82,430 | 75,312 | 69,510 |
| Taxpayers Funds | | | | | | | |
| Opening taxpayers funds | 44,222 | 46,767 | 46,700 | 37,534 | 31,803 | 24,689 | 17,577 |
| Operating balance excluding minority interest | 2,384 | 3,105 | (9,303) | (5,729) | (7,111) | (7,115) | (5,773) |
| Transfers from/(to) other reserves | 94 | 14 | 137 | (2) | (3) | 3 | 1 |
| Closing taxpayers funds | 46,700 | 49,886 | 37,534 | 31,803 | 24,689 | 17,577 | 11,805 |
| Property, Plant and Equipment Revaluation Reserve | | | | | | | |
| Opening revaluation reserve | 52,442 | 52,498 | 58,566 | 57,723 | 57,723 | 57,722 | 57,721 |
| Net revaluations | 6,214 | - | (707) | (1) | (1) | - | (1) |
| Transfers from/(to) other reserves | (90) | (12) | (136) | 1 | - | (1) | - |
| Closing property, plant and equipment revaluation reserve | 58,566 | 52,486 | 57,723 | 57,723 | 57,722 | 57,721 | 57,720 |
| Investment Revaluation Reserve | | | | | | | |
| Opening investment revaluation reserve | 23 | 29 | 34 | 83 | 80 | 80 | 80 |
| Valuation gain/(losses) on investments available for sale taken to reserves | 11 | 6 | 49 | (3) | - | - | - |
| Closing investment revaluation reserve | 34 | 35 | 83 | 80 | 80 | 80 | 80 |
| Cash Flow Hedge Reserve | | | | | | | |
| Opening cash flow hedge reserve | (122) | (175) | (151) | (83) | (98) | (120) | (125) |
| Transfer into reserve | 9 | 58 | 4 | (18) | (22) | (6) | (29) |
| Transfer to the statement of financial performance | 22 | - | (1) | - | (1) | - | - |
| Transfer to initial carrying value of hedged item | (60) | - | 65 | 3 | 1 | 1 | - |
| Closing cash flow hedge reserve | (151) | (117) | (83) | (98) | (120) | (125) | (154) |
| Foreign Currency Translation Reserve | | | | | | | |
| Opening foreign currency translation reserve | (34) | (32) | (17) | 59 | 59 | 59 | 59 |
| Movement arising from translation of foreign operations | 17 | - | 76 | - | - | - | - |
| Closing foreign currency translation reserve | (17) | (32) | 59 | 59 | 59 | 59 | 59 |

Notes to the Forecast Financial Statements

| | 2008 | 2009 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Actual | Previous Budget | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| NOTE 21: Reconciliation of core Crown operating cash flows to residual core Crown cash | | | | | | | |
| Core Crown Cash Flows from Operations | | | | | | | |
| Total tax receipts | 55,975 | 55,599 | 52,488 | 50,742 | 51,320 | 53,733 | 57,756 |
| Total other sovereign receipts | 486 | 530 | 503 | 678 | 713 | 723 | 734 |
| Interest, profits and dividends | 2,128 | 2,232 | 1,417 | 1,338 | 1,312 | 1,325 | 1,475 |
| Sale of goods & services and other receipts | 1,411 | 1,658 | 2,203 | 1,943 | 1,807 | 1,826 | 1,815 |
| Transfer payments and subsidies | (19,562) | (21,068) | (22,087) | (24,211) | (24,943) | (25,681) | (26,603) |
| Personnel and operating costs | (30,792) | (34,224) | (33,781) | (35,049) | (34,473) | (34,316) | (34,068) |
| Finance costs | (2,354) | (2,282) | (2,284) | (2,159) | (2,653) | (3,346) | (4,163) |
| Forecast for future new operating spending | - | (249) | - | (254) | (1,436) | (2,533) | (3,622) |
| Top-down expense adjustment | - | 355 | 400 | 300 | 225 | 150 | 150 |
| Net cash flows from core Crown operations | 7,292 | 2,551 | (1,141) | (6,672) | (8,128) | (8,119) | (6,526) |
| Net purchase of physical assets | (1,433) | (1,891) | (1,778) | (2,375) | (1,696) | (1,390) | (1,333) |
| Net increase in advances | (1,254) | (821) | (1,640) | (953) | (731) | (607) | (518) |
| Net purchase of investments | (444) | (1,164) | (1,932) | (1,643) | (1,264) | (1,036) | (1,064) |
| Contribution to NZ Superannuation Fund | (2,104) | (2,242) | (2,242) | (250) | - | - | - |
| Forecast for future new capital spending | - | (261) | - | (72) | (702) | (1,152) | (1,450) |
| Top-down capital adjustment | - | 350 | 275 | 100 | - | - | - |
| Residual Cash | 2,057 | (3,478) | (8,458) | (11,865) | (12,521) | (12,304) | (10,891) |
| Financed by: | | | | | | | |
| Other net sale/(purchase) of marketable securities and deposits | (3,595) | 2,643 | (4,335) | 4,579 | 603 | 3,558 | 2,248 |
| Total operating and investing activities | (1,538) | (835) | (12,793) | (7,286) | (11,918) | (8,746) | (8,643) |
| Used in: | | | | | | | |
| Net (repayment)/issue of other New Zealand-dollar borrowing | (1,585) | 399 | 16,266 | 6,056 | 170 | 698 | 636 |
| Net (repayment)/issue of foreign currency borrowing | 901 | (541) | (6,069) | (3,783) | (95) | (994) | (703) |
| Issues of circulating currency | 86 | 181 | 509 | 181 | 190 | 200 | 210 |
| Decrease/(increase) in cash | 249 | (29) | (1,143) | (116) | 6 | 6 | 14 |
| | (349) | 10 | 9,563 | 2,338 | 271 | (90) | 157 |
| Net cash inflow/(outflow) to be offset by domestic bonds | (1,887) | (825) | (3,230) | (4,948) | (11,647) | (8,836) | (8,486) |
| Gross Cash Proceeds from Domestic Bonds | | | | | | | |
| Domestic bonds (market) | 1,757 | 3,314 | 5,852 | 8,919 | 11,434 | 14,540 | 14,243 |
| Domestic bonds (non-market) | 130 | 662 | 593 | 948 | 213 | 1,264 | 1,518 |
| Total gross cash proceeds from domestic bonds | 1,887 | 3,976 | 6,445 | 9,867 | 11,647 | 15,804 | 15,761 |
| Repayment of domestic bonds (market) | - | (2,700) | (2,700) | (4,247) | - | (5,953) | (5,985) |
| Repayment of domestic bonds (non-market) | - | (451) | (515) | (672) | - | (1,015) | (1,290) |
| Net cash proceeds from domestic bonds | 1,887 | 825 | 3,230 | 4,948 | 11,647 | 8,836 | 8,486 |

Forecast Statement of Segments

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2008

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|--|---------------|----------------|----------------------------|-------------------------------|---------------|
| | 2008 | 2008 | 2008 | 2008 | 2008 |
| | Actual | Actual | Actual | Actual | Actual |
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Taxation revenue | 56,747 | - | - | (375) | 56,372 |
| Other sovereign revenue | 733 | 4,039 | - | (893) | 3,879 |
| Sales of goods and services | 1,097 | 12,502 | 13,201 | (11,401) | 15,399 |
| Interest revenue and dividends | 2,344 | 1,233 | 704 | (1,067) | 3,214 |
| Other revenue | 898 | 11,239 | 692 | (10,214) | 2,615 |
| Total Revenue (excluding gains) | 61,819 | 29,013 | 14,597 | (23,950) | 81,479 |
| Expenses | | | | | |
| Social assistance and official development assistance | 18,519 | - | - | (145) | 18,374 |
| Personnel expenses | 5,584 | 8,741 | 2,164 | (11) | 16,478 |
| Other operating expenses | 30,434 | 19,307 | 10,955 | (22,807) | 37,889 |
| Interest expenses | 2,460 | 248 | 870 | (477) | 3,101 |
| Forecast for future new spending and top down adjustment | - | - | - | - | - |
| Total Expenses (excluding losses) | 56,997 | 28,296 | 13,989 | (23,440) | 75,842 |
| Operating Balance before gains/(losses) | | | | | |
| | 4,822 | 717 | 608 | (510) | 5,637 |
| Total Gains/(losses) | (1,014) | (2,468) | 134 | (194) | (3,542) |
| Net surplus/(deficit) from associates and joint ventures | 85 | 225 | 24 | - | 334 |
| Gain/(loss) from discontinued operations | (2) | - | 24 | - | 22 |
| Attributable to minority interest in Air NZ | - | - | (67) | - | (67) |
| Operating Balance | 3,891 | (1,526) | 723 | (704) | 2,384 |
| Expenses by functional classification | | | | | |
| Social security and welfare | 17,877 | 4,307 | - | (675) | 21,509 |
| Health | 11,297 | 9,791 | - | (10,279) | 10,809 |
| Education | 9,551 | 8,069 | 25 | (7,248) | 10,397 |
| Transport and communications | 2,244 | 1,737 | 5,832 | (2,389) | 7,424 |
| Other | 13,568 | 4,144 | 7,262 | (2,372) | 22,602 |
| Finance costs | 2,460 | 248 | 870 | (477) | 3,101 |
| Forecast for future new spending and top down adjustment | - | - | - | - | - |
| Total Crown Expenses excluding losses | 56,997 | 28,296 | 13,989 | (23,440) | 75,842 |

STATEMENT OF FINANCIAL POSITION as at 30 June 2008

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|---|----------------|----------------|----------------------------|-------------------------------|----------------|
| | 2008 | 2008 | 2008 | 2008 | 2008 |
| | Actual | Actual | Actual | Actual | Actual |
| | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | |
| Cash and cash equivalents | 872 | 2,640 | 531 | (239) | 3,804 |
| Receivables | 9,031 | 4,444 | 2,247 | (1,564) | 14,158 |
| Other financial assets | 49,726 | 16,807 | 8,949 | (8,381) | 67,101 |
| Property, plant & equipment | 28,637 | 43,659 | 31,033 | - | 103,329 |
| Equity accounted investments | 25,696 | 7,073 | 224 | (24,928) | 8,065 |
| Intangible assets and goodwill | 845 | 386 | 520 | - | 1,751 |
| Other assets | 1,375 | 329 | 938 | (15) | 2,627 |
| Forecast for new capital spending and top down adjustment | - | - | - | - | - |
| Total Assets | 116,182 | 75,338 | 44,442 | (35,127) | 200,835 |
| Liabilities | | | | | |
| Borrowings | 37,167 | 4,705 | 12,817 | (8,579) | 46,110 |
| Other liabilities | 22,032 | 26,256 | 6,648 | (5,725) | 49,211 |
| Total Liabilities | 59,199 | 30,961 | 19,465 | (14,304) | 95,321 |
| Total Assets less Total Liabilities | 56,983 | 44,377 | 24,977 | (20,823) | 105,514 |
| Net Worth | | | | | |
| Taxpayer funds | 42,677 | 19,994 | 7,722 | (23,693) | 46,700 |
| Reserves | 14,306 | 24,383 | 16,776 | 2,967 | 58,432 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 56,983 | 44,377 | 24,977 | (20,823) | 105,514 |

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 |
|--|---------------------------------------|---|---|--|--|
| Revenue | | | | | |
| Taxation revenue | 54,053 | - | - | (530) | 53,523 |
| Other sovereign revenue | 779 | 4,433 | - | (1,098) | 4,114 |
| Sales of goods and services | 1,266 | 12,959 | 13,066 | (12,043) | 15,248 |
| Interest revenue and dividends | 1,897 | 1,329 | 739 | (966) | 2,999 |
| Other revenue | 879 | 11,918 | 1,165 | (10,887) | 3,075 |
| Total Revenue (excluding gains) | 58,874 | 30,639 | 14,970 | (25,524) | 78,959 |
| Expenses | | | | | |
| Social assistance and official development assistance | 20,463 | - | - | (281) | 20,182 |
| Personnel expenses | 6,102 | 9,513 | 2,419 | (3) | 18,031 |
| Other operating expenses | 33,791 | 20,368 | 10,712 | (24,067) | 40,804 |
| Interest expenses | 2,507 | 248 | 1,185 | (582) | 3,358 |
| Forecast for future new spending and top down adjustment | (500) | - | - | - | (500) |
| Total Expenses (excluding losses) | 62,363 | 30,129 | 14,316 | (24,933) | 81,875 |
| Operating Balance before gains/(losses) | (3,489) | 510 | 654 | (591) | (2,916) |
| Total Gains/(losses) | (3,317) | (3,119) | (17) | (263) | (6,716) |
| Net surplus/(deficit) from associates and joint ventures | 65 | 241 | 29 | (3) | 333 |
| Gain/(loss) from discontinued operations | (3) | - | (1) | - | (4) |
| Attributable to minority interest in Air NZ | - | - | - | - | - |
| Operating Balance | (6,744) | (2,368) | 665 | (857) | (9,303) |
| Expenses by functional classification | | | | | |
| Social security and welfare | 19,475 | 4,762 | - | (828) | 23,409 |
| Health | 12,395 | 10,323 | - | (10,771) | 11,947 |
| Education | 10,964 | 8,663 | 23 | (7,806) | 11,844 |
| Transport and communications | 2,954 | 1,976 | 6,950 | (2,531) | 9,349 |
| Other | 14,568 | 4,157 | 6,158 | (2,415) | 22,468 |
| Finance costs | 2,507 | 248 | 1,185 | (582) | 3,358 |
| Forecast for future new spending and top down adjustment | (500) | - | - | - | (500) |
| Total Crown Expenses excluding losses | 62,363 | 30,129 | 14,316 | (24,933) | 81,875 |

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 |
|---|---------------------------------------|---|---|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 2,432 | 2,716 | 432 | (227) | 5,353 |
| Receivables | 8,786 | 4,514 | 2,165 | (1,678) | 13,787 |
| Other financial assets | 62,046 | 17,097 | 11,395 | (10,156) | 80,382 |
| Property, plant & equipment | 29,094 | 44,157 | 33,246 | 1 | 106,498 |
| Equity accounted investments | 27,462 | 7,464 | 334 | (26,455) | 8,805 |
| Intangible assets and goodwill | 933 | 404 | 591 | - | 1,928 |
| Other assets | 1,334 | 357 | 986 | (31) | 2,646 |
| Forecast for new capital spending and top down adjustment | (275) | - | - | - | (275) |
| Total Assets | 131,812 | 76,709 | 49,149 | (38,546) | 219,124 |
| Liabilities | | | | | |
| Borrowings | 57,131 | 5,172 | 16,976 | (10,123) | 69,156 |
| Other liabilities | 24,076 | 29,204 | 6,368 | (5,378) | 54,270 |
| Total Liabilities | 81,207 | 34,376 | 23,344 | (15,501) | 123,426 |
| Total Assets less Total Liabilities | 50,605 | 42,333 | 25,805 | (23,045) | 95,698 |
| Net Worth | | | | | |
| Taxpayer funds | 36,071 | 18,778 | 8,470 | (25,785) | 37,534 |
| Reserves | 14,534 | 23,555 | 16,856 | 2,837 | 57,782 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 50,605 | 42,333 | 25,805 | (23,045) | 95,698 |

Forecast Statement of Segments (continued)

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2010

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|--|----------------|----------------|----------------------------|-------------------------------|----------------|
| | 2010 | 2010 | 2010 | 2010 | 2010 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Taxation revenue | 51,580 | - | - | (528) | 51,052 |
| Other sovereign revenue | 1,178 | 4,823 | - | (1,141) | 4,860 |
| Sales of goods and services | 1,357 | 13,858 | 13,795 | (12,961) | 16,049 |
| Interest revenue and dividends | 2,076 | 832 | 927 | (676) | 3,159 |
| Other revenue | 580 | 11,544 | 1,492 | (10,802) | 2,814 |
| Total Revenue (excluding gains) | 56,771 | 31,057 | 16,214 | (26,108) | 77,934 |
| Expenses | | | | | |
| Social assistance and official development assistance | 21,445 | - | - | (270) | 21,175 |
| Personnel expenses | 5,924 | 9,902 | 2,501 | (3) | 18,324 |
| Other operating expenses | 35,489 | 21,045 | 11,522 | (25,185) | 42,871 |
| Interest expenses | 2,470 | 140 | 1,198 | (459) | 3,349 |
| Forecast for future new spending and top down adjustment | (46) | - | - | - | (46) |
| Total Expenses (excluding losses) | 65,282 | 31,087 | 15,221 | (25,917) | 85,673 |
| Operating Balance before gains/(losses) | | | | | |
| Total Gains/(losses) | (8,511) | (30) | 993 | (191) | (7,739) |
| Total Gains/(losses) | 1,295 | 105 | 318 | (97) | 1,621 |
| Net surplus/(deficit) from associates and joint ventures | 97 | 253 | 40 | - | 390 |
| Gain/(loss) from discontinued operations | - | - | - | (1) | (1) |
| Attributable to minority interest in Air NZ | - | - | - | - | - |
| Operating Balance | (7,119) | 328 | 1,351 | (289) | (5,729) |
| Expenses by functional classification | | | | | |
| Social security and welfare | 21,139 | 4,787 | - | (853) | 25,073 |
| Health | 13,397 | 10,816 | - | (11,398) | 12,815 |
| Education | 11,284 | 8,939 | 23 | (8,099) | 12,147 |
| Transport and communications | 2,253 | 2,016 | 6,980 | (2,381) | 8,868 |
| Other | 14,785 | 4,389 | 7,020 | (2,727) | 23,467 |
| Finance costs | 2,470 | 140 | 1,198 | (459) | 3,349 |
| Forecast for future new spending and top down adjustment | (46) | - | - | - | (46) |
| Total Crown Expenses excluding losses | 65,282 | 31,087 | 15,221 | (25,917) | 85,673 |

STATEMENT OF FINANCIAL POSITION as at 30 June 2010

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|---|----------------|----------------|----------------------------|-------------------------------|----------------|
| | 2010 | 2010 | 2010 | 2010 | 2010 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | |
| Cash and cash equivalents | 2,247 | 2,722 | 301 | (228) | 5,042 |
| Receivables | 8,877 | 4,661 | 2,067 | (1,512) | 14,093 |
| Other financial assets | 59,535 | 18,172 | 12,082 | (10,654) | 79,135 |
| Property, plant & equipment | 29,740 | 45,757 | 34,755 | (1) | 110,251 |
| Equity accounted investments | 29,205 | 7,724 | 370 | (28,102) | 9,197 |
| Intangible assets and goodwill | 1,036 | 404 | 693 | - | 2,133 |
| Other assets | 1,325 | 359 | 1,030 | (30) | 2,684 |
| Forecast for new capital spending and top down adjustment | (303) | - | - | - | (303) |
| Total Assets | 131,662 | 79,799 | 51,298 | (40,527) | 222,232 |
| Liabilities | | | | | |
| Borrowings | 63,915 | 5,168 | 17,962 | (10,622) | 76,423 |
| Other liabilities | 24,261 | 30,429 | 6,512 | (5,342) | 55,860 |
| Total Liabilities | 88,176 | 35,597 | 24,474 | (15,964) | 132,283 |
| Total Assets less Total Liabilities | 43,486 | 44,202 | 26,824 | (24,563) | 89,949 |
| Net Worth | | | | | |
| Taxpayer funds | 28,952 | 20,673 | 9,486 | (27,308) | 31,803 |
| Reserves | 14,534 | 23,529 | 16,859 | 2,842 | 57,764 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 43,486 | 44,202 | 26,824 | (24,563) | 89,949 |

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 |
|--|---------------------------------------|---|---|--|--|
| Revenue | | | | | |
| Taxation revenue | 51,844 | - | - | (518) | 51,326 |
| Other sovereign revenue | 1,600 | 4,999 | - | (1,196) | 5,403 |
| Sales of goods and services | 1,321 | 13,839 | 15,186 | (12,931) | 17,415 |
| Interest revenue and dividends | 2,165 | 856 | 1,031 | (721) | 3,331 |
| Other revenue | 588 | 11,641 | 1,231 | (10,446) | 3,014 |
| Total Revenue (excluding gains) | 57,518 | 31,335 | 17,448 | (25,812) | 80,489 |
| Expenses | | | | | |
| Social assistance and official development assistance | 22,457 | - | - | (261) | 22,196 |
| Personnel expenses | 5,996 | 10,069 | 2,619 | (3) | 18,681 |
| Other operating expenses | 34,784 | 21,341 | 12,454 | (24,932) | 43,647 |
| Interest expenses | 2,998 | 160 | 1,342 | (481) | 4,019 |
| Forecast for future new spending and top down adjustment | 1,211 | - | - | - | 1,211 |
| Total Expenses (excluding losses) | 67,446 | 31,570 | 16,415 | (25,677) | 89,754 |
| Operating Balance before gains/(losses) | (9,928) | (235) | 1,033 | (135) | (9,265) |
| Total Gains/(losses) | 1,430 | 298 | 124 | (99) | 1,753 |
| Net surplus/(deficit) from associates and joint ventures | 96 | 257 | 50 | (1) | 402 |
| Gain/(loss) from discontinued operations | - | - | (1) | - | (1) |
| Attributable to minority interest in Air NZ | - | - | - | - | - |
| Operating Balance | (8,402) | 320 | 1,206 | (235) | (7,111) |
| Expenses by functional classification | | | | | |
| Social security and welfare | 22,114 | 5,168 | - | (873) | 26,409 |
| Health | 13,371 | 10,817 | - | (11,434) | 12,754 |
| Education | 11,304 | 8,968 | 23 | (8,097) | 12,198 |
| Transport and communications | 1,864 | 2,033 | 7,335 | (2,054) | 9,178 |
| Other | 14,584 | 4,424 | 7,715 | (2,738) | 23,985 |
| Finance costs | 2,998 | 160 | 1,342 | (481) | 4,019 |
| Forecast for future new spending and top down adjustment | 1,211 | - | - | - | 1,211 |
| Total Crown Expenses excluding losses | 67,446 | 31,570 | 16,415 | (25,677) | 89,754 |

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 |
|---|---------------------------------------|---|---|--|--|
| Assets | | | | | |
| Cash and cash equivalents | 2,279 | 2,676 | 317 | (227) | 5,045 |
| Receivables | 8,572 | 4,763 | 2,216 | (1,533) | 14,018 |
| Other financial assets | 60,682 | 19,778 | 12,118 | (11,119) | 81,459 |
| Property, plant & equipment | 29,913 | 46,883 | 36,721 | - | 113,517 |
| Equity accounted investments | 30,495 | 7,980 | 413 | (29,356) | 9,532 |
| Intangible assets and goodwill | 1,049 | 406 | 826 | - | 2,281 |
| Other assets | 1,307 | 354 | 1,106 | (29) | 2,738 |
| Forecast for new capital spending and top down adjustment | 399 | - | - | - | 399 |
| Total Assets | 134,696 | 82,840 | 53,717 | (42,264) | 228,989 |
| Liabilities | | | | | |
| Borrowings | 75,371 | 5,301 | 19,302 | (11,318) | 88,656 |
| Other liabilities | 24,241 | 31,816 | 6,748 | (5,284) | 57,521 |
| Total Liabilities | 99,612 | 37,117 | 26,050 | (16,602) | 146,177 |
| Total Assets less Total Liabilities | 35,084 | 45,723 | 27,667 | (25,662) | 82,812 |
| Net Worth | | | | | |
| Taxpayer funds | 20,550 | 22,218 | 10,326 | (28,405) | 24,689 |
| Reserves | 14,534 | 23,505 | 16,862 | 2,840 | 57,741 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 35,084 | 45,723 | 27,667 | (25,662) | 82,812 |

Forecast Statement of Segments (continued)

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2012

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|--|----------------|----------------|----------------------------|-------------------------------|----------------|
| | 2012 | 2012 | 2012 | 2012 | 2012 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Taxation revenue | 54,591 | - | - | (578) | 54,013 |
| Other sovereign revenue | 1,799 | 5,145 | - | (1,244) | 5,700 |
| Sales of goods and services | 1,314 | 13,860 | 15,466 | (12,898) | 17,742 |
| Interest revenue and dividends | 2,243 | 878 | 1,028 | (786) | 3,363 |
| Other revenue | 591 | 11,686 | 1,048 | (10,290) | 3,035 |
| Total Revenue (excluding gains) | 60,538 | 31,569 | 17,542 | (25,796) | 83,853 |
| Expenses | | | | | |
| Social assistance and official development assistance | 23,238 | - | - | (251) | 22,987 |
| Personnel expenses | 6,055 | 10,270 | 2,673 | (3) | 18,995 |
| Other operating expenses | 35,110 | 21,607 | 12,585 | (24,856) | 44,446 |
| Interest expenses | 3,575 | 180 | 1,363 | (493) | 4,625 |
| Forecast for future new spending and top down adjustment | 2,383 | - | - | - | 2,383 |
| Total Expenses (excluding losses) | 70,361 | 32,057 | 16,621 | (25,603) | 93,436 |
| Operating Balance before gains/(losses) | | | | | |
| | (9,823) | (488) | 921 | (193) | (9,583) |
| Total Gains/(losses) | 1,520 | 526 | 140 | (117) | 2,069 |
| Net surplus/(deficit) from associates and joint ventures | 98 | 256 | 47 | (1) | 400 |
| Gain/(loss) from discontinued operations | - | - | (1) | - | (1) |
| Attributable to minority interest in Air NZ | - | - | - | - | - |
| Operating Balance | (8,205) | 294 | 1,107 | (311) | (7,115) |
| Expenses by functional classification | | | | | |
| Social security and welfare | 22,925 | 5,579 | - | (900) | 27,604 |
| Health | 13,358 | 10,800 | - | (11,445) | 12,713 |
| Education | 11,311 | 8,946 | 23 | (8,043) | 12,237 |
| Transport and communications | 1,740 | 2,054 | 7,393 | (1,947) | 9,240 |
| Other | 15,069 | 4,498 | 7,842 | (2,775) | 24,634 |
| Finance costs | 3,575 | 180 | 1,363 | (493) | 4,625 |
| Forecast for future new spending and top down adjustment | 2,383 | - | - | - | 2,383 |
| Total Crown Expenses excluding losses | 70,361 | 32,057 | 16,621 | (25,603) | 93,436 |

STATEMENT OF FINANCIAL POSITION as at 30 June 2012

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|---|----------------|----------------|----------------------------|-------------------------------|----------------|
| | 2012 | 2012 | 2012 | 2012 | 2012 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | |
| Cash and cash equivalents | 2,504 | 2,693 | 399 | (226) | 5,370 |
| Receivables | 8,490 | 4,889 | 2,255 | (1,605) | 14,029 |
| Other financial assets | 58,943 | 21,554 | 12,111 | (11,497) | 81,111 |
| Property, plant & equipment | 29,765 | 47,887 | 38,113 | (1) | 115,764 |
| Equity accounted investments | 31,420 | 8,240 | 456 | (30,387) | 9,729 |
| Intangible assets and goodwill | 1,103 | 380 | 850 | - | 2,333 |
| Other assets | 1,293 | 356 | 1,120 | (29) | 2,740 |
| Forecast for new capital spending and top down adjustment | 1,551 | - | - | - | 1,551 |
| Total Assets | 135,069 | 85,999 | 55,304 | (43,745) | 232,627 |
| Liabilities | | | | | |
| Borrowings | 83,600 | 5,517 | 20,075 | (11,772) | 97,420 |
| Other liabilities | 24,590 | 33,468 | 6,865 | (5,410) | 59,513 |
| Total Liabilities | 108,190 | 38,985 | 26,940 | (17,182) | 156,933 |
| Total Assets less Total Liabilities | 26,879 | 47,014 | 28,364 | (26,563) | 75,694 |
| Net Worth | | | | | |
| Taxpayer funds | 12,345 | 23,521 | 11,019 | (29,308) | 17,577 |
| Reserves | 14,534 | 23,493 | 16,866 | 2,842 | 57,735 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 26,879 | 47,014 | 28,364 | (26,563) | 75,694 |

Forecast Statement of Segments (continued)

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2013

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|--|----------------|----------------|-------------------------|----------------------------|----------------|
| | 2013 | 2013 | 2013 | 2013 | 2013 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Taxation revenue | 58,406 | - | - | (625) | 57,781 |
| Other sovereign revenue | 2,295 | 5,253 | - | (1,249) | 6,299 |
| Sales of goods and services | 1,298 | 13,920 | 16,066 | (12,907) | 18,377 |
| Interest revenue and dividends | 2,456 | 891 | 1,033 | (938) | 3,442 |
| Other revenue | 591 | 11,717 | 1,055 | (10,150) | 3,213 |
| Total Revenue (excluding gains) | 65,046 | 31,781 | 18,154 | (25,869) | 89,112 |
| Expenses | | | | | |
| Social assistance and official development assistance | 23,908 | - | - | (250) | 23,658 |
| Personnel expenses | 6,142 | 10,298 | 2,752 | (3) | 19,189 |
| Other operating expenses | 35,588 | 22,083 | 12,912 | (24,827) | 45,756 |
| Interest expenses | 4,330 | 150 | 1,472 | (492) | 5,460 |
| Forecast for future new spending and top down adjustment | 3,472 | - | - | - | 3,472 |
| Total Expenses (excluding losses) | 73,440 | 32,531 | 17,136 | (25,572) | 97,535 |
| Operating Balance before gains/(losses) | (8,394) | (750) | 1,018 | (297) | (8,423) |
| Total Gains/(losses) | 1,628 | 650 | 140 | (149) | 2,269 |
| Net surplus/(deficit) from associates and joint ventures | 80 | 256 | 48 | (2) | 382 |
| Gain/(loss) from discontinued operations | - | - | (1) | - | (1) |
| Attributable to minority interest in Air NZ | - | - | - | - | - |
| Operating Balance | (6,686) | 156 | 1,205 | (448) | (5,773) |
| Expenses by functional classification | | | | | |
| Social security and welfare | 23,572 | 5,969 | - | (934) | 28,607 |
| Health | 13,324 | 10,797 | - | (11,429) | 12,692 |
| Education | 11,332 | 8,983 | 23 | (8,048) | 12,290 |
| Transport and communications | 1,615 | 2,072 | 7,627 | (1,829) | 9,485 |
| Other | 15,795 | 4,560 | 8,014 | (2,840) | 25,529 |
| Finance costs | 4,330 | 150 | 1,472 | (492) | 5,460 |
| Forecast for future new spending and top down adjustment | 3,472 | - | - | - | 3,472 |
| Total Crown Expenses excluding | 73,440 | 32,531 | 17,136 | (25,572) | 97,535 |

STATEMENT OF FINANCIAL POSITION as at 30 June 2013

| | Core Crown | Crown Entities | State-owned Enterprises | Inter-segment eliminations | Total Crown |
|---|----------------|----------------|-------------------------|----------------------------|----------------|
| | 2013 | 2013 | 2013 | 2013 | 2013 |
| | Forecast | Forecast | Forecast | Forecast | Forecast |
| | \$m | \$m | \$m | \$m | \$m |
| Assets | | | | | |
| Cash and cash equivalents | 2,256 | 2,655 | 422 | (226) | 5,107 |
| Receivables | 8,621 | 5,020 | 2,324 | (1,526) | 14,439 |
| Other financial assets | 58,608 | 23,319 | 12,402 | (11,822) | 82,507 |
| Property, plant & equipment | 29,562 | 48,802 | 40,122 | - | 118,486 |
| Equity accounted investments | 32,135 | 8,496 | 496 | (31,441) | 9,686 |
| Intangible assets and goodwill | 1,019 | 369 | 851 | - | 2,239 |
| Other assets | 1,247 | 356 | 1,130 | (30) | 2,703 |
| Forecast for new capital spending and top down adjustment | 3,001 | - | - | - | 3,001 |
| Total Assets | 136,449 | 89,017 | 57,747 | (45,045) | 238,168 |
| Liabilities | | | | | |
| Borrowings | 91,414 | 5,583 | 21,808 | (12,184) | 106,621 |
| Other liabilities | 24,842 | 35,266 | 6,898 | (5,351) | 61,655 |
| Total Liabilities | 116,256 | 40,849 | 28,706 | (17,535) | 168,276 |
| Total Assets less Total Liabilities | 20,193 | 48,168 | 29,041 | (27,510) | 69,892 |
| Net Worth | | | | | |
| Taxpayer funds | 5,659 | 24,708 | 11,692 | (30,254) | 11,805 |
| Reserves | 14,534 | 23,460 | 16,870 | 2,841 | 57,705 |
| Net worth attributable to minority interest in Air NZ | - | - | 479 | (97) | 382 |
| Total Net Worth | 20,193 | 48,168 | 29,041 | (27,510) | 69,892 |