

Financial Statements of the Government of New Zealand

For the Ten Months
Ended 30 April 2001



8 June 2001

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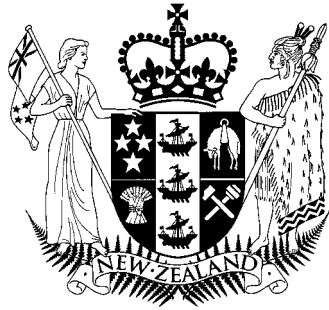
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COMMENTARY

OVERVIEW — TEN MONTHS TO APRIL 2001

	April 2001 Actual YTD	April 2001 Forecast YTD	Variance \$m	June 2001 Forecast	June 2000 Actual
Operating balance	3,262	3,274	(12)	641	1,449
Net worth	11,589	11,564	25	10,581	8,583
Net Crown debt	19,251	19,343	92	20,432	21,396

The financial statements for the ten months ended 30 April 2001 are compared against summary forecasts based on the 2001 Budget Economic and Fiscal Update (BEFU).

As the revised full year forecasts were published on 24 May 2001, the majority of April results were incorporated into the full year forecast, which has meant there were limited variances to forecast this month.

The operating balance of \$3,262 million has been forecast to substantially decrease to \$641 million over the next two months.

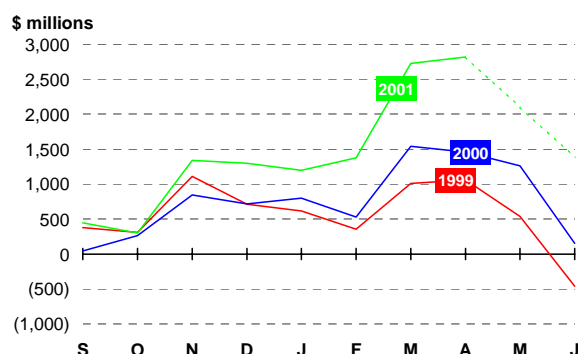
The reconciliation to the year-end forecast operating balance is:

	\$million
April operating balance	3,262
Forecast GSF and ACC year end valuations	(1,169)
Expenses exceeding revenue for May and June	(1,452)
Full year forecast operating balance	641

The two major drivers of the expected decrease in operating balance are:

- the year end revaluation of the ACC and GSF liabilities, which have been forecast to reduce the operating balance by around \$1.2 billion; and
- expenses are expected to exceed revenues over the next two months. This reflects the usual seasonal pattern where most of the tax revenue is recognised in the first nine months of the year, while expenses accelerate towards the end of the financial year. Figure 1 (following) illustrates the significant decrease in the revenue less expenses over the past two years. The average decrease in the operating balance between April and June for the prior two years was \$1.4 billion.

Figure 1 – Revenue less expenses (month by month)



At this stage, indications are that the year-end operating balance is likely to be slightly better than forecast. This is due to the likelihood that the valuations of the ACC and GSF liabilities will be less than expected, due to the movement in the underlying interest rates used to discount the liabilities.

Net Crown debt was \$19,251 million, which was \$92 million lower than forecast. This was due to the further issue of circulating currency which was not forecast as a matter of policy.

Due to the timing of the 2001 Budget, only monthly forecasts for the core financial statements have been prepared for April. Detailed forecast tracks were not prepared for the notes to the financial statements.

COMPARISON WITH PREVIOUS YEAR

	April YTD				Year Ended 30 June			
	2000/01	1999/00		%	1999/00	1998/99	1997/98	1996/97
	\$m	\$m	\$m		\$m	\$m	\$m	\$m
Operating Statement								
Total taxation revenue	31,436	28,914	2,522	8.7	34,035	32,156	32,982	31,916
% of GDP	28.7%	28.3%			31.9%	31.6%	33.1%	32.6%
Total non tax revenue	2,324	2,154	170	7.9	2,491	4,201	2,599	2,862
Total Revenue	33,760	31,068	2,692	8.7	36,526	36,357	35,581	34,778
% of GDP	30.8%	30.4%			34.2%	35.7%	35.7%	35.5%
Social security and welfare	10,920	10,662	(258)	(2.4)	12,896	12,906	12,509	11,881
GSF pension expenses	572	550	(22)	(4.0)	478	1,132	494	739
Health	6,015	5,685	(330)	(5.8)	6,874	6,573	6,001	5,626
Education	5,476	5,145	(331)	(6.4)	6,310	5,899	5,714	5,335
Core government services	1,287	1,354	67	4.9	1,710	1,705	1,562	1,667
Other	4,632	4,288	(344)	(8.0)	5,592	5,141	5,114	4,621
Finance costs	2,071	1,969	(102)	(5.2)	2,373	2,516	2,804	3,072
Net foreign exchange (gains) losses	(27)	(42)	(15)	35.7	(62)	(47)	13	12
Total Expenses	30,946	29,611	(1,335)	(4.5)	36,171	35,825	34,211	32,953
% of GDP	28.2%	28.9%			33.9%	35.2%	34.3%	33.6%
SOE/Crown entities net surplus	448	363	85	23.4	575	1,245	1,164	83
ACC Valuation movement	-	-	-	-	519	-	-	-
Operating Balance	3,262	1,820	1,442	79.2	1,449	1,777	2,534	1,908
% of GDP	3.0%	1.8%			1.4%	1.7%	2.5%	1.9%
Financial Position								
SOEs and Crown entities	14,756	13,480	1,276	9.5	14,392	12,917	19,022	18,483
Physical assets	15,910	15,680	230	1.5	15,972	15,258	14,962	14,502
Other assets	32,722	31,048	1,674	5.4	30,059	30,048	28,372	24,983
Total Assets	63,388	60,208	3,180	5.3	60,423	58,223	62,356	57,968
Total Liabilities	51,799	51,846	47	0	51,840	52,201	52,435	50,498
Crown Balance (net worth)	11,589	8,362	3,227	39	8,583	6,022	9,921	7,470
% of GDP	10.6%	8.2%			8.0%	5.9%	10.0%	7.6%
Net Crown debt	19,251	20,886	(1,635)	(8)	21,396	21,701	24,069	25,324
% of GDP	17.6%	20.4%			20.0%	21.3%	24.2%	25.9%
GDP	109,642	102,289			106,771	101,864	99,662	97,933

Taxation revenue was \$2,522 million higher than in the ten months ended April 2000, largely reflecting the increased tax rate for personal incomes over \$60,000, higher corporate profitability, higher interest rates increasing withholding tax on interest-bearing deposits and higher GDP flowing through in various tax types.

Education expenses were \$331 million higher than last year. The increase in expenditure reflects demographic changes as well as new policy initiatives.

Health expenses were \$330 million higher than the previous year, due to providing new services and maintaining existing service levels as a result of demographic, price inflation and technology growth pressures.

Other expenses were \$344 million higher than last year largely reflecting policy initiatives introduced in the 2000 Budget Update.

The investment in SOEs and Crown entities was \$1,276 million higher than the previous year primarily due to the reduction in the ACC outstanding claims liability valuation (\$519 million) and asset revaluations undertaken by Electricity SOE's at the end of the 1999/2000 financial year.

Net Crown debt has reduced due to the improved cash flows from operations reported in the June 2000 Crown Financial Statements, combined with improvements in net cashflows from operating activities and circulating currency for the current financial year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Note	Current Year Actual vs Forecast				Annual Forecast
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
		Revenue						
		Levied through the Crown's Sovereign Power						
21,499	18,578	Direct taxation	1	20,774	20,758	16	0.1	23,662
12,536	10,336	Indirect taxation	2	10,662	10,662	-	-	12,824
34,035	28,914	Total taxation revenue		31,436	31,420	16	0.1	36,486
376	292	Compulsory fees, fines, penalties and levies		294	294	-	-	380
34,411	29,206	Total Revenue Levied through the Crown's Sovereign		31,730	31,714	16	0.1	36,866
		Earned through the Crown's Operations						
1,157	1,006	Investment income	3	1,182	1,199	(17)	(1.4)	1,316
641	556	Sales of goods and services		535	535	-	-	656
343	300	Other operational revenue	4	313	313	-	-	363
(26)	-	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
2,115	1,862	Total Revenue Earned through the Crown's Operations		2,030	2,047	(17)	(0.8)	2,335
36,526	31,068	Total Revenue		33,760	33,761	(1)	-	39,201
		Expenses	5					
		By functional classification						
12,896	10,662	Social security and welfare		10,920	10,918	(2)	-	13,263
478	550	GSF pension expenses		572	572	-	-	1,146
6,874	5,685	Health		6,015	6,015	-	-	7,272
6,310	5,145	Education		5,476	5,476	-	-	6,733
1,710	1,354	Core government services		1,287	1,287	-	-	1,590
1,531	1,197	Law and order		1,260	1,260	-	-	1,583
1,247	978	Defence		1,024	1,024	-	-	1,280
1,036	857	Transport and communications		835	835	-	-	1,011
944	670	Economic and industrial services		908	908	-	-	1,150
265	198	Primary services		210	210	-	-	289
456	320	Heritage, culture and recreation		324	324	-	-	428
68	31	Housing and community development		37	34	(3)	(8.8)	50
45	37	Other		34	34	-	-	34
2,373	1,969	Finance costs	5	2,071	2,071	-	-	2,484
(62)	(42)	Net foreign-exchange (gains)/losses		(27)	(33)	(6)	(18.2)	(33)
-	-	Provision for future initiatives		-	-	-	-	-
36,171	29,611	Total Expenses		30,946	30,935	(11)	-	38,280
355	1,457	Revenue Less Expenses		2,814	2,826	(12)	(0.4)	921
1,094	363	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	8	448	448	-	-	(280)
1,449	1,820			3,262	3,274	(12)	(0.4)	641

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
210	189	Cash and bank balances		297	212	85	40.1	53
10,440	11,112	Marketable securities and deposits		11,772	11,863	(91)	(0.8)	11,772
3,995	4,105	Advances	6	4,501	4,500	1	-	4,647
5,520	5,737	Receivables	7	6,254	6,254	-	-	5,498
274	348	Inventories		275	275	-	-	214
14,392	13,480	State-owned enterprises and Crown entities	8	14,756	14,756	-	-	14,179
338	325	Other investments	9	339	339	-	-	320
15,972	15,680	Physical assets	10	15,799	15,744	55	0.3	15,966
369	395	Commercial forests		370	359	11	3.1	359
8,911	8,834	State highways	11	9,021	9,021	-	-	10,696
2	3	Intangible assets		4	3	1	33.3	3
-	-	Capital contingency provision		-	-	-	-	-
60,423	60,208	Total Assets		63,388	63,326	62	0.1	63,707
Liabilities								
5,240	4,692	Payables and provisions	12	5,017	4,951	(66)	(1.3)	4,867
2,236	2,338	Currency issued		2,638	2,570	(68)	(2.6)	2,570
36,041	36,292	Borrowings		35,821	35,918	97	0.3	36,904
8,323	8,524	Pension liabilities		8,323	8,323	-	-	8,785
51,840	51,846	Total Liabilities		51,799	51,762	(37)	(0.1)	53,126
8,583	8,362	Total Assets Less Total Liabilities		11,589	11,564	25	0.2	10,581
Crown Balance								
382	671	Accumulated operating balance		3,654	3,665	(11)	(0.3)	2,682
8,201	7,691	Revaluation reserve	13	7,935	7,899	36	0.5	7,899
8,583	8,362	Crown Balance		11,589	11,564	25	0.2	10,581

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
6,022	6,022	Opening Crown Balance	8,583	8,583	-	-	8,583
1,449	1,820	Operating balance for the period	3,262	3,274	(12)	(0.4)	641
1,112	520	Net revaluations	(256)	(293)	37	12.6	(293)
2,561	2,340	Total Recognised Revenues and Expenses	3,006	2,981	25	0.8	348
-	-	State highway recognition policy change	-	-	-	-	1,650
8,583	8,362	Closing Crown Balance	11,589	11,564	25	1	10,581

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Cash Flows From Operations							
Cash was provided from							
Direct Taxation							
Individuals							
12,920	10,727	Source deductions	11,385	11,379	6	0.1	13,710
3,553	3,348	Other persons	3,835	3,835	-	-	4,116
(1,043)	(900)	Refunds	(945)	(945)	-	-	(1,101)
306	300	Fringe benefit tax	299	299	-	-	332
15,736	13,475	Total Individuals	14,574	14,568	6	-	17,057
Companies							
4,726	4,108	Gross companies	4,790	4,790	-	-	5,434
(618)	(534)	Refunds	(541)	(541)	-	-	(666)
4,108	3,574	Total Companies	4,249	4,249	-	-	4,768
1,566	1,325	Withholding taxes	1,586	1,572	14	0.9	1,809
1	1	Other direct taxation	1	1	-	-	2
21,411	18,375	Total Direct Taxation	20,410	20,390	20	0.1	23,636
Indirect Taxation							
Goods and services tax							
13,664	11,285	Gross goods and services tax	12,080	12,080	-	-	14,495
(4,852)	(3,965)	Refunds	(4,552)	(4,552)	-	-	(5,513)
8,812	7,320	Total goods and services tax	7,528	7,528	-	-	8,982
2,014	1,619	Excise duties	1,614	1,615	(1)	(0.1)	1,975
1,627	1,324	Other indirect taxation	1,417	1,418	(1)	(0.1)	1,737
12,453	10,263	Total Indirect Taxation	10,559	10,561	(2)	-	12,694
33,864	28,638	Total Taxation Receipts	30,969	30,951	18	0.1	36,330
308	240	Compulsory fees, fines, penalties and levies	249	249	-	-	323
Other Receipts							
1,070	890	Interest, profits and dividends	725	725	-	-	894
621	543	Sales of goods and services	527	527	-	-	638
341	304	Other operating receipts	291	291	-	-	382
2,032	1,737	Total Other Receipts	1,543	1,543	-	-	1,914
36,204	30,615	Total cash provided from operations	32,761	32,743	18	0.1	38,567
Cash was disbursed to							
4,447	3,855	Departmental outputs	3,883	3,883	-	-	4,888
15,303	12,702	Other outputs	13,363	13,363	-	-	16,171
2,507	2,219	Finance costs	2,113	2,113	-	-	2,443
131	103	Subsidies	105	105	-	-	174
Current transfers							
12,615	10,540	Social assistance grants	10,788	10,788	-	-	12,995
238	182	Other transfers	194	194	-	-	255
-	-	Provision for future initiatives	-	-	-	-	-
35,241	29,601	Total cash disbursed to operations	30,446	30,446	-	-	36,926
963	1,014	Net Cash Flows From Operations	2,315	2,297	18	0.8	1,641

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
963	1,014	Subtotal (brought forward)	2,315	2,297	18	0.8	1,641
		Cash Flows From Investing Activities					
		Cash was provided from					
(130)	(185)	Net sale/(purchase) of investments	184	184	-	-	85
1,983	798	Net (purchase)/sale of marketable securities and deposits	(837)	(900)	63	7.0	(930)
250	185	Sale of physical assets	59	59	-	-	96
2,103	798	Total cash provided	(594)	(657)	63	9.6	(749)
		Cash was disbursed to					
309	322	Net increase in advances	548	548	-	-	665
1,160	899	Purchase of physical assets	912	912	-	-	1,313
-	-	Capital contingency provision	-	-	-	-	-
1,469	1,221	Total cash disbursed	1,460	1,460	-	-	1,978
634	(423)	Net Cash Flows From Investing Activities	(2,054)	(2,117)	63	3.0	(2,727)
1,597	591	Net Cash Flows From Operating and Investing Activities	261	180	81	45.0	(1,086)
		Cash Flows From Financing Activities					
		Cash was Provided From					
275	378	Issues of circulating currency	402	334	68	20.4	334
2,867	2,461	Issues of Government stock Other New Zealand-dollar borrowing ¹	3,195	3,195	-	-	1,083
453	450	Borrowing in foreign currencies ¹	582	-	582	-	(314)
1,683	1,285		3,121	-	3,121	-	(177)
5,278	4,574	Total Cash Provided	7,300	3,529	3,771	106.9	926
		Cash was Disbursed to					
3,305	3,305	Repayment of Government stock	3,167	3,167	-	-	-
1,280	643	Repayment of other New Zealand- dollar borrowing ¹	822	177	(645)	(364.4)	-
2,318	1,293	Repayment of foreign-currency borrowing ¹	3,487	366	(3,121)	-	-
6,903	5,241	Total Cash Disbursed	7,476	3,710	(3,766)	(101.5)	-
(1,625)	(667)	Net Cash Flows From Financing Activities	(176)	(181)	5	2.8	926
(28)	(76)	Net Movement in Cash	85	(1)	86	-	(160)
230	230	Opening Cash Balance	210	210	-	-	210
8	35	Foreign-exchange gains/(losses) on opening cash	2	3	(1)	(33.3)	3
210	189	Closing Cash Balance	297	212	85	40.1	53

¹ Issues and repayments of other New Zealand-dollar borrowing and foreign-currency borrowing are forecast on a net basis. Actual issues and repayments are reported on a gross basis.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Reconciliation Between the Operating Balance and Net Cash Flows from Operations							
1,449	1,820	Operating Balance	3,262	3,274	(12)	(0.4)	641
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation Changes							
26	-	Revaluation of commercial forests	-	-	-	-	-
(92)	(124)	Unrealised net foreign-exchange gains	(71)	(10)	(61)	-	(10)
(66)	(124)	Total Valuation Changes	(71)	(10)	(61)	-	(10)
Physical Asset Movements							
791	660	Depreciation	690	690	-	-	856
(7)	(10)	Loss/(gain) on sale of physical assets	4	3	1	33.3	3
784	650	Total Physical Asset Movements	694	693	1	0.1	859
Other Non-cash Items							
(1,094)	(363)	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	(448)	(448)	-	-	280
(14)	(14)	Gain on sale of Vehicle Testing New Zealand Limited	-	-	-	-	-
(201)	-	Movement in pension liabilities	-	-	-	-	462
208	(46)	Other	(67)	(67)	-	-	-
(1,101)	(423)	Total Other Non-cash Items	(515)	(515)	-	-	742
(36)	10	Total other investing and financing items	6	6	-	-	-
Movements in Working Capital							
(164)	(216)	(Increase)/decrease in taxes receivable	(700)	(700)	-	-	(187)
(168)	(271)	(Increase)/decrease in other receivables	(14)	(34)	20	58.8	209
47	(27)	(Increase)/decrease in inventories	(1)	(1)	-	-	60
218	(405)	(Decrease)/increase in payables	(346)	(416)	70	16.8	(673)
(67)	(919)	Total movements in working capital	(1,061)	(1,151)	90	7.8	(591)
963	1,014	Net Cash Flows from Operations	2,315	2,297	18	0.8	1,641

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
		Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds					
963	1,014	Net Cash Flows From Operations	2,315	2,297	18	0.8	1,641
		Investing flows					
		<i>Net advances</i>					
4	29	Housing Corporation of New Zealand	(15)	(15)	-	-	-
101	11	Contact Energy Limited	-	-	-	-	-
(528)	(461)	Student loans	(588)	(588)	-	-	-
47	47	Residual Health Management Unit	43	43	-	-	-
(40)	(38)	Solid Energy New Zealand Limited	-	-	-	-	-
-	-	District health boards	-	-	-	-	-
107	90	Other	12	12	-	-	(665)
(309)	(322)	Total Net Advances	(548)	(548)	-	-	(665)
(910)	(714)	Net purchase of physical assets	(853)	(853)	-	-	(1,217)
		<i>Net investments</i>					
(46)	(34)	District health boards	(21)	(21)	-	-	-
-	-	Capital Properties New Zealand Limited	62	62	-	-	-
(29)	(99)	At Work Insurance Limited	50	50	-	-	-
19	19	Vehicle Testing New Zealand Limited	-	-	-	-	-
-	-	2GHz radio spectrum rights					
-	-	auction proceeds	140	140	-	-	-
(74)	(71)	Other	(47)	(47)	-	-	85
-	-	Capital Contingency Provision	-	-	-	-	-
(130)	(185)	Net sale/(purchase) of Investments	184	184	-	-	85
(386)	(207)	Available for debt repayment/(Required to be financed)	1,098	1,080	18	1.7	(156)
		<i>Used in:</i>					
1,983	798	Net (purchase)/sale of marketable securities and deposits	(837)	(900)	63	7.0	(930)
1,597	591	Total Investing activities	261	180	81	45.0	(1,086)
(827)	(193)	Net (repayment)/issue of other New Zealand-dollar borrowing	(366)	(366)	-	-	(314)
(635)	(8)	Net (repayment)/issue of foreign currency borrowing	(240)	(177)	(63)	(35.6)	(177)
28	76	(Increase)/decrease in cash	(85)	1	(86)	-	160
275	378	Issues of circulating currency	402	334	68	20.4	334
(1,159)	253		(289)	(208)	(81)	(38.9)	3
438	844	Net (Cash Proceeds from)/Repayments of Domestic Bonds	(28)	(28)	-	-	(1,083)
		Gross Cash Proceeds from Domestic Bonds					
1,924	1,547	Domestic bonds (market)	2,534	2,534	-	-	3,588
598	573	Domestic bonds (non-market)	661	661	-	-	661
345	341	Inflation bonds	-	-	-	-	-
2,867	2,461	Total Gross Cash Proceeds from Domestic Bonds	3,195	3,195	-	-	4,249
(3,011)	(3,011)	Repayment of domestic bonds (market)	(2,651)	(2,651)	-	-	(2,650)
(294)	(294)	Repayment of domestic bonds (non-market)	(516)	(516)	-	-	(516)
(438)	(844)	Net (Repayments of)/Cash Proceeds from Domestic Bonds	28	28	-	-	1,083

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 30 April 2001

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
22,239	21,839	Government stock	22,277	22,277	-	-	23,370
5,370	5,914	Treasury bills	5,642	5,642	-	-	5,455
		Loans and foreign-exchange contracts	(279)	(279)	-	-	(188)
230	322	Retail stock	482	482	-	-	471
474	479						
28,313	28,554	Total New Zealand-Dollar Debt	28,122	28,122	-	-	29,108
Foreign-Currency Debt							
4,329	4,520	United States dollars	4,316	4,298	(18)	(0.4)	4,298
2,054	1,827	Japanese yen	1,881	1,916	35	1.8	1,916
1,345	1,391	European and other currencies	1,502	1,582	80	5.1	1,582
7,728	7,738	Total Foreign-Currency Debt	7,699	7,796	97	1.2	7,796
36,041	36,292	Total Outstanding Debt	35,821	35,918	97	0.3	36,904
Less							
Financial Assets							
Marketable Securities and Deposits							
2,324	2,956	New Zealand dollars	3,766	3,650	116	3.2	3,559
4,467	4,910	United States dollars	4,514	4,472	42	0.9	4,472
2,277	1,818	Japanese yen	1,995	2,129	(134)	(6.3)	2,129
1,372	1,428	European and other currencies	1,497	1,612	(115)	(7.1)	1,612
10,440	11,112	Total Marketable Securities and Deposits	11,772	11,863	(91)	(0.8)	11,772
Advances and Cash							
		Advances to state-owned enterprises and Crown entities	236	236	-	-	264
259	257	Student loans	4,054	4,054	-	-	4,155
3,523	3,546	Other advances	211	210	1	0.5	228
213	302	Cash	297	212	85	40.1	53
210	189						
4,205	4,294	Total Advances and Cash	4,798	4,712	86	1.8	4,700
14,645	15,406	Total Financial Assets	16,570	16,575	(5)	-	16,472
21,396	20,886	Net Crown Debt	19,251	19,343	92	0.5	20,432
21,870	21,366	Net New Zealand-dollar debt	19,558	19,760	202	1.0	20,849
(474)	(480)	Net foreign-currency debt	(307)	(417)	(110)	(26.4)	(417)
21,396	20,886	Net Crown Debt	19,251	19,343	92	0.5	20,432

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 30 April 2001

	As at 1 July 2000 \$m	Increases/ Additions \$m	Decreases/ Disposals/ Repayments \$m	Foreign Exchange Contracts \$m	Currency Realignment \$m	Unamortised Premiums \$m	As at April 2001 \$m
Outstanding Debt							
By Type							
New Zealand-dollar debt	28,313	3,815	(3,959)	-	-	(47)	28,122
Foreign-currency debt	7,728	3,213	(3,729)	-	468	19	7,699
Total Outstanding Debt	36,041	7,028	(7,688)	-	468	(28)	35,821
Less							
Financial Assets							
Marketable securities and deposits	10,440	72,520	(71,727)	25	477	37	11,772
Advances and cash	4,205	1,018	(427)	-	2	-	4,798
Total Financial Assets	14,645	73,538	(72,154)	25	479	37	16,570
Net Crown Debt	21,396	(66,510)	64,466	(25)	(11)	(65)	19,251

STATEMENT OF COMMITMENTS

as at 30 April 2001

	As at 30 April 2001 \$m	As at 30 June 2000 \$m	As at 30 April 2000 \$m
Capital Commitments			
Specialist military equipment	681	321	347
Land and buildings	76	87	290
Other plant and equipment	44	63	68
Investments	197	17	8
State-owned enterprises and Crown entities	840	1,016	1,163
Total Capital Commitments	1,838	1,504	1,876
Operating Commitments			
Non-cancellable accommodation leases	768	789	605
Other non-cancellable leases	1,823	1,858	2,933
Non-cancellable contracts for the supply of goods and services	454	432	335
Other operating commitments	1,104	1,071	1,155
State-owned enterprises and Crown entities	1,963	2,713	1,861
Total Operating Commitments	6,112	6,863	6,889
Total Commitments	7,950	8,367	8,765

Commitments of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Commitments. Commitments to state-owned enterprises and Crown entities are excluded.

STATEMENT OF CONTINGENT LIABILITIES

as at 30 April 2001

	As at 30 April 2001 \$m	As at 30 June 2000 \$m	As at 30 April 2000 \$m
Guarantees and Indemnities	358	592	367
Uncalled Capital	3,647	3,210	3,073
Legal Proceedings and Disputes	495	542	563
Other Contingent Liabilities	2,148	1,983	1,747
Total Quantifiable Contingent Liabilities	6,648	6,327	5,750

Contingent liabilities of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Contingent Liabilities. Contingent liabilities to state-owned enterprises and Crown entities are excluded.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF ACCOUNTING POLICIES

as at 30 April 2001

Reporting Entity

These Financial Statements are for the Crown reporting entity as specified in Part III of the Public Finance Act 1989. This comprises:

- Ministers of the Crown
- Departments
- Offices of Parliament
- Reserve Bank of New Zealand
- State-owned enterprises
- Crown entities
- Public Trust Office

A schedule of entities included in the Crown reporting entity was set out on pages 118 and 119 of the 2001 Budget Economic and Fiscal Update (BEFU) published on 24 May 2001.

General Accounting Policies

These Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of assets.

Revaluations are made to reflect the service potential or economic benefit obtained through control of the assets. The accrual basis of accounting has been used unless otherwise stated.

These Financial Statements have been prepared on a going concern basis and the policies have been applied consistently throughout the period.

Specific Accounting Policies

The specific accounting policies of the Crown were described on pages 131 to 144 of the 2001 BEFU. There have been no changes in accounting policies during the period 1 July 2000 to 30 April 2001.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the 2001 BEFU, on 24 May 2001.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 131 to 144 of the 2001 BEFU.

Comparative Figures

Comparative figures for the previous financial year are also presented in these Financial Statements.

Percentage variances between the actual and prior year balances exceeding 500% are not shown.

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 1: Direct Taxation				
Income Tax				
Individuals				
12,972	10,771	Source deductions	11,381	13,710
3,123	2,910	Other persons	3,529	3,625
(625)	(489)	Refunds	(584)	(660)
306	245	Fringe benefit tax	292	342
15,776	13,437	Total Individuals	14,618	17,017
Companies				
4,270	3,988	Gross companies	4,679	4,936
(112)	(149)	Refunds	(104)	(118)
4,158	3,839	Total Companies	4,575	4,818
Withholding Taxes				
723	580	Residents' interest income	815	963
735	621	Non-residents' income	613	720
58	41	Residents' dividend income	62	66
47	59	Foreign-source dividends	90	76
1,563	1,301	Total Withholding Taxes	1,580	1,825
21,497	18,577	Total Income Tax	20,773	23,660
Other Direct Taxation				
2	1	Estate and gift duties	1	2
2	1	Total Other Direct Taxation	1	2
21,499	18,578	Total Direct Taxation	20,774	23,662
NOTE 2: Indirect Taxation				
Goods and Services Tax				
14,085	11,545	Gross goods and services tax	12,483	14,925
(5,214)	(4,273)	Refunds	(4,976)	(5,883)
8,871	7,272	Total Goods and Services Tax	7,507	9,042
Excise Duties				
808	686	Petroleum fuels	685	830
777	637	Tobacco products	636	780
442	377	Alcoholic beverages	372	445
2,027	1,700	Total Excise Duties	1,693	2,055
Other Indirect Taxation				
612	517	Customs duty	560	640
507	419	Road user charges	442	537
58	48	Stamp, cheque and credit card duties	52	65
177	145	Motor vehicle fees	148	176
176	146	Gaming duties	169	202
108	89	Energy resources levy	91	107
1,638	1,364	Total Other Indirect Taxation	1,462	1,727
12,536	10,336	Total Indirect Taxation	10,662	12,824

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 3: Investment Income				
Interest Income				
426	350	Marketable securities, deposits, mortgages and cash balances	373	390
249	197	Advances		
46	38	Student loans	237	276
		Other entities	41	50
721	585	Total Interest Income	651	716
Dividend Income				
		Dividends from state-owned enterprises		
15	15	Electricity Corporation of New Zealand Limited	9	-
-	-	Genesis Power	15	-
-	7	Land Corporation Limited	19	-
133	133	Meridian Energy Limited	68	-
-	-	Mighty River Power Limited	21	-
18	7	New Zealand Post Limited	7	-
51	51	Television New Zealand Limited	32	-
103	103	Trans Power New Zealand Limited	87	-
14	6	Other	9	305
12	12	Housing Corporation Of New Zealand	-	-
87	87	Housing New Zealand Limited	12	-
16	16	Other dividends	4	30
449	437	Total Dividend Income	283	335
Other Investment Income				
(25)	(30)	Gains/(losses) on marketable securities and deposits	106	123
14	14	Gain on sale of Vehicle Testing New Zealand Limited	-	-
-	-	2GHz radio spectrum rights auction proceeds	140	140
(2)	-	Other	2	2
(13)	(16)	Total Other Investment Income	248	265
1,157	1,006	Total Investment Income	1,182	1,316

NOTE 4: Other Operational Revenue				
92	90	Recoveries from Accident Compensation Corporation	92	102
25	20	Contributions to Government Superannuation Fund	19	26
46	34	Petroleum royalties	63	68
27	23	Cost recovery income from Fisheries	24	29
10	8	Income from Earthquake Commission	8	10
143	125	Other	107	128
343	300	Total Other Operational Revenue	313	363

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 5: Expenses by Input Type				
		Subsidies and transfer payments (see analysis below)	10,994	13,299
12,960	10,703	Operating expenses (see analysis below)	14,223	17,522
16,792	13,454	Personnel		
		Personnel expenses (excluding pension expenses)	2,137	2,681
2,527	2,059	GSF Pension expenses	572	684
679	550	Movement in GSF unfunded pension liability	-	462
(201)	-	Other pension expenses	50	53
57	48	Depreciation		
		Physical assets	611	764
709	591	State highways	79	92
82	69	Rental and leasing costs	232	269
262	220	Loss/(gain) on sale of assets	4	3
(7)	(10)	Finance costs (see analysis below)	2,071	2,484
2,373	1,969	Net foreign-exchange losses/ (gains) on liabilities	351	475
		Net foreign-exchange (gains)/ losses on assets	(378)	(508)
997	640	Provision for future initiatives	-	-
(1,059)	(682)			
-	-			
36,171	29,611	Total Expenses	30,946	38,280
Analysis of Subsidies and Transfer Payments				
		Social Assistance Grants		
		New Zealand superannuation	4,369	5,273
5,068	4,184	Domestic purposes benefit	1,199	1,435
1,433	1,197	Community wage	1,555	1,836
1,937	1,638	Family support	726	896
910	749	Student allowances	305	392
376	286	Other social assistance grants	2,551	3,091
2,863	2,361	Subsidies	96	124
136	108	Other Transfer Payments		
		Official development assistance	169	227
219	163	Other	24	25
18	17			
12,960	10,703	Total Subsidies and Transfer Payments	10,994	13,299
Analysis of Operating Expenses				
		Education purchases		
		Early childhood education	262	331
325	250	Primary and secondary education	2,814	3,534
3,405	2,843	Tertiary education and training	1,231	1,512
1,380	1,151	Health purchases	5,664	6,744
6,400	5,303	Science purchases	387	467
424	349	Other operating expenses	3,865	4,934
4,858	3,558			
16,792	13,454	Total Operating Expenses	14,223	17,522
Analysis of Finance Costs				
		Interest		
		New Zealand dollars	1,690	2,046
1,993	1,661	Foreign currencies	366	418
355	289	Other finance costs	15	20
25	19			
2,373	1,969	Total Finance Costs	2,071	2,484

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 6: Advances				
Advances to State-owned Enterprises and Crown Entities				
		Housing Corporation of New Zealand	152	164
137	137	Residual Health Management Unit	37	5
80	80	District health board's	-	50
-	-	Solid Energy New Zealand Limited	45	45
41	39	Terralink NZ Limited	2	-
1	1			
259	257	Total Advances to State-owned Enterprises and Crown Entities	236	264
Other Advances				
3,523	3,546	Student loans	4,054	4,155
117	207	Contact Energy Limited	118	117
29	28	Forestry encouragement loans	26	29
36	35	Maori development rural lending	39	49
7	7	Catchment authorities	8	6
24	25	Other	20	27
3,736	3,848	Total Other Advances	4,265	4,383
3,995	4,105	Total Advances	4,501	4,647
NOTE 7: Receivables				
4,225	4,277	Taxes receivable	4,925	4,412
1,029	992	Accounts receivable	933	916
175	178	Receivable from the sale and purchase of Maui gas	115	112
91	290	Prepayments	281	58
5,520	5,737	Total Receivables	6,254	5,498

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: Ownership Interest in State-owned Enterprises and Crown Entities

	Investment as at 1 July 2000 \$m	Net surplus \$m	Distributions to Crown \$m	Net surplus after distributions \$m	Net revaluations to revaluation reserve \$m	Net capital contributions (/withdrawals) by Crown \$m	Investment as at 30 April 2001 \$m
State-owned enterprises	5,507	350	(267)	83	(6)	(50)	5,534
Crown entities	8,885	378	(13)	365	(1)	(27)	9,222
Total State-owned Enterprises and Crown Entities	14,392	728	(280)	448	(7)	(77)	14,756

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 9: Other Investments				
111	104	International Bank for Reconstruction and Development	118	118
78	86	Public Trust Office	78	58
109	96	Asian Development Bank	107	107
40	39	Other	36	37
338	325	Total Other Investments	339	320
NOTE 10: Physical Assets				
By Type				
Cost or Valuation				
1,830	1,834	Land	1,864	1,875
441	444	Properties intended for sale	430	450
8,749	8,661	Buildings	8,440	8,567
2,753	2,538	Specialist military equipment	2,540	2,689
2,097	2,183	Other plant and equipment	2,274	2,317
2,637	2,517	Other assets	2,680	2,636
18,507	18,177	Total Cost or Valuation	18,228	18,534
Accumulated Depreciation				
866	821	Buildings	680	729
487	463	Specialist military equipment	417	429
1,182	1,205	Other plant and equipment	1,329	1,408
-	8	Other assets	3	2
2,535	2,497	Total Accumulated Depreciation	2,429	2,568
Net Book Value				
1,830	1,834	Land	1,864	1,875
441	444	Properties intended for sale	430	450
7,883	7,840	Buildings	7,760	7,838
2,266	2,075	Specialist military equipment	2,123	2,260
915	978	Other plant and equipment	945	909
2,637	2,509	Other assets	2,677	2,634
15,972	15,680	Total Net Book Value	15,799	15,966
Movements since 30 June				
Cost or Valuation				
17,467	17,467	Opening balance	18,507	18,507
407	425	Net additions	649	1,009
633	285	Net Revaluations	(928)	(982)
18,507	18,177	Total Cost or Valuation	18,228	18,534
Accumulated Depreciation				
2,209	2,209	Opening balance	2,535	2,535
(194)	(139)	Disposals	(38)	(53)
709	591	Depreciation charged for the period	611	764
(189)	(164)	Net Revaluations	(679)	(678)
2,535	2,497	Total Accumulated Depreciation	2,429	2,568
15,972	15,680	Net Physical Assets	15,799	15,966

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 11: State Highways				
Cost or Valuation				
8,770	8,770	Opening balance	8,911	8,911
201	133	Recognition adjustment	-	1,650
(60)	-	Net additions	189	227
8,911	8,903	Net revaluations	-	-
		Total Cost or Valuation	9,100	10,788
Accumulated Depreciation				
-	-	Opening balance	-	-
82	69	Depreciation charged for the period	79	92
(82)	-	Net revaluations	-	-
-	69	Total Accumulated Depreciation	79	92
8,911	8,834	Net State Highways	9,021	10,696
NOTE 12: Payables and Provisions				
1,714	1,697	Taxes repayable	1,911	1,711
1,243	1,511	Accounts payable	1,301	1,862
1,363	617	Accruals and provisions	946	432
433	423	National Provident Fund guarantee	480	480
105	96	National Provident Fund Board indemnity	-	-
382	348	Provision for employee entitlements	379	382
5,240	4,692	Total Payables and Provisions	5,017	4,867

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 30 April 2,000 \$m		Actual 30 April 2001 \$m	Annual Budget Forecast 12 Months \$m
NOTE 13: Revaluation Reserve				
7,219	7,219	Opening Balance	8,201	8,201
Net Revaluations				
22	-	State highways	-	-
516	447	Land and buildings	(47)	(47)
195	-	Specialist military equipment	(258)	(258)
111	2	Other assets	56	1
268	71	State-owned enterprises and Crown entities	(7)	11
<u>1,112</u>	<u>520</u>	Total Net Revaluations	<u>(256)</u>	<u>(293)</u>
(130)	(48)	Transfers to accumulated operating balance	(10)	(9)
<u>8,201</u>	<u>7,691</u>	Closing Revaluation Reserve	<u>7,935</u>	<u>7,899</u>