

Financial Statements of the Government of New Zealand

For the Ten Months
Ended 30 April 2002



7 June 2002

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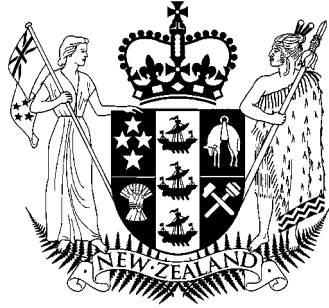
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COMMENTARY

OVERVIEW — TEN MONTHS TO APRIL 2002

	April 2002 Actual YTD	April 2002 Forecast YTD	Variance \$m	June 2002 Forecast	June 2001 Actual
Operating balance	3,308	3,279	29	2,636	1,409
Net worth	14,829	14,778	51	14,238	11,463
Net Crown debt	19,049	18,926	(123)	20,162	19,971

The financial statements for the ten months ended 30 April 2002 are compared against forecasts based on the 2002 Budget Economic and Fiscal Update (BEFU).

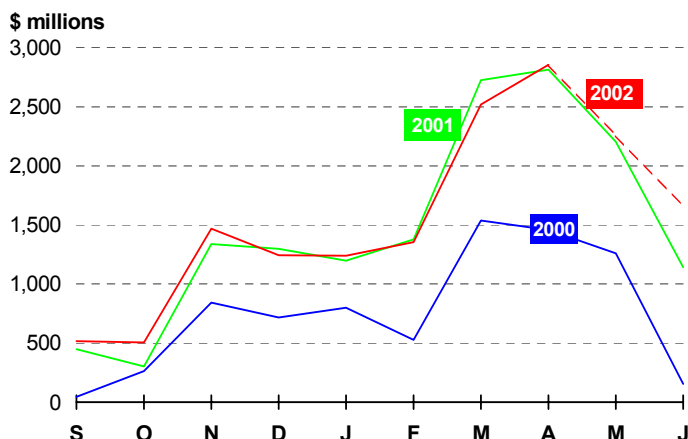
As the revised full year forecast were published on 23 May 2002, the majority of April results were incorporated into the full year forecast which has meant there were limited variances to forecast this month.

The **operating balance** of \$3,308 million has been forecast to decrease by around \$700 million to \$2,636 million by year end.

The two main reasons for the expected change in the operating balance over the next two months are:

- expenses are expected to exceed revenues. 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 end of the financial year (as illustrated in Figure 1); offset by
- the year end revaluation of the ACC and GSF liabilities, which have been forecast to increase the operating balance by \$300 million.

Figure 1 – Revenue less expenses (month by



month)

Gross debt was estimated to be 31.8% of GDP at 30 April.

Net Crown debt (gross debt less financial assets excluding assets of the NZS Fund) was \$19,049 million, which was higher than forecast by \$123 million.

This was due to the reversal of a previous issue of circulating currency, which was not forecast as a matter of policy.

Net Crown debt was estimated to be 16.2% of GDP at 30 April, compared to a forecast of 16.1%.

The New Zealand Superannuation Fund (NZS Fund)

The NZS Fund is the vehicle for implementing the Governments policy to partially pre-fund future New Zealand Superannuation costs.

The New Zealand Debt Management Office (NZDMO) has been accumulating the contributions that will be made to the NZS Fund once the Guardians of New Zealand Superannuation are appointed and determine the investment strategy for the fund.

As at 30 April 2002 the amounts held by NZDMO totalled \$518 million (including interest accrued at the official cash rate).

COMPARISON WITH PREVIOUS YEAR

	April YTD				Year Ended 30 June			
	2001/02	2000/01			2000/01	1999/00	1998/99	1997/98
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m
Operating Statement								
Total taxation revenue	32,464	31,436	1,028	3.3	36,738	34,035	32,156	32,982
% of GDP	27.5%	27.5%			32.2%	31.8%	31.6%	33.0%
Total non tax revenue	2,449	2,324	125	5.4	2,754	2,491	4,201	2,599
Total Revenue	34,913	33,760	1,153	3.4	39,492	36,526	36,357	35,581
% of GDP	29.6%	29.6%			34.6%	34.1%	35.7%	35.6%
Social security and welfare	11,244	10,920	(324)	(3.0)	13,216	12,896	12,906	12,509
GSF pension expenses	585	572	(13)	(2.3)	855	478	1,132	494
Health	6,314	6,015	(299)	(5.0)	7,342	6,874	6,573	6,001
Education	5,759	5,476	(283)	(5.2)	6,690	6,310	5,899	5,714
Core government services	1,255	1,287	32	2.5	1,817	1,710	1,705	1,562
Other	4,925	4,632	(293)	(6.3)	5,830	5,592	5,141	5,114
Finance costs	1,941	2,071	130	6.3	2,483	2,373	2,516	2,804
Net foreign exchange (gains) losses	35	(27)	(62)	229.6	(47)	(62)	(47)	13
Total Expenses	32,058	30,946	(1,112)	(3.6)	38,186	36,171	35,825	34,211
% of GDP	27.2%	27.1%			33.5%	33.8%	35.2%	34.3%
SOE/Crown entities net surplus	453	448	5	1.1	523	575	1,245	1,164
ACC Valuation movement	-	-	-	-	(420)	519	-	-
Operating Balance	3,308	3,262	46	1.4	1,409	1,449	1,777	2,534
% of GDP	2.8%	2.9%			1.2%	1.4%	1.7%	2.5%
OBERAC	3,308	3,016	292	9.7	2,107	884	246	2,191
% of GDP	2.8%	2.6%			1.8%	0.8%	0.2%	2.2%
Financial Position								
SOEs and Crown entities	15,260	14,756	504	3.4	14,077	14,392	12,917	19,022
Physical assets	16,171	15,799	372	2.4	16,102	15,972	15,258	14,962
Other assets	37,431	32,833	4,598	14.0	34,902	30,059	30,048	28,372
Total Assets	68,862	63,388	5,474	8.6	65,081	60,423	58,223	62,356
Total Liabilities	54,033	51,799	(2,234)	(4)	53,618	51,840	52,201	52,435
Crown Balance (net worth)	14,829	11,589	3,240	28	11,463	8,583	6,022	9,921
% of GDP	12.6%	10.2%			10.0%	8.0%	5.9%	9.9%
Net Crown debt	19,049	19,251	(202)	(1)	19,971	21,396	21,701	24,069
% of GDP	16.2%	16.9%			17.5%	20.0%	21.3%	24.1%
GDP	117,849	114,141			114,141	107,055	101,767	99,860

Taxation revenue was \$1,028 million higher than the ten months ended April 2001, largely reflecting growth in wages, employment and goods and services tax.

Social security and welfare expenses were \$324 million higher than the previous year, due to the CPI increase across benefits and new policy initiatives.

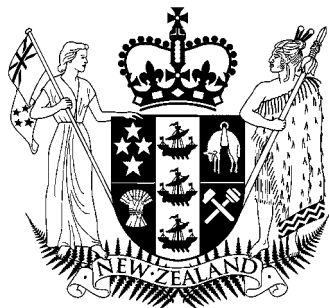
Health expenses were \$299 million higher than the previous year, due to the provision of new services and maintaining existing service levels as a result of demographic, price inflations and technology growth pressures.

Education expenses were \$283 million higher than the previous year. The increase in

expenditure reflects demographic changes as well as new policy initiatives.

Other expenses were \$293 million higher than the previous year. This was largely due to changes to provisioning by Maori Development and Courts.

The investment in SOEs and Crown entities was \$504 million higher than the previous year, primarily due to the recapitalisation of Air New Zealand and additional capital contributions to SOE/CE's during the current year. This has been offset by an increase in the ACC outstanding claims liability valuation and asset revaluations at the end of the 2000/01 financial year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the ten months ended 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Revenue								
Levied through the Crown's Sovereign Power								
23,863	20,774	Direct taxation	1	21,038	21,038	-	-	24,478
12,875	10,662	Indirect taxation	2	11,426	11,426	-	-	13,899
36,738	31,436	Total taxation revenue		32,464	32,464	-	-	38,377
385	294	Compulsory fees, fines, penalties and levies		440	440	-	-	493
37,123	31,730	Total Revenue Levied through the Crown's Sovereign Power		32,904	32,904	-	-	38,870
Earned through the Crown's Operations								
1,369	1,182	Investment income	3	1,111	1,111	-	-	1,219
659	535	Sales of goods and services		551	551	-	-	685
381	313	Other operational revenue	4	347	347	-	-	398
(40)	-	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
2,369	2,030	Total Revenue Earned through the Crown's Operations		2,009	2,009	-	-	2,302
39,492	33,760	Total Revenue		34,913	34,913	-	-	41,172
Expenses								
By functional classification								
13,216	10,920	Social security and welfare		11,244	11,244	-	-	13,615
855	572	GSF pension expenses		585	585	-	-	339
7,342	6,015	Health		6,314	6,314	-	-	7,733
6,690	5,476	Education		5,759	5,759	-	-	7,150
1,817	1,287	Core government services		1,255	1,255	-	-	1,611
1,560	1,260	Law and order		1,423	1,423	-	-	1,771
1,267	1,024	Defence		941	941	-	-	1,188
1,026	835	Transport and communications		849	849	-	-	1,156
1,141	908	Economic and industrial services		935	935	-	-	1,187
287	210	Primary services		249	249	-	-	327
424	324	Heritage, culture and recreation		389	389	-	-	500
50	37	Housing and community development		69	69	-	-	95
75	34	Other		70	70	-	-	109
2,483	2,071	Finance costs	5	1,941	1,941	-	-	2,303
(47)	(27)	Net foreign-exchange losses/(gains)		35	64	29	45.3	64
-	-	Provision for future initiatives		-	-	-	-	-
38,186	30,946	Total Expenses	5	32,058	32,087	29	0.1	39,148
1,306	2,814	Revenue Less Expenses		2,855	2,826	29	1.0	2,024
103	448	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	8	453	453	-	-	612
1,409	3,262			3,308	3,279	29	0.9	2,636

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
115	297	Cash and bank balances		175	175	-	-	191
12,060	11,772	Marketable securities and deposits ¹		13,067	12,352	715	5.8	10,650
4,615	4,501	Advances	6	5,657	5,657	-	-	5,896
6,197	6,254	Receivables	7	6,106	6,106	-	-	6,037
193	275	Inventories		216	216	-	-	220
14,077	14,756	State-owned enterprises and Crown entities	8	15,260	15,260	-	-	15,628
354	339	Other investments	9	312	312	-	-	306
16,102	15,799	Physical assets	10	16,171	16,167	4	-	16,187
310	370	Commercial forests		308	310	(2)	(0.6)	310
11,055	9,021	State highways	11	11,133	11,133	-	-	11,148
3	4	Intangible assets		457	457	-	-	448
-	-	Capital contingency provision		-	-	-	-	-
65,081	63,388	Total Assets		68,862	68,145	717	1.1	67,021
Liabilities								
5,831	5,017	Payables and provisions	12	5,302	5,351	49	0.9	5,428
2,539	2,638	Currency issued		2,814	2,937	123	4.2	2,937
36,761	35,821	Borrowings		37,430	36,592	(838)	(2.3)	36,299
8,487	8,323	Pension liabilities		8,487	8,487	-	-	8,119
53,618	51,799	Total Liabilities		54,033	53,367	(666)	(1.2)	52,783
11,463	11,589	Total Assets less Total Liabilities		14,829	14,778	51	0.3	14,238
Crown Balance								
3,456	3,654	Accumulated operating balance		6,753	6,739	14	0.2	6,199
8,007	7,935	Revaluation reserve	13	8,076	8,039	37	0.5	8,039
11,463	11,589	Crown Balance		14,829	14,778	51	0.3	14,238

¹ Contributions to the New Zealand Superannuation Fund to 30 April 2002 are included as marketable securities and deposits. As at 30 April 2002 the New Zealand Debt Management Office hold \$518 million of marketable securities and deposits on behalf of the New Zealand Superannuation Fund.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the ten months ended 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
8,583	8,583	Opening Crown Balance	11,463	11,463	-	-	11,463
1,650	-	Recognition policy change	-	-	-	-	103
10,233	8,583	Adjusted Operating Crown Balance	11,463	11,463	-	-	11,566
1,409	3,262	Operating balance for the period	3,308	3,279	29	0.9	2,636
(179)	(256)	Net revaluations	58	36	22	61.1	36
1,230	3,006	Total Recognised Revenues and Expenses	3,366	3,315	51	1.5	2,672
11,463	11,589	Closing Crown Balance	14,829	14,778	51	0.3	14,238

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the ten months ended 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$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							
13,748	11,385	Source deductions	12,110	12,110	-	-	14,602
4,221	3,835	Other persons	4,028	4,028	-	-	4,385
(1,175)	(945)	Refunds	(997)	(997)	-	-	(1,210)
338	299	Fringe benefit tax	265	265	-	-	344
17,132	14,574	Total Individuals	15,406	15,406	-	-	18,121
Corporate							
5,377	4,790	Gross companies	4,776	4,776	-	-	5,353
(785)	(541)	Refunds	(622)	(622)	-	-	(707)
738	617	Non-resident withholding payment	525	525	-	-	634
98	80	Foreign-source dividend withholding payment	129	129	-	-	149
5,428	4,946	Total Corporate	4,808	4,808	-	-	5,429
1,043	889	Withholding taxes	868	868	-	-	1,013
2	1	Other direct taxation	1	1	-	-	2
23,605	20,410	Total Direct Taxation	21,083	21,083	-	-	24,565
Indirect Taxation							
Goods and services tax							
14,604	12,080	Gross goods and services tax	13,452	13,452	-	-	16,146
(5,657)	(4,552)	Refunds	(5,063)	(5,063)	-	-	(6,180)
8,947	7,528	Total goods and services tax	8,389	8,389	-	-	9,966
3,698	3,031	Other indirect taxation	3,205	3,205	-	-	3,908
12,645	10,559	Total Indirect Taxation	11,594	11,594	-	-	13,874
36,250	30,969	Total Taxation Receipts	32,677	32,677	-	-	38,439
324	249	Compulsory fees, fines, penalties and levies	281	281	-	-	327
Other Receipts							
892	725	Interest, profits and dividends	1,021	1,021	-	-	1,175
622	527	Sales of goods and services	567	567	-	-	653
383	291	Other operating receipts	420	420	-	-	370
1,897	1,543	Total Other Receipts	2,008	2,008	-	-	2,198
38,471	32,761	Total cash provided from operations	34,966	34,966	-	-	40,964
Cash was disbursed to							
4,749	3,883	Departmental outputs	4,120	4,120	-	-	5,173
16,008	13,363	Other outputs	14,210	14,210	-	-	16,912
2,499	2,113	Finance costs	1,947	1,947	-	-	2,240
133	105	Subsidies	103	103	-	-	147
Current transfers							
12,910	10,788	Social assistance grants	10,923	10,923	-	-	13,432
250	194	Other transfers	194	194	-	-	256
-	-	Provision for future initiatives	-	-	-	-	-
36,549	30,446	Total cash disbursed to operations	31,497	31,497	-	-	38,160
1,922	2,315	Net Cash Flows From Operations	3,469	3,469	-	-	2,804

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
1,922	2,315	Subtotal (brought forward)	3,469	3,469	-	-	2,804
		Cash Flows From Investing Activities					
		Cash was provided from					
174	184	Net (purchase)/sale of investments	(1,141)	(1,141)	-	-	(1,367)
(1,001)	(837)	Net (purchase)/sale of marketable securities and deposits ¹	(1,619)	(904)	(715)	(79.1)	646
75	59	Sale of physical assets	89	89	-	-	124
(752)	(594)	Total cash provided	(2,671)	(1,956)	(715)	(36.6)	(597)
		Cash was disbursed to					
617	548	Net increase in advances	1,005	1,005	-	-	1,264
1,205	912	Purchase of physical assets	1,028	1,028	-	-	1,271
-	-	Capital contingency provision	-	-	-	-	-
1,822	1,460	Total cash disbursed	2,033	2,033	-	-	2,535
(2,574)	(2,054)	Net Cash Flows From Investing Activities	(4,704)	(3,989)	(715)	(17.9)	(3,132)
(652)	261	Net Cash Flows From Operating and Investing Activities	(1,235)	(520)	(715)	(137.5)	(328)
		Cash Flows From Financing Activities					
		Cash was Provided From					
303	402	Issues of circulating currency	275	398	(123)	(30.9)	398
4,233	3,195	Issues of Government stock	3,228	3,228	-	-	746
		Other New Zealand-dollar borrowing ²	955	744	211	28.4	(282)
574	582	Borrowing in foreign currencies ²	1,360	733	627	85.5	(451)
3,884	3,121						
8,994	7,300	Total Cash Provided	5,818	5,103	715	14.0	411
		Cash was Disbursed to					
3,167	3,167	Repayment of Government stock	3,097	3,097	-	-	-
		Repayment of other New Zealand-dollar borrowing ²	455	455	-	-	-
879	822	Repayment of foreign-currency borrowing ²	973	973	-	-	-
4,398	3,487						
8,444	7,476	Total Cash Disbursed	4,525	4,525	-	-	-
550	(176)	Net Cash Flows From Financing Activities	1,293	578	715	123.7	411
(102)	85	Net Movement in Cash	58	58	-	-	83
		Opening Cash Balance					
210	210	Foreign-exchange gains/(losses) on opening cash	115	115	-	-	115
7	2		2	2	-	-	(7)
115	297	Closing Cash Balance	175	175	-	-	191

¹ Net sale/(purchase) of marketable securities and deposits includes the purchases made on behalf of the New Zealand Superannuation Fund of \$508 million.

² 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 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Current Year Actual vs Forecast				Annual
			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
1,922	2,315	Net Cash Flows from Operations	3,469	3,469	-	-	2,804
		<i>Items included in the operating balance but not in net cash flows from operations</i>					
		Valuation Changes					
(164)	-	(Increase)/decrease in pension liabilities	-	-	-	-	368
(40)	-	Revaluation of commercial forests	-	-	-	-	-
100	71	Unrealised net foreign-exchange (gains)/losses	(76)	(17)	(59)	(347)	(17)
(253)	-	National Provident Fund guarantee	-	-	-	-	-
(357)	71	Total Valuation Changes	(76)	(17)	(59)	(347.1)	351
		Physical Asset Movements					
(925)	(690)	Depreciation	(781)	(781)	-	-	(943)
(7)	(4)	(Loss)/gain on sale of physical assets	(1)	(1)	-	-	(2)
(932)	(694)	Total Physical Asset Movements	(782)	(782)	-	-	(945)
		Other Non-cash Items					
		Net surplus, less distributions, attributable to state-owned					
103	448	enterprises and Crown entities	453	453	-	-	612
(103)	-	Loss on writedown of defence equipment	-	-	-	-	-
(61)	-	Student loans	47	47	-	-	(67)
55	67	Other	-	-	-	-	(9)
(6)	515	Total Other Non-cash Items	500	500	-	-	536
177	(6)	Total other investing and financing items	(33)	(33)	-	-	(22)
		Movements in Working Capital					
737	700	(Decrease)/increase in taxes receivable	(404)	(404)	-	-	(27)
(62)	14	Increase/(decrease) in other receivables	313	313	-	-	(133)
(81)	1	Increase/(decrease) in inventories	23	23	-	-	27
11	346	Decrease/(increase) in payables	298	210	88	41.9	45
605	1,061	Total movements in working capital	230	142	88	62.0	(88)
1,409	3,262	Operating Balance	3,308	3,279	29	0.9	2,636

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$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							
1,922	2,315	Net Cash Flows From Operations	3,469	3,469	-	-	2,804
		Investing flows					
		<i>Net advances</i>					
(27)	(15)	Housing New Zealand Corporation	(453)	(453)	-	-	-
-	-	Contact Energy Limited	70	70	-	-	-
(668)	(588)	Student loans	(622)	(622)	-	-	-
51	43	Residual Health Management Unit	-	-	-	-	-
(24)	-	District health boards	(19)	(19)	-	-	-
-	-	Solid Energy New Zealand Limited	19	19	-	-	-
51	12	Other	-	-	-	-	(1,264)
(617)	(548)	Total Net Advances	(1,005)	(1,005)	-	-	(1,264)
(1,130)	(853)	Net purchase of physical assets	(939)	(939)	-	-	(1,147)
		<i>Net investments</i>					
(41)	(21)	District health boards	(109)	(109)	-	-	-
50	50	At Work Insurance Limited	7	7	-	-	-
-	-	New Zealand Post Limited	(72)	(72)	-	-	-
140	140	2GHz radio spectrum rights	-	-	-	-	-
-	-	auction proceeds	-	-	-	-	-
-	-	Air New Zealand	(885)	(885)	-	-	-
25	15	Other	(82)	(82)	-	-	(1,367)
-	-	Capital contingency provision	-	-	-	-	-
174	184	Net (purchase)/sale of Investments	(1,141)	(1,141)	-	-	(1,367)
349	1,098	(Required to be financed)/Available for debt repayment	384	384	-	-	(974)
		<i>Used in:</i>					
		Net (purchase)/sale of marketable securities and deposits	(1,619)	(904)	(715)	(79.1)	646
(652)	261	Total Investing activities	(1,235)	(520)	(715)	(137.5)	(328)
		Net issue/(repayment) of other New Zealand-dollar borrowing	500	289	211	73.0	(282)
(305)	(366)	Net issue/(repayment) of foreign currency borrowing	387	(240)	627	261.3	(451)
(514)	(240)	(Increase)/decrease in cash	(58)	(58)	-	-	(83)
102	(85)	Issues of circulating currency	275	398	(123)	(30.9)	398
303	402						
(414)	(289)		1,104	389	715	183.8	(418)
(1,066)	(28)	Net (Cash Proceeds from)/Repayments of Domestic Bonds	(131)	(131)	-	-	(746)
		Gross Cash Proceeds from Domestic Bonds					
3,572	2,534	Domestic bonds (market)	3,029	3,029	-	-	3,703
661	661	Domestic bonds (non-market)	199	199	-	-	199
-	-	Inflation bonds	-	-	-	-	-
4,233	3,195	Total Gross Cash Proceeds from Domestic Bonds	3,228	3,228	-	-	3,902
(2,651)	(2,651)	Repayment of domestic bonds (market)	(2,594)	(2,594)	-	-	(2,593)
(516)	(516)	Repayment of domestic bonds (non-market)	(503)	(503)	-	-	(563)
1,066	28	Net Cash Proceeds from/(Repayments of) Domestic Bonds	131	131	-	-	746

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 30 April 2002

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
23,331	22,277	Government stock	23,475	23,475	-	-	24,106
5,558	5,642	Treasury bills	5,927	5,716	(211)	(3.7)	5,405
		Loans and foreign-exchange					
(272)	(279)	contracts	(108)	(108)	-	-	(374)
498	482	Retail stock	678	678	-	-	512
29,115	28,122	Total New Zealand-Dollar Debt	29,972	29,761	(211)	(0.7)	29,649
Foreign-Currency Debt							
4,780	4,316	United States dollars	5,259	4,842	(417)	(8.6)	4,249
1,432	1,881	Japanese yen	335	329	(6)	(1.8)	448
1,434	1,502	European and other currencies	1,864	1,660	(204)	(12.3)	1,953
7,646	7,699	Total Foreign-Currency Debt	7,458	6,831	(627)	(9.2)	6,650
36,761	35,821	Total Outstanding Debt	37,430	36,592	(838)	(2.3)	36,299
Less							
Financial Assets							
Marketable Securities and Deposits							
3,971	3,766	New Zealand dollars	4,780	4,692	88	1.9	3,352
5,093	4,514	United States dollars	5,140	4,760	380	8.0	4,304
1,548	1,995	Japanese yen	529	506	23	4.5	487
1,448	1,497	European and other currencies	2,100	1,876	224	11.9	1,907
12,060	11,772	Total Marketable Securities and Deposits¹	12,549	11,834	715	6.0	10,050
Advances and Cash							
261	236	Advances to state-owned enterprises and Crown entities	725	725	-	-	890
4,143	4,054	Student loans	4,726	4,726	-	-	4,798
211	211	Other advances	206	206	-	-	208
115	297	Cash	175	175	-	-	191
4,730	4,798	Total Advances and Cash	5,832	5,832	-	-	6,087
16,790	16,570	Total Financial Assets	18,381	17,666	715	4.0	16,137
19,971	19,251	Net Crown Debt	19,049	18,926	(123)	(0.6)	20,162
20,495	19,558	Net New Zealand-dollar debt	19,360	19,237	(123)	(0.6)	20,210
(524)	(307)	Net foreign-currency debt	(311)	(311)	-	-	(48)
19,971	19,251	Net Crown Debt	19,049	18,926	(123)	(0.6)	20,162

¹ The New Zealand Superannuation (NZS) Funds marketable securities and deposits as at 30 April of \$518 million are excluded from the calculation of net Crown debt.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 30 April 2002

Movements in Net Crown Debt Since 30 June 2001

	As at 1 July 2001 \$m	Net Increases/ (Decreases) \$m	Foreign Exchange Contracts \$m	Currency Realignment \$m	Unamortised Premiums \$m	As at April 2002 \$m
Outstanding Debt						
By Type						
New Zealand-dollar debt	29,115	890	-	-	(33)	29,972
Foreign-currency debt	7,646	395	-	(636)	53	7,458
Total Outstanding Debt	36,761	1,285	-	(636)	20	37,430
Less						
Financial Assets						
Marketable securities and deposits	12,060	1,159	87	(776)	19	12,549
Advances and cash	4,730	1,100	-	2	-	5,832
Total Financial Assets	16,790	2,259	87	(774)	19	18,381
Net Crown Debt	19,971	(974)	(87)	138	1	19,049

STATEMENT OF COMMITMENTS

as at 30 April 2002

	As at 30 April 2002 \$m	As at 30 June 2001 \$m	As at 30 April 2001 \$m
Capital Commitments			
Specialist military equipment	541	639	681
Land and buildings	387	383	76
Other plant and equipment	24	41	44
Investments	266	15	197
State-owned enterprises and Crown entities	861	619	840
Total Capital Commitments	2,079	1,697	1,838
Operating Commitments			
Non-cancellable accommodation leases	797	842	768
Other non-cancellable leases	1,734	1,713	1,823
Non-cancellable contracts for the supply of goods and services	2,222	367	454
Other operating commitments	800	2,213	1,104
State-owned enterprises and Crown entities	3,278	2,471	1,963
Total Operating Commitments	8,831	7,606	6,112
Total Commitments	10,910	9,303	7,950

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 2002

	As at 30 April 2002 \$m	As at 30 June 2001 \$m	As at 30 April 2001 \$m
Quantifiable Contingent Liabilities			
Guarantees and Indemnities	385	371	358
Uncalled Capital	3,253	3,594	3,647
Legal Proceedings and Disputes	440	571	495
Other Contingent Liabilities	1,775	1,965	2,148
Total Quantifiable Contingent Liabilities	5,853	6,501	6,648

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 2002

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 142 and 143 of the 2002 Budget Economic and Fiscal Update (BEFU) published on 23 May 2002.

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 155 to 168 of the 2002 BEFU. There have been no changes in accounting policies during the period 1 July 2001 to 30 April 2002.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the 2002 BEFU, on 23 May 2002.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 155 to 168 of the 2002 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 2001 \$m	Actual 30 April 2001 \$m		Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 1: Direct Taxation				
Income Tax				
Individuals				
13,703	11,381	Source deductions	12,071	14,602
3,871	3,529	Other persons	3,616	3,989
(790)	(584)	Refunds	(608)	(814)
342	292	Fringe benefit tax	292	356
17,126	14,618	Total Individuals	15,371	18,133
Corporate				
4,954	4,679	Gross companies	4,318	4,719
(123)	(104)	Refunds	(164)	(195)
760	613	Non-residents' income	544	657
71	90	Foreign-source dividends	126	149
5,662	5,278	Total Corporate	4,824	5,330
Withholding Taxes				
990	815	Residents' interest income	820	986
83	62	Residents' dividend income	22	27
1,073	877	Total Withholding Taxes	842	1,013
23,861	20,773	Total Income Tax	21,037	24,476
Other Direct Taxation				
2	1	Estate and gift duties	1	2
2	1	Total Other Direct Taxation	1	2
23,863	20,774	Total Direct Taxation	21,038	24,478
NOTE 2: Indirect Taxation				
Goods and Services Tax				
15,133	12,483	Gross goods and services tax	13,500	16,511
(6,007)	(4,976)	Refunds	(5,399)	(6,545)
9,126	7,507	Total Goods and Services Tax	8,101	9,966
Excise Duties				
810	685	Petroleum fuels	709	846
764	636	Tobacco products	681	818
436	372	Alcoholic beverages	386	451
2,010	1,693	Total Excise Duties	1,776	2,115
Other Indirect Taxation				
648	560	Customs duty	568	657
532	442	Road user charges	488	570
206	169	Gaming duties	198	242
181	148	Motor vehicle fees	156	181
111	91	Energy resources levy	89	107
61	52	Stamp, cheque and credit card duties	50	61
1,739	1,462	Total Other Indirect Taxation	1,549	1,818
12,875	10,662	Total Indirect Taxation	11,426	13,899

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m	Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 3: Investment Income			
Interest Income			
463	373	353	377
289	237	279	332
48	41	70	80
800	651	702	789
Dividend Income			
45	9	10	-
15	15	24	-
19	19	12	-
68	68	173	-
21	21	-	-
7	7	10	-
32	32	9	-
87	87	83	-
10	9	11	333
12	12	9	-
9	4	44	74
325	283	385	407
Other Investment Income			
102	106	10	(2)
-	-	10	14
140	140	-	-
2	2	4	11
244	248	24	23
1,369	1,182	1,111	1,219

NOTE 4: Other Operational Revenue			
106	92	91	105
82	63	36	42
29	24	26	31
10	8	8	10
154	126	186	210
381	313	347	398

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 5: Expenses by Input Type				
13,274	10,994	Subsidies and transfer payments (see analysis below)	11,277	13,656
17,719	14,223	Operating expenses (see analysis below)	14,870	18,681
		Personnel		
2,632	2,137	Personnel expenses (excluding pension expenses)	2,271	2,829
855	572	GSF Pension expenses	585	707
		Movement in GSF unfunded pension liability	-	(368)
56	50	Other pension expenses	58	53
		Depreciation		
751	611	Physical assets	632	764
174	79	State highways	149	179
282	232	Rental and leasing costs	239	278
7	4	Loss/(gain) on sale of assets	1	2
2,483	2,071	Finance costs (see analysis below)	1,941	2,303
		Net foreign-exchange (gains)/ losses on liabilities	(624)	(575)
404	351	Net foreign-exchange losses/ (gains) on assets	659	639
(451)	(378)	Provision for future initiatives	-	-
-	-			
38,186	30,946	Total Expenses	32,058	39,148
Analysis of Subsidies and Transfer Payments				
		Social Assistance Grants		
5,273	4,369	New Zealand superannuation	4,525	5,457
1,444	1,199	Domestic purposes benefit	1,235	1,486
1,849	1,555	Community wage	-	-
-	-	Unemployment benefit	1,187	1,406
878	726	Family support	726	870
391	305	Student allowances	315	411
3,073	2,551	Other social assistance grants	3,006	3,644
115	96	Subsidies	88	125
		Other Transfer Payments		
226	169	Official development assistance	166	223
25	24	Other	29	34
13,274	10,994	Total Subsidies and Transfer Payments	11,277	13,656
Analysis of Operating Expenses				
		Education purchases		
331	262	Early childhood education	286	362
3,505	2,814	Primary and secondary education	3,009	3,642
1,508	1,231	Tertiary education and training	1,377	1,733
6,807	5,664	Health purchases	5,745	7,011
467	387	Science purchases	389	463
5,101	3,865	Other operating expenses	4,064	5,470
17,719	14,223	Total Operating Expenses	14,870	18,681
Analysis of Finance Costs				
		Interest		
2,035	1,690	New Zealand dollars	1,645	1,966
428	366	Foreign currencies	256	295
20	15	Other finance costs	40	42
2,483	2,071	Total Finance Costs	1,941	2,303

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 6: Advances				
Advances to state-owned enterprises and Crown entities				
163	152	Housing New Zealand Corporation	625	639
45	37	Solid Energy New Zealand Limited	27	27
29	45	Residual Health Management Unit	29	
24	-	District health boards	44	224
-	2	Terralink NZ Limited	-	-
		Total Advances to state-owned enterprises and Crown entities	725	890
261	236			
Other Advances				
4,143	4,054	Student loans	4,726	4,798
118	118	Contact Energy Limited	48	48
38	26	Maori development rural lending	40	42
29	39	Forestry encouragement loans	30	30
8	8	Catchment authorities	7	-
18	20	Other	81	88
4,354	4,265	Total Other Advances	4,932	5,006
4,615	4,501	Total Advances	5,657	5,896
NOTE 7: Receivables				
4,962	4,925	Taxes receivable	4,558	4,935
1,024	933	Accounts receivable	1,148	923
111	115	Receivable from the sale and purchase of Maui gas	109	109
100	281	Prepayments	291	70
6,197	6,254	Total Receivables	6,106	6,037

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: Ownership Interest in State-owned Enterprises (including Air New Zealand Ltd) and Crown Entities

	Investment as at 1 July 2001 \$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 2002 \$m
State-owned enterprises ¹	5,554	372	(332)	40	-	488 ²	6,082
Crown entities	8,523	465	(52)	413	-	242	9,178
Total State-owned Enterprises and Crown Entities	14,077	837	(384)	453	-	730	15,260

¹ The equity investment in Air New Zealand Ltd has been included for disclosure purposes as part of the state-owned enterprises grouping. Air New Zealand is not a state-owned enterprise as defined in the State-Owned Enterprises Act 1986.

² The Crown's recapitalisation of Air New Zealand was \$892 million. As outlined on page 94 of the 2002 BEFU \$469 million of the investment represents goodwill and has been transferred to intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 9: Other Investments				
128	118	International Bank for Reconstruction and Development	125	125
117	107	Asian Development Bank	114	114
72	78	Public Trust Office ¹	-	-
37	36	Other	73	67
354	339	Total Other Investments	312	306
NOTE 10: Physical Assets				
By Type				
Cost or Valuation				
1,844	1,864	Land	1,863	1,871
464	430	Properties intended for sale	444	441
8,654	8,440	Buildings	8,983	9,179
2,686	2,540	Specialist military equipment	2,748	2,828
2,213	2,274	Other plant and equipment	2,434	2,475
2,688	2,680	Other assets	2,691	2,686
18,549	18,228	Total Cost or Valuation	19,163	19,480
Accumulated Depreciation				
729	680	Buildings	1,007	1,300
421	417	Specialist military equipment	557	580
1,292	1,329	Other plant and equipment	1,423	1,404
5	3	Other assets	5	9
2,447	2,429	Total Accumulated Depreciation	2,992	3,293
Net Book Value				
1,844	1,864	Land	1,863	1,871
464	430	Properties intended for sale	444	441
7,925	7,760	Buildings	7,976	7,879
2,265	2,123	Specialist military equipment	2,191	2,248
921	945	Other plant and equipment	1,011	1,071
2,683	2,677	Other assets	2,686	2,677
16,102	15,799	Total Net Book Value	16,171	16,187
Movements since 30 June 2001				
Cost or Valuation				
18,507	18,507	Opening balance	18,549	18,549
905	649	Net additions	563	887
(863)	(928)	Net Revaluations	51	44
18,549	18,228	Total Cost or Valuation	19,163	19,480
Accumulated Depreciation				
2,535	2,535	Opening balance	2,447	2,447
(145)	(38)	Disposals	(80)	92
751	611	Depreciation charged for the period	632	764
(694)	(679)	Net Revaluations	(7)	(10)
2,447	2,429	Total Accumulated Depreciation	2,992	3,293
16,102	15,799	Net Physical Assets	16,171	16,187

¹ The investment in the Public Trust Office is now disclosed as a SOE/CE investment.

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m		Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 11: State Highways				
Cost or Valuation				
8,911	8,911	Opening balance	11,055	11,055
1,650	-	Recognition adjustment	-	-
300	189	Net additions	227	272
194	-	Net revaluations	-	-
11,055	9,100	Total Cost or Valuation	11,282	11,327
Accumulated Depreciation				
-	-	Opening balance	-	-
174	79	Depreciation charged for the period	149	179
(174)	-	Net revaluations	-	-
-	79	Total Accumulated Depreciation	149	179
11,055	9,021	Net State Highways	11,133	11,148
NOTE 12: Payables and Provisions				
1,907	1,911	Taxes repayable	1,769	1,943
1,631	1,301	Accounts payable	1,405	2,198
1,193	946	Accruals and provisions	1,034	194
686	480	National Provident Fund guarantee	686	686
414	379	Provision for employee entitlements	408	407
5,831	5,017	Total Payables and Provisions	5,302	5,428

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 30 April 2001 \$m	Actual 30 April 2002 \$m	Annual Budget Forecast 12 Month \$m
NOTE 13: Revaluation Reserve			
8,201	8,201	8,007	8,007
	Opening Balance		
	Net Revaluations		
368	-	-	-
85	(47)	51	50
(258)	(258)	-	-
4	56	7	4
	State-owned enterprises and Crown entities	-	(18)
<u>(378)</u>	<u>(7)</u>	<u>-</u>	<u>(18)</u>
(179)	(256) Total Net Revaluations	58	36
	Transfers to accumulated operating balance	11	(4)
<u>(15)</u>	<u>(10)</u>	<u>11</u>	<u>(4)</u>
8,007	7,935 Closing Revaluation Reserve	8,076	8,039