

Financial Statements of the Government of New Zealand

For the Eleven Months
Ended 31 May 2000

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CONTENTS

Commentary

| | |
|------------------------------|---|
| Commentary | 4 |
| Key Fiscal Indicators | 5 |
| Comparison to Previous Years | 6 |

Financial Statements

| | |
|-------------------------------------|----|
| Statement of Financial Performance | 8 |
| Statement of Financial Position | 9 |
| Statement of Movements in Equity | 10 |
| Statement of Cash Flows | 11 |
| Statement of Borrowings | 15 |
| Statement of Commitments | 17 |
| Statement of Contingent Liabilities | 17 |
| Statement of Accounting Policies | 18 |
| Notes to the Financial Statements | 19 |

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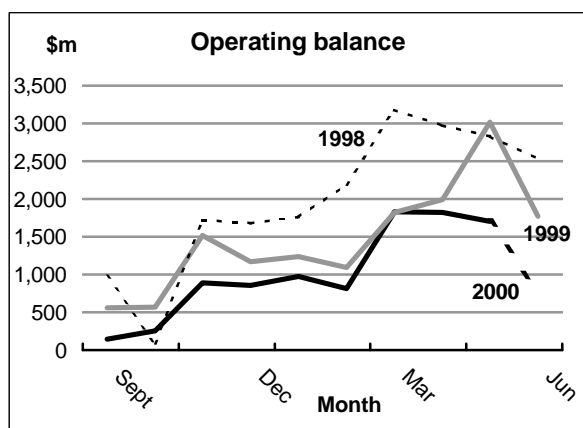
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COMMENTARY

COMMENTARY— ELEVEN MONTHS TO MAY 2000

| | May 2000 Actual YTD | BEFU 2000 Full year Forecast | June 1999 Actual |
|-------------------|------------------------|------------------------------------|---------------------|
| Operating balance | 1,708 | 763 | 1,777 |
| Net worth | 8,249 | 7,304 | 6,022 |
| Net Crown debt | 21,242 | 21,819 | 21,701 |

This commentary compares the May outturn with the full year 12 month forecast results released in the Budget Economic and Fiscal Update 2000 (BEFU)¹.



The **operating balance** to May is significantly higher than the full year Budget estimated actual operating balance of \$763 million.

However at this stage, indications are that the year-end operating balance is expected to be broadly in line with the BEFU forecast.

Consistent with previous years (refer graph) a reduction in the operating balance during June is expected largely due to:

- Monthly expense growth in June outweighing the relatively small growth in revenue as the significant recognition points for the major tax types occurred earlier in the year; and
- Additional items including the West Coast Accord, Arts package, and write-offs of the INCIS computer system and parts of the inventory of New Zealand Defence Force which were forecast in the BEFU to occur in June.

Partly offsetting these factors will be the positive year-end valuation movements relating to Government Superannuation Fund and ACC outstanding claims liability (\$510 million disclosed in the BEFU).

The final year-end results could change significantly due to a number of factors including:

- Valuation movements for GSF and ACC disclosed in the BEFU (\$510 million) were based on discount rates to 31 March 2000 and year to date information on other factors such as exit rates from the ACC scheme. The year-end valuations will be based on information, including discount rates, to 30 June 2000.
- Revaluations of fixed assets are done on a cyclical basis by individual government departments. Any changes to asset values will influence net worth.
- The actual timing of transactions in the cashflow statement compared to the BEFU forecast will influence the level of net debt at year-end.

¹ Forecasts for the month of May were not prepared due to the timing of the Budget.

KEY FISCAL INDICATORS

Summary information for the key fiscal indicators is provided below.

The SOEs and Crown entities net surplus less distributions was as follows:

| SOEs and Crown Entities | Actual May 2000 \$million | BEFU Full Year Forecast \$m |
|-------------------------|---------------------------------|--------------------------------------|
| SOEs | | |
| Surplus | 379 | 393 |
| Distributions | (322) | (353) |
| | 57 | 40 |
| Crown Entities | | |
| Surplus | 496 | 594 |
| Distributions | (104) | (103) |
| Revaluations | | 340 |
| | 392 | 831 |
| Net Surplus | 449 | 871 |

Net cash flows for the eleven months ended 31 May 2000 were as follows:

| Net Cash Flows | Actual May 2000 \$million | BEFU Full Year Forecast \$m |
|---|---------------------------------|--------------------------------------|
| Operating activities | 765 | 625 |
| Investing activities (excluding net sales/(purchases) of marketable securities and deposits) | (1,176) | (1,345) |
| Amount required to be financed | (411) | (720) |
| Net sales/(purchases) of marketable securities and Deposits | 953 | 1,218 |
| Financing activities | (580) | (706) |
| Net Movement in Cash | (38) | (208) |

The Statement of Financial Position recording the Crown's assets, liabilities and net worth as at 31 May 2000 was made up of:

| Financial Position | Actual May 2000 \$million | BEFU Full Year Forecast \$m |
|----------------------------------|---------------------------------|--------------------------------------|
| SOEs and Crown entities | 13,509 | 13,980 |
| Physical assets | 15,665 | 15,694 |
| Other assets | 15,798 | 15,267 |
| | 44,972 | 44,941 |
| Net Crown debt | 21,242 | 21,819 |
| Other Liabilities | 15,481 | 15,818 |
| | 36,723 | 37,637 |
| Crown Balance (net worth) | 8,249 | 7,304 |

Net Crown debt at 31 May 2000 comprised of:

| Net Crown Debt | Actual May 2000 \$million | BEFU Full Year Forecast \$m |
|------------------------------------|---------------------------------|--------------------------------------|
| Gross Borrowings | 37,162 | 36,337 |
| Less | | |
| Marketable securities/ deposits | 11,662 | 10,492 |
| Advances and cash | 4,258 | 4,026 |
| Financial Assets | 15,920 | 14,518 |
| Net Crown Debt | 21,242 | 21,819 |
| Net Crown Debt to GDP Ratio | 20.5% | 21.1% |

COMPARISON TO PREVIOUS YEARS

| | May YTD | | | | Year Ended 30 June | | | |
|-------------------------------------|----------------|---------------|----------------|---------------|--------------------|---------------|---------------|---------------|
| | 1999/2000 | 1998/99 | | | 1998/99 | 1997/98 | 1996/97 | 1995/96 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m | \$m |
| Operating Statement | | | | | | | | |
| Total taxation revenue | 31,449 | 30,155 | 1,294 | 4.3 | 32,156 | 32,982 | 31,916 | 32,233 |
| % of GDP | 30.4% | 30.7% | | | 32.3% | 33.6% | 33.2% | 34.9% |
| Total non tax revenue | 2,443 | 3,883 | (1,440) | (37.1) | 4,201 | 2,599 | 2,862 | 2,826 |
| Total Revenue | 33,892 | 34,038 | (146) | (0.4) | 36,357 | 35,581 | 34,778 | 35,059 |
| % of GDP | 32.7% | 34.6% | | | 36.5% | 36.3% | 36.2% | 38.0% |
| Social security and welfare | 11,756 | 11,788 | 32 | 0.3 | 12,906 | 12,509 | 11,881 | 11,229 |
| GSF pension expenses | 610 | 619 | 9 | 1.5 | 1,132 | 494 | 739 | 1,011 |
| Health | 6,272 | 6,019 | (253) | (4.2) | 6,573 | 6,001 | 5,626 | 5,228 |
| Education | 5,666 | 5,385 | (281) | (5.2) | 5,899 | 5,714 | 5,335 | 4,949 |
| Core government services | 1,496 | 1,462 | (34) | (2.3) | 1,705 | 1,562 | 1,667 | 1,565 |
| Other | 4,723 | 4,525 | (198) | (4.4) | 5,141 | 5,114 | 4,621 | 4,661 |
| Finance costs | 2,173 | 2,322 | 149 | 6.4 | 2,516 | 2,804 | 3,072 | 3,703 |
| Net foreign exchange (gains) losses | (63) | (42) | 21 | (50.0) | (47) | 13 | 12 | (603) |
| Total Expenses | 32,633 | 32,078 | (555) | (1.7) | 35,825 | 34,211 | 32,953 | 31,743 |
| % of GDP | 31.5% | 32.6% | | | 36.0% | 34.9% | 34.3% | 34.4% |
| SOE/Crown entities net surplus | 449 | 1,058 | (609) | (57.6) | 1,245 | 1,164 | 83 | (2) |
| Operating Balance | 1,708 | 3,018 | (1,310) | (43.4) | 1,777 | 2,534 | 1,908 | 3,314 |
| % of GDP | 1.6% | 3.1% | | | 1.8% | 2.6% | 2.0% | 3.6% |
| Financial Position | | | | | | | | |
| SOEs and Crown entities | 13,509 | 19,010 | (5,501) | (28.9) | 12,917 | 19,022 | 18,483 | 18,487 |
| Physical assets | 15,665 | 15,213 | 452 | 3.0 | 15,258 | 14,962 | 14,502 | 13,925 |
| Other assets | 31,718 | 29,518 | 2,200 | 7.5 | 30,048 | 28,372 | 24,983 | 26,509 |
| Total Assets | 60,892 | 63,741 | (2,849) | (4.5) | 58,223 | 62,356 | 57,968 | 58,921 |
| Total Liabilities | 52,643 | 50,541 | (2,102) | (4.2) | 52,201 | 52,435 | 50,498 | 55,577 |
| Crown Balance (net worth) | 8,249 | 13,200 | (4,951) | (37.5) | 6,022 | 9,921 | 7,470 | 3,344 |
| % of GDP | 8.0% | 13.4% | | | 6.1% | 10.1% | 7.8% | 3.6% |
| Net Crown debt | 21,242 | 21,556 | (314) | (1.5) | 21,701 | 24,069 | 25,324 | 28,637 |
| % of GDP | 20.5% | 21.9% | | | 21.8% | 24.5% | 26.4% | 31.0% |
| GDP | 103,549 | 98,257 | | | 99,505 | 98,140 | 96,031 | 92,347 |

Taxation Revenue is \$1,294 million higher than in May 1999, largely reflecting the impacts of employment and wage growth in conjunction with increased importing activity.

Non Tax Revenue was \$1,440 million lower than the previous year, largely reflecting the gains on sale of Auckland and Wellington airports and Contact Energy in 1998/99.

The investment in State Owned Enterprises and Crown entities was significantly lower than the previous year. This is due primarily due to the recognition of the future cost of past ACC claims as a liability.

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | Note | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|------|------------------------------------|--|
| Revenue | | | | |
| Levied through the Crown's Sovereign Power | | | | |
| 20,289 | 19,177 | 1 | 19,940 | 21,522 |
| 11,867 | 10,978 | 2 | 11,509 | 12,363 |
| <u>32,156</u> | <u>30,155</u> | | <u>31,449</u> | <u>33,885</u> |
| 300 | 272 | | 327 | 341 |
| 32,456 | 30,427 | | 31,776 | 34,226 |
| Earned through the Crown's Operations | | | | |
| 2,901 | 2,659 | 3 | 1,063 | 1,141 |
| 683 | 611 | | 611 | 637 |
| 401 | 353 | 4 | 442 | 316 |
| (84) | (12) | | - | - |
| <u>3,901</u> | <u>3,611</u> | | <u>2,116</u> | <u>2,094</u> |
| 36,357 | 34,038 | | 33,892 | 36,320 |
| Total Revenue | | | | |
| Expenses | | | | |
| By functional classification | | | | |
| 12,906 | 11,788 | 5 | 11,756 | 12,943 |
| 1,132 | 619 | | 610 | 500 |
| 6,573 | 6,019 | | 6,272 | 6,873 |
| 5,899 | 5,385 | | 5,666 | 6,445 |
| 1,705 | 1,462 | | 1,496 | 1,680 |
| 1,499 | 1,303 | | 1,324 | 1,534 |
| 1,030 | 936 | | 1,081 | 1,242 |
| 1,029 | 892 | | 940 | 1,073 |
| 858 | 768 | | 738 | 975 |
| 334 | 283 | | 224 | 266 |
| 316 | 274 | | 341 | 459 |
| 41 | 38 | | 35 | 69 |
| 34 | 31 | | 40 | 46 |
| 2,516 | 2,322 | 5 | 2,173 | 2,381 |
| (47) | (42) | | (63) | (58) |
| - | - | | - | - |
| <u>35,825</u> | <u>32,078</u> | | <u>32,633</u> | <u>36,428</u> |
| 532 | 1,960 | | 1,259 | (108) |
| Revenue Less Expenses | | | | |
| Net surplus | | | | |
| 1,789 | 1,470 | 8 | 875 | 987 |
| (544) | (412) | 8 | (426) | (456) |
| | | | | 340 |
| <u>1,777</u> | <u>3,018</u> | | <u>1,708</u> | <u>763</u> |
| Operating Balance | | | | |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | Note | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|--|------------------------------------|------|------------------------------------|--|
| Assets | | | | |
| 230 | 18 | | 219 | 29 |
| | | | | |
| 11,153 | 10,627 | | 11,662 | 10,492 |
| 3,628 | 3,783 | 6 | 4,039 | 3,997 |
| 5,250 | 5,653 | 7 | 5,887 | 5,382 |
| 321 | 318 | | 349 | 274 |
| | | | | |
| 12,917 | 19,010 | | 13,509 | 13,980 |
| 270 | 186 | 8 | 324 | 357 |
| 15,258 | 15,213 | 9 | 15,665 | 15,694 |
| 422 | 498 | 10 | 395 | 395 |
| 8,770 | 8,431 | | 8,840 | 8,857 |
| 4 | 4 | 11 | 3 | 2 |
| 58,223 | 63,741 | | 60,892 | 59,459 |
| Liabilities | | | | |
| 5,005 | 4,470 | 12 | 4,735 | 5,210 |
| 1,960 | 1,992 | | 2,222 | 2,252 |
| 36,712 | 35,984 | | 37,162 | 36,337 |
| 8,524 | 8,095 | | 8,524 | 8,356 |
| 52,201 | 50,541 | | 52,643 | 52,155 |
| Total Assets Less Total Liabilities | | | | |
| 6,022 | 13,200 | | 8,249 | 7,304 |
| Crown Balance | | | | |
| (1,197) | 6,170 | | 557 | (393) |
| 7,219 | 7,030 | 13 | 7,692 | 7,697 |
| 6,022 | 13,200 | | 8,249 | 7,304 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| 9,921 | 9,921 | Opening Crown balance | 6,022 | 6,022 |
| 1,777 | 3,018 | Operating balance for the period | 1,708 | 763 |
| 466 | 261 | Net revaluations | 519 | 519 |
| 2,243 | 3,279 | Total Recognised Revenues and Expenses | 2,227 | 1,282 |
| (6,142) | - | Accident Rehabilitation and Compensation Insurance Corporation recognition policy change | - | - |
| 6,022 | 13,200 | Closing Crown Balance | 8,249 | 7,304 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| Cash Flows From Operations | | | | |
| Cash was provided from | | | | |
| Direct Taxation | | | | |
| Individuals | | | | |
| 12,328 | 11,293 | Source deductions | 11,759 | 12,943 |
| 3,566 | 3,441 | Other persons | 3,425 | 3,557 |
| (1,189) | (1,034) | Refunds | (963) | (1,124) |
| 329 | 327 | Fringe benefit tax | 305 | 302 |
| 15,034 | 14,027 | Total Individuals | 14,526 | 15,678 |
| Companies | | | | |
| 4,467 | 4,152 | Gross companies | 4,374 | 4,762 |
| (646) | (554) | Refunds | (570) | (575) |
| 3,821 | 3,598 | Total Companies | 3,804 | 4,187 |
| 1,654 | 1,544 | Withholding taxes | 1,472 | 1,550 |
| 2 | 2 | Other direct taxation | 1 | 2 |
| 20,511 | 19,171 | Total Direct Taxation | 19,803 | 21,417 |
| Indirect Taxation | | | | |
| Goods and services tax | | | | |
| 12,628 | 11,591 | Gross goods and services tax | 12,406 | 13,470 |
| (4,194) | (3,857) | Refunds | (4,402) | (4,706) |
| 8,434 | 7,734 | Total goods and services tax | 8,004 | 8,764 |
| 1,864 | 1,691 | Excise duties | 1,786 | 1,909 |
| 1,575 | 1,463 | Other indirect taxation | 1,473 | 1,629 |
| 11,873 | 10,888 | Total Indirect Taxation | 11,263 | 12,302 |
| 32,384 | 30,059 | Total Taxation Receipts | 31,066 | 33,719 |
| 251 | 230 | Compulsory fees, fines, penalties and levies | 266 | 283 |
| Other Receipts | | | | |
| 1,034 | 927 | Interest, profits and dividends | 943 | 973 |
| 642 | 628 | Sales of goods and services | 593 | 616 |
| 372 | 323 | Other operating receipts | 412 | 326 |
| 2,048 | 1,878 | Total Other Receipts | 1,948 | 1,915 |
| 34,683 | 32,167 | Total cash provided from operations | 33,280 | 35,917 |
| Cash was disbursed to | | | | |
| 4,536 | 4,163 | Departmental outputs | 4,227 | 4,426 |
| 14,402 | 13,266 | Other outputs | 13,883 | 15,270 |
| 2,398 | 2,328 | Finance costs | 2,469 | 2,458 |
| 134 | 124 | Subsidies | 114 | 163 |
| 12,601 | 11,611 | Current transfers | | |
| 220 | 195 | Social assistance grants | 11,614 | 12,734 |
| - | - | Other transfers | 208 | 241 |
| | | Provision for future initiatives | - | - |
| 34,291 | 31,687 | Total cash disbursed to operations | 32,515 | 35,292 |
| 392 | 480 | Net Cash Flows From Operations | 765 | 625 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| 392 | 480 | Subtotal (brought forward) | 765 | 625 |
| | | Cash Flows From Investing Activities | | |
| | | Cash was provided from | | |
| 2,738 | 2,691 | Net (purchase)/sale of investments | (121) | (130) |
| (1,184) | (811) | Net sale/(purchase) of marketable securities and deposits | 953 | 1,218 |
| 239 | 188 | Sale of physical assets | 196 | 269 |
| 1,793 | 2,068 | Total cash provided | 1,028 | 1,357 |
| | | Cash was disbursed to | | |
| 179 | 336 | Net increase in advances | 269 | 297 |
| 1,142 | 993 | Purchase of physical assets | 982 | 1,187 |
| 1,321 | 1,329 | Total cash disbursed | 1,251 | 1,484 |
| 472 | 739 | Net Cash Flows From Investing Activities | (223) | (127) |
| 864 | 1,219 | Net Cash Flows From Operating and Investing Activities | 542 | 498 |
| | | Cash Flows From Financing Activities | | |
| | | Cash was Provided From | | |
| 151 | 183 | Issues of circulating currency | 262 | 292 |
| 4,756 | 4,702 | Issues of Government stock | 2,678 | - |
| 1,124 | 1,069 | Other New Zealand-dollar borrowing ¹ | 971 | - |
| 2,703 | 2,703 | Borrowing in foreign currencies ¹ | 1,342 | 283 |
| 8,734 | 8,657 | Total Cash Provided | 5,253 | 575 |
| | | Cash was Disbursed to | | |
| 1,882 | 1,838 | Repayment of Government stock | 3,305 | 505 |
| 3,915 | 3,691 | Repayment of other New Zealand-dollar borrowing ¹ | 770 | - |
| 3,763 | 4,502 | Repayment of foreign-currency borrowing ¹ | 1,758 | 776 |
| 9,560 | 10,031 | Total Cash Disbursed | 5,833 | 1,281 |
| (826) | (1,374) | Net Cash Flows From Financing Activities | (580) | (706) |
| 38 | (155) | Net Movement in Cash | (38) | (208) |
| 171 | 171 | Opening Cash Balance | 230 | 230 |
| 21 | 2 | Foreign-exchange gains/(losses) on opening cash | 27 | 7 |
| 230 | 18 | Closing Cash Balance | 219 | 29 |

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 eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|--|------------------------------------|---|------------------------------------|--|
| Reconciliation Between the Operating Balance and Net Cash Flows from Operations | | | | |
| 2,321 | 3,430 | Operating Balance | 1,708 | 763 |
| <i>Items included in the operating balance but not in net cash flows from operations</i> | | | | |
| Valuation Changes | | | | |
| 84 | 12 | Revaluation of commercial forests | - | - |
| (44) | (64) | Unrealised net foreign-exchange gains | (89) | (82) |
| 40 | (52) | Total Valuation Changes | (89) | (82) |
| Physical Asset Movements | | | | |
| 765 | 699 | Depreciation | 729 | 805 |
| 26 | 23 | (Gain)/loss on sale of physical assets | (9) | (13) |
| 791 | 722 | Total Physical Asset Movements | 720 | 792 |
| Other Non-cash Items | | | | |
| (1,789) | (1,058) | Net surplus, less distributions, attributable to State-owned enterprises and Crown entities | (449) | (871) |
| (1,625) | (1,625) | Gain on sale of Contact Energy Limited and Airport Companies | - | - |
| - | - | Gain on sale of Vehicle Testing New Zealand Limited | (14) | (14) |
| 429 | - | Movement in pension liabilities | - | (168) |
| 5 | (5) | Other | (46) | 122 |
| (2,980) | (2,688) | Total Other Non-cash Items | (509) | (931) |
| 69 | 58 | Total other investing and financing items | 23 | (31) |
| Movements in Working Capital | | | | |
| (135) | (463) | (Increase)/decrease in taxes receivable | (274) | (197) |
| (75) | (149) | (Increase)/decrease in other receivables | (363) | 25 |
| (19) | (16) | (Increase)/decrease in inventories | (28) | 47 |
| 380 | 50 | (Decrease)/increase in payables | (423) | 239 |
| 151 | (578) | Total movements in working capital | (1,088) | 114 |
| 392 | 892 | Net Cash Flows from Operations | 765 | 625 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the eleven months ended 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| | | Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds | | |
| 392 | 480 | Net Cash Flows From Operations | 765 | 625 |
| | | Investing flows | | |
| | | <i>Net advances</i> | | |
| 212 | 50 | HCNZ | 29 | - |
| 11 | 11 | Contact Energy Limited | 101 | - |
| (470) | (451) | Student loans | (497) | - |
| 43 | 34 | Residual Health Management Unit | 47 | - |
| - | - | Solid Energy New Zealand Limited | (40) | - |
| 25 | 20 | Other | 91 | - |
| (179) | (336) | Total Net Advances | (269) | (297) |
| (903) | (805) | Net purchase of physical assets | (786) | (918) |
| | | <i>Net investments</i> | | |
| (45) | (38) | Hospital and Health Services | (35) | - |
| 487 | 487 | Auckland and Wellington Airports | - | - |
| - | - | At Work Insurance Limited | (29) | - |
| - | - | Vehicle Testing New Zealand Limited | 19 | - |
| 2,331 | 2,331 | Contact Energy Limited | 2 | - |
| (81) | (81) | IBRD/ADB | (74) | - |
| 46 | (8) | Other | (4) | - |
| 2,738 | 2,691 | Net (purchase)/sale of Investments | (121) | (130) |
| 2,048 | 2,030 | (Required to be financed)/ Available for debt repayment | (411) | (720) |
| | | Used in: | | |
| (1,184) | (811) | Net sale/(purchase) of marketable securities and deposits | 953 | 1,218 |
| 864 | 1,219 | Total Investing activities | 542 | 498 |
| (2,791) | (2,622) | Net (repayment)/issue of other New Zealand-dollar borrowing | 201 | (776) |
| (1,060) | (1,799) | Net (repayment)/issue of foreign currency borrowing | (416) | 283 |
| (38) | 155 | Decrease/(increase) in cash | 38 | 208 |
| 151 | 183 | Issues of circulating currency | 262 | 292 |
| (3,738) | (4,083) | | 85 | 7 |
| (2,874) | (2,864) | Net (Cash Proceeds From)/Repayments of Domestic Bonds | 627 | 505 |
| | | Gross Cash Proceeds From Domestic Bonds | | |
| 3,450 | 3,425 | Domestic bonds (market) | 1,735 | 1,914 |
| 977 | 1,002 | Domestic bonds (non-market) | 598 | 546 |
| 329 | 275 | Inflation bonds (market) | - | - |
| - | - | | 345 | 340 |
| 4,756 | 4,702 | Total Gross Cash Proceeds From Domestic Bonds | 2,678 | 2,800 |
| (1,782) | (1,738) | Repayment of domestic bonds (market) | (3,011) | (3,011) |
| (100) | (100) | Repayment of domestic bonds (non-market) | (294) | (294) |
| 2,874 | 2,864 | Net Cash (Repayment of)/ Proceeds from Domestic Bonds | (627) | (505) |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 31 May 2000

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| Outstanding Debt | | | | |
| New Zealand-Dollar Debt | | | | |
| 22,701 | 22,695 | Government stock | 22,053 | 22,108 |
| 5,881 | 6,105 | Treasury bills | 6,076 | 5,412 |
| 299 | 271 | Loans and foreign-exchange contracts | 548 | 259 |
| 729 | 741 | Retail stock | 476 | 485 |
| 29,610 | 29,812 | Total New Zealand-Dollar Debt | 29,153 | 28,264 |
| Foreign-Currency Debt | | | | |
| 3,565 | 3,067 | United States dollars | 4,645 | 4,990 |
| 1,706 | 1,250 | Japanese yen | 1,947 | 1,816 |
| 1,831 | 1,855 | European and other currencies | 1,417 | 1,267 |
| 7,102 | 6,172 | Total Foreign-Currency Debt | 8,009 | 8,073 |
| 36,712 | 35,984 | Total Outstanding Debt | 37,162 | 36,337 |
| Less | | | | |
| Financial Assets | | | | |
| Marketable Securities and Deposits | | | | |
| 3,601 | 3,436 | New Zealand dollars | 3,272 | 1,952 |
| 3,857 | 3,568 | United States dollars | 5,017 | 5,450 |
| 1,827 | 1,917 | Japanese yen | 1,921 | 1,816 |
| 1,868 | 1,706 | European and other currencies | 1,452 | 1,274 |
| 11,153 | 10,627 | Total Marketable Securities and Deposits | 11,662 | 10,492 |
| Advances and Cash | | | | |
| 299 | 470 | Advances to State-owned enterprises and Crown entities | 258 | 277 |
| 3,002 | 2,985 | Student loans | 3,569 | 3,506 |
| 327 | 328 | Other advances | 212 | 214 |
| 230 | 18 | Cash | 219 | 29 |
| 3,858 | 3,801 | Total Advances and Cash | 4,258 | 4,026 |
| 15,011 | 14,428 | Total Financial Assets | 15,920 | 14,518 |
| 21,701 | 21,556 | Net Crown Debt | 21,242 | 21,819 |
| 22,309 | 22,576 | Net New Zealand-dollar debt | 21,725 | 22,286 |
| (608) | (1,020) | Net foreign-currency debt | (483) | (467) |
| 21,701 | 21,556 | Net Crown Debt | 21,242 | 21,819 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 31 May 2000

Movements in Net Crown Debt Since 1 July 1999

| | As at 1 July 1999 \$m | Increases/ Additions \$m | Decreases/ Disposals/ Repayments \$m | Foreign Exchange Contracts \$m | Currency Realignment \$m | Unamortised Premiums \$m | As at 31 May 2000 \$m |
|---------------------------------------|--------------------------------|--------------------------------|---|---|--------------------------------|--------------------------------|--------------------------------|
| Outstanding Debt | | | | | | | |
| By Type | | | | | | | |
| New Zealand-dollar debt | 29,610 | 3,462 | (3,648) | - | - | (271) | 29,153 |
| Foreign-currency debt | 7,102 | 2,735 | (2,776) | (9) | 993 | (36) | 8,009 |
| Total Outstanding Debt | 36,712 | 6,197 | (6,424) | (9) | 993 | (307) | 37,162 |
| Less | | | | | | | |
| Financial Assets | | | | | | | |
| Marketable securities and deposits | 11,153 | 55,630 | (56,306) | 7 | 1,235 | (57) | 11,662 |
| Advances and cash | 3,858 | 936 | (540) | - | 4 | - | 4,258 |
| Total Financial Assets | 15,011 | 56,566 | (56,846) | 7 | 1,239 | (57) | 15,920 |
| Net Crown Debt | 21,701 | (50,369) | 50,422 | (16) | (246) | (250) | 21,242 |

STATEMENT OF COMMITMENTS

as at 31 May 2000

| | As at 31 May 2000 \$m | As at 30 June 1999 \$m | As at 31 May 1999 \$m |
|--|--------------------------------|---------------------------------|--------------------------------|
| Capital Commitments | | | |
| Specialist military equipment | 335 | 361 | 402 |
| Land and buildings | 292 | 125 | 137 |
| Other plant and equipment | 67 | 32 | 41 |
| Investments | 16 | 232 | 245 |
| State-owned enterprises and Crown entities | 1,162 | 1,207 | 1,212 |
| Total Capital Commitments | 1,872 | 1,957 | 2,037 |
| Operating Commitments | | | |
| Non-cancellable accommodation leases | 606 | 638 | 646 |
| Other non-cancellable leases | 2,932 | 2,443 | 3,582 |
| Non-cancellable contracts for the supply of goods and services | 321 | 454 | 302 |
| Other operating commitments | 1,146 | 909 | - |
| State-owned enterprises and Crown entities | 1,889 | 2,516 | 3,531 |
| Total Operating Commitments | 6,894 | 6,960 | 8,061 |
| Total Commitments | 8,766 | 8,917 | 10,098 |

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 31 May 2000

Quantifiable Contingent Liabilities

| | As at 31 May 2000 \$m | As at 30 June 1999 \$m | As at 31 May 1999 \$m |
|--|--------------------------------|---------------------------------|--------------------------------|
| Guarantees and Indemnities | 592 | 541 | 581 |
| Uncalled Capital | 3,179 | 2,820 | 2,806 |
| Legal Proceedings and Disputes | 538 | 464 | 529 |
| Other Contingent Liabilities | 1,740 | 1,610 | 1,498 |
| Total Quantifiable Contingent Liabilities | 6,049 | 5,435 | 5,414 |

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.

STATEMENT OF ACCOUNTING POLICIES

as at 31 May 2000

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 83 and 84 of the Budget Economic and Fiscal Update 2000 (BEFU) released on 15 June 2000.

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 in the Statement of Accounting Policies and Forecast Assumptions on pages 96 to 110 of the BEFU. There have been no changes in accounting policies since the update.

Forecast Results and Assumptions

The forecast results in these Financial Statements are for the twelve months ended 30 June 2000 due to the finalisation of the forecast period being 26 May 2000.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 96 to 110 of the 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 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|--------------------------------------|------------------------------------|--|
| NOTE 1: Direct Taxation | | | | |
| Income Tax | | | | |
| Individuals | | | | |
| 12,295 | 11,298 | Source deductions | 11,837 | 12,943 |
| 3,024 | 2,860 | Other persons | 2,971 | 3,143 |
| (701) | (575) | Refunds | (536) | (663) |
| 323 | 299 | Fringe benefit tax | 276 | 307 |
| 14,941 | 13,882 | Total Individuals | 14,548 | 15,730 |
| Companies | | | | |
| 3,851 | 3,955 | Gross companies | 4,058 | 4,430 |
| (157) | (150) | Refunds | (110) | (173) |
| 3,694 | 3,805 | Total Companies | 3,948 | 4,257 |
| Withholding Taxes | | | | |
| 864 | 787 | Residents' interest income | 649 | 703 |
| 717 | 644 | Non-residents' income | 690 | 721 |
| 63 | 35 | Residents' dividend income | 45 | 50 |
| 8 | 23 | Foreign-source dividends | 59 | 59 |
| 1,652 | 1,489 | Total Withholding Taxes | 1,443 | 1,533 |
| 20,287 | 19,176 | Total Income Tax | 19,939 | 21,520 |
| Other Direct Taxation | | | | |
| 2 | 1 | Estate and gift duties | 1 | 2 |
| 2 | 1 | Total Other Direct Taxation | 1 | 2 |
| 20,289 | 19,177 | Total Direct Taxation | 19,940 | 21,522 |
| NOTE 2: Indirect Taxation | | | | |
| Goods and Services Tax | | | | |
| 12,844 | 11,760 | Gross goods and services tax | 12,823 | 13,785 |
| (4,440) | (4,060) | Refunds | (4,686) | (5,016) |
| 8,404 | 7,700 | Total Goods and Services Tax | 8,137 | 8,769 |
| Excise Duties | | | | |
| 802 | 777 | Petroleum fuels | 757 | 784 |
| 714 | 652 | Tobacco products | 715 | 729 |
| 432 | 404 | Alcoholic beverages | 419 | 425 |
| 1,948 | 1,833 | Total Excise Duties | 1,891 | 1,938 |
| Other Indirect Taxation | | | | |
| 528 | 487 | Customs duty | 541 | 629 |
| 468 | 434 | Road user charges | 467 | 515 |
| 94 | 135 | Stamp, cheque and credit card duties | 51 | 53 |
| 174 | 159 | Motor vehicle fees | 161 | 179 |
| 155 | 142 | Gaming duties | 162 | 178 |
| 96 | 88 | Energy resources levy | 99 | 102 |
| 1,515 | 1,445 | Total Other Indirect Taxation | 1,481 | 1,656 |
| 11,867 | 10,978 | Total Indirect Taxation | 11,509 | 12,363 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|--|------------------------------------|--|------------------------------------|--|
| NOTE 3: Investment Income | | | | |
| Interest Income | | | | |
| | | Marketable securities, deposits, mortgages and cash balances | 383 | 382 |
| 343 | 302 | Advances | | |
| | | Student loans | 224 | 252 |
| 229 | 210 | Other entities | 42 | 46 |
| 58 | 53 | Total Interest Income | 649 | 680 |
| 630 | 565 | | | |
| Dividend Income | | | | |
| | | Dividends from State-owned enterprises | | |
| | | Electricity Corporation of New Zealand Limited | 15 | - |
| 57 | - | New Zealand Post Limited | 7 | - |
| 14 | 9 | Trans Power New Zealand Limited | 103 | - |
| 81 | 81 | Meridian Energy Limited | 133 | - |
| - | - | Television New Zealand Limited | 51 | - |
| 102 | 32 | Government Property Services Limited | - | - |
| 17 | 17 | Land Corporation Limited | 7 | - |
| 3 | 3 | Other | 6 | 353 |
| 8 | 8 | Contact Energy Limited | - | - |
| 65 | 65 | Housing Corporation Of New Zealand | 12 | - |
| - | - | Housing New Zealand Limited | 87 | - |
| 122 | 122 | Other dividends | 16 | 115 |
| 77 | 77 | Total Dividend Income | 437 | 468 |
| 546 | 414 | | | |
| Other Investment Income | | | | |
| | | (Losses)/gains on marketable securities and deposits | (37) | (26) |
| 13 | 55 | Gain on incorporation of Public Trust Office reserves | - | - |
| 86 | - | Gain on sale of Vehicle Testing New Zealand Limited | 14 | 14 |
| - | - | Gains on sale of Contact Energy Limited | - | - |
| 1,421 | 1,421 | Gains on sale of Airport companies | - | - |
| 204 | 204 | Other | - | 5 |
| 1 | - | Total Other Investment Income | (23) | (7) |
| 1,725 | 1,680 | Total Investment Income | 1,063 | 1,141 |
| 2,901 | 2,659 | | | |
| NOTE 4: Other Operational Revenue | | | | |
| | | Recoveries from Accident Rehabilitation and Compensation Insurance Corporation | 212 | 87 |
| 142 | 138 | Contributions to Government Superannuation Fund | 21 | 20 |
| 53 | 48 | Petroleum royalties | 41 | 33 |
| 26 | 22 | Cost recovery income from Fisheries | 25 | 27 |
| 31 | 29 | Income from Earthquake Commission | 9 | 10 |
| 10 | 9 | Other | 134 | 139 |
| 139 | 107 | Total Other Operational Revenue | 442 | 316 |
| 401 | 353 | | | |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|--|------------------------------------|---|------------------------------------|--|
| NOTE 5: Expenses by Input Type | | | | |
| | | Subsidies and transfer payments (see analysis below) | 11,814 | 13,034 |
| 12,892 | 11,821 | Operating expenses (see analysis below) | 14,810 | 16,965 |
| 15,681 | 14,068 | Personnel | | |
| | | Personnel expenses (excluding pension expenses) | 2,276 | 2,508 |
| 2,541 | 2,282 | GSF Pension expenses | 610 | 668 |
| 703 | 619 | Movement in GSF unfunded pension liability | - | (168) |
| 429 | - | Other pension expenses | 52 | 53 |
| 50 | 48 | Depreciation | | |
| | | Physical assets | 653 | 723 |
| 684 | 625 | State highways | 76 | 82 |
| 81 | 74 | Rental and leasing costs | 241 | 253 |
| 269 | 238 | (Gain)/loss on sale of assets | (9) | (13) |
| 26 | 23 | Finance costs (see analysis below) | 2,173 | 2,381 |
| 2,516 | 2,322 | Net foreign-exchange losses/ (gains) on liabilities | 1,072 | 624 |
| (22) | (41) | Net foreign-exchange (gains)/ losses on assets | (1,135) | (682) |
| (25) | (1) | Provision for future initiatives | - | - |
| - | - | Total Expenses | 32,633 | 36,428 |
| 35,825 | 32,078 | | | |
| Analysis of Subsidies and Transfer Payments | | | | |
| | | Social Assistance Grants | | |
| | | New Zealand superannuation | 4,633 | 5,068 |
| 5,064 | 4,649 | Domestic purposes benefit | 1,316 | 1,426 |
| 1,451 | 1,334 | Unemployment benefit | - | - |
| 369 | 369 | Community wage | 1,787 | 1,932 |
| 1,487 | 1,331 | Family support | 823 | 949 |
| 915 | 841 | Student allowances | 329 | 386 |
| 378 | 339 | Other social assistance grants | 2,601 | 2,885 |
| 2,901 | 2,665 | Subsidies | 119 | 151 |
| 110 | 99 | Other Transfer Payments | | |
| | | Official development assistance | 188 | 219 |
| 204 | 182 | Other | 18 | 18 |
| 13 | 12 | Total Subsidies and Transfer Payments | 11,814 | 13,034 |
| 12,892 | 11,821 | | | |
| Analysis of Operating Expenses | | | | |
| | | Education purchases | | |
| | | Early childhood education | 291 | 323 |
| 294 | 269 | Primary and secondary education | 3,122 | 3,430 |
| 3,146 | 2,912 | Tertiary education and training | 1,269 | 1,430 |
| 1,357 | 1,240 | Health purchases | 5,852 | 6,400 |
| 6,107 | 5,599 | Science purchases | 386 | 424 |
| 405 | 371 | Other operating expenses | 3,890 | 4,958 |
| 4,372 | 3,677 | Total Operating Expenses | 14,810 | 16,965 |
| 15,681 | 14,068 | | | |
| Analysis of Finance Costs | | | | |
| | | Interest | | |
| | | New Zealand dollars | 1,829 | 1,996 |
| 2,129 | 1,954 | Foreign currencies | 321 | 394 |
| 343 | 318 | Other finance costs | 23 | (9) |
| 44 | 50 | Total Finance Costs | 2,173 | 2,381 |
| 2,516 | 2,322 | | | |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| NOTE 6: Advances | | | | |
| Advances to State-owned Enterprises and Crown Entities | | | | |
| | | Housing Corporation of New Zealand | 136 | 162 |
| 169 | 331 | Residual Health Management Unit | 80 | 75 |
| 127 | 136 | Solid Energy New Zealand Limited | 41 | 40 |
| - | - | Terralink NZ Limited | 1 | - |
| 3 | 3 | Total Advances to State-owned Enterprises and Crown Entities | 258 | 277 |
| 299 | 470 | Other Advances | | |
| | | Student loans | 3,569 | 3,506 |
| 3,002 | 2,985 | Contact Energy Limited | 117 | 117 |
| 217 | 217 | Forestry encouragement loans | 28 | 29 |
| 34 | 34 | Maori Development rural lending | 35 | 38 |
| 34 | 33 | Catchment authorities | 7 | 7 |
| 8 | 9 | Other | 25 | 23 |
| 34 | 35 | Total Other Advances | 3,781 | 3,720 |
| 3,329 | 3,313 | Total Advances | 4,039 | 3,997 |
| 3,628 | 3,783 | | | |
| NOTE 7: Receivables | | | | |
| | | Taxes receivable | 4,335 | 4,258 |
| 4,061 | 4,389 | Accounts receivable | 1,209 | 919 |
| 976 | 940 | Receivable from the sale and purchase of Maui gas | 177 | 112 |
| 132 | 134 | Prepayments | 166 | 93 |
| 81 | 190 | Total Receivables | 5,887 | 5,382 |
| 5,250 | 5,653 | | | |

NOTES TO THE FINANCIAL STATEMENTS

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

| | Investment as at 1 July 1999 \$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 31 May 2000 \$m |
|---|--|-----------------------|----------------------------------|--|---|---|--|
| State-owned enterprises | 4,951 | 379 | (322) | 57 | 71 | 25 | 5,104 |
| Crown entities | 7,966 | 496 | (104) | 392 | - | 47 | 8,405 |
| Total State-owned Enterprises and Crown Entities | 12,917 | 875 | (426) | 449 | 71 | 72 | 13,509 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|--|------------------------------------|--|
| NOTE 9: Other Investments | | | | |
| 31 | 29 | International Bank for Reconstruction and Development | 104 | 104 |
| 86 | - | Public Trust Office | 86 | 86 |
| 96 | 96 | Asian Development Bank | 96 | 96 |
| 57 | 61 | Other | 38 | 71 |
| 270 | 186 | Total Other Investments | 324 | 357 |
| NOTE 10: Physical Assets | | | | |
| By Type | | | | |
| Cost or Valuation | | | | |
| 1,763 | 2,306 | Land | 2,273 | 1,823 |
| 525 | - | Properties intended for sale | 441 | 444 |
| 8,228 | 8,259 | Buildings | 8,243 | 8,775 |
| 2,357 | 2,330 | Specialist military equipment | 2,545 | 2,598 |
| 2,083 | 2,062 | Other plant and equipment | 2,017 | 2,509 |
| 2,511 | 2,499 | Other assets | 2,693 | 2,233 |
| 17,467 | 17,456 | Total Cost or Valuation | 18,212 | 18,382 |
| Accumulated Depreciation | | | | |
| 710 | 745 | Buildings | 849 | 880 |
| 356 | 349 | Specialist military equipment | 476 | 487 |
| 1,138 | 1,143 | Other plant and equipment | 1,214 | 1,321 |
| 5 | 6 | Other assets | 8 | - |
| 2,209 | 2,243 | Total Accumulated Depreciation | 2,547 | 2,688 |
| Net Book Value | | | | |
| 1,763 | 2,306 | Land | 2,273 | 1,823 |
| 525 | - | Properties intended for sale | 441 | 444 |
| 7,518 | 7,514 | Buildings | 7,394 | 7,895 |
| 2,001 | 1,981 | Specialist military equipment | 2,069 | 2,111 |
| 945 | 919 | Other plant and equipment | 803 | 1,188 |
| 2,506 | 2,493 | Other assets | 2,685 | 2,233 |
| 15,258 | 15,213 | Total Net Book Value | 15,665 | 15,694 |
| Movements since 30 June | | | | |
| Cost or Valuation | | | | |
| 16,977 | 16,977 | Opening balance | 17,467 | 17,467 |
| 556 | 434 | Net additions | 461 | 635 |
| (66) | 45 | Revaluations | 284 | 280 |
| 17,467 | 17,456 | Total Cost or Valuation | 18,212 | 18,382 |
| Accumulated Depreciation | | | | |
| 2,015 | 2,015 | Opening balance | 2,209 | 2,209 |
| (267) | (240) | Disposals | (151) | (74) |
| 684 | 625 | Depreciation charged for the period | 653 | 723 |
| (223) | (157) | Revaluations | (164) | (170) |
| 2,209 | 2,243 | Total Accumulated Depreciation | 2,547 | 2,688 |
| 15,258 | 15,213 | Net Physical Assets | 15,665 | 15,694 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|--|------------------------------------|--|
| NOTE 11: State Highways | | | | |
| Cost or Valuation | | | | |
| 8,359 | 8,359 | Opening balance | 8,770 | 8,770 |
| 148 | 146 | Net additions | 146 | 169 |
| 263 | - | Net revaluations | - | - |
| 8,770 | 8,505 | Total Cost or Valuation | 8,916 | 8,939 |
| Accumulated Depreciation | | | | |
| - | - | Opening balance | - | - |
| 81 | 74 | Depreciation charged for the period | 76 | 82 |
| (81) | - | Net revaluations | - | - |
| - | 74 | Total Accumulated Depreciation | 76 | 82 |
| 8,770 | 8,431 | Net State Highways | 8,840 | 8,857 |
| NOTE 12: Payables and Provisions | | | | |
| 1,686 | 1,664 | Taxes repayable | 1,658 | 1,720 |
| 1,219 | 913 | Accounts payable | 1,740 | 1,288 |
| 1,247 | 1,043 | Accruals and provisions | 493 | 1,267 |
| 423 | 423 | National Provident Fund guarantee | 423 | 423 |
| 96 | 96 | National Provident Fund Board indemnity | 96 | 111 |
| 334 | 331 | Provisions for employee entitlements | 325 | 401 |
| 5,005 | 4,470 | Total Payables and Provisions | 4,735 | 5,210 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 1999 \$m | Actual 31 May 1999 \$m | | Actual 31 May 2000 \$m | Annual Budget Forecast 12 months \$m |
|---|------------------------------------|---|------------------------------------|--|
| NOTE 13: Revaluation Reserve | | | | |
| 6,789 | 6,789 | Opening Balance | 7,219 | 7,219 |
| Net Revaluations | | | | |
| 344 | - | State highways | - | - |
| 245 | 309 | Land and buildings | 445 | 449 |
| (109) | (108) | Specialist military equipment | 2 | - |
| 21 | 1 | Other assets | 1 | 1 |
| (35) | 59 | State-owned enterprises and Crown entities | 71 | 69 |
| 466 | 261 | Total Net Revaluations | 519 | 519 |
| (36) | (20) | Transfers to accumulated operating balance | (46) | (41) |
| 7,219 | 7,030 | Closing Revaluation Reserve | 7,692 | 7,697 |