

Financial Statements of the Government of New Zealand

for the Four Months
ended 31 October 2000



8 December 2000

ISBN 0-478-11803-1

Prepared by The Treasury
Printed by PrintLink

CONTENTS

Commentary

Overview	4
Comparison with Forecast	5
Comparison with Previous Year	9

Financial Statements

Statement of Financial Performance	12
Statement of Financial Position	13
Statement of Movements in Equity	14
Statement of Cash Flows	15
Statement of Borrowings	19
Statement of Commitments	21
Statement of Contingent Liabilities	21
Statement of Accounting Policies	22
Notes to the Financial Statements	23

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COMMENTARY

OVERVIEW — FOUR MONTHS TO OCTOBER 2000

	October 2000 Actual YTD	October 2000 Forecast YTD	Variance \$m	June 2001 Forecast	June 2000 Actual
Operating balance	492	316	176	1,012	1,449
Net worth	9,077	7,620	1,457	8,316	8,583
Net Crown debt	21,776	22,460	684	22,282	21,396

The **operating balance** for October was \$492 million, which was \$176 million ahead of the Budget Economic and Fiscal Update (BEFU) forecast. This was largely due to:

- revenue being \$11 million above forecast;
- expenses being \$118 million below forecast; and
- SOE/CE surplus being \$47 million above forecast mainly due to higher-than-forecast investment income and premium collection by ACC.

Within total revenue **Tax revenue** was below forecast (\$100 million). This negative variance was largely due to lower-than-forecast net other persons tax (\$114 million) and GST (\$162 million), partly offset by a favourable variance in companies tax (\$179 million).

Tax revenue has decreased against forecast by \$176 million during the month, mainly reflecting the swing in GST.

Expenses were \$118 million below forecast. This variance included net foreign exchange gains of \$43 million, which are not forecast as a matter of policy. The remaining variance was largely due to timing differences and is expected to reverse in the coming months.

The improvement in **net worth** against forecast of \$1,457 million was due to:

- the flow on effects of the 30 June 2000 Crown Financial Statements which reflects the 1999/2000 higher-than-forecast operating balance of \$686 million and asset revaluations of \$593 million; and
- the improved operating balance for 2000/01 against forecast of \$176 million.

Net Crown debt was \$684 million lower than forecast. This was largely due to the flow on effects (similar to net worth) of the opening forecast position being \$400 million lower than the actual opening position and issues of circulating currency (\$177 million) which as a matter of policy are not forecast.

Net Crown debt was estimated to be 20.7% of GDP at 31 October, compared to a forecast of 21.4%.

These financial statements are compared against forecasts based on the Budget Economic and Fiscal Update. The November financial statements and subsequent months will be compared against the December Economic and Fiscal Update.

COMPARISON WITH FORECAST

Financial Performance

The financial statements for the four months ended 31 October 2000 are compared against forecasts based on the 2000 Budget Economic and Fiscal Update (BEFU). The operating balance comprised:

Operating Balance	Actual \$million	Forecast \$million	Variance \$million
Revenue	12,606	12,595	11
Expenses	12,304	12,422	118
SOEs and Crown entities	190	143	47
Operating balance	492	316	176

Revenue

Overall revenue was \$11 million ahead of forecast.

Tax Revenue

The components of the year-to-date variance against the BEFU forecast of -\$100 million were:

Variations Against Forecast	\$million
Net Companies Tax	179
Goods and Services Tax	(162)
Net Other Persons Tax	(114)
Tobacco Excise Duty	(61)
Other taxation	58
Total Taxation Variance	(100)

- **Net Companies Tax** were higher-than-forecast by \$179 million. This is primarily due to a number of factors including slightly higher than forecast company profits, some companies moving into a tax-paying situation after several years of losses, and companies paying more than expected in early provisional payments to avoid interest and penalties.
- **Goods and Services Tax** was lower-than-forecast by \$162 million. While part of this variance is timing, a component of this variance is also due to private consumption and residential investment being lower than expected this year.
- **Net Other Persons Tax** was lower-than-forecast by \$114 million largely due to higher

than forecast refunds which signals a reversal of the year-end delay in refund payments due to the cancellation of IR5 returns.

- **Tobacco Excise Duty** was \$61 million below forecast due to tobacco companies having shifted forward production into the 1999/2000 year, and higher than expected reductions in consumption due to the higher excise rate introduced in May.

Non-tax Revenue

Other non-tax revenue was \$111 million above forecast. Investment income was higher than forecast (\$58 million), largely due to higher holdings of marketable securities and deposits, along with higher-than-forecast other operational revenue (\$31 million).

Expenses

Total expenses for the period were \$118 million lower than forecast. This variance included net foreign exchange gains of \$43 million, which are not forecast as a matter of policy.

The remaining variance of \$75 million is spread across a number of functional expense classifications. The majority of this variance is likely to be timing in nature.

State-Owned Enterprises (SOEs) and Crown Entities

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

SOEs and Crown Entities	Actual \$million	Forecast \$million	Variance
SOEs			
Surplus	150	127	23
Distributions	(106)	(95)	(11)
	44	32	12
Crown Entities			
Surplus	146	111	35
Distributions	-	-	-
	146	111	35
Net Surplus	190	143	47

The SOEs and Crown entities net surplus was ahead of forecast by \$47 million.

The key component relates to a higher-than-forecast net surplus from Accident Compensation Corporation (ACC) of \$30 million due to higher investment returns and premium collection.

Net Cash Flows

Net cash flows for the four months ended 31 October 2000 were as follows:

Net Cash Flows	Actual	Forecast	Variance	
	\$million	\$million	\$million	%
Operating activities	(592)	(504)	(88)	(17.5)
Investing activities (excluding net sales/(purchases) of marketable securities and deposits)	(295)	(432)	137	31.7
Amount required to be financed	(887)	(936)	49	5.2
Net (purchases)/sales of marketable securities and deposits	(1099)	260	(1359)	-
Financing activities	1992	879	1113	126.6
Net Movement in Cash	6	203	(197)	(97.0)

Net cash outflows from operating activities

were below forecast by \$88 million largely due to:

- taxation receipts being below forecast by \$140 million, which reflects the reversal of tobacco excise duties and net other persons refunds from 30 June 2000 and a slightly weaker than forecast labour market reducing source deductions receipts; partially offset by
- cash disbursed to operations being higher-than-forecast by \$37 million; partially offset by
- other receipts being higher-than-forecast (\$95 million).

Net cash outflows from investing activities

(excluding net sales/(purchases) of marketable securities and deposits) had a positive variance against forecast of \$137 million due partially to lower-than-forecast purchases of physical assets.

As a result, the **amount required to be financed** was \$49 million higher than forecast.

Financial Position

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

Financial Position	Actual \$million	Forecast \$million	Variance	
			\$million	%
SOEs and Crown entities	14,537	14,078	459	3.3
Physical assets	16,094	16,017	77	0.5
Financial assets	16,872	14,605	2,267	15.5
Other assets	16,262	15,681	581	3.7
	63,765	60,381	3,384	5.6
Gross debt	38,648	37,065	(1,583)	(4.3)
Pension liabilities	8,323	8,356	33	0.4
Other liabilities	7,717	7,340	(377)	(5.1)
	54,688	52,761	(1,927)	(3.7)
Crown Balance (net worth)	9,077	7,620	1,457	19.1

Net Crown debt (Gross Debt less financial assets) was \$684 million lower than forecast. This was largely due the flow on effects of the 30 June 2000 Crown Financial Statements results as the forecast opening net debt position was based on the estimated actual position forecast in the BEFU (around \$400 million below the actual net debt opening position) and issues of circulating currency of \$177 million which are not forecast as a matter of policy.

	Actual \$m	Forecast \$m	Variance \$m
Net Crown Debt			
Gross Borrowings	38,648	37,065	(1,583)
Less			
Marketable securities/ deposits	12,577	10,224	2,353
Advances and cash	4,295	4,381	(86)
Financial Assets	16,872	14,605	2,267
Net Crown Debt	21,776	22,460	684
Net Crown Debt to GDP Ratio	20.7%	21.4%	0.7%

Net Crown debt was estimated to be 20.7% of GDP at 31 October, compared to a forecast of 21.4%. This ratio is calculated using the actual nominal GDP number to June 2000.

COMPARISON WITH PREVIOUS YEAR

	Oct YTD				Year Ended 30 June			
	2000/01 \$m	1999/00 \$m	\$m	%	1999/00 \$m	1998/99 \$m	1997/98 \$m	1996/97 \$m
Operating Statement								
Total taxation revenue	11,747	11,043	704	6.4	34,035	32,156	32,982	31,916
% of GDP	11.2%	11.1%			32.8%	32.5%	33.6%	33.5%
Total non tax revenue	859	982	(123)	(12.5)	2,491	4,201	2,599	2,862
Total Revenue	12,606	12,025	581	4.8	36,526	36,357	35,581	34,778
% of GDP	12.0%	12.0%			35.2%	36.7%	36.2%	36.6%
Social security and welfare	4,388	4,285	(103)	(2.4)	12,896	12,906	12,509	11,881
GSF pension expenses	220	213	(7)	(3.3)	478	1,132	494	739
Health	2,431	2,276	(155)	(6.8)	6,874	6,573	6,001	5,626
Education	2,278	2,104	(174)	(8.3)	6,310	5,899	5,714	5,335
Core government services	455	544	89	16.4	1,710	1,705	1,562	1,667
Other	1,742	1,578	(164)	(10.4)	5,592	5,141	5,114	4,621
Finance costs	833	793	(40)	(5.0)	2,373	2,516	2,804	3,072
Net foreign exchange (gains) losses	(43)	(30)	13	(43.3)	(62)	(47)	13	12
Total Expenses	12,304	11,763	(541)	(4.6)	36,171	35,825	34,211	32,953
% of GDP	11.7%	11.8%			34.9%	36.2%	34.8%	34.6%
SOE/Crown entities net surplus	190	(4)	194	-	575	1,245	1,164	83
ACC Valuation movement	-	-	-	-	519	-	-	-
Operating Balance	492	258	234	90.7	1,449	1,777	2,534	1,908
% of GDP	0.5%	0.3%			1.4%	1.8%	2.6%	2.0%
Financial Position								
SOEs and Crown entities	14,537	13,112	1,425	10.9	14,392	12,917	19,022	18,483
Physical assets	16,094	15,285	809	5.3	15,972	15,258	14,962	14,502
Other assets	33,134	30,281	2,853	9.4	30,059	30,048	28,372	24,983
Total Assets	63,765	58,678	5,087	8.7	60,423	58,223	62,356	57,968
Total Liabilities	54,688	52,355	(2,333)	(4.5)	51,840	52,201	52,435	50,498
Crown Balance (net worth)	9,077	6,323	2,754	43.6	8,583	6,022	9,921	7,470
% of GDP	8.6%	6.3%			8.3%	6.1%	10.1%	7.9%
Net Crown debt	21,776	22,693	(917)	(4.0)	21,396	21,701	24,069	25,324
% of GDP	20.7%	22.7%			20.6%	21.9%	24.5%	26.6%
GDP	105,036	99,930			103,681	99,059	98,291	95,150

Taxation revenue was \$704 million higher than in October 1999, largely reflecting the increased tax rate for incomes over \$60,000, higher profit expectations of companies and higher GDP flowing through in various tax types.

Education expenses were \$174 million higher than last year. The increase in expenditure reflects demographic changes as well as new policy initiatives.

Other expenses were \$164 million higher than last year largely reflecting policy initiatives introduced in the 2000 Budget Update.

Health expenses were \$155 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.

The investment in SOEs and Crown entities was \$1,425 million higher than the previous years primarily due to the reduction in the ACC outstanding claims liability valuation (\$519 million) and asset revaluations undertaken by Electricity SOE's in 1999/2000.

Net Crown debt has reduced primarily due to the improved cash flows from operations reported in the June 2000 Crown Financial statements.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
Revenue								
Levied through the Crown's Sovereign Power								
21,499	6,992	Direct taxation	1	7,661	7,570	91	1.2	23,214
12,536	4,051	Indirect taxation	2	4,086	4,277	(191)	(4.5)	12,938
34,035	11,043	Total taxation revenue		11,747	11,847	(100)	(0.8)	36,152
376	135	Compulsory fees, fines, penalties and levies		119	110	9	8.2	338
34,411	11,178	Total Revenue Levied through the Crown's Sovereign Power		11,866	11,957	(91)	(0.8)	36,490
Earned through the Crown's Operations								
1,157	531	Investment income	3	399	341	58	17.0	985
641	215	Sales of goods and services		223	210	13	6.2	627
343	101	Other operational revenue	4	118	87	31	35.6	268
(26)	-	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
2,115	847	Total Revenue Earned through the Crown's Operations		740	638	102	16.0	1,880
36,526	12,025	Total Revenue		12,606	12,595	11	0.1	38,370
Expenses								
By functional classification								
12,896	4,285	Social security and welfare	5	4,388	4,426	38	0.9	13,215
478	213	GSF pension expenses		220	219	(1)	(0.5)	796
6,874	2,276	Health		2,431	2,435	4	0.2	7,236
6,310	2,104	Education		2,278	2,277	(1)	-	6,818
1,710	544	Core government services		455	479	24	5.0	1,529
1,531	482	Law and order		518	520	2	0.4	1,551
1,247	353	Defence		362	375	13	3.5	1,142
1,036	231	Transport and communications		268	273	5	1.8	1,103
944	274	Economic and industrial services		374	380	6	1.6	1,139
456	84	Primary services		79	87	8	9.2	278
265	135	Heritage, culture and recreation		91	98	7	7.1	427
68	11	Housing and community development		27	29	2	6.9	52
45	8	Other		23	7	(16)	(228.6)	112
2,373	793	Finance costs	5	833	817	(16)	(2.0)	2,479
(62)	(30)	Net foreign-exchange (gains)/losses		(43)	-	43	-	-
-	-	Provision for future initiatives		-	-	-	-	180
36,171	11,763	Total Expenses		12,304	12,422	118	0.9	38,057
355	262	Revenue Less Expenses		302	173	129	74.6	313
1,094	(4)	Net surplus, less distributions, attributable to SOE's and Crown entities.	8	190	143	47	32.9	699
1,449	258			492	316	176	55.7	1,012

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
210	188	Cash and bank balances		218	232	(14)	(6.0)	35
10,440	10,380	Marketable securities and deposits		12,577	10,224	2,353	23.0	9,234
3,995	3,753	Advances	6	4,077	4,149	(72)	(1.7)	4,541
5,520	6,143	Receivables	7	6,323	5,798	525	9.1	5,458
274	328	Inventories		269	273	(4)	(1.5)	315
14,392	13,112	State-owned enterprises and Crown entities	8	14,537	14,078	459	3.3	14,773
338	273	Other investments	9	360	357	3	0.8	364
15,972	15,285	Physical assets	10	16,094	16,017	77	0.5	16,131
369	419	Commercial forests		370	367	3	0.8	395
8,911	8,795	State highways	11	8,938	8,884	54	0.6	8,938
2	2	Intangible assets		2	2	-	-	2
-	-	Capital contingency provision		-	-	-	-	148
60,423	58,678	Total Assets		63,765	60,381	3,384	5.6	60,334
Liabilities								
5,240	4,732	Payables and provisions	12	5,304	5,088	(216)	(4.2)	5,207
2,236	2,085	Currency issued		2,413	2,252	(161)	(7.1)	2,252
36,041	37,014	Borrowings		38,648	37,065	(1,583)	(4.3)	36,092
8,323	8,524	Pension liabilities		8,323	8,356	33	0.4	8,467
51,840	52,355	Total Liabilities		54,688	52,761	(1,927)	(3.7)	52,018
8,583	6,323	Total Assets Less Total Liabilities		9,077	7,620	1,457	19.1	8,316
Crown Balance								
382	(914)	Accumulated operating balance		887	(77)	964	-	619
8,201	7,237	Revaluation reserve	13	8,190	7,697	493	6.4	7,697
8,583	6,323	Crown Balance		9,077	7,620	1,457	19.1	8,316

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
6,022	6,022	Opening Crown Balance	8,583	7,304	1,279	17.5	7,304
1,449	258	Operating balance for the period	492	316	176	55.7	1,012
1,112	43	Net revaluations	2	-	2	-	-
		Total Recognised Revenues and Expenses	494	316	178	56.3	1,012
2,561	301						
8,583	6,323	Closing Crown Balance	9,077	7,620	1,457	74	8,316

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$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	4,182	Source deductions	4,395	4,492	(97)	(2.2)	13,756
3,553	962	Other persons	1,058	1,052	6	0.6	3,995
(1,043)	(494)	Refunds	(538)	(426)	(112)	(26.3)	(1,067)
306	151	Fringe benefit tax	186	173	13	7.5	310
15,736	4,801	Total Individuals	5,101	5,291	(190)	(3.6)	16,994
Companies							
4,726	1,408	Gross companies	1,676	1,510	166	11.0	5,126
(618)	(244)	Refunds	(177)	(179)	2	1.1	(601)
4,108	1,164	Total Companies	1,499	1,331	168	12.6	4,525
1,566	536	Withholding taxes	549	577	(28)	(4.9)	1,672
1	1	Other direct taxation	1	-	1	-	2
21,411	6,502	Total Direct Taxation	7,150	7,199	(49)	(0.7)	23,193
Indirect Taxation							
Goods and services tax							
13,664	4,348	Gross goods and services tax	4,711	4,551	160	3.5	13,987
(4,852)	(1,528)	Refunds	(1,734)	(1,581)	(153)	(9.7)	(4,836)
8,812	2,820	Total goods and services tax	2,977	2,970	7	0.2	9,151
2,014	653	Excise duties	558	682	(124)	(18.2)	2,070
1,627	494	Other indirect taxation	547	521	26	5.0	1,699
12,453	3,967	Total Indirect Taxation	4,082	4,173	(91)	(2.2)	12,920
33,864	10,469	Total Taxation Receipts	11,232	11,372	(140)	(1.2)	36,113
308	116	Compulsory fees, fines, penalties and levies	101	107	(6)	(5.6)	330
Other Receipts							
1,070	448	Interest, profits and dividends	324	310	14	4.5	816
621	209	Sales of goods and services	235	211	24	11.4	596
341	83	Other operating receipts	142	85	57	67.1	257
2,032	740	Total Other Receipts	701	606	95	15.7	1,669
36,204	11,325	Total cash provided from operations	12,034	12,085	(51)	(0.4)	38,112
Cash was disbursed to							
4,447	1,633	Departmental outputs	1,402	1,337	(65)	(4.9)	4,632
15,303	5,118	Other outputs	5,698	5,690	(8)	(0.1)	16,238
2,507	980	Finance costs	883	850	(33)	(3.9)	2,561
131	45	Subsidies	49	79	30	38.0	167
Current transfers							
12,615	4,285	Social assistance grants	4,515	4,544	29	0.6	12,995
238	78	Other transfers	79	89	10	11.2	250
-	-	Provision for future initiatives	-	-	-	-	180
35,241	12,139	Total cash disbursed to operations	12,626	12,589	(37)	(0.3)	37,023
963	(814)	Net Cash Flows From Operations	(592)	(504)	(88)	(17.5)	1,089

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
963	(814)	Subtotal (brought forward)	(592)	(504)	(88)	(17.5)	1,089
		Cash Flows From Investing Activities					
		Cash was provided from					
(130)	(142)	Net sale/(purchase) of investments	101	47	54	114.9	(87)
1,983	1,444	Net (purchase)/sale of marketable securities and deposits	(1,099)	260	(1,359)	-	1,094
250	37	Sale of physical assets	19	29	(10)	(34.5)	106
2,103	1,339	Total cash provided	(979)	336	(1,315)	(391.4)	1,113
		Cash was disbursed to					
309	99	Net increase in advances	91	120	29	24.2	585
1,160	340	Purchase of physical assets	324	388	64	16.5	1,232
-	-	Capital contingency provision	-	-	-	-	148
1,469	439	Total cash disbursed	415	508	93	18.3	1,965
634	900	Net Cash Flows From Investing Activities	(1,394)	(172)	(1,222)	-	(852)
1,597	86	Net Cash Flows From Operating and Investing Activities	(1,986)	(676)	(1,310)	(193.8)	237
		Cash Flows From Financing Activities					
		Cash was Provided From					
275	125	Issues of circulating currency	177	-	177	-	-
2,867	809	Issues of Government stock Other New Zealand-dollar borrowing ¹	790	875	(85)	(9.7)	-
453	173	Borrowing in foreign currencies ¹	659	26	633	-	-
1,683	604	Total Cash Provided	2,410	-	2,410	-	-
5,278	1,711	Total Cash Provided	4,036	901	3,135	347.9	-
		Cash was Disbursed to					
3,305	303	Repayment of Government stock	101	-	(101)	-	17
1,280	418	Repayment of other New Zealand-dollar borrowing ¹	393	-	(393)	-	56
2,318	1,121	Repayment of foreign-currency borrowing ¹	1,550	22	(1,528)	-	158
6,903	1,842	Total Cash Disbursed	2,044	22	(2,022)	-	231
(1,625)	(131)	Net Cash Flows From Financing Activities	1,992	879	1,113	126.6	(231)
(28)	(45)	Net Movement in Cash	6	203	(197)	(97.0)	6
230	230	Opening Cash Balance	210	29	181	-	29
8	3	Foreign-exchange gains/(losses) on opening cash	2	-	2	-	-
210	188	Closing Cash Balance	218	232	(14)	(6.0)	35

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 four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual
			Actual	Forecast	Variance		Forecast
			\$m	\$m	\$m	%	\$m
Reconciliation Between the Operating Balance and Net Cash Flows from Operations							
1,449	258	Operating Balance	492	316	176	55.7	1,012
		<i>Items included in the operating balance but not in net cash flows from operations</i>					
		Valuation Changes					
26	-	Revaluation of commercial forests	-	-	-	-	-
(92)	(118)	Unrealised net foreign-exchange gains	(43)	-	(43)	-	-
(66)	(118)	Total Valuation Changes	(43)	-	(43)	-	-
		Physical Asset Movements					
791	257	Depreciation	273	273	-	-	877
(7)	1	Loss/(gain) on sale of physical assets	3	-	3	-	-
784	258	Total Physical Asset Movements	276	273	3	1.1	877
		Other Non-cash Items					
(1,094)	(4)	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	(190)	(143)	(47)	(32.9)	(699)
(14)	(14)	Gain on sale of Vehicle Testing New Zealand Limited	-	-	-	-	-
(201)	-	Movement in pension liabilities	-	-	-	-	111
208	(34)	Other	20	-	20	-	15
(1,101)	(52)	Total Other Non-cash Items	(170)	(143)	(27)	(18.9)	(573)
(36)	(1)	Total other investing and financing items	(10)	-	(10)	-	(2)
		Movements in Working Capital					
(164)	(668)	(Increase)/decrease in taxes receivable	(823)	(565)	(258)	(45.7)	(62)
(168)	25	(Increase)/decrease in other receivables	(210)	149	(359)	(240.9)	(63)
47	(7)	Decrease/(increase) in inventories	5	(1)	6	-	(41)
218	(509)	(Decrease)/increase in payables	(109)	(533)	424	79.5	(59)
(67)	(1,159)	Total movements in working capital	(1,137)	(950)	(187)	(19.7)	(225)
963	(814)	Net Cash Flows from Operations	(592)	(504)	(88)	(17.5)	1,089

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds							
963	(814)	Net Cash Flows From Operations	(592)	(504)	(88)	(17.5)	1,089
Investing flows							
<i>Net advances</i>							
4	-	Housing Corporation of New Zealand	-	-	-	-	-
101	6	Contact Energy Limited	-	-	-	-	-
(528)	(88)	Student loans	(135)	(121)	(14)	(11.6)	-
47	13	Residual Health Management Unit	-	-	-	-	-
(40)	(38)	Solid Energy New Zealand Limited	-	-	-	-	-
107	8	Other	44	1	43	-	(585)
(309)	(99)	Total Net Advances	(91)	(120)	29	24.2	(585)
(910)	(303)	Net purchase of physical assets	(305)	(359)	54	15.0	(1,126)
<i>Net investments</i>							
(46)	(12)	Hospital and health services	-	-	-	-	-
-	-	Capital Properties New Zealand Limited	62	-	62	-	-
(29)	(149)	At Work Insurance Limited	50	50	-	-	-
19	19	Vehicle Testing New Zealand Limited	-	-	-	-	-
(74)	-	Other	(11)	(3)	(8)	(266.7)	(87)
-	-	Capital Contingency Provision	-	-	-	-	(148)
(130)	(142)	Net sale/(purchase) of Investments	101	47	54	114.9	(235)
(386)	(1,358)	(Required to be financed)/ Available for debt repayment	(887)	(936)	49	5.2	(857)
<i>Used in:</i>							
Net (purchase)/sale of marketable securities and deposits							
1,983	1,444		(1,099)	260	(1,359)	-	1,094
1,597	86	Total Investing activities	(1,986)	(676)	(1,310)	(193.8)	237
(827)	(245)	Net issue/(repayment) of other New Zealand-dollar borrowing	266	26	240	-	(56)
(635)	(517)	Net issue/(repayment) of foreign currency borrowing	860	(22)	882	-	(158)
28	45	(Increase)/decrease in cash	(6)	(203)	197	97.0	(6)
275	125	Issues of circulating currency	177	-	177	-	-
(1,159)	(592)		1,297	(199)	1,496	-	(220)
438	(506)	Net (Cash Proceeds from)/Repayments of Domestic Bonds	(689)	(875)	186	21.3	17
Gross Cash Proceeds from Domestic Bonds							
1,924	661	Domestic bonds (market)	719	875	(156)	(17.8)	2,633
598	-	Domestic bonds (non-market)	71	-	71	-	516
345	148	Inflation bonds	-	-	-	-	-
2,867	809	Total Gross Cash Proceeds from Domestic Bonds	790	875	(85)	(9.7)	3,149
(3,011)	(303)	Repayment of domestic bonds (market)	(101)	-	(101)	-	(2,650)
(294)	-	Repayment of domestic bonds (non-market)	-	-	-	-	(516)
(438)	506	Net Cash Proceeds from/ (Repayments of) Domestic Bonds	689	875	(186)	(21.3)	(17)

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 31 October 2000

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
22,239	23,204	Government stock	22,924	22,975	51	0.2	22,086
5,370	5,862	Treasury bills	5,778	5,400	(378)	(7.0)	5,854
230	307	Loans and foreign-exchange contracts	(66)	157	223	142.0	(246)
474	507	Retail stock	459	482	23	4.8	482
28,313	29,880	Total New Zealand-Dollar Debt	29,095	29,014	(81)	(0.3)	28,176
Foreign-Currency Debt							
4,329	3,714	United States dollars	4,725	3,933	(792)	(20.1)	4,949
2,054	2,072	Japanese yen	2,687	2,726	39	1.4	1,816
1,345	1,348	European and other currencies	2,141	1,392	(749)	(53.8)	1,151
7,728	7,134	Total Foreign-Currency Debt	9,553	8,051	(1,502)	(18.7)	7,916
36,041	37,014	Total Outstanding Debt	38,648	37,065	(1,583)	(4.3)	36,092
Less							
Financial Assets							
Marketable Securities and Deposits							
2,324	2,743	New Zealand dollars	2,636	1,713	923	53.9	850
4,467	4,258	United States dollars	4,955	4,339	616	14.2	5,411
2,277	1,991	Japanese yen	2,822	2,807	15	0.5	1,816
1,372	1,388	European and other currencies	2,164	1,365	799	58.5	1,157
10,440	10,380	Total Marketable Securities and Deposits	12,577	10,224	2,353	23.0	9,234
Advances and Cash							
259	322	Advances to state-owned enterprises and Crown entities	220	277	(57)	(20.6)	258
3,523	3,105	Student loans	3,642	3,661	(19)	(0.5)	4,063
213	326	Other advances	215	211	4	1.9	220
210	188	Cash	218	232	(14)	(6.0)	35
4,205	3,941	Total Advances and Cash	4,295	4,381	(86)	(2.0)	4,576
14,645	14,321	Total Financial Assets	16,872	14,605	2,267	15.5	13,810
21,396	22,693	Net Crown Debt	21,776	22,460	684	3.0	22,282
21,870	23,251	Net New Zealand-dollar debt	22,204	22,919	715	3.1	22,750
(474)	(558)	Net foreign-currency debt	(428)	(459)	(31)	(6.8)	(468)
21,396	22,693	Net Crown Debt	21,776	22,460	684	3.0	22,282

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 31 October 2000

Movements in Net Crown Debt Since 30 June 2000

	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 31 October 2000 \$m
Outstanding Debt							
By Type							
New Zealand-dollar debt	28,313	1,358	(528)	-	-	(48)	29,095
Foreign-currency debt	7,728	2,800	(1,859)	(2)	915	(29)	9,553
Total Outstanding Debt	36,041	4,158	(2,387)	(2)	915	(77)	38,648
Less							
Financial Assets							
Marketable securities and deposits	10,440	22,384	(21,268)	(102)	1,146	(23)	12,577
Advances and cash	4,205	297	(209)	-	2	-	4,295
Total Financial Assets	14,645	22,681	(21,477)	(102)	1,148	(23)	16,872
Net Crown Debt	21,396	(18,523)	19,090	100	(233)	(54)	21,776

STATEMENT OF COMMITMENTS

as at 31 October 2000

	As at 31 October 2000 \$m	As at 30 June 2000 \$m	As at 31 October 1999 \$m
Capital Commitments			
Specialist military equipment	275	321	659
Land and buildings	94	87	445
Other plant and equipment	75	63	25
Investments	12	17	154
State-owned enterprises and Crown entities	1,065	1,016	1,049
Total Capital Commitments	1,521	1,504	2,332
Operating Commitments			
Non-cancellable accommodation leases	757	789	623
Other non-cancellable leases	1,874	1,858	2,891
Non-cancellable contracts for the supply of goods and services	424	432	430
Other operating commitments	1,163	1,071	1,052
State-owned enterprises and Crown entities	2,697	2,713	2,400
Total Operating Commitments	6,915	6,863	7,396
Total Commitments	8,436	8,367	9,728

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 October 2000

Quantifiable Contingent Liabilities

	As at 31 October 2000 \$m	As at 30 June 2000 \$m	As at 31 October 1999 \$m
Guarantees and Indemnities	429	592	353
Uncalled Capital	3,764	3,210	2,937
Legal Proceedings and Disputes	500	542	428
Other Contingent Liabilities	2,191	1,983	1,684
Total Quantifiable Contingent Liabilities	6,884	6,327	5,402

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 October 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 96 and 97 of the Financial Statements of the Government of New Zealand for the year ended 30 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 on pages 51 to 58 of the Financial Statements of the Government of New Zealand for the year ended 30 June 2000. There have been no changes in accounting policies during the period 1 July 2000 to 31 October 2000.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the BEFU, on 15 June 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 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
12,972	4,279	Source deductions	4,491	4,490	1	-	13,756
3,123	855	Other persons	1,054	1,080	(26)	(2.4)	3,587
(625)	(284)	Refunds	(331)	(243)	(88)	(36.2)	(629)
306	117	Fringe benefit tax	140	109	31	28.4	299
15,776	4,967	Total Individuals	5,354	5,436	(82)	(1.5)	17,013
Companies							
4,270	1,547	Gross companies	1,789	1,619	170	10.5	4,726
(112)	(43)	Refunds	(20)	(29)	9	31.0	(201)
4,158	1,504	Total Companies	1,769	1,590	179	11.3	4,525
Withholding Taxes							
723	210	Residents' interest income	296	282	14	5.0	926
735	271	Non-residents' income	204	225	(21)	(9.3)	647
58	15	Residents' dividend income	17	14	3	21.4	43
47	24	Foreign-source dividends	20	23	(3)	(13.0)	58
1,563	520	Total Withholding Taxes	537	544	(7)	(1.3)	1,674
21,497	6,991	Total Income Tax	7,660	7,570	90	1.2	23,212
Other Direct Taxation							
2	1	Estate and gift duties	1	-	1	-	2
2	1	Total Other Direct Taxation	1	-	1	-	2
21,499	6,992	Total Direct Taxation	7,661	7,570	91	1.2	23,214
NOTE 2: Indirect Taxation							
Goods and Services Tax							
14,085	4,560	Gross goods and services tax	4,907	4,756	151	3.2	14,252
(5,214)	(1,745)	Refunds	(2,043)	(1,730)	(313)	(18.1)	(5,086)
8,871	2,815	Total Goods and Services Tax	2,864	3,026	(162)	(5.4)	9,166
Excise Duties							
808	294	Petroleum fuels	283	280	3	1.1	825
777	260	Tobacco products	232	293	(61)	(20.8)	812
442	146	Alcoholic beverages	141	133	8	6.0	435
2,027	700	Total Excise Duties	656	706	(50)	(7.1)	2,072
Other Indirect Taxation							
612	211	Customs duty	215	191	24	12.6	611
507	158	Road user charges	169	175	(6)	(3.4)	565
177	16	Stamp, cheque and credit card duties	18	21	(3)	(14.3)	60
176	59	Motor vehicle fees	60	61	(1)	(1.6)	183
108	54	Gaming duties	66	59	7	11.9	192
58	38	Energy resources levy	38	38	-	-	89
1,638	536	Total Other Indirect Taxation	566	545	21	3.9	1,700
12,536	4,051	Total Indirect Taxation	4,086	4,277	(191)	(4.5)	12,938

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 3: Investment Income							
Interest Income							
		Marketable securities, deposits, mortgages and cash balances	154	134	20	14.9	398
426	162	Advances					
		Student loans	93	99	(6)	(6.1)	320
249	79	Other entities	18	12	6	50.0	42
46	15						
721	256	Total Interest Income	265	245	20	8.2	760
Dividend Income							
		Dividends from state-owned enterprises					
		Electricity Corporation of New Zealand Limited	-	-	-	-	-
15	-	Genesis Power	7	7	-	-	-
-	-	Meridian Energy Limited	23	23	-	-	-
133	100	Mighty River Power Limited	-	7	(7)	(100.0)	-
-	-	New Zealand Post Limited	-	13	(13)	(100.0)	-
18	-	Television New Zealand Limited	15	14	1	7.1	-
51	36	Trans Power New Zealand Limited	42	27	15	55.6	-
103	63	Other	19	4	15	375.0	221
14	3	Housing Corporation Of New Zealand	-	-	-	-	-
12	-	Housing New Zealand Limited	-	-	-	-	-
87	87	Other dividends	2	1	1	100.0	4
16	2						
449	291	Total Dividend Income	108	96	12	12.5	225
Other Investment Income							
		Gains/(losses) on marketable securities and deposits	23	-	23	-	-
(25)	(30)	Gain on sale of Vehicle Testing New Zealand Limited	-	-	-	-	-
14	14	Other	3	-	3	-	-
(2)	-						
(13)	(16)	Total Other Investment Income	26	-	26	-	-
1,157	531	Total Investment Income	399	341	58	17.0	985

NOTE 4: Other Operational Revenue

		Recoveries from Accident Compensation Corporation	37	26	11	42.3	89
92	26	Contributions to Government Superannuation Fund	7	9	(2)	(22.2)	22
46	12	Petroleum royalties	21	9	12	133.3	24
27	9	Cost recovery income from Fisheries	10	10	-	-	27
25	12	Income from Earthquake Commission	3	3	-	-	10
10	3	Other	40	30	10	33.3	96
143	39						
343	101	Total Other Operational Revenue	118	87	31	35.6	268

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 5: Expenses by Input Type							
12,960	4,359	Subsidies and transfer payments (see analysis below)	4,464	4,509	45	1.0	13,344
16,792	5,243	Operating expenses (see analysis below)	5,602	5,634	32	0.6	17,446
		Personnel					
2,527	826	Personnel expenses (excluding pension expenses)	847	871	24	2.8	2,631
679	213	GSF Pension expenses	220	219	(1)	(0.5)	685
(201)	-	Movement in GSF unfunded pension liability	-	-	-	-	111
57	20	Other pension expenses	19	19	-	-	53
		Depreciation					
709	229	Physical assets	245	245	-	-	793
82	28	State highways	28	28	-	-	84
262	81	Rental and leasing costs	86	80	(6)	(7.5)	251
(7)	1	Loss/(gain) on sale of assets	3	-	(3)	-	-
2,373	793	Finance costs (see analysis below)	833	817	(16)	(2.0)	2,479
		Net foreign-exchange losses/ (gains) on liabilities	972	-	(972)	-	-
(1,059)	(548)	Net foreign-exchange (gains)/ losses on assets	(1,015)	-	1,015	-	-
-	-	Provision for future initiatives	-	-	-	-	180
36,171	11,763	Total Expenses	12,304	12,422	118	0.9	38,057
Analysis of Subsidies and Transfer Payments							
5,068	1,687	Social Assistance Grants	1,767	1,767	-	-	5,253
1,433	486	New Zealand superannuation	483	476	(7)	(1.5)	1,425
1,937	654	Domestic purposes benefit	620	624	4	0.6	1,867
910	307	Community wage	355	351	(4)	(1.1)	913
376	161	Family support	165	169	4	2.4	394
2,863	940	Student allowances	951	972	21	2.2	3,085
136	46	Other social assistance grants	46	62	16	25.8	159
		Subsidies					
219	74	Other Transfer Payments	70	82	12	14.6	227
18	4	Official development assistance	7	6	(1)	(16.7)	21
		Other					
12,960	4,359	Total Subsidies and Transfer Payments	4,464	4,509	45	1.0	13,344
Analysis of Operating Expenses							
325	100	Education purchases	112	114	2	1.8	339
3,405	1,126	Early childhood education	1,173	1,165	(8)	(0.7)	3,598
1,380	487	Primary and secondary education	528	518	(10)	(1.9)	1,482
6,400	2,122	Tertiary education and training	2,236	2,238	2	0.1	6,706
424	138	Health purchases	150	150	-	-	467
4,858	1,270	Science purchases	1,403	1,449	46	3.2	4,854
		Other operating expenses					
16,792	5,243	Total Operating Expenses	5,602	5,634	32	0.6	17,446
Analysis of Finance Costs							
1,993	666	Interest	682	690	8	1.2	2,107
355	113	New Zealand dollars	146	121	(25)	(20.7)	349
25	14	Foreign currencies	5	6	1	16.7	23
		Other finance costs					
2,373	793	Total Finance Costs	833	817	(16)	(2.0)	2,479

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Annual Current Year Actual vs Forecast Forecast			
			Actual \$m	Forecast \$m	Variance \$m %	Forecast \$m
NOTE 6: Advances						
Advances to state-owned Enterprises and Crown Entities						
137	168	Housing Corporation of New Zealand	137	162	(25) (15.4)	201
80	114	Residual Health Management Unit	39	75	(36) (48.0)	15
41	37	Solid Energy New Zealand Limited	43	40	3 7.5	42
1	3	Terralink NZ Limited	1	-	1 -	-
259	322	Total Advances to state-owned Enterprises and Crown Entities	220	277	(57) (20.6)	258
Other Advances						
3,523	3,105	Student loans	3,642	3,661	(19) (0.5)	4,063
117	212	Contact Energy Limited	117	117	- -	117
29	33	Forestry encouragement loans	29	29	- -	29
36	37	Maori Development rural lending	39	41	(2) (4.9)	48
7	8	Catchment authorities	9	7	2 28.6	6
24	36	Other	21	17	4 23.5	20
3,736	3,431	Total Other Advances	3,857	3,872	(15) (0.4)	4,283
3,995	3,753	Total Advances	4,077	4,149	(72) (1.7)	4,541

NOTE 7: Receivables						
4,225	4,729	Taxes receivable	5,048	4,823	225 4.7	4,320
1,029	957	Accounts receivable	1,124	827	297 35.9	979
175	188	Receivable from the sale and purchase of Maui gas	106	106	- -	95
91	269	Prepayments	45	42	3 7.1	64
5,520	6,143	Total Receivables	6,323	5,798	525 9.1	5,458

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 31 October 2000 \$m
State-owned enterprises	5,507	150	(106)	44	3	(50)	5,504
Crown entities	8,885	146	-	146	-	2	9,033
Total State-owned Enterprises and Crown Entities	14,392	296	(106)	190	3	(48)	14,537

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m	Current Year Actual vs Forecast				Annual Forecast
		Actual \$m	Forecast \$m	Variance \$m	%	\$m

NOTE 9: Other Investments

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		International Bank for Reconstruction and Development	111	104	7	6.7	104
		Public Trust Office	78	78	-	-	78
		Asian Development Bank	109	96	8	8.3	96
		Other	40	60	(12)	(15.2)	86
338	273	Total Other Investments	360	357	3	0.8	364

NOTE 10: Physical Assets

By Type

Cost or Valuation

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
1,830	1,754	Land	1,827	1,812	15	0.8	1,823
441	525	Properties intended for sale	420	444	(24)	(5.4)	444
8,749	8,311	Buildings	8,735	8,851	(116)	(1.3)	9,261
2,753	2,451	Specialist military equipment	2,841	2,944	(103)	(3.5)	2,993
2,097	2,121	Other plant and equipment	2,171	2,334	(163)	(7.0)	2,504
2,637	2,513	Other assets	2,612	2,520	92	3.7	2,513
18,507	17,675	Total Cost or Valuation	18,606	18,905	(299)	(1.6)	19,538

Accumulated Depreciation

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
866	822	Buildings	901	961	60	6.2	1,231
487	403	Specialist military equipment	377	538	161	29.9	617
1,182	1,159	Other plant and equipment	1,233	1,388	155	11.2	1,557
-	6	Other assets	1	1	-	-	2
2,535	2,390	Total Accumulated Depreciation	2,512	2,888	376	13.0	3,407

Net Book Value

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
1,830	1,754	Land	1,827	1,812	15	0.8	1,823
441	525	Properties intended for sale	420	444	(24)	(5.4)	444
7,883	7,489	Buildings	7,834	7,890	(56)	(0.7)	8,030
2,266	2,048	Specialist military equipment	2,464	2,406	58	2.4	2,376
915	962	Other plant and equipment	938	946	(8)	(0.8)	947
2,637	2,507	Other assets	2,611	2,519	92	3.7	2,511
15,972	15,285	Total Net Book Value	16,094	16,017	77	0.5	16,131

Movements since 30 June

Cost or Valuation

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
17,467	17,467	Opening balance	18,507	18,382	125	0.7	18,382
407	208	Net additions	99	523	(424)	(81.1)	1,156
633	-	Revaluations	-	-	-	-	-
18,507	17,675	Total Cost or Valuation	18,606	18,905	(299)	(1.6)	19,538

Accumulated Depreciation

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
2,209	2,209	Opening balance	2,535	2,688	153	5.7	2,688
(194)	(48)	Disposals	(267)	(45)	222	493.3	(74)
709	229	Depreciation charged for the period	245	245	-	-	793
(189)	-	Revaluations	(1)	-	1	-	-
2,535	2,390	Total Accumulated Depreciation	2,512	2,888	376	13.0	3,407
15,972	15,285	Net Physical Assets	16,094	16,017	77	0.5	16,131

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m	Current Year Actual vs Forecast				Annual Forecast
		Actual \$m	Forecast \$m	Variance \$m	%	\$m

NOTE 11: State Highways

Cost or Valuation							
8,770	8,770	Opening balance	8,911	8,939	(28)	(0.3)	8,939
201	53	Net additions	55	55	-	-	165
(60)	-	Net revaluations	-	-	-	-	-
8,911	8,823	Total Cost or Valuation	8,966	8,994	(28.0)	(0.3)	9,104
Accumulated Depreciation							
-	-	Opening balance	-	82	(82)	(100.0)	82
82	28	Depreciation charged for the period	28	28	-	-	84
(82)	-	Net revaluations	-	-	-	-	-
-	28	Total Accumulated Depreciation	28	110	(82.0)	(74.5)	166
8,911	8,795	Net State Highways	8,938	8,884	54	0.6	8,938

NOTE 12: Payables and Provisions

1,714	1,770	Taxes repayable	1,935	1,716	(219)	(12.8)	1,720
1,243	1,090	Accounts payable	1,664	1,802	138	7.7	1,782
1,363	1,018	Accruals and provisions	816	661	(155)	(23.4)	844
		National Provident Fund					
433	423	guarantee	433	423	(10)	(2.4)	423
		National Provident Fund Board					
105	96	indemnity	70	70	-	-	-
		Provisions for employee					
382	335	entitlements	386	416	30	7.2	438
5,240	4,732	Total Payables and Provisions	5,304	5,088	(216)	(4.2)	5,207

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2000 \$m	Actual 31 October 1999 \$m		Current Year Actual vs Forecast				Annual
			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
NOTE 13: Revaluation Reserve							
7,219	7,219	Opening Balance	8,201	7,697	504	6.5	7,697
Net Revaluations							
22	-	State highways	-	-	-	-	-
516	-	Land and buildings	-	-	-	-	-
195	-	Specialist military equipment	-	-	-	-	-
111	-	Other assets	(1)	-	(1)	-	-
268	43	State-owned enterprises and Crown entities	3	-	3	-	-
1,112	43	Total Net Revaluations	2	-	2	-	-
(130)	(25)	Transfers to accumulated operating balance	(13)	-	(13)	-	-
8,201	7,237	Closing Revaluation Reserve	8,190	7,697	493	6.4	7,697