

Financial Statements of the Government of New Zealand

For the Four Months
Ended 31 October 2001



7 December 2001

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Officers for Enquiries

Glenn Phillips/Steve Leith
Budget and Macroeconomic Branch
The Treasury (1 The Terrace)
PO Box 3724, Wellington
NEW ZEALAND

Telephone: 64-4-471-5102

Telephone: 64-4-471-5254

Facsimile: 64-4-499-0992

E-mail: glenn.phillips@treasury.govt.nz

E-mail: steve.leith@treasury.govt.nz

Internet

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COMMENTARY

OVERVIEW — FOUR MONTHS TO OCTOBER 2001

	October 2001 Actual YTD	October 2001 Forecast YTD	Variance \$m	June 2002 Forecast	June 2001 Actual
Operating balance	547	177	370	1,376	1,409
Net worth	12,004	10,758	1,246	11,957	11,463
Net Crown debt	20,495	21,524	1,029	21,463	19,971

The **operating balance** for the period to October was \$547 million, which was \$370 million higher than the Budget Economic and Fiscal Update (BEFU) forecast. This was due to:

- revenue being \$257 million above forecast;
- expenses being \$174 million below forecast; which were partially offset by
- SOE/CE surplus being \$61 million below forecast.

Within total revenue, **investment income** was higher-than-forecast by \$136 million. This variance was largely due to higher than forecast gains on marketable securities and deposits (\$62 million), interest income (\$39 million) and dividend income (\$34 million).

Tax revenue was \$87 million higher than forecast. Within the variance there was a number of offsetting factors. The main components were goods and services tax being higher-than-forecast by \$244 million, which was largely offset by companies tax being lower-than-forecast by \$240 million. The remaining variance was spread over a number of tax categories.

Total expenses were \$174 million below forecast with social security and welfare spending being lower-than-forecast by \$74 million, education expenses being lower-than-forecast by \$52 million and economic and industrial services being lower-than-forecast by \$48 million.

The improvement in **net worth** of \$1,246 million was mainly due to the flow on effects of the opening actual net worth position being higher than the forecast opening net worth position. The remaining variance was a result of the operating balance being higher than forecast.

Net Crown debt (gross debt less financial assets excluding assets of the NZS Fund) was \$1,029 million lower than forecast largely due to:

- the flow on effects of the opening actual net debt position being \$461 million lower than the forecast opening net debt position;
- higher-than-forecast net cash flows from operations of \$236 million;
- lower-than-forecast net purchases of physical assets (\$205 million) reflecting delays in capital projects; and
- additional issues of circulating currency (\$126 million) which are not forecast as a matter of policy.

Net Crown debt was estimated to be 18.2% of GDP at 31 October, compared to a forecast of 19.1%.

The New Zealand Superannuation Fund (NZS Fund)

The NZS Fund is the vehicle for implementing the Governments policy to partially pre-funding 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 31 October 2001 the amounts held by NZDMO totalled \$209 million (including interest accrued at the official cash rate).

COMPARISON WITH FORECAST

Financial Performance

The financial statements for the four months ended 31 October 2001 are compared against forecasts based on the 2001 Budget Economic and Fiscal Update (BEFU). The operating balance comprised:

Operating Balance	Actual \$million	Forecast \$million	Variance \$million
Revenue	13,297	13,040	257
Expenses	12,792	12,966	174
SOEs and Crown entities	42	103	(61)
Operating balance	547	177	370

Revenue

Overall revenue was \$257 million higher than forecast.

Tax Revenue

Tax revenue was higher-than-forecast by \$87 million. The components of the year-to-date variance were:

Variations Against Forecast	\$million
Goods and services tax	244
Net company tax	(240)
Other taxation	83
Total Taxation Variance	87

- **Goods and services tax** was higher-than-forecast by \$244 million. While part of this variance was timing a component reflects stronger returns in the agricultural sector. It is expected that this level of growth will not be sustained in the coming months.
- **Net company tax** was lower-than-forecast by \$240 million. This was partly due to investment companies experiencing weaker than expected performance on overseas investment. In addition a number of companies are lowering their income tax assessment to reflect their reduced profit expectation in light of recent events.

Non-tax Revenue

Investment income was higher-than-forecast by \$136 million, largely due to:

- gains on marketable securities and deposits (\$62 million) which are not forecast as a matter of policy.
- interest income (\$39 million) reflecting a higher cash position than forecast.
- dividend income (\$34 million).

Expenses

Total expenses for the period were \$174 million lower than forecast. Key movements include:

- Social security and welfare expenses were lower-than-forecast by \$74 million. This was mainly due to lower than anticipated benefit payments spread over a number of benefit types.
- Education expenses were lower-than-forecast by \$52 million. This was primarily due to lower primary and secondary education spending and lower provisioning levels of student loans.
- Economic and industrial services expenses were lower-than-forecast by \$48 million. This was mainly due to lower than anticipated spending on programmes associated with employment type expenses.

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	101	123	(22)
Distributions	(195)	(159)	(36)
	(94)	(36)	(58)
Crown Entities			
Surplus	136	139	(3)
Distributions	-	-	-
	136	139	(3)
Net Surplus	42	103	(61)

The SOEs and Crown entities net surplus was lower-than-forecast by \$61 million. The key components of the variance were:

- Distributions from SOEs being higher-than-forecast by \$36 million.
- Net surpluses from SOEs being lower-than-forecast by \$22 million.

Net Cash Flows

Net cash flows for the four months ended 31 October 2001 were as follows:

Net Cash Flows	Actual	Forecast	Variance	
	\$million	\$million	\$million	%
Operating activities	(153)	(389)	236	60.7
Investing activities (excluding net (purchases)/sales of marketable securities and deposits)	(944)	(918)	(26)	(2.8)
Amount required to be financed	(1,097)	(1,307)	210	16.1
Net (purchases)/sales of marketable securities and Deposits	(534)	(208)	(326)	(156.7)
Financing activities	2,009	1,576	433	27.5
Net Movement in Cash	378	61	317	-

Net cashflows from operating activities were higher-than-forecast by \$236 million largely due to:

- higher-than-forecast cash receipts from goods and services tax of \$171 million, reflecting the cash effect of the higher than forecast revenue.
- higher-than-forecast other receipts of \$218 million, reflecting the cash effect of the higher than forecast other revenue.

This was partially offset by higher-than-forecast cash disbursed to operations of \$149 million. Largely reflecting the continuing reversal of payables and provisions recorded as at 30 June 2001.

Net cash outflows from investing activities (excluding net (purchases)/sales of marketable securities and deposits) was \$26 million below forecast due primarily to higher-than-forecast advances of \$259 million, largely reflecting the advance to Air New Zealand of \$300 million. This was offset by lower-than-forecast purchases of physical assets of \$205 million.

As a result, the **amount required to be financed** was \$210 million lower than forecast.

Financial Position

The Statement of Financial Position recording the Crown's assets, liabilities and net worth as at 31 October 2001 was made up of:

Financial Position	Actual \$million	Forecast \$million	Variance	
			\$million	%
SOEs and Crown entities	14,177	14,414	(237)	(1.6)
Physical assets	16,004	16,027	(23)	(0.1)
Financial assets	18,268	17,024	1,244	7.4
Other assets	18,547	17,777	770	4.3
Total Assets	66,996	65,242	1,754	2.7
Gross debt	38,554	38,339	(215)	(0.6)
Pension liabilities	8,487	8,785	298	3.4
Other liabilities	7,951	7,360	(591)	(8.0)
Total Liabilities	54,992	54,484	(508)	0.9
Crown Balance (net worth)	12,004	10,758	1,246	11.6

Net Crown debt was \$1,029 million lower than forecast. This was largely due to:

- the flow on effects of the 30 June 2001 Crown Financial Statements result being \$461 million better than forecast, (the forecast opening position was based on the BEFU);
- higher-than-forecast net cash flows from operations of \$236 million (refer to previous page for explanation);
- lower-than-forecast net purchases of physical assets of \$205 million due to delays in capital spending including prisons and defence projects; and
- additional issues of circulating currency of \$126 million.

Net Crown debt was estimated to be 18.2% of GDP at 31 October, compared to a forecast of 19.1%. This ratio is calculated using the actual nominal GDP number to June 2001, based on the latest GDP series by Statistics New Zealand.

Net Crown Debt	Actual \$m	Forecast \$m	Variance \$m
Gross Borrowings	38,554	38,339	(215)
Less			
Marketable securities/ deposits ¹	12,368	11,789	579
Advances and cash ²	5,691	5,026	665
Financial Assets	18,059	16,815	1,244
Net Crown Debt	20,495	21,524	1,029
Net Crown Debt to GDP Ratio	18.2%	19.1%	0.9%

¹ The New Zealand Superannuation Funds financial assets of \$209 million held by the New Zealand Debt Management Office are excluded from the calculation of net Crown debt.

² The Air New Zealand advance of \$300 million is currently net debt neutral. The total recapitalisation package is yet to be approved by Air New Zealand shareholders. If the package is accepted the existing advance will convert to new convertible preference shares. This will have the effect of increasing net debt, as the total investment will not be defined as a financial asset.

COMPARISON WITH PREVIOUS YEAR

	October 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	12,251	11,747	504	4.3	36,738	34,035	32,156	32,982
% of GDP	10.9%	11.1%			32.5%	32.1%	31.7%	33.1%
Total non tax revenue	1,046	859	187	21.8	2,754	2,491	4,201	2,599
Total Revenue	13,297	12,606	691	5.5	39,492	36,526	36,357	35,581
% of GDP	11.8%	11.9%			35.0%	34.4%	35.9%	35.7%
Social security and welfare	4,530	4,388	(142)	(3.2)	13,216	12,896	12,906	12,509
GSF pension expenses	231	220	(11)	(5.0)	855	478	1,132	494
Health	2,557	2,431	(126)	(5.2)	7,342	6,874	6,573	6,001
Education	2,350	2,278	(72)	(3.2)	6,690	6,310	5,899	5,714
Core government services	508	455	(53)	(11.6)	1,817	1,710	1,705	1,562
Other	1,812	1,742	(70)	(4.0)	5,830	5,592	5,141	5,114
Finance costs	803	833	30	3.6	2,483	2,373	2,516	2,804
Net foreign exchange (gains) losses	1	(43)	(44)	102.3	(47)	(62)	(47)	13
Total Expenses	12,792	12,304	(488)	(4.0)	38,186	36,171	35,825	34,211
% of GDP	11.3%	11.6%			33.8%	34.1%	35.3%	34.3%
SOE/Crown entities net surplus	42	190	(148)	(77.9)	523	575	1,245	1,164
ACC Valuation movement	-	-	-	-	(420)	519	-	-
Operating Balance	547	492	55	11.2	1,409	1,449	1,777	2,534
% of GDP	0.5%	0.5%			1.2%	1.4%	1.8%	2.5%
Financial Position								
SOEs and Crown entities	14,177	14,537	(360)	(2.5)	14,077	14,392	12,917	19,022
Physical assets	16,004	16,094	(90)	(0.6)	16,102	15,972	15,258	14,962
Other assets	36,815	33,134	3,681	11.1	34,902	30,059	30,048	28,372
Total Assets	66,996	63,765	3,231	5.1	65,081	60,423	58,223	62,356
Total Liabilities	54,992	54,688	(304)	(1)	53,618	51,840	52,201	52,435
Crown Balance (net worth)	12,004	9,077	2,927	32	11,463	8,583	6,022	9,921
% of GDP	10.6%	8.6%			10.2%	8.1%	5.9%	10.0%
Net Crown debt	20,495	21,776	(1,281)	(6)	19,971	21,396	21,701	24,069
% of GDP	18.2%	20.5%			17.7%	20.2%	21.4%	24.1%
GDP	112,873	106,073			112,873	106,073	101,386	99,696

Taxation revenue was \$504 million higher than the four months ended October 2000, largely reflecting growth in wages, employment and goods and services tax.

Social security and welfare expenses were \$142 million higher than the previous year, due to the CPI increase across benefits on 1 April 2001 and new policy initiatives.

Health expenses were \$126 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 \$72 million higher than the previous year. The increase in expenditure reflects demographic changes as well as new policy initiatives.

The investment in SOEs and Crown entities was \$360 million lower than the previous years primarily due to the increase in the ACC outstanding claims liability valuation (\$420 million) and asset revaluations at the end of the 2000/01 financial year.

Net Crown debt has reduced primarily due to the improved cash flows from operations reported in the 30 June 2001 Crown Financial Statements.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Note	Current Year Actual vs Forecast				Annual Forecast
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
		Revenue						
		Levied through the Crown's Sovereign Power						
23,863	7,661	Direct taxation	1	7,726	7,936	(210)	(2.6)	24,505
12,875	4,086	Indirect taxation	2	4,525	4,228	297	7.0	13,180
36,738	11,747	Total taxation revenue		12,251	12,164	87	0.7	37,685
385	119	Compulsory fees, fines, penalties and levies		140	121	19	15.7	418
37,123	11,866	Total Revenue Levied through the Crown's Sovereign Power		12,391	12,285	106	0.9	38,103
		Earned through the Crown's Operations						
1,369	399	Investment income	3	562	426	136	31.9	934
659	223	Sales of goods and services		230	217	13	6.0	654
381	118	Other operational revenue	4	114	112	2	1.8	305
(40)	-	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
2,369	740	Total Revenue Earned through the Crown's Operations		906	755	151	20.0	1,893
39,492	12,606	Total Revenue		13,297	13,040	257	2.0	39,996
		Expenses						
		By functional classification						
13,216	4,388	Social security and welfare		4,530	4,604	74	1.6	13,826
855	220	GSF pension expenses		231	224	(7)	(3.1)	667
7,342	2,431	Health		2,557	2,560	3	0.1	7,684
6,690	2,278	Education		2,350	2,402	52	2.2	7,056
1,817	455	Core government services		508	528	20	3.8	1,552
1,560	518	Law and order		542	530	(12)	(2.3)	1,640
1,267	362	Defence		369	385	16	4.2	1,153
1,026	268	Transport and communications		232	234	2	0.9	1,027
1,141	374	Economic and industrial services		386	434	48	11.1	1,225
287	79	Primary services		96	94	(2)	(2.1)	320
424	91	Heritage, culture and recreation		157	129	(28)	(21.7)	456
50	27	Housing and community development		24	25	1	4.0	90
75	23	Other		6	4	(2)	(50.0)	114
2,483	833	Finance costs	5	803	813	10	1.2	2,395
(47)	(43)	Net foreign-exchange losses/(gains)		1	-	(1)	-	-
-	-	Provision for future initiatives		-	-	-	-	160
38,186	12,304	Total Expenses	5	12,792	12,966	174	1.3	39,365
1,306	302	Revenue Less Expenses		505	74	431	-	631
103	190	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	8	42	103	(61)	(59.2)	745
1,409	492			547	177	370	209.0	1,376

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
115	218	Cash and bank balances		516	114	402	352.6	45
		Marketable securities and						
12,060	12,577	deposits ¹		12,577	11,998	579	4.8	9,067
4,615	4,077	Advances	6	5,175	4,912	263	5.4	5,873
6,197	6,323	Receivables	7	6,550	6,140	(410)	(6.7)	5,439
193	269	Inventories		202	196	6	3.1	280
State-owned enterprises and								
14,077	14,537	Crown entities	8	14,177	14,414	(237)	(1.6)	15,114
354	360	Other investments	9	376	332	44	13.3	432
16,102	16,094	Physical assets	10	16,004	16,027	(23)	(0.1)	16,076
310	370	Commercial forests		310	359	(49)	(13.6)	359
11,055	8,938	State highways	11	11,106	10,747	359	3.3	10,847
3	2	Intangible assets		3	3	-	-	3
-	-	Capital contingency provision		-	-	-	-	315
65,081	63,765	Total Assets		66,996	65,242	1,754	2.7	63,850
Liabilities								
5,831	5,304	Payables and provisions	12	5,286	4,790	(496)	(10.4)	4,758
2,539	2,413	Currency issued		2,665	2,570	(95)	(3.7)	2,570
36,761	38,648	Borrowings		38,554	38,339	(215)	(0.6)	35,831
8,487	8,323	Pension liabilities		8,487	8,785	298	3.4	8,734
53,618	54,688	Total Liabilities		54,992	54,484	(508)	(0.9)	51,893
Total Assets less								
11,463	9,077	Total Liabilities		12,004	10,758	1,246	11.6	11,957
Crown Balance								
3,456	887	Accumulated operating						
		balance		4,004	2,859	1,145	40.0	4,058
8,007	8,190	Revaluation reserve	13	8,000	7,899	101	1.3	7,899
11,463	9,077	Crown Balance		12,004	10,758	1,246	11.6	11,957

¹ Contributions to the New Zealand Superannuation Fund to 31 October 2001 are included as marketable securities and deposits. As at 31 October the New Zealand Debt Management Office hold \$209 million 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 four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
8,583	8,583	Opening Crown Balance	11,463	10,581	882	8.3	10,581
1,650	-	State highway recognition policy change	-	-	-	-	-
10,233	8,583	Adjusted Operating Crown Balance	11,463	10,581	882	8.3	10,581
1,409	492	Operating balance for the period	547	177	370	209.0	1,376
(179)	2	Net revaluations	(6)	-	(6)	-	-
1,230	494	Total Recognised Revenues and Expenses	541	177	364	205.6	1,376
11,463	9,077	Closing Crown Balance	12,004	10,758	1,246	11.6	11,957

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Cash Flows From Operations							
Cash was provided from							
Direct Taxation							
Individuals							
13,748	4,395	Source deductions	4,695	4,667	28	0.6	14,358
4,221	1,058	Other persons	1,108	1,158	(50)	(4.3)	4,319
(1,175)	(538)	Refunds	(551)	(535)	(16)	(3.0)	(1,094)
338	186	Fringe benefit tax	169	166	3	1.8	324
17,132	5,101	Total Individuals	5,421	5,456	(35)	(0.6)	17,907
Companies							
5,377	1,676	Gross companies	1,641	1,683	(42)	(2.5)	5,518
(785)	(177)	Refunds	(253)	(255)	2	0.8	(701)
4,592	1,499	Total Companies	1,388	1,428	(40)	(2.8)	4,817
1,879	549	Withholding taxes	623	571	52	9.1	1,761
2	1	Other direct taxation	1	1	-	-	2
23,605	7,150	Total Direct Taxation	7,433	7,456	(23)	(0.3)	24,487
Indirect Taxation							
Goods and services tax							
14,604	4,711	Gross goods and services tax	5,282	4,880	402	8.2	14,754
(5,657)	(1,734)	Refunds	(2,039)	(1,808)	(231)	(12.8)	(5,418)
8,947	2,977	Total goods and services tax	3,243	3,072	171	5.6	9,336
1,985	558	Excise duties	634	651	(17)	(2.6)	2,055
1,713	547	Other indirect taxation	595	580	15	2.6	1,803
12,645	4,082	Total Indirect Taxation	4,472	4,303	169	3.9	13,194
36,250	11,232	Total Taxation Receipts	11,905	11,759	146	1.2	37,681
324	101	Compulsory fees, fines, penalties and levies	117	96	21	21.9	349
Other Receipts							
892	324	Interest, profits and dividends	466	368	98	26.6	755
622	235	Sales of goods and services	227	226	1	0.4	644
383	142	Other operating receipts	223	104	119	114.4	301
1,897	701	Total Other Receipts	916	698	218	31.2	1,700
38,471	12,034	Total cash provided from operations	12,938	12,553	385	3.1	39,730
Cash was disbursed to							
4,749	1,402	Departmental outputs	1,729	1,700	(29)	(1.7)	5,040
16,008	5,698	Other outputs	5,782	5,601	(181)	(3.2)	16,610
2,499	883	Finance costs	822	794	(28)	(3.5)	2,402
133	49	Subsidies	131	142	11	7.7	181
Current transfers							
12,910	4,515	Social assistance grants	4,539	4,618	79	1.7	13,610
250	79	Other transfers	88	87	(1)	(1.1)	255
-	-	Provision for future initiatives	-	-	-	-	160
36,549	12,626	Total cash disbursed to operations	13,091	12,942	(149)	(1.2)	38,258
1,922	(592)	Net Cash Flows From Operations	(153)	(389)	236	60.7	1,472

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast		Annual		
			Actual \$m	Forecast \$m	Forecast \$m		
1,922	(592)	Subtotal (brought forward)	(153)	(389)	236	60.7	1,472
		Cash Flows From Investing Activities					
		Cash was provided from					
174	101	Net (purchase)/sale of investments	(110)	(138)	28	20.3	(294)
(1,001)	(1,099)	Net (purchase)/sale of marketable securities and deposits ¹	(534)	(208)	(326)	(156.7)	2,585
75	19	Sale of physical assets	43	33	10	30.3	91
(752)	(979)	Total cash provided	(601)	(313)	(288)	(92.0)	2,382
		Cash was disbursed to					
617	91	Net increase in advances	544	285	(259)	(90.9)	1,318
1,205	324	Purchase of physical assets	333	528	195	36.9	1,288
-	-	Capital contingency provision	-	-	-	-	315
1,822	415	Total cash disbursed	877	813	(64)	(7.9)	2,921
(2,574)	(1,394)	Net Cash Flows From Investing Activities	(1,478)	(1,126)	(352)	(31.3)	(539)
(652)	(1,986)	Net Cash Flows From Operating and Investing Activities	(1,631)	(1,515)	(116)	(7.7)	933
		Cash Flows From Financing Activities					
		Cash was Provided From					
303	177	Issues of circulating currency	126	-	126	-	-
4,233	790	Issues of Government stock	1,195	827	368	44.5	391
574	659	Other New Zealand-dollar borrowing ²	1,300	281	1,019	362.6	(479)
3,884	2,410	Borrowing in foreign currencies ²	445	468	(23)	(4.9)	(853)
8,994	4,036	Total Cash Provided	3,066	1,576	1,490	94.5	(941)
		Cash was Disbursed to					
3,167	101	Repayment of Government stock	573	-	(573)	-	-
879	393	Repayment of other New Zealand-dollar borrowing ²	242	-	(242)	-	-
4,398	1,550	Repayment of foreign-currency borrowing ²	242	-	(242)	-	-
8,444	2,044	Total Cash Disbursed	1,057	-	(1,057)	-	-
550	1,992	Net Cash Flows From Financing Activities	2,009	1,576	433	27.5	(941)
(102)	6	Net Movement in Cash	378	61	317	-	(8)
210	210	Opening Cash Balance	115	53	62	117.0	53
7	2	Foreign-exchange gains/(losses) on opening cash	23	-	23	-	-
115	218	Closing Cash Balance	516	114	402	352.6	45

¹ Net sale/(purchase) of marketable securities and deposits includes the purchases made on behalf of the New Zealand Superannuation Fund of \$207 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 four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance						
1,922	(592)	(153)	(389)	236	61	1,472
<p><i>Items included in the operating balance but not in net cash flows from operations</i></p>						
Valuation Changes						
(164)	-	-	-	-	-	51
(40)	-	-	-	-	-	-
100	43	19	-	19	-	-
(253)	-	-	-	-	-	-
(357)	43	19	-	19	-	51
Physical Asset Movements						
(925)	(273)	(274)	(285)	11	3.9	(879)
(7)	(3)	(2)	-	(2)	-	-
(932)	(276)	(276)	(285)	9	3.2	(879)
Other Non-cash Items						
Net surplus, less distributions, attributable to state-owned enterprises and Crown entities						
103	190	42	103	(61)	(59.2)	745
(103)	-	-	-	-	-	-
(61)	-	12	(16)	28	175.0	(99)
55	(20)	-	1	(1)	(100.0)	17
(6)	170	54	88	(34)	(38.6)	663
177	10	13	-	13	-	-
Movements in Working Capital						
737	823	253	325	(72)	(22.2)	25
(62)	210	100	317	(217)	(68.5)	(84)
(81)	(5)	9	18	(9)	(50.0)	66
11	109	528	103	425	412.6	62
605	1,137	890	763	127	16.6	69
1,409	492	547	177	370	209.0	1,376

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast		Annual Forecast		
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds							
1,922	(592)	Net Cash Flows From Operations	(153)	(389)	236	60.7	1,472
Investing flows							
<i>Net advances</i>							
(27)	-	Housing New Zealand Corporation	(160)	(200)	-	-	-
-	-	Contact Energy Limited	70	70	-	-	-
(668)	(135)	Student loans	(155)	(145)	(10)	(6.9)	-
51	-	Residual Health Management Unit	-	-	-	-	-
(24)	-	District health boards	-	-	-	-	-
-	-	Air New Zealand	(300)	-	(300)	-	-
51	44	Other	1	(10)	11	110.0	(1,318)
(617)	(91)	Total Net Advances	(544)	(285)	(259)	(90.9)	(1,318)
(1,130)	(305)	Net purchase of physical assets	(290)	(495)	205	41.4	(1,197)
<i>Net investments</i>							
(41)	-	District health boards	(71)	(48)	(23)	(47.9)	-
50	50	At Work Insurance Limited	-	-	-	-	-
-	-	New Zealand Post Limited	(30)	(72)	42	58.3	-
140	-	2GHz radio spectrum rights	-	-	-	-	-
25	51	auction proceeds	-	-	-	-	-
-	-	Other	(9)	(18)	9	50.0	(294)
-	-	Capital contingency provision	-	-	-	-	(315)
174	101	Net (purchase)/sale of Investments	(110)	(138)	28	20.3	(609)
349	(887)	(Required to be financed)/Available for debt repayment	(1,097)	(1,307)	210	16.1	(1,652)
<i>Used in:</i>							
Net (purchase)/sale of marketable securities and deposits							
(1,001)	(1,099)		(534)	(208)	(326)	(156.7)	2,585
(652)	(1,986)	Total Investing activities	(1,631)	(1,515)	(116)	(7.7)	933
(305)	266	Net issue/(repayment) of other New Zealand-dollar borrowing	1,058	281	777	276.5	(479)
(514)	860	Net issue/(repayment) of foreign currency borrowing	203	468	(265)	(56.6)	(853)
102	(6)	(Increase)/decrease in cash	(378)	(61)	(317)	-	8
303	177	Issues of circulating currency	126	-	126	-	-
(414)	1,297		1,009	688	321	46.7	(1,324)
(1,066)	(689)	Net (Cash Proceeds from)/Repayments of Domestic Bonds	(622)	(827)	205	24.8	(391)
Gross Cash Proceeds from Domestic Bonds							
3,572	719	Domestic bonds (market)	1,097	1,205	(108)	(9.0)	3,570
661	71	Domestic bonds (non-market)	98	-	98	-	-
-	-	Inflation bonds	-	-	-	-	-
4,233	790	Total Gross Cash Proceeds from Domestic Bonds	1,195	1,205	(10)	(0.8)	3,570
(2,651)	(101)	Repayment of domestic bonds (market)	(468)	(70)	(398)	-	(2,582)
(516)	-	Repayment of domestic bonds (non-market)	(105)	(308)	203	65.9	(597)
1,066	689	Net Cash Proceeds from/(Repayments of) Domestic Bonds	622	827	(205)	(24.8)	391

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 31 October 2001

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
23,331	22,924	Government stock	23,958	24,216	258	1.1	23,788
5,558	5,778	Treasury bills	5,974	5,773	(201)	(3.5)	5,388
(272)	(66)	Loans and foreign-exchange contracts	231	(258)	(489)	(189.5)	(763)
498	459	Retail stock	542	468	(74)	(15.8)	475
29,115	29,095	Total New Zealand-Dollar Debt	30,705	30,199	(506)	(1.7)	28,888
Foreign-Currency Debt							
4,780	4,725	United States dollars	4,617	3,778	(839)	(22.2)	3,799
1,432	2,687	Japanese yen	1,432	2,340	908	38.8	1,562
1,434	2,141	European and other currencies	1,800	2,022	222	11.0	1,582
7,646	9,553	Total Foreign-Currency Debt	7,849	8,140	291	3.6	6,943
36,761	38,648	Total Outstanding Debt	38,554	38,339	(215)	(0.6)	35,831
Less							
Financial Assets							
Marketable Securities and Deposits							
3,971	2,636	New Zealand dollars	3,944	3,296	648	19.7	1,154
5,093	4,955	United States dollars	5,178	3,967	1,211	30.5	3,909
1,548	2,822	Japanese yen	1,438	2,501	(1,063)	(42.5)	1,775
1,448	2,164	European and other currencies	1,808	2,025	(217)	(10.7)	1,612
12,060	12,577	Total Marketable Securities and Deposits¹	12,368	11,789	579	4.9	8,450
Advances and Cash							
261	220	Advances to state-owned enterprises and Crown entities	422	482	(60)	(12.4)	939
4,143	3,642	Student loans	4,311	4,286	25	0.6	4,776
211	215	Other advances	442	144	298	206.9	158
115	218	Cash	516	114	402	352.6	45
4,730	4,295	Total Advances and Cash	5,691	5,026	665	13.2	5,918
16,790	16,872	Total Financial Assets	18,059	16,815	1,244	7.4	14,368
19,971	21,776	Net Crown Debt	20,495	21,524	1,029	4.8	21,463
20,495	22,204	Net New Zealand-dollar debt	21,070	21,877	807	3.7	21,816
(524)	(428)	Net foreign-currency debt	(575)	(353)	222	62.9	(353)
19,971	21,776	Net Crown Debt	20,495	21,524	1,029	4.8	21,463

¹ The New Zealand Superannuation (NZS) Funds marketable securities and deposits as at 31 October of \$209 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 31 October 2001

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 October 2001 \$m
Outstanding Debt						
By Type						
New Zealand-dollar debt	29,115	1,602	-	-	(12)	30,705
Foreign-currency debt	7,646	243	-	(51)	11	7,849
Total Outstanding Debt	36,761	1,845	-	(51)	(1)	38,554
Less						
Financial Assets						
Marketable securities and deposits	12,060	229	(13)	(7)	99	12,368
Advances and cash	4,730	938	-	23	-	5,691
Total Financial Assets	16,790	1,167	(13)	16	99	18,059
Net Crown Debt	19,971	678	13	(67)	(100)	20,495

STATEMENT OF COMMITMENTS

as at 31 October 2001

	As at 31 October 2001 \$m	As at 30 June 2001 \$m	As at 31 October 2000 \$m
Capital Commitments			
Specialist military equipment	617	639	275
Land and buildings	519	383	94
Other plant and equipment	35	41	75
Investments	19	15	12
State-owned enterprises and Crown entities	588	619	1,065
Total Capital Commitments	1,778	1,697	1,521
Operating Commitments			
Non-cancellable accommodation leases	840	842	757
Other non-cancellable leases	1,791	1,713	1,874
Non-cancellable contracts for the supply of goods and services	1,004	367	424
Other operating commitments	1,557	2,213	1,163
State-owned enterprises and Crown entities	2,459	2,471	2,697
Total Operating Commitments	7,651	7,606	6,915
Total Commitments	9,429	9,303	8,436

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 2001

	As at 31 October 2001 \$m	As at 30 June 2001 \$m	As at 31 October 2000 \$m
Quantifiable Contingent Liabilities			
Guarantees and Indemnities	394	371	429
Uncalled Capital	3,522	3,594	3,764
Legal Proceedings and Disputes	519	571	500
Other Contingent Liabilities	1,962	1,965	2,191
Total Quantifiable Contingent Liabilities	6,397	6,501	6,884

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 31 October 2001

Reporting Entity

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

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

A schedule of entities included in the Crown reporting entity was set out on pages 96 and 97 of the Financial Statements of the Government of New Zealand for the year ended 30 June 2001.

General Accounting Policies

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

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

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

Specific Accounting Policies

The specific accounting policies of the Crown were described on pages 51 to 58 of the Financial Statements of the Government of New Zealand for the year ended 30 June 2001. There have been no changes in accounting policies during the period 1 July 2001 to 31 October 2001.

Forecast Results and Assumptions

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

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

Comparative Figures

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

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

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
13,703	4,491	Source deductions	4,755	4,740	15	0.3	14,358
3,871	1,054	Other persons	1,089	1,092	(3)	(0.3)	3,881
(790)	(331)	Refunds	(332)	(329)	(3)	(0.9)	(656)
342	140	Fringe benefit tax	113	111	2	1.8	336
17,126	5,354	Total Individuals	5,625	5,614	11	0.2	17,919
Companies							
4,954	1,789	Gross companies	1,605	1,826	(221)	(12.1)	4,938
(123)	(20)	Refunds	(50)	(31)	(19)	(61.3)	(121)
4,831	1,769	Total Companies	1,555	1,795	(240)	(13.4)	4,817
Withholding Taxes							
990	296	Residents' interest income	313	348	(35)	(10.1)	993
760	204	Non-residents' income	180	142	38	26.8	685
83	17	Residents' dividend income	14	18	(4)	(22.2)	53
71	20	Foreign-source dividends	39	18	21	116.7	36
1,904	537	Total Withholding Taxes	546	526	20	3.8	1,767
23,861	7,660	Total Income Tax	7,726	7,935	(209)	(2.6)	24,503
Other Direct Taxation							
2	1	Estate and gift duties	-	1	(1)	(100)	2
2	1	Total Other Direct Taxation	-	1	(1)	(100)	2
23,863	7,661	Total Direct Taxation	7,726	7,936	(210)	(2.6)	24,505
NOTE 2: Indirect Taxation							
Goods and Services Tax							
15,133	4,907	Gross goods and services tax	5,492	5,065	427	8.4	15,054
(6,007)	(2,043)	Refunds	(2,267)	(2,084)	(183)	(8.8)	(5,718)
9,126	2,864	Total Goods and Services Tax	3,225	2,981	244	8.2	9,336
Excise Duties							
810	283	Petroleum fuels	283	279	4	1.4	806
764	232	Tobacco products	257	235	22	9.4	802
436	141	Alcoholic beverages	147	140	7	5.0	447
2,010	656	Total Excise Duties	687	654	33	5.0	2,055
Other Indirect Taxation							
648	215	Customs duty	224	219	5	2.3	649
532	169	Road user charges	186	186	-	-	575
181	60	Motor vehicle fees	62	60	2	3.3	181
206	66	Gaming duties	77	71	6	8.5	220
111	38	Energy resources levy	42	36	6	16.7	96
61	18	Stamp, cheque and credit card duties	22	21	1	4.8	68
1,739	566	Total Other Indirect Taxation	613	593	20	3.4	1,789
12,875	4,086	Total Indirect Taxation	4,525	4,228	297	7.0	13,180

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 3: Investment Income							
Interest Income							
463	154	Marketable securities, deposits, mortgages and cash balances	160	127	33	26.0	305
289	93	Advances	108	107	1	0.9	326
48	18	Student loans	33	28	5	17.9	66
		Other entities					
800	265	Total Interest Income	301	262	39	14.9	697
Dividend Income							
45	-	Dividends from state-owned enterprises	-	-	-	-	-
15	7	Electricity Corporation of New Zealand Limited	16	8	8	100.0	-
19	-	Genesis Power Limited	10	11	(1)	(9.1)	-
68	23	Landcorp Farming Limited	142	100	42	42.0	-
21	-	Meridian Energy Limited	-	-	-	-	-
7	-	Mighty River Power Limited	-	-	-	-	-
32	15	New Zealand Post Limited	4	-	4	-	-
87	42	Television New Zealand Limited	16	38	(22)	(57.9)	-
10	19	Transpower New Zealand Limited	7	1	6	-	199
12	-	Other	-	-	-	-	-
9	2	Housing New Zealand Corporation	1	4	(3)	(75.0)	13
		Other dividends					
325	108	Total Dividend Income	196	162	34	21.0	212
Other Investment Income							
102	23	Gains/(losses) on marketable securities and deposits	62	-	62	-	-
-	-	NZS Fund investment income	2	2	-	-	25
140	-	2 GHz radio spectrum rights auction proceeds	-	-	-	-	-
2	3	Other	1	-	1	-	-
244	26	Total Other Investment Income	65	2	63	-	25
1,369	399	Total Investment Income	562	426	136	31.9	934
NOTE 4: Other Operational Revenue							
106	37	Recoveries from Accident Compensation Corporation	37	32	5	15.6	97
16	7	Contributions to Government Superannuation Fund	5	7	(2)	(28.6)	25
82	21	Petroleum royalties	17	12	5	41.7	32
29	10	Cost recovery income from fisheries	10	10	-	-	27
10	3	Income from Earthquake Commission	3	3	-	-	10
138	40	Other	42	48	(6)	(12.5)	114
381	118	Total Other Operational Revenue	114	112	2	1.8	305

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 5: Expenses by Input Type							
13,274	4,464	Subsidies and transfer payments (see analysis below)	4,597	4,682	85	1.8	13,886
17,719	5,602	Operating expenses (see analysis below)	5,860	5,949	89	1.5	18,307
		Personnel					
2,632	847	Personnel expenses (excluding pension expenses)	909	907	(2)	(0.2)	2,762
855	220	GSF Pension expenses	231	224	(7)	(3.1)	718
-	-	Movement in GSF unfunded pension liability	-	-	-	-	(51)
56	19	Other pension expenses	22	19	(3)	(15.8)	53
		Depreciation					
751	245	Physical assets	243	254	11	4.3	785
174	28	State highways	31	31	-	-	94
282	86	Rental and leasing costs	93	87	(6)	(6.9)	256
7	3	Loss/(gain) on sale of assets	2	-	(2)	-	-
2,483	833	Finance costs (see analysis below)	803	813	10	1.2	2,395
		Net foreign-exchange losses/ (gains) on liabilities	11	-	(11)	-	-
404	972	Net foreign-exchange (gains)/ losses on assets	(10)	-	10	-	-
(451)	(1,015)	Provision for future initiatives	-	-	-	-	160
-	-						
38,186	12,304	Total Expenses	12,792	12,966	174	1.3	39,365
Analysis of Subsidies and Transfer Payments							
		Social Assistance Grants					
5,273	1,767	New Zealand superannuation	1,824	1,829	5	0.3	5,472
1,444	483	Domestic purposes benefit	497	498	1	0.2	1,489
1,849	620	Community wage	-	-	-	-	-
-	-	Unemployment benefit	471	493	22	4.5	1,527
878	355	Family support	307	315	8	2.5	899
391	165	Student allowances	171	180	9	5.0	428
3,073	951	Other social assistance grants	1,206	1,242	36	2.9	3,692
115	46	Subsidies	36	38	2	5.3	125
		Other Transfer Payments					
226	70	Official development assistance	74	80	6	7.5	227
25	7	Other	11	7	(4)	(57.1)	27
13,274	4,464	Total Subsidies and Transfer Payments	4,597	4,682	85	1.8	13,886
Analysis of Operating Expenses							
		Education purchases					
331	112	Early childhood education	119	121	2	1.7	357
3,505	1,173	Primary and secondary education	1,212	1,233	21	1.7	3,677
1,508	528	Tertiary education and training	587	583	(4)	(0.7)	1,635
6,807	2,236	Health purchases	2,321	2,322	1	-	6,967
467	150	Science purchases	154	154	-	-	478
5,101	1,403	Other operating expenses	1,467	1,536	69	4.5	5,193
17,719	5,602	Total Operating Expenses	5,860	5,949	89	1.5	18,307
Analysis of Finance Costs							
		Interest					
2,035	682	New Zealand dollars	676	691	15	2.2	2,044
428	146	Foreign currencies	115	114	(1)	(0.9)	328
20	5	Other finance costs	12	8	(4)	(50.0)	23
2,483	833	Total Finance Costs	803	813	10	1.2	2,395

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$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							
163	137	Housing New Zealand Corporation	323	366	(43)	(11.7)	643
45	43	Solid Energy New Zealand Limited	46	43	3	7.0	-
29	39	Residual Health Management Unit	29	13	16	123.1	13
24	-	District health boards	24	60	(36)	(60.0)	283
-	1	Terralink NZ Limited	-	-	-	-	-
261	220	Total Advances to state-owned enterprises and Crown entities	422	482	(60)	(12.4)	939
Other Advances							
4,143	3,642	Student loans	4,311	4,286	25	0.6	4,776
-	-	Air New Zealand Limited	300	-	300	-	-
118	117	Contact Energy Limited	48	48	-	-	48
38	39	Maori development rural lending	40	41	(1)	(2.4)	58
29	29	Forestry encouragement loans	29	30	(1)	(3.3)	30
8	9	Catchment authorities	8	8	-	-	5
18	21	Other	17	17	-	-	17
4,354	3,857	Total Other Advances	4,753	4,430	323	7.3	4,934
4,615	4,077	Total Advances	5,175	4,912	263	5.4	5,873

NOTE 7: Receivables							
4,962	5,048	Taxes receivable	5,215	4,737	478	10.1	4,437
1,024	1,124	Accounts receivable	961	1,100	(139)	(12.6)	856
		Receivable from the sale and purchase of Maui gas	114	112	2	1.8	103
111	106		260	191	69	36.1	43
100	45	Prepayments					
6,197	6,323	Total Receivables	6,550	6,140	410	6.7	5,439

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: Ownership Interest in State-owned Enterprises 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 31 October 2001 \$m
State-owned enterprises	5,554	101	(195)	(94)	-	30	5,490
Crown entities	8,523	136	-	136	-	28	8,687
Total State-owned Enterprises and Crown Entities	14,077	237	(195)	42	-	58	14,177

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m	Current Year Actual vs Forecast				Annual Forecast
		Actual \$m	Forecast \$m	Variance \$m	%	\$m

NOTE 9: Other Investments

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
128	111	International Bank for Reconstruction and Development	128	118	10	8.5	118
72	78	Public Trust Office	72	58	14	24.1	58
117	104	Asian Development Bank	129	107	22	20.6	107
37	67	Other	47	49	(2)	(4.1)	149
354	360	Total Other Investments	376	332	44	13.3	432

NOTE 10: Physical Assets

By Type

Cost or Valuation

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
1,844	1,827	Land	1,853	1,901	(48)	(2.5)	1,887
464	420	Properties intended for sale	446	458	(12)	(2.6)	446
8,654	8,735	Buildings	8,750	8,620	130	1.5	9,066
2,686	2,841	Specialist military equipment	2,681	2,774	(93)	(3.4)	2,780
2,213	2,171	Other plant and equipment	2,251	2,383	(132)	(5.5)	2,571
2,688	2,612	Other assets	2,690	2,685	5	0.2	2,639
18,549	18,606	Total Cost or Valuation	18,671	18,821	(150)	(0.8)	19,389

Accumulated Depreciation

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
729	901	Buildings	844	846	2	0.2	1,085
421	377	Specialist military equipment	471	487	16	3.3	594
1,292	1,233	Other plant and equipment	1,346	1,457	111	7.6	1,629
5	1	Other assets	6	4	(2)	(50.0)	5
2,447	2,512	Total Accumulated Depreciation	2,667	2,794	127	4.5	3,313

Net Book Value

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
1,844	1,827	Land	1,853	1,901	(48)	(2.5)	1,887
464	420	Properties intended for sale	446	458	(12)	(2.6)	446
7,925	7,834	Buildings	7,906	7,774	132	1.7	7,981
2,265	2,464	Specialist military equipment	2,210	2,287	(77)	(3.4)	2,186
921	938	Other plant and equipment	905	926	(21)	(2.3)	942
2,683	2,611	Other assets	2,684	2,681	3	0.1	2,634
16,102	16,094	Total Net Book Value	16,004	16,027	(23)	(0.1)	16,076

Movements since 30 June 2001

Cost or Valuation

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
18,507	18,507	Opening balance	18,549	18,534	15	0.1	18,534
905	99	Net additions	128	287	(159)	(55.4)	855
(863)	-	Net Revaluations	(6)	-	(6)	-	-
18,549	18,606	Total Cost or Valuation	18,671	18,821	(150)	(0.8)	19,389

Accumulated Depreciation

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
2,535	2,535	Opening balance	2,447	2,568	121	4.7	2,568
(145)	(267)	Disposals	(23)	(28)	(5)	(17.9)	(40)
751	245	Depreciation charged for the period	243	254	11	4.3	785
(694)	(1)	Net Revaluations	-	-	-	-	-
2,447	2,512	Total Accumulated Depreciation	2,667	2,794	127	4.5	3,313
16,102	16,094	Net Physical Assets	16,004	16,027	(23)	(0.1)	16,076

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m	Current Year Actual vs Forecast				Annual Forecast
		Actual \$m	Forecast \$m	Variance \$m	%	\$m

NOTE 11: State Highways

Cost or Valuation

8,911	8,911	Opening balance	11,055	10,788	267	2.5	10,788
1,650	-	Recognition adjustment	-	-	-	-	-
300	55	Net additions	82	82	-	-	245
194	-	Net revaluations	-	-	-	-	-
11,055	8,966	Total Cost or Valuation	11,137	10,870	267.0	2.5	11,033

Accumulated Depreciation

-	-	Opening balance	-	92	(92)	(100.0)	92
174	28	Depreciation charged for the period	31	31	-	-	94
(174)	-	Net revaluations	-	-	-	-	-
-	28	Total Accumulated Depreciation	31	123	(92.0)	(74.8)	186
11,055	8,938	Net State Highways	11,106	10,747	359	3.3	10,847

NOTE 12: Payables and Provisions

1,907	1,935	Taxes repayable	1,779	1,711	(68)	(4.0)	1,711
1,631	1,664	Accounts payable	1,321	1,511	190	12.6	1,780
1,193	816	Accruals and provisions	1,083	689	(394)	(57.2)	409
		National Provident Fund					
686	433	guarantee	686	480	(206)	(42.9)	480
		National Provident Fund Board					
-	70	indemnity	-	-	-	-	-
		Provision for employee					
414	386	entitlements	417	399	(18)	(4.5)	378
5,831	5,304	Total Payables and Provisions	5,286	4,790	(496)	(10.4)	4,758

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 31 October 2000 \$m	Current Year Actual vs Forecast					
		Annual Forecast	Actual	Forecast	Variance	Annual Forecast	
		\$m	\$m	\$m	%	\$m	
NOTE 13: Revaluation Reserve							
8,201	8,201	Opening Balance	8,007	7,899	108	1.4	7,899
Net Revaluations							
368	-	State highways	-	-	-	-	-
85	-	Land and buildings	(6)	-	(6)	-	-
(258)	-	Specialist military equipment	-	-	-	-	-
4	(1)	Other assets	-	-	-	-	-
(378)	3	State-owned enterprises and Crown entities	-	-	-	-	-
(179)	2	Total Net Revaluations	(6)	-	(6)	-	-
(15)	(13)	Transfers to accumulated operating balance	(1)	-	(1)	-	-
8,007	8,190	Closing Revaluation Reserve	8,000	7,899	101	1.3	7,899