

Financial Statements of the Government of New Zealand

For the Seven Months
Ended 31 January 2000



10 March 2000

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COMMENTARY

OVERVIEW — SEVEN MONTHS TO JANUARY 2000

	Jan 2000	Jan 2000	Variance		June 2000	June 1999
	Actual YTD	Forecast YTD	\$m	%	Forecast	Actual
Operating balance	974	383	591	154.3	14	1,777
Net worth	7,400	6,448	952	14.8	6,079	6,022
Net Crown debt	22,206	23,088	882	3.8	23,322	21,701

The **operating balance** for January was \$974 million, which was \$591 million ahead of forecast. The operating balance increased \$417 million against forecast during the month, with higher than forecast tax revenue being recorded.

Company Tax was higher-than-forecast by \$329 million largely owing to higher corporate profits than forecast in the Pre-EFU and it is expected that most of the variance will be sustained until the end of the fiscal year.

Source deductions were \$203 million above forecast which is expected to reverse in subsequent months. However, increased employment growth and a tax rate increase are expected to create a positive variance for source deductions against forecast by the end of the fiscal year.

There is likely to be more variability than usual in monthly tax revenue to the end of the fiscal year. The 1 April tax rise is likely to disrupt normal payment patterns.

However, total taxation revenue is expected to be in line with the Budget Policy Statement forecast by the end of the fiscal year.

Non-tax revenue was \$113 million above forecast largely due to compulsory fees being \$38 million above forecast and \$25 million received from IBM as part of the INCIS settlement.

Expenses were \$89 million below forecast. There were no significant individual variances.

The SOE/Crown entity net surplus was \$37 million ahead of forecast.

The improvement in **net worth** against forecast of \$952 million was due to:

- the higher-than-forecast operating surplus for the seven months ended 31 January 2000 (\$591 million); and
- the positive regular revaluation of the school property portfolio (\$362 million). Asset and liability revaluations are not forecast as a matter of policy.

Net Crown debt was \$882 million lower than forecast largely due to timing differences, including:

- lower-than-forecast net purchases of physical assets (\$321 million); and
- higher-than-forecast net cash flows from operations (\$156 million).

In addition, higher-than-forecast issues of circulating currency (\$326 million) improved the net debt position. While this increase in currency was expected (as part of the Reserve Bank's Y2K preparedness), it is not forecast as a matter of policy. Issues of circulating currency are forecast at the level set when the forecasts are finalised.

Net Crown debt was estimated to be 22.1% of GDP at 31 January, compared to a forecast of 23.0%. This ratio is calculated using the actual nominal GDP number to September 1999.

Forecast figures in these accounts were based on the 1999 Pre-election Economic and Fiscal Update (Pre-EFU).

The Budget Policy Statement incorporating updated forecasts was released on 8 March 2000.

Where possible, commentary has been included on the updated forecast when comparing the year to date results.

COMPARISON WITH FORECAST

Financial Performance

The financial statements for the seven months ended 31 January 2000 are compared against forecasts based on the 1999 Pre-election Economic and Fiscal Update (PREFU). The operating balance comprised:

Operating Balance	Actual	Forecast	Variance	
	\$million	\$million	\$million	%
Revenue	21,380	20,915	465	2.2
Expenses	20,582	20,671	89	0.4
SOEs and Crown entities	176	139	37	26.6
Operating balance	974	383	591	154.3

Revenue

Overall revenue was \$465 million ahead of forecast.

Tax Revenue

There is likely to be more variability than usual in monthly tax revenue to the end of the fiscal year. The 1 April tax rise is likely to disrupt normal payment patterns.

However, total taxation revenue is expected to be in line with the Budget Policy Statement forecast by the end of the fiscal year.

The components of the year-to-date positive variance against forecast of \$352 million were:

Variations Against Forecast	\$million
Net companies	329
Source deductions	203
Net other persons	(124)
Goods and services	(30)
Other taxation	(26)
Total Taxation Variance	352

- **Net Companies tax** was higher-than-forecast by \$329 million. This variance is due to higher projected corporate profits than forecast in PREFU. It is expected that much of this variance will be maintained through to the end of the fiscal year which is in line with the Budget Policy Statement forecast.

- **Source deductions** were higher-than-forecast by \$203 million. Some of this variance is expected to reverse in subsequent months. However, with increased employment growth and a higher wage track in conjunction with the tax rate increase it is expected that source deductions will be above forecast at the end of the fiscal year which is in line with the Budget Policy Statement forecast.
- **Net other persons** was below forecast by \$124 million. This variance may be one of timing given tax receipts for the year are in line with forecast.
- **Goods and services tax** was below forecast by \$30 million. This is within the normal forecasting error range.

Non-tax Revenue

Other non-tax revenue was \$113 million above forecast largely due to Compulsory fees received being higher-than-forecast by \$38 million. In addition, other operational revenue was higher-than-forecast by \$59 million, with \$25 million received from IBM as part of the INCIS settlement.

Expenses

Total expenses for the period were \$89 million lower than forecast. There were no significant individual variances.

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	239	172	67
Distributions	(227)	(244)	17
	12	(72)	84
Crown Entities			
Surplus	268	304	(36)
Distributions	(104)	(93)	(11)
	164	211	(47)
Net Surplus	176	139	37

The SOEs and Crown entities surplus was ahead of forecast by \$37 million. The key components were higher-than-forecast surplus from Transpower (\$36 million) and Meridian Energy (\$19 million).

Partially offsetting these positive variances was a lower than forecast surplus from the Earthquake Commission (\$44 million).

Net Cash Flows

Net cash flows for the seven months ended 31 January 2000 were as follows:

Net Cash Flows	Actual	Forecast	Variance	
	\$million	\$million	\$million	%
Operating activities	(329)	(485)	156	32.2
Investing activities (excluding net sales/(purchases) of marketable securities and deposits)	(692)	(1,154)	462	40.0
Amount required to be financed	(1,021)	(1,639)	618	37.7
Net sales/(purchases) of marketable securities and Deposits	1,352	920	432	47.0
Financing activities	(519)	612	(1,131)	184.8
Net Movement in Cash	(188)	(107)	(81)	(75.7)

The positive variance against forecast of \$156 million for **net cash outflows from operating activities** was largely due to operating expenses being lower-than-forecast largely due to some timing differences.

Net cash outflows from investing activities (excluding net sales/(purchases) of marketable securities and deposits) had a positive variance against forecast of \$462 million. This variance was largely due to lower-than-forecast net purchases of physical assets (\$321 million), combined with higher-than-forecast receipts from repayment of advances (\$120 million).

As a result, the **amount required to be financed** was \$618 million lower than forecast.

Net Cash inflows from financing activities was lower-than-forecast by \$1,131 million. This variance was largely due to:

- higher-than-forecast net repayment of foreign debt (\$604 million)
- higher-than-forecast net repayment of other New Zealand borrowings (\$404 million).
- net issue of Government Stock was lower-than-forecast by \$749 million due to a repurchase of Government Stock.

Partially offsetting these outflows was an increase in circulating currency (\$326 million). While this increase in currency was expected (as part of the Reserve Bank's Y2K preparedness), it is not forecast as a matter of policy.

Financial Position

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

Financial Position	Actual \$million	Forecast \$million	Variance	
			\$million	%
SOEs and Crown entities	13,308	13,290	18	0.1
Physical assets	15,670	15,494	176	1.1
Other assets	15,962	15,687	275	1.8
	44,940	44,471	469	1.1
Net Crown debt	22,206	23,088	882	3.8
Other Liabilities	15,334	14,935	(399)	2.7
	37,540	38,023	483	1.3
Crown Balance (net worth)	7,400	6,448	952	8.2

Physical assets were \$176 million higher than forecast, due to the regular school property revaluation of \$362 million. Asset revaluations are not forecast as a matter of policy.

Partially offsetting the variance was the delay in purchasing of new physical assets (\$321 million) as discussed above.

Net Crown debt was \$882 million lower than forecast largely due to timing differences, including:

- lower-than-forecast net purchases of physical assets (\$321 million); and
- higher-than-forecast net cash flows from operations (\$156 million).

In addition, higher-than-forecast issues of circulating currency (\$326 million) improved the net debt position. While this increase in currency was expected (as part of the Reserve Bank's Y2K preparedness), it is not forecast as a matter of policy. Issues of circulating currency are forecast at the level set when the forecasts are finalised.

Net Crown Debt	Actual \$m	Forecast \$m	Variance \$m
Gross Borrowings	36,481	37,484	(1,003)
Less			
Marketable securities/ deposits	10,530	10,492	38
Advances and cash	3,745	3,904	159
Financial Assets	14,275	14,396	121
Net Crown Debt	22,206	23,088	882
Net Crown Debt to GDP Ratio	22.1%	23.0%	0.9%

Net Crown debt was estimated to be 22.1% of GDP at 31 January, compared to a forecast of 23.0%. This ratio is calculated using the actual nominal GDP number to September 1999.

COMPARISON WITH PREVIOUS YEAR

	January YTD				Year Ended 30 June			
	1999/2000 \$m	1998/99 \$m	\$m	%	1998/99 \$m	1997/98 \$m	1996/97 \$m	1995/96 \$m
Operating Statement								
Total taxation revenue	19,834	19,083	751	3.9	32,156	32,982	31,916	32,233
% of GDP	19.7%	19.5%			32.3%	37.0%	33.2%	34.9%
Total non tax revenue	1,546	1,698	(152)	(9.0)	4,201	2,599	2,862	2,826
Total Revenue	21,380	20,781	599	2.9	36,357	35,581	34,778	35,059
% of GDP	21.3%	21.2%			36.5%	39.9%	36.2%	38.0%
Social security and welfare	7,532	7,514	18	0.2	12,906	12,509	11,881	11,229
GSF pension expenses	373	429	(56)	(13.1)	1,132	494	739	1,011
Health	3,978	3,830	148	3.9	6,573	6,001	5,626	5,228
Education	3,495	3,303	192	5.8	5,899	5,714	5,335	4,949
Core government services	929	837	92	11.0	1,705	1,562	1,667	1,565
Other	2,921	2,752	169	6.1	5,141	5,114	4,621	4,661
Finance costs	1,389	1,549	(160)	(10.3)	2,516	2,804	3,072	3,703
Net foreign exchange (gains) losses	(35)	(50)	15	(30.0)	(47)	13	12	(603)
Total Expenses	20,582	20,164	418	2.1	35,825	34,211	32,953	31,743
% of GDP	20.5%	20.6%			36.0%	38.4%	34.3%	34.4%
SOE/ Crown entities net surplus	176	619	(443)	(72)	1,245	1,164	83	(2)
Operating Balance	974	1,665	(691)	(41.5)	1,777	2,534	1,908	3,314
% of GDP	1.0%	1.7%			1.8%	2.8%	2.0%	3.6%
Financial Position								
SOEs and Crown entities	13,308	19,357	(6,049)	(31.2)	12,917	19,022	18,483	18,487
Physical assets	15,670	15,210	460	3.0	15,258	14,962	14,502	13,925
Other assets	30,237	28,341	1,896	6.7	30,048	28,372	24,983	26,509
Total Assets	59,215	62,908	(3,693)	(5.9)	58,223	62,356	57,968	58,921
Total Liabilities	51,815	51,462	353	0.7	52,201	52,435	50,498	55,577
Crown Balance (net worth)	7,400	11,446	(4,046)	(35.3)	6,022	9,921	7,470	3,344
% of GDP	7.4%	11.7%			6.1%	11.1%	7.8%	3.6%
Net Crown debt	22,206	24,284	(2,078)	(8.6)	21,701	24,069	25,324	28,637
% of GDP	22.1%	24.8%			21.8%	27.0%	26.4%	31.0%
GDP	100,589	97,924			99,505	89,140	96,031	92,347

Taxation revenue was \$751 million higher than in January 1999, largely reflecting the impacts of employment growth in conjunction with a slight increase in wage levels.

Non-tax revenue was \$152 million lower than the previous year, largely reflecting the gains on sale of Auckland and Wellington airports in 1998/99.

Health expenses were \$148 million higher than the previous year, largely due to increased spending including reducing the elective services backlog.

Education expenses were \$192 million higher than last year, largely due to increased salary costs as a result of the 1998/99 teachers pay settlement, increased spending on special education, and other initiatives.

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

Net Crown debt has reduced primarily due to the sale proceeds from asset sales (such as Contact Energy Limited) being applied to debt reduction.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Note	Current Year Actual \$m	Current Year Forecast \$m	Variance \$m	%	Annual Forecast \$m
Revenue								
Levied through the Crown's Sovereign Power								
20,289	12,179	Direct taxation	1	12,790	12,375	415	3.4	21,041
11,867	6,904	Indirect taxation	2	7,044	7,107	(63)	(0.9)	12,319
32,156	19,083	Total taxation revenue		19,834	19,482	352	1.8	33,360
300	170	Compulsory fees, fines, penalties and levies		208	170	38	22.4	287
32,456	19,253	Total Revenue Levied through the Crown's Sovereign Power		20,042	19,652	390	2.0	33,647
Earned through the Crown's Operations								
2,901	928	Investment income	3	737	735	2	0.3	1,146
683	375	Sales of goods and services		379	365	14	3.8	670
401	237	Other operational revenue	4	222	163	59	36.2	292
(84)	(12)	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
3,901	1,528	Total Revenue Earned through the Crown's Operations		1,338	1,263	75	5.9	2,108
36,357	20,781	Total Revenue		21,380	20,915	465	2.2	35,755
Expenses								
By functional classification								
12,906	7,514	Social security and welfare	5	7,532	7,559	27	0.4	12,963
1,132	429	GSF pension expenses		373	374	1	0.3	656
6,573	3,830	Health		3,978	3,977	(1)	-	6,816
5,899	3,303	Education		3,495	3,486	(9)	(0.3)	6,373
1,705	837	Core government services		929	936	7	0.7	1,677
1,499	833	Law and order		839	839	-	-	1,452
1,030	577	Defence		689	722	33	4.6	1,176
1,029	469	Transport and communications		523	540	17	3.1	1,075
858	488	Economic and industrial services		444	448	4	0.9	809
334	178	Primary services		148	162	14	8.6	307
316	161	Heritage, culture and recreation		234	238	4	1.7	388
41	25	Housing and community development		24	27	3	11.1	48
34	21	Other		20	7	(13)	(185.7)	149
2,516	1,549	Finance costs	5	1,389	1,382	(7)	(0.5)	2,310
(47)	(50)	Net foreign-exchange (gains)/losses		(35)	(26)	9	34.6	(26)
-	-	Provision for future initiatives		-	-	-	-	10
35,825	20,164	Total Expenses		20,582	20,671	89	0.4	36,183
532	617	Revenue Less Expenses		798	244	554	227.0	(428)
1,245	619	Net surplus, less distributions attributable to State-owned enterprises and Crown entities	8	176	139	37	26.6	442
1,777	1,236	Operating Balance		974	383	591	154.3	14

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
230	66	Cash and bank balances		46	123	(77)	(62.6)	10
11,153	9,405	Marketable securities and deposits		10,530	10,492	38	0.4	8,136
3,628	3,567	Advances	6	3,699	3,781	(82)	(2.2)	4,008
5,250	5,750	Receivables	7	6,138	5,845	293	5.0	5,231
321	316	Inventories		340	321	19	5.9	323
12,917	19,357	State-owned enterprises and Crown entities	8	13,308	13,290	18	0.1	13,703
270	255	Other investments	9	273	280	(7)	(2.5)	278
15,258	15,210	Physical assets	10	15,670	15,494	176	1.1	15,592
422	561	Commercial forests		393	422	(29)	(6.9)	422
8,770	8,415	State highways	11	8,815	8,815	-	-	8,847
4	6	Intangible assets		3	4	(1)	(25.0)	4
58,223	62,908	Total Assets		59,215	58,867	348	0.6	56,554
Liabilities								
5,005	4,065	Payables and provisions	12	4,508	4,435	(73)	(1.6)	4,496
1,960	1,979	Currency issued		2,302	1,976	(326)	(16.5)	1,976
36,712	37,322	Borrowings		36,481	37,484	1,003	2.7	35,476
8,524	8,096	Pension liabilities		8,524	8,524	-	-	8,527
52,201	51,462	Total Liabilities		51,815	52,419	604	1.2	50,475
6,022	11,446	Total Assets Less Total Liabilities		7,400	6,448	952	14.8	6,079
Crown Balance								
(1,197)	4,544	Accumulated operating balance		(183)	(814)	631	77.5	(1,183)
7,219	6,902	Revaluation reserve	13	7,583	7,262	321	4.4	7,262
6,022	11,446	Crown Balance		7,400	6,448	952	14.8	6,079

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
9,921	9,921	Opening Crown balance	6,022	6,022	-	-	6,022
1,777	1,236	Operating balance for the period	974	383	591	154.3	14
466	289	Net revaluations	404	43	361	-	43
2,243	1,525	Total Recognised Revenues and Expenses	1,378	426	952	223.5	57
(6,142)	-	Accident Rehabilitation and Compensation Insurance Corporation recognition policy change	-	-	-	-	-
6,022	11,446	Closing Crown Balance	7,400	6,448	952	14.8	6,079

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 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							
12,328	7,145	Source deductions	7,358	7,432	(74)	(1.0)	12,666
3,566	1,792	Other persons	1,809	1,784	25	1.4	3,516
(1,189)	(724)	Refunds	(708)	(658)	(50)	(7.6)	(1,036)
329	249	Fringe benefit tax	239	242	(3)	(1.2)	326
15,034	8,462	Total Individuals	8,698	8,800	(102)	(1.2)	15,472
Companies							
4,467	2,590	Gross companies	2,567	2,573	(6)	(0.2)	4,739
(646)	(382)	Refunds	(355)	(437)	82	18.8	(602)
3,821	2,208	Total Companies	2,212	2,136	76	3.6	4,137
1,654	1,096	Withholding taxes	953	908	45	5.0	1,453
2	2	Other direct taxation	1	1	-	-	2
20,511	11,768	Total Direct Taxation	11,864	11,845	19	0.2	21,064
Indirect Taxation							
Goods and services tax							
12,628	7,192	Gross goods and services tax	7,787	7,729	58	0.8	13,204
(4,194)	(2,385)	Refunds	(2,782)	(2,637)	(145)	(5.5)	(4,487)
8,434	4,807	Total goods and services tax	5,005	5,092	(87)	(1.7)	8,717
1,864	1,145	Excise duties	1,198	1,240	(42)	(3.4)	1,995
1,575	864	Other indirect taxation	905	857	48	5.6	1,532
11,873	6,816	Total Indirect Taxation	7,108	7,189	(81)	(1.1)	12,244
32,384	18,584	Total Taxation Receipts	18,972	19,034	(62)	(0.3)	33,308
251	145	Compulsory fees, fines, penalties and levies	193	151	42	27.8	263
Other Receipts							
1,034	435	Interest, profits and dividends	647	612	35	5.7	941
642	359	Sales of goods and services	384	354	30	8.5	631
372	207	Other operating receipts	201	163	38	23.3	335
2,048	1,001	Total Other Receipts	1,232	1,129	103	9.1	1,907
34,683	19,730	Total cash provided from operations	20,397	20,314	83	0.4	35,478
Cash was disbursed to							
4,536	2,599	Departmental outputs	2,701	2,742	41	1.5	4,678
14,402	8,495	Other outputs	8,903	8,998	95	1.1	15,570
2,398	1,481	Finance costs	1,477	1,423	(54)	(3.8)	2,447
134	87	Subsidies	77	84	7	8.3	156
Current transfers							
12,601	7,515	Social assistance grants	7,457	7,423	(34)	(0.5)	12,730
220	103	Other transfers	111	129	18	14.0	231
-	-	Provision for future initiatives	-	-	-	-	10
34,291	20,280	Total cash disbursed to operations	20,726	20,799	73	0.4	35,822
392	(550)	Net Cash Flows From Operations	(329)	(485)	156	32.2	(344)

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1998 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
392	(550)	Subtotal (brought forward)	(329)	(485)	156	32.2	(344)
		Cash Flows From Investing Activities					
		Cash was provided from					
2,738	462	Net (purchase)/sale of investments	(156)	(177)	21	11.9	3,104
(1,184)	1,234	Net (purchase)/sale of marketable securities and deposits	1,352	920	432	47.0	-
239	98	Sale of physical assets	84	22	62	281.8	150
1,793	1,794	Total cash provided	1,280	765	515	67.3	3,254
		Cash was disbursed to					
179	142	Net increase in advances	(38)	82	120	146.3	189
1,142	599	Purchase of physical assets	658	917	259	28.2	1,561
1,321	741	Total cash disbursed	620	999	379	37.9	1,750
472	1,053	Net Cash Flows From Investing Activities	660	(234)	894	382.1	1,504
864	503	Net Cash Flows From Operating and Investing Activities	331	(719)	1,050	146.0	1,160
		Cash Flows From Financing Activities					
		Cash was Provided From					
151	170	Issues of circulating currency	342	16	326	-	16
4,756	3,155	Issues of Government stock Other New Zealand-dollar borrowing ¹	1,237	1,056	181	17.1	-
1,124	769	Borrowing in foreign currencies ¹	269	-	269	-	101
2,703	2,603		650	-	650	-	-
8,734	6,697	Total Cash Provided	2,498	1,072	1,426	133.0	117
		Cash was Disbursed to					
1,882	1,838	Repayment of Government stock	930	-	(930)	-	948
3,915	1,496	Repayment of other New Zealand-dollar borrowing ¹	725	52	(673)	-	-
3,763	3,985	Repayment of foreign-currency borrowing ¹	1,362	408	(954)	(233.8)	549
9,560	7,319	Total Cash Disbursed	3,017	460	(2,557)	-	1,497
(826)	(622)	Net Cash Flows From Financing Activities	(519)	612	(1,131)	(184.8)	(1,380)
38	(119)	Net Movement in Cash	(188)	(107)	(81)	(75.7)	(220)
171	171	Opening Cash Balance	230	230	-	-	230
21	14	Foreign-exchange gains/(losses) on opening cash	4	-	4	-	-
230	66	Closing Cash Balance	46	123	(77)	(62.6)	10

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 seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Reconciliation Between the Operating Balance and Net Cash Flows from Operations							
1,777	1,236	Operating Balance	974	383	591	154.3	14
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation Changes							
84	12	Revaluation of commercial forests	-	-	-	-	-
(44)	(32)	Unrealised net foreign-exchange gains	(95)	(20)	(75)	(375)	(20)
40	(20)	Total Valuation Changes	(95)	(20)	(75)	(375.0)	(20)
Physical Asset Movements							
765	432	Depreciation	454	464	(10)	(2.2)	833
26	1	Loss/(gain) on sale of physical assets	(1)	-	(1)	-	-
791	433	Total Physical Asset Movements	453	464	(11)	(2.4)	833
Other Non-cash Items							
(1,245)	(619)	Net surplus, less distributions, attributable to State-owned enterprises and Crown entities	(176)	(139)	(37)	(26.6)	(442)
(1,625)	-	Gain on sale of Contact Energy Limited and Airport Companies	-	-	-	-	-
-	-	Gain on sale of Vehicle Testing New Zealand Limited	(14)	(14)	-	-	(14)
429	-	Movement in pension liabilities	-	-	-	-	3
5	(48)	Other	-	-	-	-	(39)
(2,436)	(667)	Total Other Non-cash Items	(190)	(153)	(37)	(24.2)	(492)
69	(71)	Total other investing and financing items	(68)	-	(68)	-	(43)
Movements in Working Capital							
(135)	(501)	Increase in taxes receivable	(805)	(478)	(327)	(68.4)	(68)
(75)	(272)	Decrease/(increase) in other receivables	(83)	(92)	9	9.8	(37)
(19)	(14)	Increase in inventories	(19)	-	(19)	-	(2)
380	(674)	(Decrease)/increase in payables	(496)	(589)	93	15.8	(529)
151	(1,461)	Total movements in working capital	(1,403)	(1,159)	(244)	(21.1)	(636)
392	(550)	Net Cash Flows from Operations	(329)	(485)	156	32.2	(344)

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the seven months ended 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$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							
392	(550)	Net Cash Flows From Operations	(329)	(485)	156	32.2	(344)
Investing flows							
<i>Net advances</i>							
212	-	HCNZ	29	-	29	-	-
11	6	Contact Energy Limited	6	5	1	20.0	-
(470)	(139)	Student loans	(76)	(60)	(16)	(26.7)	-
43	(19)	Residual Health Management Unit	37	21	16	76.2	-
-	-	Solid Energy New Zealand Limited	(38)	(42)	4	9.5	-
25	10	Other	80	(6)	86	-	(189)
(179)	(142)	Total Net Advances	38	(82)	120	146.3	(189)
(903)	(501)	Net purchase of physical assets	(574)	(895)	321	35.9	(1,411)
<i>Net investments</i>							
(45)	(27)	Hospital and Health Services	(28)	(50)	22	44.0	-
487	489	Auckland and Wellington Airports	-	-	-	-	-
-	-	At Work Insurance Limited	(149)	(149)	-	-	-
-	-	Vehicle Testing New Zealand Limited	19	22	(3)	(13.6)	-
2,331	-	Contact Energy Limited	2	-	2	-	-
(35)	-	Other	-	-	-	-	3,104
2,738	462	Net (purchase)/sale of Investments	(156)	(177)	21	11.9	3,104
2,048	(731)	(Required to be financed)/ Available for debt repayment	(1,021)	(1,639)	618	37.7	1,160
<i>Used in:</i>							
Net sale/(purchase) of marketable securities and deposits							
(1,184)	1,234		1,352	920	432	47.0	-
864	503	Total Investing activities	331	(719)	1,050	146.0	1,160
(2,791)	(727)	Net issue/(repayment) of other New Zealand-dollar borrowing	(456)	(52)	(404)	-	101
(1,060)	(1,382)	Net (repayment)/issue of foreign currency borrowing	(713)	(408)	(305)	(74.8)	(549)
(38)	119	Decrease/(increase) in cash	188	107	81	75.7	220
151	170	Issues of circulating currency	342	16	326	-	16
(3,738)	(1,820)		(639)	(337)	(302)	(89.6)	(212)
(2,874)	(1,317)	Net (Cash Proceeds From)/Repayments of Domestic Bonds	(308)	(1,056)	748	70.8	948
Gross Cash Proceeds From Domestic Bonds							
3,450	2,162	Domestic bonds (market)	989	908	81	8.9	1,932
977	828	Domestic bonds (non-market)	-	-	-	-	277
329	165	Inflation bonds (market)	-	-	-	-	-
-	-	Inflation bonds (non-market)	249	148	101	68.2	148
4,756	3,155	Total Gross Cash Proceeds From Domestic Bonds	1,238	1,056	182	17.2	2,357
(1,782)	(1,763)	Repayment of domestic bonds (market)	(930)	-	(930)	-	(3,011)
(100)	(75)	Repayment of domestic bonds (non-market)	-	-	-	-	(294)
2,874	1,317	Net Cash Proceeds From/ (Repayments of) Domestic Bonds	308	1,056	(748)	(70.8)	(948)

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 31 January 2000

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
22,701	21,161	Government stock	23,001	23,738	737	3.1	21,735
5,881	6,703	Treasury bills	5,678	5,891	213	3.6	6,231
299	278	Loans and foreign-exchange contracts	306	327	21	6.4	230
-	1,055	Reserve Bank bills	-	-	-	-	-
729	936	Retail stock	484	564	80	14.2	557
29,610	30,133	Total New Zealand-Dollar Debt	29,469	30,520	1,051	3.4	28,753
Foreign-Currency Debt							
3,565	3,385	United States dollars	3,821	3,500	(321)	(9.2)	3,259
1,706	1,841	Japanese yen	1,801	1,924	123	6.4	1,924
1,831	1,963	European and other currencies	1,390	1,540	150	9.7	1,540
7,102	7,189	Total Foreign-Currency Debt	7,012	6,964	(48)	(0.7)	6,723
36,712	37,322	Total Outstanding Debt	36,481	37,484	1,003	2.7	35,476
Less							
Financial Assets							
Marketable Securities and Deposits							
3,601	1,453	New Zealand dollars	3,122	3,066	56	1.8	952
3,857	3,605	United States dollars	4,192	3,931	261	6.6	3,689
1,827	2,314	Japanese yen	1,799	1,717	82	4.8	1,717
1,868	2,033	European and other currencies	1,417	1,778	(361)	(20.3)	1,778
11,153	9,405	Total Marketable Securities and Deposits	10,530	10,492	38	0.4	8,136
Advances and Cash							
299	795	Advances to State-owned enterprises and Crown entities	265	320	(55)	(17.2)	323
3,002	2,657	Student loans	3,118	3,124	(6)	(0.2)	3,462
327	115	Other advances	316	337	(21)	(6.2)	223
230	66	Cash	46	123	(77)	(62.6)	10
3,858	3,633	Total Advances and Cash	3,745	3,904	(159)	(4.1)	4,018
15,011	13,038	Total Financial Assets	14,275	14,396	(121)	(0.8)	12,154
21,701	24,284	Net Crown Debt	22,206	23,088	882	3.8	23,322
22,309	24,987	Net New Zealand-dollar debt	22,652	23,549	897	3.8	23,783
(608)	(703)	Net foreign-currency debt	(446)	(461)	(15)	(3.3)	(461)
21,701	24,284	Net Crown Debt	22,206	23,088	882	3.8	23,322

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 31 January 2000

Movements in Net Crown Debt since 30 June 2000

	As at 1 July 1999 \$m	Increases/ Additions \$m	Decreases/ Disposals/ Repayments \$m	Foreign Exchange Contracts \$m	Currency Realignment \$m	Unamortised Premiums \$m	As at 31 January 2000 \$m
Outstanding Debt							
By Type							
New Zealand-dollar debt	29,610	1,540	(1,590)	-	-	(91)	29,469
Foreign-currency debt	7,102	1,153	(1,824)	(8)	610	(21)	7,012
Total Outstanding Debt	36,712	2,693	(3,414)	(8)	610	(112)	36,481
Less							
Financial Assets							
Marketable securities and deposits	11,153	35,903	(37,250)	7	780	(63)	10,530
Advances and cash	3,858	352	(467)	-	2	-	3,745
Total Financial Assets	15,011	36,255	(37,717)	7	782	(63)	14,275
Net Crown Debt	21,701	(33,562)	34,303	(15)	(172)	(49)	22,206

STATEMENT OF COMMITMENTS

as at 31 January 2000

	As at 31 January 2000 \$m	As at 30 June 1999 \$m	As at 31 January 1999 \$m
Capital Commitments			
Specialist military equipment	592	361	434
Land and buildings	402	125	143
Other plant and equipment	25	32	42
Investments	22	232	98
State-owned enterprises and Crown entities	1,106	1,207	1,703
Total Capital Commitments	2,147	1,957	2,420
Operating Commitments			
Non-cancellable accommodation leases	614	638	607
Other non-cancellable leases	2,956	2,443	3,582
Non-cancellable contracts for the supply of goods and services	308	454	334
Other operating commitments	1,118	909	936
State-owned enterprises and Crown entities	2,433	2,516	3,745
Total Operating Commitments	7,429	6,960	9,204
Total Commitments	9,576	8,917	11,624

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 January 2000

Quantifiable Contingent Liabilities

	As at 31 January 2000 \$m	As at 30 June 1999 \$m	As at 31 January 1999 \$m
Guarantees and Indemnities	478	541	342
Uncalled Capital	3,046	2,820	2,799
Legal Proceedings and Disputes	514	464	364
Other Contingent Liabilities	1,808	1,610	1,243
Total Quantifiable Contingent Liabilities	5,846	5,435	4,748

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 January 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 54 and 55 of the Financial Statements of the Government of New Zealand for the six months ended 31 December 1999.

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 36 to 43 of the Financial Statements of the Government of New Zealand for the six months ended 31 December 1999. There have been no changes in accounting policies during the period 31 December 1999 to 31 January 2000.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the Pre-EFU, on 21 October 1999.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 108 to 122 of the Pre-EFU.

Comparative Figures

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

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

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
12,295	7,192	Source deductions	7,574	7,371	203	2.8	12,666
3,024	1,705	Other persons	1,725	1,829	(104)	(5.7)	3,115
(701)	(367)	Refunds	(389)	(369)	(20)	(5.4)	(650)
323	186	Fringe benefit tax	184	185	(1)	(0.5)	326
14,941	8,716	Total Individuals	9,094	9,016	78	0.9	15,457
Companies							
3,851	2,469	Gross companies	2,842	2,522	320	12.7	4,294
(157)	(74)	Refunds	(61)	(70)	9	12.9	(157)
3,694	2,395	Total Companies	2,781	2,452	329	13.4	4,137
Withholding Taxes							
864	565	Residents' interest income	369	375	(6)	(1.6)	683
717	481	Non-residents' income	479	490	(11)	(2.2)	689
63	28	Residents' dividend income	32	2	30	-	14
8	(7)	Foreign-source dividends	34	39	(5)	(12.8)	59
1,652	1,067	Total Withholding Taxes	914	906	8	0.9	1,445
20,287	12,178	Total Income Tax	12,789	12,374	415	3.4	21,039
Other Direct Taxation							
2	1	Estate and gift duties	1	1	-	-	2
2	1	Total Other Direct Taxation	1	1	-	-	2
20,289	12,179	Total Direct Taxation	12,790	12,375	415	3.4	21,041

NOTE 2: Indirect Taxation							
Goods and Services Tax							
12,844	7,241	Gross goods and services tax	7,984	7,745	239	3.1	13,424
(4,440)	(2,496)	Refunds	(3,040)	(2,771)	(269)	(9.7)	(4,667)
8,404	4,745	Total Goods and Services Tax	4,944	4,974	(30)	(0.6)	8,757
Excise Duties							
802	507	Petroleum fuels	483	518	(35)	(6.8)	854
714	455	Tobacco products	425	443	(18)	(4.1)	706
432	304	Alcoholic beverages	266	270	(4)	(1.5)	436
1,948	1,266	Total Excise Duties	1,174	1,231	(57)	(4.6)	1,996
Other Indirect Taxation							
528	285	Customs duty	348	325	23	7.1	562
468	265	Road user charges	287	292	(5)	(1.7)	510
94	91	Stamp, cheque and credit card duties	27	26	1	3.8	56
174	99	Motor vehicle fees	100	104	(4)	(3.8)	179
155	97	Gaming duties	101	100	1	1.0	169
96	56	Energy resources levy	63	55	8	14.5	90
1,515	893	Total Other Indirect Taxation	926	902	24	2.7	1,566
11,867	6,904	Total Indirect Taxation	7,044	7,107	(63)	(0.9)	12,319

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 3: Investment Income							
Interest Income							
343	231	Marketable securities, deposits, mortgages and cash balances	255	201	54	26.9	344
229	133	Advances	138	152	(14)	(9.2)	253
58	35	Student loans	28	30	(2)	(6.7)	60
		Other entities					
630	399	Total Interest Income	421	383	38	9.9	657
Dividend Income							
57	-	Dividends from State-owned enterprises					
14	9	Electricity Corporation of New Zealand Limited	15	30	(15)	(50.0)	-
81	32	New Zealand Post Limited	7	9	(2)	(22.2)	-
-	-	Trans Power New Zealand Limited	63	62	1	1.6	-
102	11	Meridian Energy Limited	100	100	-	-	-
17	17	Television New Zealand Limited	36	36	-	-	-
3	3	Government Property Services Limited	-	-	-	-	-
8	4	Land Corporation Limited	3	3	-	-	-
65	36	Other	3	5	(2)	(40.0)	330
-	-	Contact Energy Limited	-	-	-	-	-
122	92	Housing Corporation Of New Zealand	12	-	12	-	-
77	77	Housing New Zealand Limited	87	87	-	-	-
		Other dividends	15	6	9	150.0	137
546	281	Total Dividend Income	341	338	3	0.9	467
Other Investment Income							
13	48	(Losses)/gains on marketable securities and deposits	(39)	-	(39)	-	-
86	-	Gain on incorporation of Public Trust Office reserves	-	-	-	-	-
-	-	Gain on sale of Vehicle Testing New Zealand Limited	14	14	-	-	14
1,421	-	Gains on sale of Contact Energy Limited	-	-	-	-	-
204	204	Gains on sale of Airport companies	-	-	-	-	-
1	(4)	Other	-	-	-	-	8
1,725	248	Total Other Investment Income	(25)	14	(39)	(278.6)	22
2,901	928	Total Investment Income	737	735	2	0.3	1,146
NOTE 4: Other Operational Revenue							
142	81	Recoveries from Accident Rehabilitation and Compensation Insurance Corporation	63	60	3	5.0	109
53	33	Contributions to Government Superannuation Fund	15	13	2	15.4	46
26	14	Petroleum royalties	25	15	10	66.7	30
31	19	Cost recovery income from Fisheries	18	20	(2)	(10.0)	31
10	6	Income from Earthquake Commission	6	6	-	-	10
139	84	Other	95	49	46	93.9	66
401	237	Total Other Operational Revenue	222	163	59	36.2	292

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 5: Expenses by Input Type							
12,892	7,584	Subsidies and transfer payments (see analysis below)	7,532	7,568	36	0.5	13,035
15,681	8,606	Operating expenses (see analysis below)	9,232	9,242	10	0.1	16,510
		Personnel					
2,541	1,464	Personnel expenses (excluding pension expenses)	1,451	1,491	40	2.7	2,548
703	429	GSF Pension expenses	373	374	1	0.3	653
429	-	Movement in GSF unfunded pension liability	-	-	-	-	3
50	-	Other pension expenses	33	32	(1)	(3.1)	53
		Depreciation					
684	385	Physical assets	406	416	10	2.4	750
81	47	State highways	48	48	-	-	83
269	149	Rental and leasing costs	154	144	(10)	(6.9)	254
26	1	(Gain)/loss on sale of assets	(1)	-	1	-	-
2,516	1,549	Finance costs (see analysis below)	1,389	1,382	(7)	(0.5)	2,310
(22)	215	Net foreign-exchange losses/ (gains) on liabilities	655	357	(298)	(83.5)	357
(25)	(265)	Net foreign-exchange (gains)/ losses on assets	(690)	(383)	307	80.2	(383)
-	-	Provision for future initiatives	-	-	-	-	10
35,825	20,164	Total Expenses	20,582	20,671	89	0.4	36,183
Analysis of Subsidies and Transfer Payments							
5,064	2,996	Social Assistance Grants	2,938	2,947	9	0.3	5,015
1,451	861	New Zealand superannuation	847	838	(9)	(1.1)	1,433
369	369	Domestic purposes benefit	-	-	-	-	-
1,487	694	Unemployment benefit	1,175	1,172	(3)	(0.3)	1,990
915	536	Community wage	543	557	14	2.5	954
378	203	Family support	192	195	3	1.5	393
2,901	1,761	Student allowances	1,649	1,651	2	0.1	2,882
110	65	Other social assistance grants	77	82	5	6.1	138
		Subsidies					
204	89	Other Transfer Payments	99	111	12	10.8	213
13	10	Official development assistance	12	15	3	20.0	17
		Other					
12,892	7,584	Total Subsidies and Transfer Payments	7,532	7,568	36	0.5	13,035
Analysis of Operating Expenses							
294	159	Education purchases	169	167	(2)	(1.2)	317
3,146	1,814	Early childhood education	1,950	1,937	(13)	(0.7)	3,443
1,357	769	Primary and secondary education	791	786	(5)	(0.6)	1,408
6,107	3,566	Tertiary education and training	3,712	3,718	6	0.2	6,373
405	225	Health purchases	241	241	-	-	420
4,372	2,073	Science purchases	2,369	2,393	24	1.0	4,549
15,681	8,606	Total Operating Expenses	9,232	9,242	10	0.1	16,510
Analysis of Finance Costs							
2,129	1,290	Interest	1,175	1,188	13	1.1	1,974
343	220	New Zealand dollars	199	180	(19)	(10.6)	313
44	39	Foreign currencies	15	14	(1)	(7.1)	23
2,516	1,549	Total Finance Costs	1,389	1,382	(7)	(0.5)	2,310

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual
			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
NOTE 6: Advances							
Advances to State-owned Enterprises and Crown Entities							
-	222	Contact Energy Limited Housing Corporation of New Zealand	-	-	-	-	-
169	382	Zealand	137	169	(32)	(18.9)	192
127	188	Residual Health Management Unit	90	106	(16)	(15.1)	89
-	-	Solid Energy New Zealand Limited	37	42	(5)	(11.9)	42
3	3	Terralink NZ Limited	1	3	(2)	(66.7)	-
299	795	Total Advances to State-owned Enterprises and Crown Entities	265	320	(55)	(17.2)	323
Other Advances							
3,002	2,657	Student loans	3,118	3,124	(6)	(0.2)	3,462
217	-	Contact Energy Limited	212	212	-	-	116
34	35	Forestry encouragement loans	29	34	(5)	(14.7)	35
34	33	Maori Development rural lending	36	36	-	-	40
8	10	Catchment authorities	8	7	1	14.3	7
34	37	Other	31	48	(17)	(35.4)	25
3,329	2,772	Total Other Advances	3,434	3,461	(27)	(0.8)	3,685
3,628	3,567	Total Advances	3,699	3,781	(82)	(2.2)	4,008

NOTE 7: Receivables							
4,061	4,427	Taxes receivable	4,866	4,539	327	7.2	4,129
976	951	Accounts receivable	804	1,012	(208)	(20.6)	906
		Receivable from the sale and purchase of Maui gas	183	120	63	52.5	112
132	141	Prepayments	285	174	111	63.8	84
81	231						
5,250	5,750	Total Receivables	6,138	5,845	293	5.0	5,231

NOTES TO THE FINANCIAL STATEMENTS

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

	Investment as at 1 July 1999 \$m	Net surplus \$m	Distributions to Crown \$m	Net surplus after distributions \$m	Net revaluations to revaluation reserve \$m	Net capital contributions /(withdrawals) by Crown \$m	Investment as at 31 January 2000 \$m
State-owned enterprises	4,951	239	(227)	12	43	146	5,152
Crown entities	7,966	268	(104)	164	(1)	27	8,156
Total State-owned Enterprises and Crown Entities	12,917	507	(331)	176	42	173	13,308

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m	Current Year Actual vs Forecast				Annual Forecast
		Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 9: Other Investments						
31	98	31	31	-	-	31
86	-	86	86	-	-	86
96	96	96	96	-	-	96
57	61	60	67	(7)	(10.4)	65
270	255	273	280	(7)	(2.5)	278
NOTE 10: Physical Assets						
By Type						
Cost or Valuation						
1,763	2,305	1,792	1,779	13	0.7	1,722
525	-	525	525	-	-	525
8,228	8,165	8,570	8,433	137	1.6	8,632
2,357	2,280	2,481	2,622	(141)	(5.4)	2,737
2,083	1,990	2,151	2,235	(84)	(3.8)	2,517
2,511	2,501	2,515	2,513	2	0.1	2,360
17,467	17,241	18,034	18,107	(73)	(0.4)	18,493
Accumulated Depreciation						
710	634	745	904	159	17.6	1,027
356	303	421	439	18	4.1	499
1,138	1,089	1,191	1,263	72	5.7	7
5	5	7	7	-	-	1,368
2,209	2,031	2,364	2,613	249	9.5	2,901
Net Book Value						
1,763	2,305	1,792	1,779	13	0.7	1,722
525	-	525	525	-	-	525
7,518	7,531	7,825	7,529	296	3.9	7,605
2,001	1,977	2,060	2,183	(123)	(5.6)	2,238
945	901	960	972	(12)	(1.2)	2,510
2,506	2,496	2,508	2,506	2	0.1	992
15,258	15,210	15,670	15,494	176	1.1	15,592
Movements since 30 June						
Cost or Valuation						
16,977	16,977	17,467	17,467	-	-	17,467
556	179	363	640	(277)	(43.3)	1,026
(66)	85	204	-	204	-	-
17,467	17,241	18,034	18,107	(73)	(0.4)	18,493
Accumulated Depreciation						
2,015	2,015	2,209	2,209	-	-	2,209
(267)	(212)	(93)	(12)	81	-	(58)
684	385	406	416	10	2.4	750
(223)	(157)	(158)	-	158	-	-
2,209	2,031	2,364	2,613	249	9.5	2,901
15,258	15,210	15,670	15,494	176	1.1	15,592

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 11: State Highways

Cost or Valuation							
8,359	8,359	Opening balance	8,770	8,770	-	-	8,770
148	103	Net additions	93	93	-	-	160
263	-	Net revaluations	-	-	-	-	-
8,770	8,462	Total Cost or Valuation	8,863	8,863	-	-	8,930
Accumulated Depreciation							
-	-	Opening balance	-	-	-	-	-
81	47	Depreciation charged for the period	48	48	-	-	83
(81)	-	Net revaluations	-	-	-	-	-
-	47	Total Accumulated Depreciation	48	48	-	-	83
8,770	8,415	Net State Highways	8,815	8,815	-	-	8,847

NOTE 12: Payables and Provisions

1,686	1,294	Taxes repayable	1,630	1,684	54	3.2	1,686
1,219	984	Accounts payable	946	1,171	225	19.2	1,075
1,247	948	Accruals and provisions	1,080	739	(341)	(46.1)	897
		National Provident Fund					
423	423	guarantee	423	423	-	-	423
		National Provident Fund Board					
96	96	indemnity	96	96	-	-	96
		Provisions for employee					
334	320	entitlements	333	322	(11)	(3.4)	319
5,005	4,065	Total Payables and Provisions	4,508	4,435	(73)	(1.6)	4,496

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 1999 \$m	Actual 31 January 1999 \$m		Current Year Actual vs Forecast				Annual
			Actual	Forecast	Variance		Forecast
			\$m	\$m	\$m	%	\$m
NOTE 13: Revaluation Reserve							
6,789	6,789	Opening Balance	7,219	7,219	-	-	7,219
Net Revaluations							
344	-	State highways	-	-	-	-	-
245	340	Land and buildings	362	-	362	-	-
(109)	(106)	Specialist military equipment	-	-	-	-	-
21	8	Other assets	-	-	-	-	-
		State-owned enterprises and Crown entities	42	43	(1)	(2.3)	43
(35)	47						
466	289	Total Net Revaluations	404	43	361	-	43
		Transfers to accumulated operating balance	(40)	-	(40)	-	-
(36)	(176)						
7,219	6,902	Closing Revaluation Reserve	7,583	7,262	321	4.4	7,262