

Financial Statements of the Government of New Zealand

For the Eight Months
Ended 28 February 2002



5 April 2002

ISBN 0-478-11825-2

Prepared by The Treasury
Printed by PrintLink

CONTENTS

Commentary

Overview	4
Comparison with Forecast	5
Comparison with Previous Year	9

Financial Statements

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

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

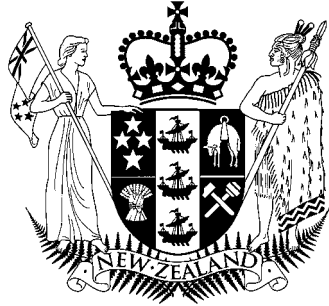
Facsimile: 64-4-499-0992

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

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

Internet

This document will be made available on the New Zealand Treasury's Internet site.
The URL for this site is <http://www.treasury.govt.nz>



COMMENTARY

OVERVIEW — EIGHT MONTHS TO FEBRUARY 2002

	February 2002 Actual YTD	February 2002 Forecast YTD	Variance \$m	June 2002 Forecast	June 2001 Actual
Operating balance	1,696	1,136	560	985	1,409
Net worth	13,206	12,593	613	12,442	11,463
Net Crown debt	20,696	21,239	543	21,703	19,971

The **operating balance** for the eight months to February was \$1,696 million, which was \$560 million higher than the December Economic and Fiscal Update (DEFU) forecast. This was due to:

- revenue being \$289 million above forecast;
- expenses being \$132 million below forecast; and
- SOE/CE surplus being \$139 million above forecast.

Within total revenue, **tax revenue** was \$205 million higher than forecast. The main components were:

- other persons tax being higher-than-forecast by \$73 million;
- source deductions being higher-than-forecast by \$39 million; and
- goods and services tax being higher-than-forecast by \$26 million.

The remaining variance was spread across a number of tax types.

It is expected that the current strength experienced in tax revenue will remain for the rest of the financial year (which will be reflected in the Budget 2002 estimated actual forecast).

Total expenses were \$132 million below forecast. The main components were:

- health expenses being lower-than-forecast by \$66 million;
- social security and welfare expenses being lower-than-forecast by \$54 million; and
- law and order expenses being lower-than-forecast by \$30 million.

These were partially offset by:

- net foreign-exchange losses being higher-than-forecast by \$45 million; and
- education expenses being higher-than-forecast by \$38 million.

The improvement in **net worth** against forecast of \$613 million was mainly due to the higher than forecast operating balance.

Net Crown debt (gross debt less financial assets excluding assets of the NZS Fund) was \$543 million lower than forecast largely due to:

- higher-than-forecast net cash flows from operations of \$379 million; and
- additional issues of circulating currency (\$140 million) which are not forecast as a matter of policy.

Net Crown debt was estimated to be 17.6% of GDP at 28 February, compared to a forecast of 18.0%.

The New Zealand Superannuation Fund (NZS Fund)

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

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

As at 28 February 2002 the amounts held by NZDMO totalled \$422 million (including interest accrued at the official cash rate).

COMPARISON WITH FORECAST

Financial Performance

The financial statements for the eight months ended 28 February 2002 are compared against forecasts based on the 2001 December Economic and Fiscal Update (DEFU). The operating balance comprised:

Operating Balance	Actual \$million	Forecast \$million	Variance \$million
Revenue	26,919	26,630	289
Expenses	25,565	25,697	132
SOEs and Crown entities	342	203	139
Operating balance	1,696	1,136	560

Revenue

Overall revenue was \$289 million higher than forecast.

Tax Revenue

Tax revenue was higher-than-forecast by \$205 million. The components of the year-to-date variance were:

Variations Against Forecast	\$million
Net other persons tax	73
Source deductions	39
Goods and services tax	26
Customs duty	24
Other taxation	43
Total Taxation Variance	205

- **Net other persons tax** was higher-than-forecast by \$73 million. Much of this variance was due to unexpected strength in taxpayer's provisional assessments. It is expected this strength will remain for the rest of the financial year.
- **Source deductions** were higher-than-forecast by \$39 million, while **goods and services tax** was higher-than-forecast by \$26 million. Both are within the normal range of variance for these large tax types.
- **Customs duty** was higher-than-forecast by \$24 million, which was mainly due to higher contributions from imported alcohol, tobacco and especially fuel. The higher than expected revenue from customs duty had a reverse

impact on excise duties, which were lower-than-forecast by \$38 million.

Expenses

Total expenses for the period were \$132 million lower than forecast. Key movements included:

Health expenses were lower-than-forecast by \$66 million. This largely was due to timing delays of expenditure. The majority of the variance is expected to be reforecast into the 2002/03 financial year.

Social security and welfare expenses were lower-than-forecast by \$54 million, with unemployment benefits being \$20 million lower than forecast. The remaining variance was spread over various benefit types (refer note 5).

Law and order expenses were lower-than-forecast by \$30 million. This was largely due to delays in recruitment by Police. It is likely that some of this variance will remain for the rest of the financial year.

These have been partially offset by:

Net foreign-exchange losses were higher-than-forecast by \$45 million (which as a matter of policy are not forecast).

Educations expenses were higher-than-forecast by \$38 million. This primarily related to student loan provisioning. It is expected that most of this variance will reverse in the coming months.

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	313	221	92
Distributions	(199)	(197)	(2)
	114	24	90
Crown Entities			
Surplus	251	189	62
Distributions	(23)	(10)	(13)
	228	179	49
Net Surplus	342	203	139

The SOEs and Crown entities net surplus was higher-than-forecast by \$139 million. The key components of the variance were:

- Net surpluses from SOEs being higher-than-forecast by \$90 million. The variance was spread across a number of entities.
- Net surpluses from Crown entities being higher than forecast by \$49 million. The variance was spread across a number of entities.

Net Cash Flows

Net cash flows for the eight months ended 28 February 2002 were as follows:

Net Cash Flows	Actual	Forecast	Variance	
	\$million	\$million	\$million	%
Operating activities	1,233	854	379	44.4
Investing activities (excluding net (purchases)/sales of marketable securities and deposits)	(2,404)	(2,601)	206	7.9
Amount required to be financed	(1,171)	(1,756)	585	33.3
Net (purchase)/sales of marketable securities and Deposits	(456)	152	(608)	(400.0)
Financing activities	1,887	1,965	(78)	(4.0)
Net Movement in Cash	260	361	(101)	(28.0)

Net cashflows from operating activities were higher-than-forecast by \$379 million due to:

- higher-than-forecast taxation receipts of \$271 million;
- higher-than-forecast other receipts of \$161 million; which was partially offset by
- higher-than-forecast cash disbursed to operations of \$53 million.

The improvement in the net cash flows from operating activities, largely reflects the cash flow impacts of the higher than forecast operating balance.

Net cash outflows from investing activities (excluding net (purchases)/sales of marketable securities and deposits) was \$206 million lower than forecast, which was primarily due to delays in refinancing of debt (\$138 million) and capital injections (\$44 million) to District health boards.

As a result, the **amount required to be financed** was \$585 million lower than forecast.

Financial Position

The Statement of Financial Position recording the Crown's assets, liabilities and net worth as at 28 February 2002 was made up of:

Financial Position	Actual \$million	Forecast \$million	Variance	
			\$million	%
SOEs and Crown entities ¹	15,491	14,584	907	6.2
Physical assets	16,162	16,158	4	0.0
Financial assets	17,856	17,800	56	0.3
Other assets	18,289	19,481	(1,192)	(6.1)
Total Assets	67,798	68,023	(225)	(0.3)
Gross debt	38,130	38,617	487	1.3
Pension liabilities	8,487	8,487	-	-
Other liabilities	7,975	8,326	351	4.2
Total Liabilities	54,592	55,430	838	1.5
Crown Balance (net worth)	13,206	12,593	613	4.9

¹The SOEs and Crown entities includes the investment in Air New Zealand Ltd as the recapitalisation package converted to equity on 31 January 2002.

Net Crown debt was \$543 million lower than forecast. This was largely due to:

- higher-than-forecast net cash flows from operations of \$379 million (refer to previous page for explanation); and
- additional issues of circulating currency of \$140 million.

Net Crown debt was estimated to be 17.6% of GDP at 28 February, compared to a forecast of 18.0%. This ratio is calculated using the actual nominal GDP number to December 2001, based on the latest GDP series released by Statistics New Zealand.

Net Crown Debt	Actual \$m	Forecast \$m	Variance \$m
Gross Borrowings	38,130	38,617	487
Less			
Marketable securities/ deposits ²	11,923	11,549	374
Advances and cash	5,511	5,829	(318)
Financial Assets	17,434	17,378	56
Net Crown Debt	20,696	21,239	543
Net Crown Debt to GDP Ratio	17.6%	18.0%	0.4%

² The New Zealand Superannuation Fund financial assets of \$422 million held by the New Zealand Debt Management Office are excluded from the calculation of net Crown debt.

COMPARISON WITH PREVIOUS YEAR

	February YTD				Year Ended 30 June			
	2001/02 \$m	2000/01 \$m	\$m	%	2000/01 \$m	1999/00 \$m	1998/99 \$m	1997/98 \$m
Operating Statement								
Total taxation revenue	25,041	24,236	805	3.3	36,738	34,035	32,156	32,982
% of GDP	21.2%	22.0%			32.5%	32.1%	31.7%	33.1%
Total non tax revenue	1,878	1,707	171	10.0	2,754	2,491	4,201	2,599
Total Revenue	26,919	25,943	976	3.8	39,492	36,526	36,357	35,581
% of GDP	22.8%	23.5%			35.0%	34.4%	35.9%	35.7%
Social security and welfare	9,000	8,740	(260)	(3.0)	13,216	12,896	12,906	12,509
GSF pension expenses	474	455	(19)	(4.2)	855	478	1,132	494
Health	5,050	4,804	(246)	(5.1)	7,342	6,874	6,573	6,001
Education	4,525	4,282	(243)	(5.7)	6,690	6,310	5,899	5,714
Core government services	1,037	1,031	(6)	(0.6)	1,817	1,710	1,705	1,562
Other	3,855	3,590	(265)	(7.4)	5,830	5,592	5,141	5,114
Finance costs	1,578	1,686	108	6.4	2,483	2,373	2,516	2,804
Net foreign exchange (gains) losses	46	(22)	(68)	309.1	(47)	(62)	(47)	13
Total Expenses	25,565	24,566	(999)	(4.1)	38,186	36,171	35,825	34,211
% of GDP	21.7%	22.3%			33.8%	34.1%	35.3%	34.3%
SOE/Crown entities net surplus	342	449	(107)	(23.8)	523	575	1,245	1,164
ACC Valuation movement	-	-	-	-	(420)	519	-	-
Operating Balance	1,696	1,826	(130)	(7.1)	1,409	1,449	1,777	2,534
% of GDP	1.4%	1.7%			1.2%	1.4%	1.8%	2.5%
OBERAC	1,696	1,714	(18)	(1.1)	2,107	884	246	2,191
% of GDP	1.4%	1.6%			1.9%	0.8%	0.2%	2.2%
Financial Position								
SOEs and Crown entities	15,491	14,761	730	4.9	14,077	14,392	12,917	19,022
Physical assets	16,162	16,056	106	0.7	16,102	15,972	15,258	14,962
Other assets	36,145	31,388	4,757	15.2	34,902	30,059	30,048	28,372
Total Assets	67,798	62,205	5,593	9.0	65,081	60,423	58,223	62,356
Total Liabilities	54,592	51,839	(2,753)	(5)	53,618	51,840	52,201	52,435
Crown Balance (net worth)	13,206	10,366	2,840	27	11,463	8,583	6,022	9,921
% of GDP	11.2%	9.4%			10.2%	8.1%	5.9%	10.0%
Net Crown debt	20,696	20,919	(223)	(1)	19,971	21,396	21,701	24,069
% of GDP	17.6%	19.0%			17.7%	20.2%	21.4%	24.1%
GDP	117,849	110,353			112,873	106,073	101,386	99,696

Taxation revenue was \$805 million higher than the eight months ended February 2001, largely reflecting growth in wages, employment and goods and services tax.

Social security and welfare expenses were \$260 million higher than the previous year, due to the CPI increase across benefits on 1 April 2001 and new policy initiatives.

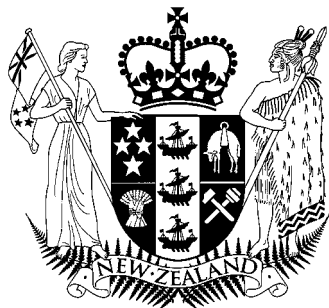
Health expenses were \$246 million higher than the previous year, due to the provision of new services and maintaining existing service levels as a result of demographic, price inflations and technology growth pressures.

Education expenses were \$243 million higher than the previous year. The increase in

expenditure reflects demographic changes as well as new policy initiatives.

Other expenses were \$265 million higher than previous years. This was largely due to changes to provisioning by Maori Development and Courts.

The investment in SOEs and Crown entities was \$730 million higher than the previous year, primarily due to the recapitalisation of Air New Zealand of \$885 million and additional capital contributions to SOE/CE's during the current year. This has been offset by an increase in the ACC outstanding claims liability valuation and asset revaluations at the end of the 2000/01 financial year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
Revenue								
Levied through the Crown's Sovereign Power								
23,863	15,876	Direct taxation	1	16,085	15,907	178	1.1	24,226
12,875	8,360	Indirect taxation	2	8,956	8,929	27	0.3	13,345
36,738	24,236	Total taxation revenue		25,041	24,836	205	0.8	37,571
385	238	Compulsory fees, fines, penalties and levies		357	355	2	0.6	519
37,123	24,474	Total Revenue Levied through the Crown's Sovereign Power		25,398	25,191	207	0.8	38,090
Earned through the Crown's Operations								
1,369	788	Investment income	3	843	809	34	4.2	1,207
659	426	Sales of goods and services		445	428	17	4.0	670
381	255	Other operational revenue	4	233	202	31	15.3	323
(40)	-	Unrealised (losses)/gains arising from revaluations of commercial forests		-	-	-	-	-
2,369	1,469	Total Revenue Earned through the Crown's Operations		1,521	1,439	82	5.7	2,200
39,492	25,943	Total Revenue		26,919	26,630	289	1.1	40,290
Expenses								
By functional classification								
13,216	8,740	Social security and welfare		9,000	9,054	54	0.6	13,649
855	455	GSF pension expenses		474	473	(1)	(0.2)	748
7,342	4,804	Health		5,050	5,116	66	1.3	7,797
6,690	4,282	Education		4,525	4,487	(38)	(0.8)	7,041
1,817	1,031	Core government services		1,037	1,030	(7)	(0.7)	1,611
1,560	1,012	Law and order		1,141	1,171	30	2.6	1,737
1,267	718	Defence		749	763	14	1.8	1,162
1,026	686	Transport and communications Economic and industrial services		633	635	2	0.3	1,103
1,141	702	Primary services		751	772	21	2.7	1,258
287	169	Heritage, culture and recreation		191	197	6	3.0	337
424	243	Housing and community development		307	330	23	7.0	495
50	26	Other		56	62	6	9.7	92
75	34	Finance costs		27	11	(16)	(145.5)	137
2,483	1,686	Net foreign-exchange losses/(gains)	5	1,578	1,595	17	1.1	2,345
(47)	(22)	Provision for future initiatives		46	1	(45)	-	1
-	-			-	-	-	-	90
38,186	24,566	Total Expenses	5	25,565	25,697	132	0.5	39,603
1,306	1,377	Revenue Less Expenses		1,354	933	421	45.1	687
103	449	Net surplus, less distributions, attributable to state-owned enterprises and Crown entities	8	342	203	139	68.5	298
1,409	1,826			1,696	1,136	560	49.3	985

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Note	Current Year Actual vs Forecast			Annual Forecast	
				Actual \$m	Forecast \$m	Variance \$m	%	\$m
Assets								
115	190	Cash and bank balances		385	499	(114)	(22.8)	169
		Marketable securities and deposits ¹		12,345	11,971	374	3.1	9,821
12,060	10,480	Advances	6	5,126	5,330	(204)	(3.8)	6,026
4,615	4,296	Receivables	7	6,331	6,590	259	3.9	6,125
6,197	6,432	Inventories		207	209	(2)	(1.0)	207
193	263	State-owned enterprises and Crown entities	8	15,491	14,584	907	6.2	14,713
14,077	14,761	Other investments	9	333	378	(45)	(11.9)	471
354	372	Physical assets	10	16,162	16,158	4	-	16,303
16,102	16,056	Commercial forests		309	310	(1)	(0.3)	310
310	370	State highways	11	11,106	11,106	-	-	11,131
11,055	8,981	Intangible assets		3	3	-	-	3
3	4	Capital contingency provision		-	885	(885)	(100.0)	1,269
-	-							
65,081	62,205	Total Assets		67,798	68,023	(225)	(0.3)	66,548
Liabilities								
5,831	5,056	Payables and provisions	12	5,170	5,661	491	8.7	5,811
2,539	2,575	Currency issued		2,805	2,665	(140)	(5.3)	2,665
36,761	35,885	Borrowings		38,130	38,617	487	1.3	37,105
8,487	8,323	Pension liabilities		8,487	8,487	-	-	8,525
53,618	51,839	Total Liabilities		54,592	55,430	838	1.5	54,106
Total Assets less Total Liabilities								
11,463	10,366			13,206	12,593	613	4.9	12,442
Crown Balance								
3,456	2,217	Accumulated operating balance		5,155	4,593	562	12.2	4,442
8,007	8,149	Revaluation reserve	13	8,051	8,000	51	0.6	8,000
11,463	10,366	Crown Balance		13,206	12,593	613	4.9	12,442

¹ Contributions to the New Zealand Superannuation Fund to 28 February 2002 are included as marketable securities and deposits. As at 28 February 2002 the New Zealand Debt Management Office hold \$422 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 eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
8,583	8,583	Opening Crown Balance	11,463	11,463	-	-	11,463
1,650	-	State highway recognition policy change	-	-	-	-	-
10,233	8,583	Adjusted Operating Crown Balance	11,463	11,463	-	-	11,463
1,409 (179)	1,826 (43)	Operating balance for the period Net revaluations	1,696 47	1,136 (6)	560 53	49.3 -	985 (6)
1,230	1,783	Total Recognised Revenues and Expenses	1,743	1,130	613	54.2	979
11,463	10,366	Closing Crown Balance	13,206	12,593	613	4.9	12,442

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Cash Flows From Operations							
Cash was provided from							
Direct Taxation							
Individuals							
13,748	9,063	Source deductions	9,687	9,594	93	1.0	14,380
4,221	2,222	Other persons	2,373	2,297	76	3.3	4,300
(1,175)	(801)	Refunds	(851)	(818)	(33)	(4.0)	(1,158)
338	280	Fringe benefit tax	257	252	5	2.0	340
17,132	10,764	Total Individuals	11,466	11,325	141	1.2	17,862
Corporate							
5,377	3,583	Gross companies	3,465	3,430	35	1.0	5,255
(785)	(450)	Refunds	(466)	(433)	(33)	(7.6)	(692)
738	483	Non-resident withholding payment	447	459	(12)	(2.6)	714
98	31	Foreign-source dividend withholding payment	88	77	11	14.3	108
5,428	3,647	Total Corporate	3,534	3,533	1	-	5,385
1,043	647	Withholding taxes	653	662	(9)	(1.4)	1,009
2	1	Other direct taxation	1	1	-	-	2
23,605	15,059	Total Direct Taxation	15,654	15,521	133	0.9	24,258
Indirect Taxation							
Goods and services tax							
14,604	9,577	Gross goods and services tax	10,471	10,241	230	2.2	15,257
(5,657)	(3,674)	Refunds	(4,115)	(3,965)	(150)	(3.8)	(5,846)
8,947	5,903	Total goods and services tax	6,356	6,276	80	1.3	9,411
3,698	2,459	Other indirect taxation	2,632	2,574	58	2.3	3,851
12,645	8,362	Total Indirect Taxation	8,988	8,850	138	1.6	13,262
36,250	23,421	Total Taxation Receipts	24,642	24,371	271	1.1	37,520
324	204	Compulsory fees, fines, penalties and levies	223	242	(19)	(7.9)	345
Other Receipts							
892	494	Interest, profits and dividends	761	664	97	14.6	1,017
622	430	Sales of goods and services	464	425	39	9.2	647
383	225	Other operating receipts	320	276	44	15.9	362
1,897	1,149	Total Other Receipts	1,545	1,365	180	13.2	2,026
38,471	24,774	Total cash provided from operations	26,410	25,978	432	1.7	39,891
Cash was disbursed to							
4,749	2,809	Departmental outputs	3,340	3,385	45	1.3	5,107
16,008	10,954	Other outputs	11,297	11,245	(52)	(0.5)	16,802
2,499	1,621	Finance costs	1,469	1,466	(3)	(0.2)	2,311
133	87	Subsidies	73	85	12	14.1	168
Current transfers							
12,910	8,771	Social assistance grants	8,845	8,778	(67)	(0.8)	13,502
250	150	Other transfers	153	165	12	7.3	258
-	-	Provision for future initiatives	-	-	-	-	90
36,549	24,392	Total cash disbursed to operations	25,177	25,124	(53)	(0.2)	38,238
1,922	382	Net Cash Flows From Operations	1,233	854	379	44.4	1,653

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
1,922	382	Subtotal (brought forward)	1,233	854	379	44.4	1,653
		Cash Flows From Investing Activities					
		Cash was provided from					
174	40	Net (purchase)/sale of investments	(1,097)	(269)	(828)	(307.8)	(440)
(1,001)	410	Net (purchase)/sale of marketable securities and deposits ¹	(456)	152	(608)	(400.0)	2,289
75	60	Sale of physical assets	54	62	(8)	(12.9)	94
(752)	510	Total cash provided	(1,499)	(55)	(1,444)	-	1,943
		Cash was disbursed to					
617	302	Net increase in advances	540	670	130	19.4	1,323
1,205	671	Purchase of physical assets	821	848	27	3.2	1,456
-	-	Capital contingency provision	-	885	885	100.0	1,269
1,822	973	Total cash disbursed	1,361	2,403	1,042	43.4	4,048
(2,574)	(463)	Net Cash Flows From Investing Activities	(2,860)	(2,458)	(402)	(16.4)	(2,105)
(652)	(81)	Net Cash Flows From Operating and Investing Activities	(1,627)	(1,604)	(23)	(1.4)	(452)
		Cash Flows From Financing Activities					
		Cash was Provided From					
303	339	Issues of circulating currency	266	126	140	111.1	126
4,233	2,569	Issues of Government stock Other New Zealand-dollar borrowing ²	2,544	2,471	73	3.0	1,056
574	870	Borrowing in foreign currencies ²	714	417	297	71.2	(103)
3,884	3,060		481	-	481	-	(596)
8,994	6,838	Total Cash Provided	4,005	3,014	991	32.9	483
		Cash was Disbursed to					
3,167	3,167	Repayment of Government stock Repayment of other New Zealand- dollar borrowing ²	893	942	49	5.2	-
879	674	Repayment of foreign-currency borrowing ²	443	-	(443)	-	-
4,398	2,928		782	107	(675)	-	-
8,444	6,769	Total Cash Disbursed	2,118	1,049	(1,069)	(101.9)	-
550	69	Net Cash Flows From Financing Activities	1,887	1,965	(78)	(4.0)	483
(102)	(12)	Net Movement in Cash	260	361	(101)	(28.0)	31
210	210	Opening Cash Balance	115	115	-	-	115
7	(8)	Foreign-exchange gains/(losses) on opening cash	10	23	(13)	(56.5)	23
115	190	Closing Cash Balance	385	499	(114)	(22.8)	169

¹ Net sale/(purchase) of marketable securities and deposits includes the purchases made on behalf of the New Zealand Superannuation Fund of \$415 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 eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
1,922	382	Net Cash Flows from Operations	1,233	854	379	44	1,653
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Valuation Changes							
(164)	-	(Increase)/decrease in pension liabilities	-	-	-	-	(38)
(40)	-	Revaluation of commercial forests	-	-	-	-	-
100	115	Unrealised net foreign-exchange losses/(gains)	10	-	10	-	-
(253)	-	National Provident Fund guarantee	-	-	-	-	-
(357)	115	Total Valuation Changes	10	-	10	-	(38)
Physical Asset Movements							
(925)	(540)	Depreciation	(616)	(616)	-	-	(965)
(7)	(2)	(Loss)/gain on sale of physical assets	(2)	(1)	(1)	(100.0)	(1)
(932)	(542)	Total Physical Asset Movements	(618)	(617)	(1)	(0.2)	(966)
Other Non-cash Items							
Net surplus, less distributions, attributable to state-owned							
103	449	enterprises and Crown entities	342	203	139	68.5	298
(103)	-	Loss on writedown of defence equipment	-	-	-	-	-
(61)	-	Student loans	31	(7)	38	-	7
55	45	Other	-	-	-	-	-
(6)	494	Total Other Non-cash Items	373	196	177	90.3	305
177	3	Total other investing and financing items	(21)	-	(21)	-	-
Movements in Working Capital							
737	966	Increase/(decrease) in taxes receivable	116	470	(354)	(75.3)	(1)
(62)	(54)	Increase/(decrease) in other receivables	18	(77)	95	123.4	(71)
(81)	(11)	Increase/(decrease) in inventories	14	16	(2)	(12.5)	14
11	473	Decrease/(increase) in payables	571	294	277	94.2	89
605	1,374	Total movements in working capital	719	703	16	2.3	31
1,409	1,826	Operating Balance	1,696	1,136	560	49.3	985

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the eight months ended 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast			Annual Forecast	
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds							
1,922	382	Net Cash Flows From Operations	1,233	854	379	44.4	1,653
		Investing flows					
		<i>Net advances</i>					
(27)	(15)	Housing New Zealand Corporation	(303)	(261)	(42)	(16.1)	-
-	-	Contact Energy Limited	70	70	-	-	-
(668)	(330)	Student loans	(323)	(367)	44	12.0	-
51	43	Residual Health Management Unit	-	-	-	-	-
(24)	-	District health boards	-	(138)	138	100.0	-
-	-	Solid Energy New Zealand Limited	19	19	-	-	-
51	-	Other	(3)	7	(10)	(142.9)	(1,323)
(617)	(302)	Total Net Advances	(540)	(670)	130	19.4	(1,323)
(1,130)	(611)	Net purchase of physical assets	(767)	(786)	19	2.4	(1,362)
		<i>Net investments</i>					
(41)	(21)	District health boards	(93)	(137)	44	32.1	-
50	50	At Work Insurance Limited	7	-	7	-	-
-	-	New Zealand Post Limited	(72)	(72)	-	-	-
140	-	2GHz radio spectrum rights	-	-	-	-	-
-	-	auction proceeds	-	-	-	-	-
-	-	Air New Zealand	(885)	-	(885)	-	-
25	11	Other	(54)	(60)	6	10.0	(440)
-	-	Capital contingency provision	-	(885)	885	100.0	(1,269)
174	40	Net (purchase)/sale of Investments	(1,097)	(1,154)	57	4.9	(1,709)
349	(491)	(Required to be financed)/Available for debt repayment	(1,171)	(1,756)	585	33.3	(2,741)
		<i>Used in:</i>					
		Net (purchase)/sale of marketable securities and deposits	(456)	152	(608)	(400.0)	2,289
(1,001)	410						
(652)	(81)	Total Investing activities	(1,627)	(1,604)	(23)	(1.4)	(452)
		Net issue/(repayment) of other					
(305)	132	New Zealand-dollar borrowing	271	417	(146)	(35.0)	(103)
(514)	196	Net (repayment)/issue of foreign currency borrowing	(301)	(107)	(194)	(181.3)	(596)
102	12	(Increase)/decrease in cash	(260)	(361)	101	28.0	(31)
303	339	Issues of circulating currency	266	126	140	111.1	126
(414)	679		(24)	75	(99)	(132.0)	(604)
(1,066)	598	Net (Cash Proceeds from)/Repayments of Domestic Bonds	(1,651)	(1,529)	(122)	(8.0)	(1,056)
		Gross Cash Proceeds from Domestic Bonds					
3,572	1,908	Domestic bonds (market)	2,345	2,373	(28)	(1.2)	4,156
661	661	Domestic bonds (non-market)	199	98	101	103.1	98
-	-	Inflation bonds	-	-	-	-	-
4,233	2,569	Total Gross Cash Proceeds from Domestic Bonds	2,544	2,471	73	3.0	4,254
(2,651)	(2,651)	Repayment of domestic bonds (market)	(688)	(606)	(82)	(13.5)	(2,590)
(516)	(516)	Repayment of domestic bonds (non-market)	(205)	(336)	131	39.0	(608)
1,066	(598)	Net Cash Proceeds from/(Repayments of) Domestic Bonds	1,651	1,529	122	8.0	1,056

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 28 February 2002

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Outstanding Debt							
New Zealand-Dollar Debt							
23,331	21,655	Government stock	24,998	24,874	(124)	(0.5)	24,406
5,558	5,897	Treasury bills	5,851	5,981	130	2.2	5,466
(272)	(250)	Loans and foreign-exchange contracts	(391)	(340)	51	15.0	(342)
498	477	Retail stock	611	545	(66)	(12.1)	527
29,115	27,779	Total New Zealand-Dollar Debt	31,069	31,060	(9)	-	30,057
Foreign-Currency Debt							
4,780	3,610	United States dollars	4,309	4,326	17	0.4	4,170
1,432	2,340	Japanese yen	1,202	1,432	230	16.1	1,079
1,434	2,156	European and other currencies	1,550	1,799	249	13.8	1,799
7,646	8,106	Total Foreign-Currency Debt	7,061	7,557	496	6.6	7,048
36,761	35,885	Total Outstanding Debt	38,130	38,617	487	1.3	37,105
Less							
Financial Assets							
Marketable Securities and Deposits							
3,971	1,977	New Zealand dollars	4,627	3,753	874	23.3	1,862
5,093	3,819	United States dollars	4,729	4,463	266	6.0	4,358
1,548	2,526	Japanese yen	655	1,458	(803)	(55.1)	1,105
1,448	2,158	European and other currencies	1,912	1,875	37	2.0	1,882
12,060	10,480	Total Marketable Securities and Deposits¹	11,923	11,549	374	3.2	9,207
Advances and Cash							
261	235	Advances to state-owned enterprises and Crown entities	546	642	(96)	(15.0)	922
4,143	3,850	Student loans	4,440	4,548	(108)	(2.4)	4,870
211	211	Other advances	140	140	-	-	234
115	190	Cash	385	499	(114)	(22.8)	169
4,730	4,486	Total Advances and Cash	5,511	5,829	(318)	(5.5)	6,195
16,790	14,966	Total Financial Assets	17,434	17,378	56	0.3	15,402
19,971	20,919	Net Crown Debt	20,696	21,239	543	2.6	21,703
20,495	21,316	Net New Zealand-dollar debt	20,932	21,476	544	2.5	22,000
(524)	(397)	Net foreign-currency debt	(236)	(237)	(1)	(0.4)	(297)
19,971	20,919	Net Crown Debt	20,696	21,239	543	2.6	21,703

¹ The New Zealand Superannuation (NZS) Funds marketable securities and deposits as at 28 February of \$422 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 28 February 2002

Movements in Net Crown Debt Since 30 June 2001

	As at 1 July 2001 \$m	Net Increases/ (Decreases) \$m	Foreign Exchange Contracts \$m	Currency Realignment \$m	Unamortised Premiums \$m	As at February 2002 \$m
Outstanding Debt						
By Type						
New Zealand-dollar debt	29,115	1,965	-	-	(11)	31,069
Foreign-currency debt	7,646	(296)	-	(321)	32	7,061
Total Outstanding Debt	36,761	1,669	-	(321)	21	38,130
Less						
Financial Assets						
Marketable securities and deposits	12,060	169	5	(374)	63	11,923
Advances and cash	4,730	771	-	10	-	5,511
Total Financial Assets	16,790	940	5	(364)	63	17,434
Net Crown Debt	19,971	729	(5)	43	(42)	20,696

STATEMENT OF COMMITMENTS

as at 28 February 2002

	As at 28 February 2002 \$m	As at 30 June 2001 \$m	As at 28 February 2001 \$m
Capital Commitments			
Specialist military equipment	600	639	271
Land and buildings	391	383	83
Other plant and equipment	28	41	40
Investments	253	15	195
State-owned enterprises and Crown entities	619	619	854
Total Capital Commitments	1,891	1,697	1,443
Operating Commitments			
Non-cancellable accommodation leases	802	842	757
Other non-cancellable leases	1,740	1,713	1,825
Non-cancellable contracts for the supply of goods and services	1,891	367	702
Other operating commitments	811	2,213	1,117
State-owned enterprises and Crown entities	2,431	2,471	2,344
Total Operating Commitments	7,675	7,606	6,745
Total Commitments	9,566	9,303	8,188

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 28 February 2002

	As at 28 February 2002 \$m	As at 30 June 2001 \$m	As at 28 February 2001 \$m
Quantifiable Contingent Liabilities			
Guarantees and Indemnities	397	371	404
Uncalled Capital	3,473	3,594	3,495
Legal Proceedings and Disputes	479	571	509
Other Contingent Liabilities	1,787	1,965	2,069
Total Quantifiable Contingent Liabilities	6,136	6,501	6,477

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 28 February 2002

Reporting Entity

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

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

A schedule of entities included in the Crown reporting entity was set out on pages 112 and 113 of the 2001 December Economic and Fiscal Update (DEFU) published on 18 December 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 125 to 138 of the 2001 DEFU. There have been no changes in accounting policies during the period 1 July 2001 to 28 February 2002.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the 2001 DEFU, on 18 December 2001.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 125 to 138 of the 2001 DEFU.

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 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 1: Direct Taxation							
Income Tax							
Individuals							
13,703	9,192	Source deductions	9,672	9,633	39	0.4	14,380
3,871	2,373	Other persons	2,437	2,350	87	3.7	3,921
(790)	(490)	Refunds	(501)	(487)	(14)	(2.9)	(779)
342	267	Fringe benefit tax	232	227	5	2.2	349
17,126	11,342	Total Individuals	11,840	11,723	117	1.0	17,871
Corporate							
4,954	3,462	Gross companies	3,184	3,145	39	1.2	4,625
(123)	(60)	Refunds	(110)	(81)	(29)	(36)	(115)
760	448	Non-residents' income	426	411	15	3.6	715
71	35	Foreign-source dividends	104	89	15	16.9	123
5,662	3,885	Total Corporate	3,604	3,564	40	1.1	5,348
Withholding Taxes							
990	608	Residents' interest income	637	614	23	3.7	982
83	40	Residents' dividend income	3	5	(2)	(40.0)	23
1,073	648	Total Withholding Taxes	640	619	21	3.4	1,005
23,861	15,875	Total Income Tax	16,084	15,906	178	1.1	24,224
Other Direct Taxation							
2	1	Estate and gift duties	1	1	-	-	2
2	1	Total Other Direct Taxation	1	1	-	-	2
23,863	15,876	Total Direct Taxation	16,085	15,907	178	1.1	24,226
NOTE 2: Indirect Taxation							
Goods and Services Tax							
15,133	9,974	Gross goods and services tax	10,824	10,581	243	2.3	15,517
(6,007)	(4,077)	Refunds	(4,463)	(4,246)	(217)	(5.1)	(6,046)
9,126	5,897	Total Goods and Services Tax	6,361	6,335	26	0.4	9,471
Excise Duties							
810	539	Petroleum fuels	550	567	(17)	(3.0)	825
764	476	Tobacco products	526	531	(5)	(0.9)	806
436	301	Alcoholic beverages	293	309	(16)	(5.2)	446
2,010	1,316	Total Excise Duties	1,369	1,407	(38)	(2.7)	2,077
Other Indirect Taxation							
648	439	Customs duty	459	435	24	5.5	656
532	345	Road user charges	373	359	14	3.9	551
206	135	Gaming duties	158	160	(2)	(1.3)	239
181	117	Motor vehicle fees	123	117	6	5.1	180
111	72	Energy resources levy	72	73	(1)	(1.4)	107
61	39	Stamp, cheque and credit card duties	41	43	(2)	(4.7)	64
1,739	1,147	Total Other Indirect Taxation	1,226	1,187	39	3.3	1,797
12,875	8,360	Total Indirect Taxation	8,956	8,929	27	0.3	13,345

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 3: Investment Income							
Interest Income							
463	299	Marketable securities, deposits, mortgages and cash balances	287	245	42	17.1	351
289	186	Advances	217	210	7	3.3	334
48	33	Student loans	57	59	(2)	(3.4)	80
		Other entities					
800	518	Total Interest Income	561	514	47	9.1	765
Dividend Income							
45	9	Dividends from state-owned enterprises					
15	7	Electricity Corporation of New Zealand Limited	-	-	-	-	-
19	11	Genesis Power Limited	16	16	-	-	-
68	29	Landcorp Farming Limited	10	10	-	-	-
21	21	Meridian Energy Limited	142	142	-	-	-
7	-	Mighty River Power Limited	-	-	-	-	-
32	15	New Zealand Post Limited	-	-	-	-	-
87	42	Television New Zealand Limited	4	4	-	-	-
10	8	Transpower New Zealand Limited	16	16	-	-	-
12	12	Other	11	9	2	22.2	365
9	3	Housing New Zealand Corporation	9	9	-	-	-
		Other dividends	39	18	21	116.7	-
325	157	Total Dividend Income	247	224	23	10.3	365
Other Investment Income							
102	112	Gains/(losses) on marketable securities and deposits	24	62	(38)	(61.3)	62
-	-	NZS Fund investment income	7	7	-	-	14
140	-	2 GHz radio spectrum rights	-	-	-	-	-
2	1	Other	4	2	2	100.0	1
244	113	Total Other Investment Income	35	71	(36)	(50.7)	77
1,369	788	Total Investment Income	843	809	34	4.2	1,207
NOTE 4: Other Operational Revenue							
106	73	Recoveries from Accident Compensation Corporation	73	72	1	1.4	105
16	17	Contributions to Government Superannuation Fund	15	9	6	66.7	50
82	56	Petroleum royalties	32	29	3	10.3	42
29	20	Cost recovery income from fisheries	21	20	1	5.0	30
10	6	Income from Earthquake Commission	7	6	1	16.7	10
138	83	Other	85	66	19	28.8	86
381	255	Total Other Operational Revenue	233	202	31	15.3	323

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 5: Expenses by Input Type							
13,274	8,751	Subsidies and transfer payments (see analysis below)	8,997	9,062	65	0.7	13,740
17,719	11,239	Operating expenses (see analysis below)	11,819	11,925	106	0.9	18,619
		Personnel					
2,632	1,698	Personnel expenses (excluding pension expenses)	1,802	1,800	(2)	(0.1)	2,783
855	455	GSF Pension expenses	474	473	(1)	(0.2)	710
-	-	Movement in GSF unfunded pension liability	-	-	-	-	38
56	41	Other pension expenses	46	38	(8)	(21.1)	53
		Depreciation					
751	485	Physical assets	497	497	-	-	786
174	55	State highways	119	119	-	-	179
282	176	Rental and leasing costs	185	186	1	0.5	258
7	2	Loss/(gain) on sale of assets	2	1	(1)	(100.0)	1
2,483	1,686	Finance costs (see analysis below)	1,578	1,595	17	1.1	2,345
404	207	Net foreign-exchange (gains)/ losses on liabilities	(302)	11	313	-	11
(451)	(229)	Net foreign-exchange losses/ (gains) on assets	348	(10)	(358)	-	(10)
-	-	Provision for future initiatives	-	-	-	-	90
38,186	24,566	Total Expenses	25,565	25,697	132	0.5	39,603
Analysis of Subsidies and Transfer Payments							
5,273	3,483	Social Assistance Grants	3,609	3,607	(2)	(0.1)	5,452
1,444	956	New Zealand superannuation	987	988	1	0.1	1,450
1,849	1,264	Domestic purposes benefit	-	-	-	-	-
-	-	Community wage	971	991	20	2.0	1,484
878	585	Unemployment benefit	581	582	1	0.2	879
391	220	Family support	229	229	-	-	417
3,073	2,012	Student allowances	2,397	2,417	20	0.8	3,653
115	83	Other social assistance grants	70	83	13	15.7	145
		Subsidies					
226	127	Other Transfer Payments	127	138	11	8.0	227
25	21	Official development assistance	26	27	1	3.7	33
		Other					
13,274	8,751	Total Subsidies and Transfer Payments	8,997	9,062	65	0.7	13,740
Analysis of Operating Expenses							
331	208	Education purchases	224	223	(1)	(0.4)	356
3,505	2,267	Early childhood education	2,412	2,418	6	0.2	3,683
1,508	975	Primary and secondary education	1,071	1,080	9	0.8	1,685
6,807	4,532	Tertiary education and training	4,598	4,655	57	1.2	7,072
467	308	Health purchases	315	315	-	-	478
5,101	2,949	Science purchases	3,199	3,234	35	1.1	5,345
		Other operating expenses					
17,719	11,239	Total Operating Expenses	11,819	11,925	106	0.9	18,619
Analysis of Finance Costs							
2,035	1,374	Interest	1,336	1,363	27	2.0	2,011
428	301	New Zealand dollars	206	210	4	1.9	304
20	11	Foreign currencies	36	22	(14)	(63.6)	30
		Other finance costs					
2,483	1,686	Total Finance Costs	1,578	1,595	17	1.1	2,345

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 6: Advances							
Advances to state-owned enterprises and Crown entities							
163	152	Housing New Zealand Corporation	467	424	43	10.1	645
45	43	Solid Energy New Zealand Limited	26	26	-	-	-
29	37	Residual Health Management Unit	29	29	-	-	-
24	-	District health boards	24	163	(139)	(85.3)	274
-	3	Terralink NZ Limited	-	-	-	-	3
261	235	Total Advances to state-owned enterprises and Crown entities	546	642	(96)	(15.0)	922
Other Advances							
4,143	3,850	Student loans	4,440	4,548	(108)	(2.4)	4,870
118	117	Contact Energy Limited	48	48	-	-	48
38	39	Maori development rural lending	40	41	(1)	(2.4)	43
29	27	Forestry encouragement loans	30	30	-	-	30
8	8	Catchment authorities	7	8	(1)	(12.5)	-
18	20	Other	15	13	2	15.4	113
4,354	4,061	Total Other Advances	4,580	4,688	(108)	(2.3)	5,104
4,615	4,296	Total Advances	5,126	5,330	(204)	(3.8)	6,026

NOTE 7: Receivables							
4,962	5,191	Taxes receivable	5,078	5,432	(354)	(6.5)	4,961
1,024	952	Accounts receivable	969	961	8	0.8	950
		Receivable from the sale and purchase of Maui gas	99	104	(5)	(4.8)	116
111	115		185	93	92	98.9	98
100	174	Prepayments					
6,197	6,432	Total Receivables	6,331	6,590	(259)	(3.9)	6,125

NOTES TO THE FINANCIAL STATEMENTS

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

	Investment as at 1 July 2001 \$m	Net surplus \$m	Distributions to Crown \$m	Net surplus after distributions \$m	Net revaluations to revaluation reserve \$m	Net capital contributions /(withdrawals) by Crown \$m	Investment as at 28 February 2002 \$m
State-owned enterprises ¹	5,554	313	(199)	114	-	957	6,625
Crown entities	8,523	251	(23)	228	-	115	8,866
Total State-owned Enterprises and Crown Entities	14,077	564	(222)	342	-	1,072	15,491

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

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
NOTE 9: Other Investments							
128	118	International Bank for Reconstruction and Development	125	128	(3)	(2.3)	128
117	107	Asian Development Bank	114	129	(15)	(11.6)	129
72	78	Public Trust Office	47	72	(25)	(34.7)	47
37	69	Other	47	49	(2)	(4.1)	167
354	372	Total Other Investments	333	378	(45)	(11.9)	471
NOTE 10: Physical Assets							
By Type							
Cost or Valuation							
1,844	1,863	Land	1,880	1,864	16	0.9	1,840
464	431	Properties intended for sale	445	444	1	0.2	447
8,654	8,387	Buildings	8,929	8,957	(28)	(0.3)	9,156
2,686	2,857	Specialist military equipment	2,723	2,776	(53)	(1.9)	2,829
2,213	2,242	Other plant and equipment	2,367	2,322	45	1.9	2,442
2,688	2,636	Other assets	2,696	2,691	5	0.2	2,683
18,549	18,416	Total Cost or Valuation	19,040	19,054	(14)	(0.1)	19,397
Accumulated Depreciation							
729	624	Buildings	955	961	6	0.6	1,076
421	434	Specialist military equipment	532	527	(5)	(0.9)	590
1,292	1,300	Other plant and equipment	1,384	1,401	17	1.2	1,421
5	2	Other assets	7	7	-	-	7
2,447	2,360	Total Accumulated Depreciation	2,878	2,896	18	0.6	3,094
Net Book Value							
1,844	1,863	Land	1,880	1,864	16	0.9	1,840
464	431	Properties intended for sale	445	444	1	0.2	447
7,925	7,763	Buildings	7,974	7,996	(22)	(0.3)	8,080
2,265	2,423	Specialist military equipment	2,191	2,249	(58)	(2.6)	2,239
921	942	Other plant and equipment	983	921	62	6.7	1,021
2,683	2,634	Other assets	2,689	2,684	5	0.2	2,676
16,102	16,056	Total Net Book Value	16,162	16,158	4	-	16,303
Movements since 30 June 2001							
Cost or Valuation							
18,507	18,507	Opening balance	18,549	18,549	-	-	18,549
905	336	Net additions	447	505	(58)	(11.5)	848
(863)	(427)	Net Revaluations	44	-	44	-	-
18,549	18,416	Total Cost or Valuation	19,040	19,054	(14)	(0.1)	19,397
Accumulated Depreciation							
2,535	2,535	Opening balance	2,447	2,447	-	-	2,447
(145)	(278)	Disposals	(63)	(54)	9	16.7	(145)
751	485	Depreciation charged for the period	497	497	-	-	786
(694)	(382)	Net Revaluations	(3)	6	9	150.0	6
2,447	2,360	Total Accumulated Depreciation	2,878	2,896	18	0.6	3,094
16,102	16,056	Net Physical Assets	16,162	16,158	4	-	16,303

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$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	11,055	-	-	11,055
1,650	-	Recognition adjustment	-	-	-	-	-
300	125	Net additions	170	170	-	-	255
194	-	Net revaluations	-	-	-	-	-
11,055	9,036	Total Cost or Valuation	11,225	11,225	-	-	11,310
Accumulated Depreciation							
-	-	Opening balance	-	-	-	-	-
174	55	Depreciation charged for the period	119	119	-	-	179
(174)	-	Net revaluations	-	-	-	-	-
-	55	Total Accumulated Depreciation	119	119	-	-	179
11,055	8,981	Net State Highways	11,106	11,106	-	-	11,131

NOTE 12: Payables and Provisions

1,907	1,812	Taxes repayable	1,618	1,927	309	16.0	2,397
1,631	1,454	Accounts payable	1,394	1,544	150	9.7	382
1,193	895	Accruals and provisions	1,078	1,095	17	1.6	1,938
		National Provident Fund					
686	480	guarantee	686	686	-	-	686
		National Provident Fund Board					
-	35	indemnity	-	-	-	-	-
		Provision for employee					
414	380	entitlements	394	409	15	3.7	408
5,831	5,056	Total Payables and Provisions	5,170	5,661	491	8.7	5,811

NOTES TO THE FINANCIAL STATEMENTS

Prior Year 30 June 2001 \$m	Actual 28 February 2001 \$m		Current Year Actual vs Forecast				Annual
			Actual	Forecast	Variance	%	Forecast
			\$m	\$m	\$m	%	\$m
NOTE 13: Revaluation Reserve							
8,201	8,201	Opening Balance	8,007	8,007	-	-	8,007
Net Revaluations							
368	-	State highways	-	-	-	-	-
85	(47)	Land and buildings	47	(6)	53	-	(6)
(258)	-	Specialist military equipment	-	-	-	-	-
4	2	Other assets	-	-	-	-	-
		State-owned enterprises and					
(378)	2	Crown entities	-	-	-	-	-
(179)	(43)	Total Net Revaluations	47	(6)	53	-	(6)
		Transfers to accumulated					
(15)	(9)	operating balance	(3)	(1)	(2)	(200)	(1)
8,007	8,149	Closing Revaluation Reserve	8,051	8,000	51	0.6	8,000