

# Financial Statements of the Government of New Zealand

For the Eight Months  
Ended 29 February 2004



2 April 2004

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# COMMENTARY

## OVERVIEW — EIGHT MONTHS TO FEBRUARY 2004

**Table 1** – Summary Fiscal Indicators

| \$ million  | February           | February             | Variance<br>\$m | June 2004<br>Forecast | June 2003<br>Actual |
|---|--------------------|----------------------|-----------------|-----------------------|---------------------|
|   | 2004<br>Actual YTD | 2004<br>Forecast YTD |                 |                       |                     |
| Operating balance   | 5,503              | 4,422                | 1,081           | 6,092                 | 1,966               |
| OBERAC  | 5,166              | 4,422                | 744             | 5,207                 | 5,580               |
| Net worth   | 29,217             | 28,156               | 1,061           | 29,920                | 23,781              |
| Total Crown debt  | 39,109             | 39,866               | (757)           | 36,118                | 38,285              |
| Gross sovereign-issued debt                                 | 38,231             | 38,671               | (440)           | 34,469                | 36,086              |
| % of GDP  | 28.7               | 29.1                 | (0.4)           | 25.3                  | 28.0                |
| Net core Crown debt   | 16,419             | 17,025               | (606)           | 16,935                | 17,577              |
| Net cash flow from core operating and<br>investing activity | 422                | (359)                | 781             | (1,107)               | 1,217               |

The financial statements for the eight months ended 29 February 2004 are compared against forecasts based on the 2003 December Economic and Fiscal Update (2003 DEFU).

The **operating balance** was \$5,503 million, which was higher-than-forecast by \$1,081 million. The key drivers of the forecast variance were:

- Total Crown expenses being lower-than-forecast by \$424 million, mainly due to timing delays in expenditure;
- Investment income being higher-than-forecast by \$307 million due to appreciation in investment asset values held by GSF, ACC and EQC;
- Tax revenue being higher-than-forecast by \$154 million.

The **OBERAC** was \$5,166 million. The difference between the OBERAC and the operating balance is largely due to investment asset movements (\$337 million).

**Gross sovereign-issued debt (GSID)** was \$38.2 billion (28.7% of GDP), which was \$440 million lower than forecast due largely to movements in foreign exchange rates (net debt neutral).

**Net (core) Crown debt** was \$16.4 billion, which was \$606 million lower than forecast reflecting improved cash flow from operating activities, delays in investing activities and the additional issue of circulating currency.

**Net cash flow from core operating and investing activity** (cash equivalent of OBERAC less contributions to the NZS Fund, the purchase

of physical assets and investment in crown entities) was \$422 million, which was higher-than-forecast by \$781 million due to the reasons outlined for net debt (excluding circulating currency) and delays in refinancing private sector debt of the District Health Boards and Housing New Zealand Corporation.

## COMPARISON WITH FORECAST

### Financial Performance

The financial statements for the eight months ended 29 February 2004 are compared against forecasts based on the 2003 December Economic and Fiscal Update (DEFU).

Table 2 below provides a breakdown of the composition of the operating balance at a total Crown level.

**Table 2** – Composition of Operating Balance

| \$ million                      | February<br>2004<br>Actual YTD | February<br>2004<br>Forecast YTD | Variance<br>\$m | June 2004<br>Forecast | June 2003<br>Actual |
|---------------------------------|--------------------------------|----------------------------------|-----------------|-----------------------|---------------------|
| <b>Revenue</b>                  |                                |                                  |                 |                       |                     |
| Taxation revenue                | 27,904                         | 27,750                           | 154             | 42,251                | 39,785              |
| Levies, fees, fines & penalties | 2,029                          | 1,992                            | 37              | 3,013                 | 2,763               |
| Other revenue                   | 9,692                          | 9,226                            | 466             | 14,258                | 14,479              |
| <b>Total revenue</b>            | <b>39,625</b>                  | <b>38,968</b>                    | <b>657</b>      | <b>59,522</b>         | <b>57,027</b>       |
| <b>Expenses</b>                 |                                |                                  |                 |                       |                     |
| Functional expenses             | 32,742                         | 33,212                           | (470)           | 51,272                | 49,292              |
| Finance and FX movts            | 1,707                          | 1,661                            | 46              | 2,518                 | 2,631               |
| GSF and ACC liability movts     | (275)                          | (275)                            | -               | (282)                 | 3,301               |
| <b>Total expenses</b>           | <b>34,174</b>                  | <b>34,598</b>                    | <b>(424)</b>    | <b>53,508</b>         | <b>55,224</b>       |
| Net Surplus of TEIs             | 52                             | 52                               | -               | 78                    | 151                 |
| Minority interest               | -                              | -                                | -               | -                     | 12                  |
| <b>Operating balance</b>        | <b>5,503</b>                   | <b>4,422</b>                     | <b>1,081</b>    | <b>6,092</b>          | <b>1,966</b>        |

Table 3 below is a summary of the information presented on pages 22 to 25.

**Table 3** – Summary Operating Balance by Segment

| \$ million                               | Core Crown   | Crown<br>entities | State-owned<br>enterprises | Inter-segment<br>eliminations | Total<br>Crown |
|--|--------------|-------------------|----------------------------|-------------------------------|----------------|
| <b>Revenue</b>                           |              |                   |                            |                               |                |
| February 2004 Actual YTD                 | 30,770       | 13,582            | 5,849                      | (10,576)                      | 39,625         |
| February YTD forecast                    | 30,392       | 13,024            | 6,074                      | (10,522)                      | 38,968         |
| <b>Variance</b>                          | <b>378</b>   | <b>558</b>        | <b>(225)</b>               | <b>(54)</b>                   | <b>657</b>     |
| <b>Expenses</b>                          |              |                   |                            |                               |                |
| February 2004 Actual YTD                 | 26,770       | 12,544            | 5,288                      | (10,428)                      | 34,174         |
| February YTD forecast                    | 27,113       | 12,222            | 5,670                      | (10,407)                      | 34,598         |
| <b>Variance</b>                          | <b>(343)</b> | <b>322</b>        | <b>(382)</b>               | <b>(21)</b>                   | <b>(424)</b>   |
| <b>TEI Surplus and Minority Interest</b> |              |                   |                            |                               |                |
| February 2004 Actual YTD                 | -            | 52                | -                          | -                             | 52             |
| February YTD forecast                    | -            | 52                | -                          | -                             | 52             |
| <b>Variance</b>                          | <b>-</b>     | <b>-</b>          | <b>-</b>                   | <b>-</b>                      | <b>-</b>       |
| <b>Operating balance</b>                 |              |                   |                            |                               |                |
| February 2004 Actual YTD                 | 4,000        | 1,090             | 561                        | (148)                         | 5,503          |
| February YTD forecast                    | 3,279        | 854               | 404                        | (115)                         | 4,422          |
| <b>Variance</b>                          | <b>721</b>   | <b>236</b>        | <b>157</b>                 | <b>(33)</b>                   | <b>1,081</b>   |

Overall, the largest operating balance variance was within the core Crown segment, reflecting higher-than-forecast tax revenue of \$212 million, higher investment income of \$138 million and lower-than-forecast expenses of \$343 million. Crown entities were higher than forecast primarily reflecting higher investment income in ACC and EQC. The state-owned enterprises segment<sup>1</sup> was higher than forecast mainly due to foreign exchange gains.

<sup>1</sup> At the time of preparation of the forecast tracks, TVNZ was classified as an SOE. From January 2004 TVNZ has split into Transmission Holdings (SOE) and TVNZ (CE). This contributes to the variances of revenue and expenses at a segmental level, but has no overall impact on the aggregate performance.

## Revenue

Total revenue was \$657 million higher than forecast, driven by both tax revenue and other non-tax revenue.

### **Tax Revenue**

Tax revenue was higher-than-forecast by \$154 million. The major components of the variance were:

- Net goods and services tax being higher-than-forecast by \$196 million. In line with DEFU projections it is anticipated that this variance will not grow much beyond its current level and may even decrease by the end of 2003/04;
- Source deductions being higher-than-forecast by \$80 million, some of which may reverse in March.

The remaining variance is explained by other tax types being lower than forecast, including gross companies tax and excise duties.

### **Non-tax Revenue**

Within other non-tax revenue categories:

- Total investment income was higher-than-forecast by \$307 million due largely to an appreciation in investment asset values held by GSF, ACC and EQC;
- Other revenue was higher-than-forecast by \$112 million spread across a number of entities.

## Expense

Total expenses for the period were \$424 million lower than forecast, with core Crown functional expenses being lower-than-forecast by \$343 million. A significant portion of this variance is expected to remain throughout the year.

Core Crown expense variances reflect that:

- Core government services expenses were lower-than-forecast by \$109 million. This was mainly due to timing delays in NZ Aid expenditure, which is expected to be in line with forecast at year end, and lower taxation debt provisioning due to a lower than expected tax receivable base at 29 February 2004;
- Social security and welfare expenses were lower-than-forecast by \$101 million. This was mainly due to delays in implementing new programmes, lower benefit expenses spread over a number of benefit types and lower child support debt provisioning;
- Economic and industrial services expenses were lower-than-forecast by \$75 million. This is primarily due to delays in spending on industry and regional development including employment related programmes and the timing of spending on immigration related initiatives. These expenses are expected to be in line with forecast at year end. Also contributing to the actual forecast variance was lower than anticipated spending on subsidised work and training schemes.

The expenses of SOEs and Crown entities were a further net \$60 million lower than forecast. More detailed financial information is shown on page 15 where the expenses by both total Crown and core Crown are presented by areas of functional spending (eg, health, education, defence, etc).



## Financial Position

The Statement of Financial Position records the Crown's assets, liabilities and net worth as at 29 February 2004. Table 4 below provides a summary of the balance sheet as at 29 February 2004.

In summary, net worth is higher than forecast reflecting the operating balance improvements of \$1,081 million and some minor revaluations.

**Table 4** – Summary of Balance Sheet

| \$ million                            | February       | February       | Variance       |              |
|---------------------------------------|----------------|----------------|----------------|--------------|
|                                       | Actual         | Forecast       | \$ million     | %            |
| Financial assets                      | 35,062         | 35,166         | (104)          | (0.3)        |
| Property, plant and equipment         | 52,956         | 53,222         | (266)          | (0.5)        |
| Other assets                          | 16,984         | 17,205         | (221)          | (1.3)        |
| <b>Total Assets</b>                   | <b>105,002</b> | <b>105,593</b> | <b>(591)</b>   | <b>(0.6)</b> |
| Gross debt                            | 39,109         | 39,866         | (757)          | (1.9)        |
| Provision for GSF pension liabilities | 13,527         | 13,527         | -              | 0.0          |
| Provision for ACC outstanding claims  | 9,210          | 9,210          | -              | 0.0          |
| Other liabilities                     | 13,939         | 14,834         | (895)          | (6.0)        |
| <b>Total Liabilities</b>              | <b>75,785</b>  | <b>77,437</b>  | <b>(1,652)</b> | <b>(2.1)</b> |
| <b>Crown Balance (net worth)</b>      | <b>29,217</b>  | <b>28,156</b>  | <b>1,061</b>   | <b>3.8</b>   |

**Table 5** – Total Crown debt and core Crown debt information

| \$ million                         | February           | February             | Variance<br>\$m | June 2004<br>Forecast | June 2003<br>Actual |
|------------------------------------|--------------------|----------------------|-----------------|-----------------------|---------------------|
|                                    | 2004<br>Actual YTD | 2004<br>Forecast YTD |                 |                       |                     |
| <b>Total Crown debt</b>            |                    |                      |                 |                       |                     |
| <b>Gross Crown debt</b>            | <b>39,109</b>      | <b>39,866</b>        | <b>(757)</b>    | <b>36,118</b>         | <b>38,285</b>       |
| <i>% of GDP</i>                    | 29.4               | 30.0                 | (0.6)           | 26.5                  | 29.7                |
| <b>Gross sovereign-issued debt</b> | <b>38,231</b>      | <b>38,671</b>        | <b>(440)</b>    | <b>34,469</b>         | <b>36,086</b>       |
| <i>% of GDP</i>                    | 28.7               | 29.1                 | (0.3)           | 25.3                  | 28.0                |
| <b>Core Crown debt information</b> |                    |                      |                 |                       |                     |
| Gross core Crown debt              | 38,231             | 38,671               | (440)           | 34,469                | 36,086              |
| Financial assets                   | (26,693)           | (26,802)             | 109             | (23,963)              | (23,029)            |
| <b>Debt less assets</b>            | <b>11,538</b>      | <b>11,869</b>        | <b>(331)</b>    | <b>10,506</b>         | <b>13,057</b>       |
| NZS Fund and GSF assets            | 4,881              | 5,156                | (275)           | 6,429                 | 4,520               |
| <b>Core Crown net debt</b>         | <b>16,419</b>      | <b>17,025</b>        | <b>(606)</b>    | <b>16,935</b>         | <b>17,577</b>       |
| <i>% of GDP</i>                    | 12.3               | 12.8                 | (0.5)           | 12.4                  | 13.6                |
| GDP                                | 133,068            | 133,068              |                 | 136,112               | 129,039             |

Gross sovereign-issued debt (GSID) was lower-than-forecast by \$440 million primarily due to the movements in foreign exchange rates (which is net debt neutral). This does not impact on the progress towards the 25.3% of GDP forecast as part of the December Update. GSID is forecast to remain at around 29% of GDP until April when the 2004 bond matures.

Net (core) Crown debt was \$606 million lower than forecast, reflecting:

- improved cash flow from operating activities of \$410 million, reflecting higher than forecast tax receipts and investment receipts, partially offset by higher operating payments;
- delays in investing activities of around \$270 million (mainly injections into District Health Boards and Housing New Zealand Corporation) and an additional \$150 million advance/equity swap to Housing New Zealand Corporation which was not forecast;
- additional issues of circulating currency of \$144 million (which is not forecast as a matter of policy).

## Core Crown Summary of Net Cash Flows

In terms of impact on gross sovereign-issued debt and core Crown net debt, the important determinant is the core Crown cash flow activity. It is this activity that impacts directly on the New Zealand Government Stock activity. The relevant financial information is included in the separate reconciliation of the core Crown cash flows to net bond issues (refer page 36).

Core Crown net cash flows for the eight months ended 29 February 2004 were as follows:

**Table 6** – Core Crown Cash Flow Information

| \$ million  | February   | February     | Variance   |                |
|---|------------|--------------|------------|----------------|
|   | Actual     | Forecast     | \$ million | %              |
| Operating activities  | 3,305      | 2,895        | 410        | 14.2           |
| Investing activities (including NZS Fund purchases of MSDs & equities, and excluding other net purchases of MSDs) | (2,883)    | (3,254)      | 371        | (11.4)         |
| <b>Net cash flow from core operating and investing activity</b>   | <b>422</b> | <b>(359)</b> | <b>781</b> | <b>(217.5)</b> |
| Net sale/(purchase) of other marketable securities and deposits   | (2,226)    | (1,646)      | (580)      | 35.2           |
| Financing activity  | 1,918      | 2,037        | (119)      | (5.8)          |
| <b>Net movement in cash</b>   | <b>114</b> | <b>32</b>    | <b>82</b>  | <b>256.3</b>   |

Net cash flows from operating activities were higher than forecast in February due mainly to higher than expected tax receipts and interest income, partially offset by higher personnel and operating costs.

Net cash outflows from investing activities (including NZS Fund contributions and excluding (purchases)/sales of marketable securities and deposits) were \$371 million lower than forecast, primarily due to delays in investing in Crown entities (Housing New Zealand Corporation and District Health Boards) and a \$150 million advance/equity swap to Housing New Zealand Corporation which was not forecast. Some of this is timing related and a portion of this variance is expected to be transferred to 2004/05 as part of the Budget 2004 forecasts.

## Comparison with prior year

|   | 29 February<br>2004<br>Actual<br>\$m | 28 February<br>2003<br>Actual<br>\$m | Change<br>\$m  | Change<br>%  |
|---|--------------------------------------|--------------------------------------|----------------|--------------|
| <b>Statement of Financial Performance</b> |                                      |                                      |                |              |
| Total taxation revenue                    | 27,904                               | 26,248                               | 1,656          | 6.3          |
| Other revenue                             | 11,721                               | 9,644                                | 2,077          | 21.5         |
| <b>Total Revenue</b>                      | <b>39,625</b>                        | <b>35,892</b>                        | <b>3,733</b>   | <b>10.4</b>  |
| Social security and welfare               | 10,544                               | 10,474                               | (70)           | (0.7)        |
| GSF pension expenses                      | 348                                  | 1,136                                | 788            | 69.4         |
| Health                                    | 5,081                                | 4,753                                | (328)          | (6.9)        |
| Education                                 | 5,258                                | 4,730                                | (528)          | (11.2)       |
| Core government services                  | 1,057                                | 952                                  | (105)          | (11.0)       |
| Law and order                             | 1,314                                | 1,244                                | (70)           | (5.6)        |
| Defence                                   | 730                                  | 731                                  | 1              | 0.1          |
| Transport and communications              | 3,288                                | 3,273                                | (15)           | (0.5)        |
| Economic and industrial services          | 2,687                                | 2,362                                | (325)          | (13.8)       |
| Primary services                          | 705                                  | 700                                  | (5)            | (0.7)        |
| Heritage, culture and recreation          | 1,014                                | 890                                  | (124)          | (13.9)       |
| Housing and community development         | 393                                  | 345                                  | (48)           | (13.9)       |
| Other                                     | 48                                   | 15                                   | (33)           | (220.0)      |
| Finance costs                             | 1,696                                | 1,542                                | (154)          | (10.0)       |
| Net foreign-exchange losses/(gains)       | 11                                   | 7                                    | (4)            | (57.1)       |
| <b>Total Expenses</b>                     | <b>34,174</b>                        | <b>33,154</b>                        | <b>(1,020)</b> | <b>(3.1)</b> |
| Net surplus of TEIs                       | 52                                   | 101                                  | (49)           | (48.5)       |
| Minority interest                         | -                                    | -                                    | -              | -            |
| <b>Operating Balance</b>                  | <b>5,503</b>                         | <b>2,839</b>                         | <b>2,664</b>   | <b>93.8</b>  |
| <b>Debt indicators</b>                    |                                      |                                      |                |              |
| <b>Gross sovereign-issued debt</b>        | <b>38,231</b>                        | <b>37,889</b>                        | <b>(342)</b>   | <b>(0.9)</b> |
| <b>Net core Crown debt</b>                | <b>16,419</b>                        | <b>18,922</b>                        | <b>2,503</b>   | <b>13.2</b>  |

**Taxation revenue** was \$1,656 million higher than the eight months ended 28 February 2003. This mainly comprised of growth in source deductions reflecting strength in the labour market, growth in companies tax driven by strong returns and growth in goods and services tax.

**Other revenue** was \$2,077 million higher than the previous year largely due to higher investment income reflecting recovery in global equity markets and increased sales of goods and services reflecting higher spot prices for electricity.

Significant movements within total Crown functional expenses were:

- **Health** expenses were \$328 million higher than the previous year, due to the provision of new services and maintaining existing service levels as a result of demographic increases (reflecting Budget 2003 spending)
- **Education** expenses were \$528 million higher than the previous year, due to the impact of demand-driven expenses (roll growth) as well as policy initiatives from Budget 2003
- **Core government services** expenses were \$105 million higher than the previous year due largely to new policy initiatives
- **Economic and industrial services** expenses were \$325 million higher than the previous year, largely due to the electricity SOEs incurring higher costs due to high spot prices for electricity (offset entirely by higher revenue)

- **Heritage, culture and recreation** expenses were \$124 million higher than the previous year largely due to new policy initiatives.

**Gross sovereign-issued debt (GSID)** was \$342 million higher than the previous year due to the issuance of additional Treasury Bills to the New Zealand Superannuation Fund which began operations on 30 September 2003, offset by movements in foreign exchange rates, maturity of debt which has not been rolled over and the classification of certain debt instruments (net debt neutral).

**Net core Crown debt** has reduced by \$2.5 billion from the previous year primarily due to cash flows from operations (\$5.6 billion), offset by purchase of investments including New Zealand Superannuation Fund contributions (\$1.8 billion) and purchase of physical assets (\$1.2 billion).



# FINANCIAL STATEMENTS

# STATEMENT OF ACCOUNTING POLICIES

*as at 29 February 2004*

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## **1 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
- Reserve Bank of New Zealand
- Government Superannuation Fund
- Crown entities
- Departments
- State-owned enterprises
- Air New Zealand Limited

A schedule of entities included in the Crown reporting entity was set out on pages 96 and 97 of the Financial Statement of the Government of New Zealand for the year ended 30 June 2003.

## **2 General Accounting Policies**

These Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests and marketable securities, deposits & equity investments held for trading purposes. 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.

## **3 Specific Accounting Policies**

The specific accounting policies of the Crown were described on pages 39 to 49 of the Financial Statements of the Government of New Zealand for the year ended 30 June 2003.

There have been no changes in the accounting policies during the period 1 July 2003 to 29 February 2004.

## **4 Forecast Results and Assumptions**

The forecast results in these Financial Statements have been derived from the forecasts released in the 2003 December Economic and Fiscal Update (2003 DEFU), on 18 December 2003.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions reproduced in full on Treasury's website [www.treasury.govt.nz/forecast/defu2003](http://www.treasury.govt.nz/forecast/defu2003).

## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

as at 29 February 2004

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### **5 Comparative Figures**

Comparative figures for the previous financial year to 30 June 2003 and comparative year-to-date period are presented in these Financial Statements. The comparative year-to-date period has been restated for the accounting treatment of the TEI combination (refer page 60 of the 2003 Crown financial statements).

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

### **6 Outstanding Issues**

While the fully consolidated Crown actuals and forecasts include the same reporting entities as previously, there are some issues still to be worked through. These issues may impact on the final form of the fully consolidated Crown forecasts and Crown Financial Statements.

The most significant issue is whether to combine tertiary education institution's (TEIs) in the Crown Financial Statements. The issue is not clear-cut. The Treasury, the Ministry of Education and TEIs are currently working through the issue, as outlined on page 60 of the 30 June 2003 Crown Financial Statements. The forecasts and actuals are continuing with the method of equity accounting TEIs.

# STATEMENT OF FINANCIAL PERFORMANCE

for the eight months ended 29 February 2004

| Prior Year<br>30<br>June<br>2003<br>\$m           | Actual<br>28<br>February<br>2003<br>\$m |   | Note     | Current Year Actual vs Forecast |                 |                 |             | Annual<br>Forecast |
|---|---|---|----------|---------------------------------|-----------------|-----------------|-------------|--------------------|
|   |   |   |          | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %           | \$m                |
| <b>Revenue</b>                                    |   |   |          |                                 |                 |                 |             |                    |
| <b>Levied through the Crown's Sovereign Power</b> |   |   |          |                                 |                 |                 |             |                    |
| 39,785  | 26,248                                  | Taxation revenue  | 1        | 27,904                          | 27,750          | 154             | 0.6         | 42,251             |
| 2,763   | 1,763                                   | Levies, fees, fines and penalties                               | 1        | 2,029                           | 1,992           | 37              | 1.9         | 3,013              |
| <b>42,548</b>                                     | <b>28,011</b>                           | <b>Total Revenue Levied through the Crown's Sovereign Power</b> | <b>1</b> | <b>29,933</b>                   | <b>29,742</b>   | <b>191</b>      | <b>0.6</b>  | <b>45,264</b>      |
| <b>Earned through the Crown's Operations</b>      |   |   |          |                                 |                 |                 |             |                    |
| 10,385  | 6,337                                   | Sales of goods and services                                     | 2        | 6,807                           | 6,760           | 47              | 0.7         | 10,380             |
| 1,859   | 411                                     | Investment income   | 3        | 1,637                           | 1,330           | 307             | 23.1        | 2,091              |
| 2,235   | 1,133                                   | Other revenue   | 4        | 1,248                           | 1,136           | 112             | 9.9         | 1,787              |
| <b>14,479</b>                                     | <b>7,881</b>                            | <b>Total Revenue Earned through the Crown's Operations</b>      |          | <b>9,692</b>                    | <b>9,226</b>    | <b>466</b>      | <b>5.1</b>  | <b>14,258</b>      |
| <b>57,027</b>                                     | <b>35,892</b>                           | <b>Total Crown Revenue</b>                                      |          | <b>39,625</b>                   | <b>38,968</b>   | <b>657</b>      | <b>1.7</b>  | <b>59,522</b>      |
| <b>Expenses</b>                                   |   |   |          |                                 |                 |                 |             |                    |
| <b>By input type</b>                              |   |   |          |                                 |                 |                 |             |                    |
| 15,107  | 10,032                                  | Subsidies and transfer payments                                 | 5        | 10,201                          | 10,284          | 83              | 0.8         | 15,516             |
| 11,620  | 8,116                                   | Personnel expenses  | 6        | 7,843                           | 7,874           | 31              | 0.4         | 12,245             |
| 22,565  | 12,770                                  | Operating expenses  | 7        | 14,698                          | 15,054          | 356             | 2.4         | 23,476             |
| -   | -                                       | Forecast for future new spending                                |          | -                               | -               | -               | -           | 35                 |
| 2,550   | 1,542                                   | Finance costs   |          | 1,696                           | 1,699           | 3               | 0.2         | 2,556              |
| 81  | 7                                       | Net foreign-exchange losses/(gains)                             |          | 11                              | (38)            | (49)            | (128.9)     | (38)               |
| 1,647   | 482                                     | Movement in total GSF liability                                 | 14       | (330)                           | (330)           | -               | -           | (364)              |
| 1,654   | 205                                     | Movement in total ACC liability                                 | 15       | 55                              | 55              | -               | -           | 82                 |
| <b>55,224</b>                                     | <b>33,154</b>                           | <b>Total Crown Expenses</b>                                     |          | <b>34,174</b>                   | <b>34,598</b>   | <b>424</b>      | <b>1.2</b>  | <b>53,508</b>      |
| <b>1,803</b>                                      | <b>2,738</b>                            | <b>Revenues less Expenses</b>                                   |          | <b>5,451</b>                    | <b>4,370</b>    | <b>1,081</b>    | <b>0.5</b>  | <b>6,014</b>       |
| 151   | 101                                     | Net surplus TEIs  |          | 52                              | 52              | -               | -           | 78                 |
| <b>1,954</b>                                      | <b>2,839</b>                            | <b>Operating Balance (including minority interest)</b>          |          | <b>5,503</b>                    | <b>4,422</b>    | <b>1,081</b>    | <b>24.4</b> | <b>6,092</b>       |
| 12  | -                                       | Minority interest   |          | -                               | -               | -               | -           | -                  |
| <b>1,966</b>                                      | <b>2,839</b>                            | <b>Operating Balance</b>  |          | <b>5,503</b>                    | <b>4,422</b>    | <b>1,081</b>    | <b>24.4</b> | <b>6,092</b>       |

The accompanying Notes and Accounting policies are an integral part of these Statements.



# STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)

for the eight months ended 29 February 2004

Below is an analysis of total Crown expenses and core Crown expenses by functional classification. This information reconciles to the segment information within the Statement of Segments.

| Prior Year<br>30<br>June<br>2003<br>\$m | Actual<br>28<br>February<br>2003<br>\$m |                                     | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|---|---|-------------------------------------|---------------------------------|-----------------|-----------------|------------|---------------------------|
|   |   | Note                                | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
|   |   | <b>Total Crown expenses</b>         |                                 |                 |                 |            |                           |
|   |   | <b>By functional classification</b> |                                 |                 |                 |            |                           |
| 17,084                                  | 10,474                                  | Social security and welfare         | 10,544                          | 10,621          | 77              | 0.7        | 15,971                    |
| 2,625                                   | 1,136                                   | GSF pension expenses                | 348                             | 342             | (6)             | (1.8)      | 622                       |
| 7,412                                   | 4,753                                   | Health                              | 5,081                           | 5,072           | (9)             | (0.2)      | 7,961                     |
| 7,788                                   | 4,730                                   | Education                           | 5,258                           | 5,330           | 72              | 1.4        | 8,245                     |
| 1,655                                   | 952                                     | Core government services            | 1,057                           | 1,161           | 104             | 9.0        | 1,683                     |
| 1,911                                   | 1,244                                   | Law and order                       | 1,314                           | 1,324           | 10              | 0.8        | 1,999                     |
| 1,154                                   | 731                                     | Defence                             | 730                             | 746             | 16              | 2.1        | 1,204                     |
| 5,619                                   | 3,273                                   | Transport and communications        | 3,288                           | 3,418           | 130             | 3.8        | 5,329                     |
|   |   | Economic and industrial             |                                 |                 |                 |            |                           |
| 4,280                                   | 2,362                                   | services                            | 2,687                           | 2,738           | 51              | 1.9        | 4,509                     |
| 1,023                                   | 700                                     | Primary services                    | 705                             | 707             | 2               | 0.3        | 1,142                     |
| 1,425                                   | 890                                     | Heritage, culture and recreation    | 1,014                           | 1,008           | (6)             | (0.6)      | 1,561                     |
|   |   | Housing and community               |                                 |                 |                 |            |                           |
| 542                                     | 345                                     | development                         | 393                             | 420             | 27              | 6.4        | 620                       |
| 75                                      | 15                                      | Other                               | 48                              | 44              | (4)             | (9.1)      | 109                       |
| 2,550                                   | 1,542                                   | Finance costs                       | 1,696                           | 1,705           | 9               | 0.5        | 2,556                     |
|   |   | Net foreign-exchange                |                                 |                 |                 |            |                           |
| 81                                      | 7                                       | losses/(gains)                      | 11                              | (38)            | (49)            | (128.9)    | (38)                      |
| -                                       | -                                       | Forecast for future new spending    | -                               | -               | -               | -          | 35                        |
| <b>55,224</b>                           | <b>33,154</b>                           | <b>Total Crown Expenses</b>         | <b>34,174</b>                   | <b>34,598</b>   | <b>424</b>      | <b>1.2</b> | <b>53,508</b>             |
|   |   | <b>Core Crown expenses</b>          |                                 |                 |                 |            |                           |
|   |   | <b>By functional classification</b> |                                 |                 |                 |            |                           |
| 13,907                                  | 9,110                                   | Social security and welfare         | 9,414                           | 9,515           | 101             | 1.1        | 14,296                    |
| 2,625                                   | 1,136                                   | GSF pension expenses                | 348                             | 342             | (6)             | (1.8)      | 622                       |
| 7,501                                   | 4,888                                   | Health                              | 5,268                           | 5,285           | 17              | 0.3        | 8,245                     |
| 7,016                                   | 4,418                                   | Education                           | 4,889                           | 4,936           | 47              | 1.0        | 7,570                     |
| 1,780                                   | 1,032                                   | Core government services            | 1,092                           | 1,201           | 109             | 9.1        | 1,757                     |
| 1,734                                   | 1,125                                   | Law and order                       | 1,191                           | 1,191           | -               | -          | 1,826                     |
| 1,199                                   | 759                                     | Defence                             | 766                             | 780             | 14              | 1.8        | 1,247                     |
| 1,408                                   | 653                                     | Transport and communications        | 781                             | 779             | (2)             | (0.3)      | 1,436                     |
|   |   | Economic and industrial             |                                 |                 |                 |            |                           |
| 1,054                                   | 705                                     | services                            | 743                             | 818             | 75              | 9.2        | 1,297                     |
| 355                                     | 218                                     | Primary services                    | 222                             | 240             | 18              | 7.5        | 417                       |
| 515                                     | 304                                     | Heritage, culture and recreation    | 382                             | 388             | 6               | 1.5        | 641                       |
|   |   | Housing and community               |                                 |                 |                 |            |                           |
| 102                                     | 59                                      | development                         | 84                              | 97              | 13              | 13.4       | 146                       |
| 75                                      | 15                                      | Other                               | 48                              | 44              | (4)             | (9.1)      | 109                       |
| 2,360                                   | 1,437                                   | Finance costs                       | 1,498                           | 1,522           | 24              | 1.6        | 2,249                     |
|   |   | Net foreign-exchange                |                                 |                 |                 |            |                           |
| 118                                     | 59                                      | losses/(gains)                      | 44                              | (25)            | (69)            | (276.0)    | (25)                      |
| -                                       | -                                       | Forecast for future new spending    | -                               | -               | -               | -          | 35                        |
| <b>41,749</b>                           | <b>25,918</b>                           | <b>Total Expenses</b>               | <b>26,770</b>                   | <b>27,113</b>   | <b>343</b>      | <b>1.3</b> | <b>41,868</b>             |

The accompanying Notes and Accounting policies are an integral part of these Statements.

# STATEMENT OF CASH FLOWS

for the eight months ended 29 February 2004

| Prior Year<br>30<br>June<br>2003<br>\$m     | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |                | Annual<br>Forecast |
|---|---|--|---------------------------------|-----------------|-----------------|----------------|--------------------|
|   |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %              | \$m                |
| <b>Cash Flows From Operations</b>           |   |  |                                 |                 |                 |                |                    |
| <b>Cash was provided from</b>               |   |  |                                 |                 |                 |                |                    |
| 39,499                                      | 25,743                                  | Total tax receipts (refer Note 1)  | 27,561                          | 27,353          | 208             | 0.8            | 42,215             |
| 2,531                                       | 1,706                                   | Total other sovereign receipts (refer Note 1)                                  | 2,097                           | 1,997           | 100             | 5.0            | 2,867              |
| 1,200                                       | 743                                     | Interest   | 1,070                           | 702             | 368             | 52.4           | 1,151              |
| 45  | 22                                      | Dividends  | 32                              | 42              | (10)            | (23.8)         | 60                 |
| 10,543                                      | 7,595                                   | Sales of goods and services  | 6,970                           | 6,747           | 223             | 3.3            | 10,276             |
| 1,472                                       | 459                                     | Other operating receipts   | 1,125                           | 1,045           | 80              | 7.7            | 1,482              |
| <b>55,290</b>                               | <b>36,268</b>                           | <b>Total cash provided from operations</b>                                     | <b>38,855</b>                   | <b>37,886</b>   | <b>969</b>      | <b>2.6</b>     | <b>58,051</b>      |
| <b>Cash was disbursed to</b>                |   |  |                                 |                 |                 |                |                    |
| 15,305                                      | 10,322                                  | Subsidies and transfer payments  | 10,264                          | 10,464          | 200             | 1.9            | 15,965             |
| 30,087                                      | 19,989                                  | Personnel and operating payments   | 21,483                          | 20,735          | (748)           | (3.6)          | 32,385             |
| 2,203                                       | 1,432                                   | Finance costs  | 1,518                           | 1,531           | 13              | 0.8            | 2,360              |
| -   | -                                       | Forecast for future new spending   | -                               | -               | -               | -              | 35                 |
| <b>47,595</b>                               | <b>31,743</b>                           | <b>Total cash disbursed to operations</b>                                      | <b>33,265</b>                   | <b>32,730</b>   | <b>(535)</b>    | <b>(1.6)</b>   | <b>50,745</b>      |
| <b>7,695</b>                                | <b>4,525</b>                            | <b>Net Cash Flows From Operations</b>  | <b>5,590</b>                    | <b>5,156</b>    | <b>434</b>      | <b>8.4</b>     | <b>7,306</b>       |
| <b>Cash Flows From Investing Activities</b> |   |  |                                 |                 |                 |                |                    |
| <b>Cash was provided from</b>               |   |  |                                 |                 |                 |                |                    |
| 240   | 102                                     | Sale of physical assets  | 99                              | 80              | 19              | 23.8           | 28                 |
| <b>240</b>                                  | <b>102</b>                              | <b>Total cash provided from investing activities</b>                           | <b>99</b>                       | <b>80</b>       | <b>19</b>       | <b>23.8</b>    | <b>28</b>          |
| <b>Cash was disbursed to</b>                |   |  |                                 |                 |                 |                |                    |
| 3,492                                       | 2,074                                   | Purchase of physical assets  | 2,173                           | 2,528           | 355             | 14.0           | 3,893              |
| 1,341                                       | 372                                     | Net increase in advances   | 1,027                           | 1,043           | 16              | 1.5            | 1,366              |
|   |   | Net purchase/(sale) of marketable securities,<br>deposits & equity investments | 3,982                           | 3,668           | (314)           | (8.6)          | (87)               |
| 5,023                                       | 5,784                                   | Capital contingency provision  | -                               | -               | -               | -              | 124                |
| -   | -                                       |  | -                               | -               | -               | -              | -                  |
| <b>9,856</b>                                | <b>8,230</b>                            | <b>Total cash disbursed to investing activities</b>                            | <b>7,182</b>                    | <b>7,239</b>    | <b>57</b>       | <b>0.8</b>     | <b>5,296</b>       |
| <b>(9,616)</b>                              | <b>(8,128)</b>                          | <b>Net Cash Flows From Investing Activities</b>                                | <b>(7,083)</b>                  | <b>(7,159)</b>  | <b>76</b>       | <b>1.1</b>     | <b>(5,268)</b>     |
| <b>(1,921)</b>                              | <b>(3,603)</b>                          | <b>Net Cash Flows From<br/>Operating and Investing Activities</b>              | <b>(1,493)</b>                  | <b>(2,003)</b>  | <b>510</b>      | <b>25.5</b>    | <b>2,038</b>       |
| <b>Cash Flows From Financing Activities</b> |   |  |                                 |                 |                 |                |                    |
| <b>Cash was Provided From</b>               |   |  |                                 |                 |                 |                |                    |
| 147   | 229                                     | Issues of circulating currency   | 177                             | 33              | 144             | 436.4          | 33                 |
| 292   | 2,532                                   | Net issues/(repayment) of Government stock <sup>1</sup>                        | 1,662                           | 1,842           | (180)           | (9.8)          | (1,018)            |
| <b>439</b>                                  | <b>2,761</b>                            | <b>Total cash provided from financing activities</b>                           | <b>1,839</b>                    | <b>1,875</b>    | <b>(36)</b>     | <b>(1.9)</b>   | <b>(985)</b>       |
| <b>Cash was Disbursed to</b>                |   |  |                                 |                 |                 |                |                    |
| (392)                                       | (501)                                   | Net (issue)/repayment of other New Zealand-<br>dollar borrowing                | (530)                           | (962)           | (432)           | (44.9)         | 1,330              |
| (1,542)                                     | (663)                                   | Net repayment/(issue) of foreign-currency<br>borrowing                         | 580                             | 682             | 102             | 15.0           | 11                 |
| <b>(1,934)</b>                              | <b>(1,164)</b>                          | <b>Total cash disbursed to financing activities</b>                            | <b>50</b>                       | <b>(280)</b>    | <b>(330)</b>    | <b>(117.9)</b> | <b>1,341</b>       |
| <b>2,373</b>                                | <b>3,925</b>                            | <b>Net Cash Flows From Financing Activities</b>                                | <b>1,789</b>                    | <b>2,155</b>    | <b>(366)</b>    | <b>(17.0)</b>  | <b>(2,326)</b>     |
| <b>452</b>                                  | <b>322</b>                              | <b>Net Movement in Cash</b>  | <b>296</b>                      | <b>152</b>      | <b>144</b>      | <b>94.7</b>    | <b>(288)</b>       |
| 2,274                                       | 2,252                                   | <b>Opening Cash Balance</b>  | 2,732                           | 2,732           | -               | -              | 2,732              |
| 6   | (1)                                     | Foreign-exchange gains/(losses) on<br>opening cash                             | 20                              | 20              | -               | -              | 11                 |
| <b>2,732</b>                                | <b>2,573</b>                            | <b>Closing Cash Balance</b>  | <b>3,048</b>                    | <b>2,904</b>    | <b>144</b>      | <b>5.0</b>     | <b>2,455</b>       |

<sup>1</sup> Net issues of Government stock include movements within government stock holdings of entities such as NZS Fund, GSF, ACC and EQC. The Bonds reconciliation at the end of these accounts outlines NZDMO issues.

The accompanying Notes and Accounting policies are an integral part of these Statements.

## STATEMENT OF CASH FLOWS (CONTINUED)

for the eight months ended 29 February 2004

| Prior Year<br>30<br>June<br>2003<br>\$m  | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |               | Annual<br>Forecast |
|--|---|--|---------------------------------|-----------------|-----------------|---------------|--------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %             | \$m                |
| <b>Reconciliation Between the Net Cash Flows<br/>from Operations and the Operating Balance</b> |   |  |                                 |                 |                 |               |                    |
| 7,695  | 4,525                                   | <b>Net Cash Flows from Operations</b>  | 5,590                           | 5,156           | 434             | 8             | 7,306              |
|  |   | <i>Items included in the operating<br/>balance but not in net cash flows from<br/>operations</i> |                                 |                 |                 |               |                    |
| <b>Valuation changes</b>   |   |  |                                 |                 |                 |               |                    |
| (1,647)  | (482)                                   | Decrease/(increase) in pension liabilities   | 330                             | 330             | -               | -             | 364                |
| (1,654)  | (205)                                   | (Increase)/decrease in ACC liabilities   | (55)                            | (55)            | -               | -             | (82)               |
| (197)  | -                                       | National Provident Fund guarantee  | -                               | -               | -               | -             | -                  |
| (20)   | -                                       | Revaluation of commercial forests  | -                               | -               | -               | -             | -                  |
| (247)  | (86)                                    | Unrealised net foreign-exchange (losses)/gains   | (219)                           | 18              | (237)           | -             | -                  |
| (349)  | -                                       | Other valuation changes  | -                               | -               | -               | -             | -                  |
| <b>(4,114)</b>   | <b>(773)</b>                            | <b>Total valuation changes</b>   | <b>56</b>                       | <b>293</b>      | <b>(237)</b>    | <b>(80.9)</b> | <b>282</b>         |
| <b>Property, plant &amp; equipment asset movements</b>   |   |  |                                 |                 |                 |               |                    |
| (2,177)  | (1,359)                                 | Depreciation   | (1,531)                         | (1,594)         | 63              | 4.0           | (2,446)            |
| (19)   | (26)                                    | (Loss)/gain on sale of physical assets   | -                               | -               | -               | -             | -                  |
| <b>(2,196)</b>   | <b>(1,385)</b>                          | <b>Total property, plant &amp; equipment movements</b>   | <b>(1,531)</b>                  | <b>(1,594)</b>  | <b>63</b>       | <b>4.0</b>    | <b>(2,446)</b>     |
| <b>Other Non-cash Items</b>  |   |  |                                 |                 |                 |               |                    |
| (79)   | (20)                                    | Student loans  | (44)                            | (59)            | 15              | 25.4          | (49)               |
| (84)   | (31)                                    | Amortisation of goodwill   | (31)                            | (31)            | -               | -             | (47)               |
| -  | -                                       | Accrued income from NZS Fund   | -                               | -               | -               | -             | 72                 |
| (11)   | 1                                       | Other  | 52                              | 26              | 26              | 100.0         | 77                 |
| <b>(174)</b>   | <b>(50)</b>                             | <b>Total Other Non-cash Items</b>  | <b>(23)</b>                     | <b>(64)</b>     | <b>41</b>       | <b>64.1</b>   | <b>53</b>          |
| <b>138</b>   | <b>(518)</b>                            | <b>Total other investing and financing items</b>   | <b>510</b>                      | <b>71</b>       | <b>439</b>      | <b>-</b>      | <b>-</b>           |
| <b>Movements in Working Capital</b>  |   |  |                                 |                 |                 |               |                    |
| 685  | 650                                     | Increase/(decrease) in taxes receivable  | 164                             | 350             | (186)           | (53.1)        | 23                 |
| 854  | 632                                     | Decrease/(increase) in other receivables   | (156)                           | (304)           | 148             | 48.7          | (517)              |
| (56)   | (4)                                     | Increase/(decrease) in inventories   | 32                              | 45              | (13)            | (28.9)        | 84                 |
| (866)  | (238)                                   | Decrease/(increase) in payables  | 861                             | 469             | 392             | 83.6          | 1,307              |
| <b>617</b>   | <b>1,040</b>                            | <b>Total movements in working capital</b>  | <b>901</b>                      | <b>560</b>      | <b>341</b>      | <b>60.9</b>   | <b>897</b>         |
| <b>1,966</b>   | <b>2,839</b>                            | <b>Operating Balance</b>   | <b>5,503</b>                    | <b>4,422</b>    | <b>1,081</b>    | <b>24.4</b>   | <b>6,092</b>       |

## STATEMENT OF MOVEMENTS IN EQUITY

for the eight months ended 29 February 2004

|               |               |   |               |               |              |             |               |
|---------------|---------------|---|---------------|---------------|--------------|-------------|---------------|
| 18,820        | 18,726        | <b>Opening Crown Balance</b>                      | 23,687        | 23,687        | -            | -           | 23,781        |
| 1,966         | 2,839         | Operating balance for the period                  | 5,503         | 4,422         | 1,081        | 24.4        | 6,092         |
| 2,995         | 77            | Net revaluations                                  | 27            | 47            | (20)         | (42.6)      | 47            |
| <b>4,961</b>  | <b>2,916</b>  | <b>Total Recognised Revenues<br/>and Expenses</b> | <b>5,530</b>  | <b>4,469</b>  | <b>1,061</b> | <b>23.7</b> | <b>6,139</b>  |
| <b>23,781</b> | <b>21,642</b> | <b>Closing Crown Balance</b>                      | <b>29,217</b> | <b>28,156</b> | <b>1,061</b> | <b>3.8</b>  | <b>29,920</b> |

The accompanying Notes and Accounting policies are an integral part of these Statements.

# STATEMENT OF FINANCIAL POSITION

as at 29 February 2004

| Prior Year<br>30<br>June<br>2003<br>\$m        | Actual<br>28<br>February<br>2003<br>\$m |   | Note | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|---|------|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |   |      | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>Assets</b>                                  |   |   |      |                                 |                 |                 |              |                           |
| 2,732  | 2,573                                   | Cash and bank balances                                  | 8    | 3,048                           | 2,904           | 144             | 5.0          | 2,455                     |
|  |   | Marketable securities, deposits<br>& equity investments | 8    | 25,112                          | 25,231          | (119)           | (0.5)        | 21,742                    |
| 21,306   | 21,592                                  | Advances  | 9    | 6,902                           | 7,031           | (129)           | (1.8)        | 7,587                     |
| 6,300  | 5,479                                   | Receivables   | 10   | 10,151                          | 10,189          | (38)            | (0.4)        | 9,649                     |
| 10,143   | 9,361                                   | Inventories   |      | 872                             | 885             | (13)            | (1.5)        | 924                       |
| 840  | 920                                     | Other investments                                       | 11   | 247                             | 259             | (12)            | (4.6)        | 261                       |
| 264  | 276                                     | Property, plant & equipment                             | 12   | 52,956                          | 53,222          | (266)           | (0.5)        | 53,527                    |
| 52,667   | 49,893                                  | Commercial forests                                      |      | 293                             | 306             | (13)            | (4.2)        | 305                       |
| 312  | 332                                     | Investment in TEIs                                      |      | 4,400                           | 4,400           | -               | -            | 4,428                     |
| 4,212  | 3,794                                   | Intangible assets                                       |      | 1,021                           | 1,166           | (145)           | (12.4)       | 1,130                     |
| 1,075  | 737                                     | Forecast for new capital                                |      | -                               | -               | -               | -            | 124                       |
| -  | -                                       |   |      |                                 |                 |                 |              |                           |
| <b>99,851</b>                                  | <b>94,957</b>                           | <b>Total Assets</b>                                     |      | <b>105,002</b>                  | <b>105,593</b>  | <b>(591)</b>    | <b>(0.6)</b> | <b>102,132</b>            |
| <b>Liabilities</b>                             |   |   |      |                                 |                 |                 |              |                           |
| 11,878   | 10,140                                  | Payables and provisions                                 | 13   | 10,867                          | 11,906          | 1,039           | 8.7          | 10,436                    |
| 2,895  | 2,964                                   | Currency issued   |      | 3,072                           | 2,928           | (144)           | (4.9)        | 2,928                     |
|  |   | Borrowings - sovereign<br>guaranteed                    |      | 31,898                          | 32,836          | 938             | 2.9          | 29,063                    |
| 31,077   | 32,793                                  | Borrowings - non-sovereign<br>guaranteed                |      | 7,211                           | 7,030           | (181)           | (2.6)        | 7,055                     |
| 7,208  | 7,020                                   | GSF Pension liability                                   | 14   | 13,527                          | 13,527          | -               | -            | 13,493                    |
| 13,857   | 12,692                                  | ACC liability   | 15   | 9,210                           | 9,210           | -               | -            | 9,237                     |
| 9,155  | 7,706                                   |   |      |                                 |                 |                 |              |                           |
| <b>76,070</b>                                  | <b>73,315</b>                           | <b>Total Liabilities</b>                                |      | <b>75,785</b>                   | <b>77,437</b>   | <b>1,652</b>    | <b>2.1</b>   | <b>72,212</b>             |
| <b>Total Assets less<br/>Total Liabilities</b> |   |   |      |                                 |                 |                 |              |                           |
| <b>23,781</b>                                  | <b>21,642</b>                           |   |      | <b>29,217</b>                   | <b>28,156</b>   | <b>1,061</b>    | <b>3.8</b>   | <b>29,920</b>             |
| <b>Crown Balance</b>                           |   |   |      |                                 |                 |                 |              |                           |
| 8,063  | 8,891                                   | Taxpayer funds  |      | 13,581                          | 12,493          | (1,088)         | (8.7)        | 14,257                    |
| 15,624   | 12,751                                  | Revaluation reserve                                     | 16   | 15,636                          | 15,663          | 27              | 0.2          | 15,663                    |
| 94   | -                                       | Minority interest                                       |      | -                               | -               | -               | -            | -                         |
| <b>23,781</b>                                  | <b>21,642</b>                           | <b>Crown Balance</b>                                    |      | <b>29,217</b>                   | <b>28,156</b>   | <b>1,061</b>    | <b>3.8</b>   | <b>29,920</b>             |

The accompanying Notes and Accounting policies are an integral part of these Statements.

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 29 February 2004

Following is an analysis of the NZS Fund and Gross and Net Debt information. The notes to the accounts provide breakdown of other key items.

| Prior Year<br>30<br>June<br>2003<br>\$m | Actual<br>28<br>February<br>2003<br>\$m |                         | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|---|---|-------------------------|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|   |   |                         | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| 615                                     | 615                                     | Opening balance         | 1,884                           | 1,884           | -               | -            | 1,884                     |
| 1,200                                   | 831                                     | Gross contribution      | 1,285                           | 1,285           | -               | -            | 1,879                     |
| 69                                      | 40                                      | Income after tax        | 69                              | 74              | (5)             | (6.8)        | 122                       |
| <b>1,884</b>                            | <b>1,486</b>                            | <b>NZS Fund balance</b> | <b>3,238</b>                    | <b>3,243</b>    | <b>(5.0)</b>    | <b>(0.2)</b> | <b>3,885</b>              |

## New Zealand Superannuation Fund

Within MSDs & equity investments is the NZS Fund (except for cross holdings of investments with other parts of the Crown (for example the NZS Fund may hold NZ Government Stock). The following information includes all investments and income, including cross-holdings of NZ Government Stock and accrued interest on such stock.

## Gross and Net Debt information

### Definitions of debt:

Total Crown gross debt is the total borrowings (both sovereign-guaranteed and non-sovereign guaranteed) of the total Crown. This equates to the amount in the total Crown balance sheet and represents the complete picture of whole-of-Crown debt obligations to external parties.

The balance sheet splits total Crown debt into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that debt held by SOEs and Crown entities is not explicitly guaranteed by the Crown. Any such debt that may be guaranteed is included in the sovereign-guaranteed total. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

Total sovereign-issued debt is debt issued by the sovereign (i.e., core Crown) and includes Government stock held by the NZS Fund, GSF, ACC or EQC for example. In other words, the total sovereign-issued debt does not eliminate any internal cross-holdings. The Government's debt objective uses this measure of debt.

|               |               | <b>Total Crown Debt</b>                  |               |               |              |              |               |
|---------------|---------------|--|---------------|---------------|--------------|--------------|---------------|
| <b>38,285</b> | <b>39,813</b> | <b>Total Crown gross debt</b>            | <b>39,109</b> | <b>39,866</b> | <b>(757)</b> | <b>(1.9)</b> | <b>36,118</b> |
| <b>36,086</b> | <b>37,889</b> | <b>Total gross sovereign-issued debt</b> | <b>38,231</b> | <b>38,671</b> | <b>(440)</b> | <b>(1.1)</b> | <b>34,469</b> |
|               |               | <b>Core Crown Debt</b>                   |               |               |              |              |               |
| 36,086        | 37,889        | Gross sovereign-issued debt              | 38,231        | 38,671        | (440)        | (1.1)        | 34,469        |
| (23,029)      | (23,440)      | Financial assets                         | (26,693)      | (26,802)      | 109          | 0.4          | (23,963)      |
| <b>13,057</b> | <b>14,449</b> | <b>Borrowings less financial assets</b>  | <b>11,538</b> | <b>11,869</b> | <b>(331)</b> | <b>(2.8)</b> | <b>10,506</b> |
| 4,520         | 4,473         | NZS Fund and GSF<br>financial assets     | 4,881         | 5,156         | (275)        | (5.3)        | 6,429         |
| <b>17,577</b> | <b>18,922</b> | <b>Net Crown Debt</b>                    | <b>16,419</b> | <b>17,025</b> | <b>(606)</b> | <b>(3.6)</b> | <b>16,935</b> |

The accompanying Notes and Accounting policies are an integral part of these Statements.

# STATEMENT OF BORROWINGS

as at 29 February 2004

| Prior Year<br>30<br>June<br>2003<br>\$m                       | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |               |              |              | Annual        |
|---|---|--|---------------------------------|---------------|--------------|--------------|---------------|
|   |   |  | Actual                          | Forecast      | Variance     |              | Forecast      |
|   |   |  | \$m                             | \$m           | \$m          | %            | \$m           |
| <b>Sovereign-Guaranteed Debt</b>                              |   |  |                                 |               |              |              |               |
| <b>New Zealand-Dollar Debt</b>                                |   |  |                                 |               |              |              |               |
| 18,745  | 20,730                                  | Government stock                         | 20,117                          | 20,468        | 351          | 1.7          | 17,345        |
| 5,317   | 5,688                                   | Treasury bills                           | 5,736                           | 5,791         | 55           | 0.9          | 5,389         |
| (500)   | (561)                                   | Loans and foreign-exchange contracts     | 651                             | 56            | (595)        | -            | (159)         |
| 818   | 704                                     | Retail stock                             | 699                             | 718           | 19           | 2.6          | 659           |
| <b>24,380</b>   | <b>26,561</b>                           | <b>Total New Zealand-Dollar Debt</b>     | <b>27,203</b>                   | <b>27,033</b> | <b>(170)</b> | <b>(0.6)</b> | <b>23,234</b> |
| <b>Foreign-Currency Debt</b>                                  |   |  |                                 |               |              |              |               |
| 2,495   | 3,697                                   | United States dollars                    | 1,677                           | 1,582         | (95)         | (6.0)        | 1,608         |
| 835   | 254                                     | Japanese yen                             | 730                             | 983           | 253          | 25.7         | 983           |
| 3,367   | 2,281                                   | European and other currencies            | 2,288                           | 3,238         | 950          | 29.3         | 3,238         |
| <b>6,697</b>  | <b>6,232</b>                            | <b>Total Foreign-Currency Debt</b>       | <b>4,695</b>                    | <b>5,803</b>  | <b>1,108</b> | <b>19.1</b>  | <b>5,829</b>  |
| <b>31,077</b>   | <b>32,793</b>                           | <b>Total Sovereign-Guaranteed Debt</b>   | <b>31,898</b>                   | <b>32,836</b> | <b>938</b>   | <b>2.9</b>   | <b>29,063</b> |
| <b>Non-Sovereign-Guaranteed Debt</b>                          |   |  |                                 |               |              |              |               |
| 5,739   | 5,630                                   | New Zealand dollars                      | 5,595                           | 5,875         | 280          | 4.8          | 6,039         |
| 977   | 1,267                                   | United States dollars                    | 930                             | 1,032         | 102          | 9.9          | 893           |
| 212   | -                                       | Japanese yen                             | -                               | -             | -            | -            | -             |
| 280   | 123                                     | European and other currencies            | 686                             | 123           | (563)        | (457.7)      | 123           |
| <b>7,208</b>  | <b>7,020</b>                            | <b>Total Non-Sovereign Debt</b>          | <b>7,211</b>                    | <b>7,030</b>  | <b>(181)</b> | <b>(2.6)</b> | <b>7,055</b>  |
| <b>38,285</b>   | <b>39,813</b>                           | <b>Total Borrowings (Gross Debt)</b>     | <b>39,109</b>                   | <b>39,866</b> | <b>757</b>   | <b>1.9</b>   | <b>36,118</b> |
| <b>Less</b>   |   |  |                                 |               |              |              |               |
| <b>Financial Assets (including restricted assets)</b>         |   |  |                                 |               |              |              |               |
| <b>Marketable Securities, Deposits and Equity Investments</b> |   |  |                                 |               |              |              |               |
| 8,276   | 10,356                                  | New Zealand dollars                      | 12,055                          | 9,731         | 2,324        | 23.9         | 5,842         |
| 4,144   | 5,056                                   | United States dollars                    | 2,758                           | 4,370         | (1,612)      | (36.9)       | 3,808         |
| 838   | 291                                     | Japanese yen                             | 808                             | 1,017         | (209)        | (20.6)       | 1,017         |
| 2,247   | 1,497                                   | European and other currencies            | 1,494                           | 1,276         | 218          | 17.1         | 1,153         |
| 1,067   | 872                                     | Reserve position at IMF                  | 1,080                           | 1,102         | (22)         | (2.0)        | 1,225         |
| 1,401   | 794                                     | NZ equity investments                    | 1,804                           | 2,042         | (238)        | (11.7)       | 2,301         |
| 3,333   | 2,726                                   | Foreign equity investments               | 5,113                           | 5,693         | (580)        | (10.2)       | 6,396         |
| <b>21,306</b>   | <b>21,592</b>                           | <b>Total Marketable Securities</b>       | <b>25,112</b>                   | <b>25,231</b> | <b>(119)</b> | <b>(0.5)</b> | <b>21,742</b> |
|   |   | <b>Deposits &amp; Equity Investments</b> |                                 |               |              |              |               |
|   |   | <b>Advances and Cash</b>                 |                                 |               |              |              |               |
| 5,370   | 5,088                                   | Student loans                            | 5,694                           | 5,739         | (45)         | (0.8)        | 6,073         |
| 930   | 391                                     | Other advances                           | 1,208                           | 1,292         | (84)         | (6.5)        | 1,514         |
| 2,732   | 2,573                                   | Cash                                     | 3,048                           | 2,904         | 144          | 5.0          | 2,455         |
| <b>9,032</b>  | <b>8,052</b>                            | <b>Total Advances and Cash</b>           | <b>9,950</b>                    | <b>9,935</b>  | <b>15</b>    | <b>0.2</b>   | <b>10,042</b> |
| <b>30,338</b>   | <b>29,644</b>                           | <b>Total Financial Assets</b>            | <b>35,062</b>                   | <b>35,166</b> | <b>(104)</b> | <b>(0.3)</b> | <b>31,784</b> |
| <b>7,947</b>  | <b>10,169</b>                           | <b>Borrowings less Financial Assets</b>  | <b>4,047</b>                    | <b>4,700</b>  | <b>653</b>   | <b>13.9</b>  | <b>4,334</b>  |
| 11,478  | 13,017                                  | Net New Zealand-dollar debt              | 9,054                           | 11,211        | 2,157        | 19.2         | 11,088        |
| (3,531)   | (2,848)                                 | Net foreign-currency debt                | (5,007)                         | (6,511)       | (1,504)      | (23.1)       | (6,754)       |
| <b>7,947</b>  | <b>10,169</b>                           | <b>Borrowings less Financial Assets</b>  | <b>4,047</b>                    | <b>4,700</b>  | <b>653</b>   | <b>13.9</b>  | <b>4,334</b>  |

The accompanying Notes and Accounting policies are an integral part of these Statements.

## STATEMENT OF COMMITMENTS

as at 29 February 2004

|  | As at<br>29 February<br>2004<br>\$m | As at<br>30 June<br>2003<br>\$m | As at<br>28 February<br>2003<br>\$m |
|--|-------------------------------------|---------------------------------|-------------------------------------|
| <b>Capital Commitments</b>                                     |                                     |                                 |                                     |
| Specialist military equipment                                  | 86                                  | 292                             | 390                                 |
| Land and buildings   | 1,232                               | 987                             | 1,216                               |
| Other property, plant and equipment                            | 462                                 | 862                             | 814                                 |
| Other capital commitments                                      | 133                                 | 145                             | 27                                  |
| TEIs   | 32                                  | 32                              | -                                   |
| <b>Total Capital Commitments</b>                               | <b>1,945</b>                        | <b>2,318</b>                    | <b>2,447</b>                        |
| <b>Operating Commitments</b>                                   |                                     |                                 |                                     |
| Non-cancellable accommodation leases                           | 1,268                               | 1,268                           | 1,374                               |
| Other non-cancellable leases                                   | 2,567                               | 3,174                           | 2,832                               |
| Non-cancellable contracts for the supply of goods and services | 3,702                               | 1,907                           | 1,792                               |
| Other operating commitments                                    | 759                                 | 2,645                           | 1,735                               |
| TEIs   | 316                                 | 316                             | -                                   |
| <b>Total Operating Commitments</b>                             | <b>8,612</b>                        | <b>9,310</b>                    | <b>7,733</b>                        |
| <b>Total Commitments</b>                                       | <b>10,557</b>                       | <b>11,628</b>                   | <b>10,180</b>                       |
| <b>Total Commitments by Institutional Segment</b>              |                                     |                                 |                                     |
| Core Crown   | 5,117                               | 4,731                           | 5,479                               |
| Crown entities   | 3,250                               | 4,783                           | 2,361                               |
| State-owned enterprises  | 2,190                               | 2,114                           | 2,340                               |
| <b>Total Commitments</b>                                       | <b>10,557</b>                       | <b>11,628</b>                   | <b>10,180</b>                       |

## STATEMENT OF CONTINGENT LIABILITIES

as at 29 February 2004

|   | As at<br>29 February<br>2004<br>\$m | As at<br>30 June<br>2003<br>\$m | As at<br>28 February<br>2003<br>\$m |
|---|-------------------------------------|---------------------------------|-------------------------------------|
| <b>Quantifiable Contingent Liabilities</b>                                |                                     |                                 |                                     |
| Guarantees and Indemnities  | 191                                 | 418                             | 273                                 |
| Uncalled Capital  | 2,239                               | 2,641                           | 2,675                               |
| Legal Proceedings and Disputes  | 561                                 | 242                             | 315                                 |
| Other Contingent Liabilities  | 1,262                               | 1,316                           | 1,603                               |
| <b>Total Quantifiable Contingent Liabilities</b>                          | <b>4,253</b>                        | <b>4,617</b>                    | <b>4,866</b>                        |
| <b>Total Quantifiable Contingent Liabilities by Institutional Segment</b> |                                     |                                 |                                     |
| Core Crown  | 4,096                               | 4,418                           | 4,665                               |
| Crown entities  | 10                                  | 45                              | 10                                  |
| State-owned enterprises   | 147                                 | 154                             | 191                                 |
| <b>Total Quantifiable Contingent Liabilities</b>                          | <b>4,253</b>                        | <b>4,617</b>                    | <b>4,866</b>                        |
| <b>Quantifiable Contingent Assets</b>                                     |                                     |                                 |                                     |
| Core Crown - Education and Transport                                      | 129                                 | 129                             | -                                   |
| <b>Total Quantifiable Contingent Assets</b>                               | <b>129</b>                          | <b>129</b>                      | <b>-</b>                            |

The accompanying Notes and Accounting policies are an integral part of these Statements.

# STATEMENT OF SEGMENTS

## Financial Performance and Financial Position by institutional form

### Statement of Financial Performance (institutional form) for the eight months ended 29 February 2004 (actual to forecast)

| (\$ million)                                 | Current Year-To-Date Actual vs Forecast |  |                                      |  |
|--|---|--|--------------------------------------|--|
|  | Core Crown                              |  | Crown entities                       |  |
|  | Actual<br>February<br>2003/04<br>\$m    | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m |
| <b>Revenue</b>                               |   |  |                                      |  |
| Taxation revenue                             | 28,235                                  | 28,023                                 | -                                    | -                                      |
| Other sovereign levied income                | 408                                     | 376                                    | 1,657                                | 1,648                                  |
| Sales of goods and services                  | 502                                     | 522                                    | 1,158                                | 841                                    |
| Investment income                            | 1,208                                   | 1,070                                  | 646                                  | 470                                    |
| Other revenues                               | 417                                     | 401                                    | 10,121                               | 10,065                                 |
| <b>Total revenue</b>                         | <b>30,770</b>                           | <b>30,392</b>                          | <b>13,582</b>                        | <b>13,024</b>                          |
| <b>Expenses by input type</b>                |   |  |                                      |  |
| Subsidies and transfer payments              | 9,274                                   | 9,369                                  | 927                                  | 915                                    |
| Personnel expenses                           | 2,859                                   | 2,857                                  | 3,971                                | 3,945                                  |
| Operating expenses                           | 13,425                                  | 13,720                                 | 7,370                                | 7,159                                  |
| Finance costs                                | 1,498                                   | 1,522                                  | 139                                  | 148                                    |
| FX losses/(gains)                            | 44                                      | (25)                                   | 82                                   | -                                      |
| GSF and ACC liability revaluation movts      | (330)                                   | (330)                                  | 55                                   | 55                                     |
| <b>Total expenses</b>                        | <b>26,770</b>                           | <b>27,113</b>                          | <b>12,544</b>                        | <b>12,222</b>                          |
| <b>Expenses by functional classification</b> |   |  |                                      |  |
| Social security and welfare                  | 9,414                                   | 9,515                                  | 1,416                                | 1,389                                  |
| Health                                       | 5,268                                   | 5,285                                  | 4,338                                | 4,207                                  |
| Education                                    | 4,889                                   | 4,936                                  | 3,887                                | 3,884                                  |
| Other functional classifications             | 5,657                                   | 5,880                                  | 2,682                                | 2,594                                  |
| Forecast for future new spending             | -                                       | -                                      | -                                    | -                                      |
| Finance costs and FX losses/(gains)          | 1,542                                   | 1,497                                  | 221                                  | 148                                    |
| <b>Total expenses</b>                        | <b>26,770</b>                           | <b>27,113</b>                          | <b>12,544</b>                        | <b>12,222</b>                          |
| Net surplus of TEIs                          | -                                       | -                                      | 52                                   | 52                                     |
| Minority interest                            | -                                       | -                                      | -                                    | -                                      |
| <b>Operating balance</b>                     | <b>4,000</b>                            | <b>3,279</b>                           | <b>1,090</b>                         | <b>854</b>                             |

### Statement of Financial Position (institutional form) as at 29 February 2004 (actual to forecast)

| (\$ million)                                       | Core Crown                           |  | Crown entities                       |  |
|--|--------------------------------------|--|--------------------------------------|--|
|  | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m |
|  | <b>Assets</b>                        |  |                                      |  |
| Financial assets                                   | 26,693                               | 26,802                                 | 12,092                               | 11,825                                 |
| Physical assets                                    | 17,473                               | 17,379                                 | 25,550                               | 25,629                                 |
| Investment in SOEs & CE (including TEIs)           | 23,127                               | 23,381                                 | 4,400                                | 4,400                                  |
| Other assets                                       | 8,425                                | 8,677                                  | 2,446                                | 2,315                                  |
| <b>Total assets</b>                                | <b>75,718</b>                        | <b>76,239</b>                          | <b>44,488</b>                        | <b>44,169</b>                          |
| <b>Liabilities</b>                                 |                                      |  |                                      |  |
| Borrowings   | 36,630                               | 37,385                                 | 3,471                                | 3,090                                  |
| Other liabilities                                  | 22,069                               | 22,595                                 | 12,928                               | 13,167                                 |
| <b>Total liabilities</b>                           | <b>58,699</b>                        | <b>59,980</b>                          | <b>16,399</b>                        | <b>16,257</b>                          |
| <b>Net worth</b>                                   | <b>17,019</b>                        | <b>16,259</b>                          | <b>28,089</b>                        | <b>27,912</b>                          |
| Taxpayer funds                                     | 12,321                               | 11,571                                 | 18,433                               | 18,213                                 |
| Revaluation reserves                               | 4,698                                | 4,688                                  | 9,656                                | 9,699                                  |
| <b>Net worth</b>                                   | <b>17,019</b>                        | <b>16,259</b>                          | <b>28,089</b>                        | <b>27,912</b>                          |
| <b>Analysis of financial assets and borrowings</b> |                                      |  |                                      |  |
| Advances and cash                                  | 7,803                                | 7,698                                  | 1,561                                | 1,457                                  |
| MSDs and equity investments                        | 18,890                               | 19,104                                 | 10,531                               | 10,368                                 |
| <b>Total financial assets</b>                      | <b>26,693</b>                        | <b>26,802</b>                          | <b>12,092</b>                        | <b>11,825</b>                          |
| Borrowings - Sovereign guaranteed                  | 36,630                               | 37,385                                 | -                                    | -                                      |
| Borrowings - Non-sovereign guaranteed              | -                                    | -                                      | 3,471                                | 3,090                                  |
| <b>Total borrowings</b>                            | <b>36,630</b>                        | <b>37,385</b>                          | <b>3,471</b>                         | <b>3,090</b>                           |
| <b>Borrowings less financial assets</b>            | <b>9,937</b>                         | <b>10,583</b>                          | <b>(8,621)</b>                       | <b>(8,735)</b>                         |
| <b>Net Crown debt</b>                              | <b>16,419</b>                        | <b>17,025</b>                          |                                      |  |
| <b>Gross sovereign-issued debt</b>                 | <b>38,231</b>                        | <b>38,671</b>                          |                                      |  |

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.



# STATEMENT OF SEGMENTS (CONTINUED)

Financial Performance and Financial Position by institutional form

## Statement of Financial Performance (institutional form)

for the eight months ended 29 February 2004 (actual to forecast)

| (\$ million)                                 | Current Year-To-Date Actual vs Forecast |  |                                      |  |                                      |  |
|--|---|--|--------------------------------------|--|--------------------------------------|--|
|  | State-owned enterprises                 |  | Inter-segment elimins                |  | Total Crown                          |  |
|  | Actual<br>February<br>2003/04<br>\$m    | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m |
| <b>Revenue</b>                               |   |  |                                      |  |                                      |  |
| Taxation revenue                             | -                                       | -                                      | (331)                                | (273)                                  | 27,904                               | 27,750                                 |
| Other sovereign levied income                | -                                       | -                                      | (36)                                 | (32)                                   | 2,029                                | 1,992                                  |
| Sales of goods and services                  | 5,426                                   | 5,650                                  | (279)                                | (253)                                  | 6,807                                | 6,760                                  |
| Investment income                            | 80                                      | 66                                     | (297)                                | (276)                                  | 1,637                                | 1,330                                  |
| Other revenues                               | 343                                     | 358                                    | (9,633)                              | (9,688)                                | 1,248                                | 1,136                                  |
| <b>Total revenue</b>                         | <b>5,849</b>                            | <b>6,074</b>                           | <b>(10,576)</b>                      | <b>(10,522)</b>                        | <b>39,625</b>                        | <b>38,968</b>                          |
| <b>Expenses by input type</b>                |   |  |                                      |  |                                      |  |
| Subsidies and transfer payments              | -                                       | -                                      | -                                    | -                                      | 10,201                               | 10,284                                 |
| Personnel expenses                           | 1,015                                   | 1,074                                  | (2)                                  | (2)                                    | 7,843                                | 7,874                                  |
| Operating expenses                           | 4,187                                   | 4,414                                  | (10,284)                             | (10,239)                               | 14,698                               | 15,054                                 |
| Finance costs                                | 201                                     | 195                                    | (142)                                | (166)                                  | 1,696                                | 1,699                                  |
| FX losses/(gains)                            | (115)                                   | (13)                                   | -                                    | -                                      | 11                                   | (38)                                   |
| GSF and ACC liability revaluation movts      | -                                       | -                                      | -                                    | -                                      | (275)                                | (275)                                  |
| <b>Total expenses</b>                        | <b>5,288</b>                            | <b>5,670</b>                           | <b>(10,428)</b>                      | <b>(10,407)</b>                        | <b>34,174</b>                        | <b>34,598</b>                          |
| <b>Expenses by functional classification</b> |   |  |                                      |  |                                      |  |
| Social security and welfare                  | -                                       | -                                      | (286)                                | (283)                                  | 10,544                               | 10,621                                 |
| Health                                       | -                                       | -                                      | (4,525)                              | (4,420)                                | 5,081                                | 5,072                                  |
| Education                                    | -                                       | -                                      | (3,518)                              | (3,490)                                | 5,258                                | 5,330                                  |
| Other functional classifications             | 5,202                                   | 5,488                                  | (1,957)                              | (2,054)                                | 11,584                               | 11,908                                 |
| Forecast for future new spending             | -                                       | -                                      | -                                    | -                                      | -                                    | -                                      |
| Finance costs and FX losses/(gains)          | 86                                      | 182                                    | (142)                                | (160)                                  | 1,707                                | 1,667                                  |
| <b>Total expenses</b>                        | <b>5,288</b>                            | <b>5,670</b>                           | <b>(10,428)</b>                      | <b>(10,407)</b>                        | <b>34,174</b>                        | <b>34,598</b>                          |
| Net surplus of TEIs                          | -                                       | -                                      | -                                    | -                                      | 52                                   | 52                                     |
| Minority interest                            | -                                       | -                                      | -                                    | -                                      | -                                    | -                                      |
| <b>Operating balance</b>                     | <b>561</b>                              | <b>404</b>                             | <b>(148)</b>                         | <b>(115)</b>                           | <b>5,503</b>                         | <b>4,422</b>                           |

## Statement of Financial Position (institutional form)

as at 29 February 2004 (actual to forecast)

| (\$ million)                                       | State-owned enterprises              |  | Inter-segment elimins                |  | Total Crown                          |  |
|--|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|
|  | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m | Actual<br>February<br>2003/04<br>\$m | Forecast<br>February<br>2003/04<br>\$m |
|  | <b>Assets</b>                        |  |                                      |  |                                      |  |
| Financial assets                                   | 2,409                                | 2,492                                  | (6,132)                              | (5,953)                                | 35,062                               | 35,166                                 |
| Physical assets                                    | 9,933                                | 10,214                                 | -                                    | -                                      | 52,956                               | 53,222                                 |
| Investment in SOEs & CE (including TEIs)           | -                                    | -                                      | (23,127)                             | (23,381)                               | 4,400                                | 4,400                                  |
| Other assets                                       | 2,267                                | 2,668                                  | (554)                                | (855)                                  | 12,584                               | 12,805                                 |
| <b>Total assets</b>                                | <b>14,609</b>                        | <b>15,374</b>                          | <b>(29,813)</b>                      | <b>(30,189)</b>                        | <b>105,002</b>                       | <b>105,593</b>                         |
| <b>Liabilities</b>                                 |                                      |  |                                      |  |                                      |  |
| Borrowings   | 5,140                                | 5,344                                  | (6,132)                              | (5,953)                                | 39,109                               | 39,866                                 |
| Other liabilities                                  | 2,745                                | 3,036                                  | (1,066)                              | (1,227)                                | 36,676                               | 37,571                                 |
| <b>Total liabilities</b>                           | <b>7,885</b>                         | <b>8,380</b>                           | <b>(7,198)</b>                       | <b>(7,180)</b>                         | <b>75,785</b>                        | <b>77,437</b>                          |
| <b>Net worth</b>                                   | <b>6,724</b>                         | <b>6,994</b>                           | <b>(22,615)</b>                      | <b>(23,009)</b>                        | <b>29,217</b>                        | <b>28,156</b>                          |
| Taxpayer funds                                     | 5,442                                | 5,718                                  | (22,615)                             | (23,009)                               | 13,581                               | 12,493                                 |
| Revaluation reserves                               | 1,282                                | 1,276                                  | -                                    | -                                      | 15,636                               | 15,663                                 |
| <b>Net worth</b>                                   | <b>6,724</b>                         | <b>6,994</b>                           | <b>(22,615)</b>                      | <b>(23,009)</b>                        | <b>29,217</b>                        | <b>28,156</b>                          |
| <b>Analysis of financial assets and borrowings</b> |                                      |  |                                      |  |                                      |  |
| Advances and cash                                  | 1,979                                | 2,118                                  | (1,393)                              | (1,338)                                | 9,950                                | 9,935                                  |
| MSDs and equity investments                        | 430                                  | 374                                    | (4,739)                              | (4,615)                                | 25,112                               | 25,231                                 |
| <b>Total financial assets</b>                      | <b>2,409</b>                         | <b>2,492</b>                           | <b>(6,132)</b>                       | <b>(5,953)</b>                         | <b>35,062</b>                        | <b>35,166</b>                          |
| Borrowings - Sovereign guaranteed                  | -                                    | -                                      | (4,732)                              | (4,549)                                | 31,898                               | 32,836                                 |
| Borrowings - Non-sovereign guaranteed              | 5,140                                | 5,344                                  | (1,400)                              | (1,404)                                | 7,211                                | 7,030                                  |
| <b>Total borrowings</b>                            | <b>5,140</b>                         | <b>5,344</b>                           | <b>(6,132)</b>                       | <b>(5,953)</b>                         | <b>39,109</b>                        | <b>39,866</b>                          |
| <b>Borrowings less financial assets</b>            | <b>2,731</b>                         | <b>2,852</b>                           | <b>-</b>                             | <b>-</b>                               | <b>4,047</b>                         | <b>4,700</b>                           |

# STATEMENT OF SEGMENTS (CONTINUED)

## Financial Performance and Financial Position by institutional form

### Forecast Statement of Financial Performance (institutional form)

for the year ended 30 June 2004 (compared to actual 30 June 2003)

| (\$ million)                                 | Prior Year Actual vs Current Year Forecast |                         |                       |                         |
|--|--|-------------------------|-----------------------|-------------------------|
|  | Core Crown                                 |                         | Crown entities        |                         |
|  | Actual<br>2003<br>\$m                      | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m |
| <b>Revenue</b>                               |  |                         |                       |                         |
| Taxation revenue                             | 40,168                                     | 42,614                  | -                     | -                       |
| Other sovereign levied income                | 517  | 594                     | 2,297                 | 2,472                   |
| Sales of goods and services                  | 730  | 759                     | 1,245                 | 1,223                   |
| Investment income                            | 1,539                                      | 1,803                   | 718                   | 693                     |
| Other revenues                               | 670  | 560                     | 13,600                | 15,756                  |
| <b>Total revenue</b>                         | <b>43,624</b>                              | <b>46,330</b>           | <b>17,860</b>         | <b>20,144</b>           |
| <b>Expenses by input type</b>                |  |                         |                       |                         |
| Subsidies and transfer payments              | 13,798                                     | 14,129                  | 1,309                 | 1,387                   |
| Personnel expenses                           | 4,011                                      | 4,203                   | 6,054                 | 6,387                   |
| Operating expenses                           | 19,815                                     | 21,676                  | 8,867                 | 10,832                  |
| Finance costs                                | 2,360                                      | 2,248                   | 202                   | 226                     |
| FX losses/(gains)                            | 118  | (24)                    | 48                    | -                       |
| GSF and ACC liability movements              | 1,647                                      | (364)                   | 1,654                 | 82                      |
| <b>Total expenses</b>                        | <b>41,749</b>                              | <b>41,868</b>           | <b>18,134</b>         | <b>18,914</b>           |
| <b>Expenses by functional classification</b> |  |                         |                       |                         |
| Social security and welfare                  | 13,907                                     | 14,296                  | 3,587                 | 2,099                   |
| Health                                       | 7,501                                      | 8,245                   | 5,934                 | 6,861                   |
| Education                                    | 7,016                                      | 7,570                   | 4,724                 | 5,907                   |
| Other functional classifications             | 10,847                                     | 9,498                   | 3,639                 | 3,821                   |
| Forecast for future new spending             | -  | 35                      | -                     | -                       |
| Finance costs and FX losses/(gains)          | 2,478                                      | 2,224                   | 250                   | 226                     |
| <b>Total expenses</b>                        | <b>41,749</b>                              | <b>41,868</b>           | <b>18,134</b>         | <b>18,914</b>           |
| Net surplus of TEIs                          | -  | -                       | 151                   | 78                      |
| Minority interest                            | -  | -                       | -                     | -                       |
| <b>Operating balance</b>                     | <b>1,875</b>                               | <b>4,462</b>            | <b>(123)</b>          | <b>1,308</b>            |

### Forecast Statement of Financial Position (institutional form)

as at 30 June 2004 (compared to actual 30 June 2003)

| (\$ million)                                       | Core Crown            |                         | Crown entities        |                         |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
|  | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m |
|  | <b>Assets</b>         |                         |                       |                         |
| Financial assets                                   | 23,029                | 23,963                  | 10,947                | 12,103                  |
| Physical assets                                    | 17,450                | 17,616                  | 25,253                | 25,610                  |
| Investment in SOEs & CE (including TEIs)           | 23,166                | 24,020                  | 4,212                 | 4,428                   |
| Other assets                                       | 8,589                 | 8,310                   | 2,334                 | 2,428                   |
| <b>Total assets</b>                                | <b>72,234</b>         | <b>73,909</b>           | <b>42,746</b>         | <b>44,569</b>           |
| <b>Liabilities</b>                                 |                       |                         |                       |                         |
| Borrowings   | 35,575                | 33,754                  | 3,167                 | 3,402                   |
| Other liabilities                                  | 23,661                | 22,686                  | 12,753                | 12,814                  |
| <b>Total liabilities</b>                           | <b>59,236</b>         | <b>56,440</b>           | <b>15,920</b>         | <b>16,216</b>           |
| <b>Net worth</b>                                   | <b>12,998</b>         | <b>17,469</b>           | <b>26,826</b>         | <b>28,353</b>           |
| Taxpayer Funds                                     | 8,316                 | 12,781                  | 17,160                | 18,654                  |
| Revaluation reserves                               | 4,682                 | 4,688                   | 9,666                 | 9,699                   |
| Minority interest                                  | -                     | -                       | -                     | -                       |
| <b>Net worth</b>                                   | <b>12,998</b>         | <b>17,469</b>           | <b>26,826</b>         | <b>28,353</b>           |
| <b>Analysis of financial assets and borrowings</b> |                       |                         |                       |                         |
| Advances and cash                                  | 6,994                 | 8,474                   | 1,501                 | 1,446                   |
| MSDs and equity investments                        | 16,035                | 15,489                  | 9,446                 | 10,657                  |
| <b>Total financial assets</b>                      | <b>23,029</b>         | <b>23,963</b>           | <b>10,947</b>         | <b>12,103</b>           |
| Borrowings - Sovereign guaranteed                  | 35,575                | 33,754                  | -                     | -                       |
| Borrowings - Non-sovereign guaranteed              | -                     | -                       | 3,167                 | 3,402                   |
| <b>Total borrowings</b>                            | <b>35,575</b>         | <b>33,754</b>           | <b>3,167</b>          | <b>3,402</b>            |
| <b>Borrowings less financial assets</b>            | <b>12,546</b>         | <b>9,791</b>            | <b>(7,780)</b>        | <b>(8,701)</b>          |
| <b>Net Crown debt</b>                              | <b>17,577</b>         | <b>16,935</b>           |                       |                         |
| <b>Gross sovereign-issued debt</b>                 | <b>36,086</b>         | <b>34,469</b>           |                       |                         |

Net Crown debt and gross sovereign-issued debt differ from the analysis above due to elimination of cross-holdings of Govt stock and adding back the NZS Fund and GSF assets.

# STATEMENT OF SEGMENTS (CONTINUED)

## Financial Performance and Financial Position by institutional form

### Forecast Statement of Financial Performance (institutional form) for the year ended 30 June 2004 (compared to actual 30 June 2003)

| (\$ million)                                 | Prior Year Actual vs Current Year Forecast |                         |                       |                         |                       |                         |
|--|--|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
|  | State-owned enterprises                    |                         | Inter-segment elimins |                         | Total Crown           |                         |
|  | Actual<br>2003<br>\$m                      | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m |
| <b>Revenue</b>                               |  |                         |                       |                         |                       |                         |
| Taxation revenue                             | -  | -                       | (383)                 | (363)                   | 39,785                | 42,251                  |
| Other sovereign levied income                | -  | -                       | (51)                  | (53)                    | 2,763                 | 3,013                   |
| Sales of goods and services                  | 8,797                                      | 8,814                   | (387)                 | (416)                   | 10,385                | 10,380                  |
| Investment income                            | 104  | 108                     | (502)                 | (513)                   | 1,859                 | 2,091                   |
| Other revenues                               | 588  | 531                     | (12,623)              | (15,060)                | 2,235                 | 1,787                   |
| <b>Total revenue</b>                         | <b>9,489</b>                               | <b>9,453</b>            | <b>(13,946)</b>       | <b>(16,405)</b>         | <b>57,027</b>         | <b>59,522</b>           |
| <b>Expenses by input type</b>                |  |                         |                       |                         |                       |                         |
| Subsidies and transfer payments              | -  | -                       | -                     | -                       | 15,107                | 15,516                  |
| Personnel expenses                           | 1,557                                      | 1,658                   | (2)                   | (3)                     | 11,620                | 12,245                  |
| Operating expenses                           | 7,334                                      | 6,888                   | (13,451)              | (15,885)                | 22,565                | 23,511                  |
| Finance costs                                | 267  | 315                     | (279)                 | (233)                   | 2,550                 | 2,556                   |
| FX losses/(gains)                            | (85)                                       | (14)                    | -                     | -                       | 81                    | (38)                    |
| GSF and ACC liability revaluation movts      | -  | -                       | -                     | -                       | 3,301                 | (282)                   |
| <b>Total expenses</b>                        | <b>9,073</b>                               | <b>8,847</b>            | <b>(13,732)</b>       | <b>(16,121)</b>         | <b>55,224</b>         | <b>53,508</b>           |
| <b>Expenses by functional classification</b> |  |                         |                       |                         |                       |                         |
| Social security and welfare                  | -  | -                       | (410)                 | (424)                   | 17,084                | 15,971                  |
| Health                                       | -  | -                       | (6,023)               | (7,145)                 | 7,412                 | 7,961                   |
| Education                                    | -  | -                       | (3,952)               | (5,232)                 | 7,788                 | 8,245                   |
| Other functional classifications             | 8,891                                      | 8,546                   | (3,068)               | (3,087)                 | 20,309                | 18,778                  |
| Forecast for future new spending             | -  | -                       | -                     | -                       | -                     | 35                      |
| Finance costs and FX losses/(gains)          | 182  | 301                     | (279)                 | (233)                   | 2,631                 | 2,518                   |
| <b>Total expenses</b>                        | <b>9,073</b>                               | <b>8,847</b>            | <b>(13,732)</b>       | <b>(16,121)</b>         | <b>55,224</b>         | <b>53,508</b>           |
| Net surplus of TEIs                          | -  | -                       | -                     | -                       | 151                   | 78                      |
| Minority interest                            | 12   | -                       | -                     | -                       | 12                    | -                       |
| <b>Operating balance</b>                     | <b>428</b>                                 | <b>606</b>              | <b>(214)</b>          | <b>(284)</b>            | <b>1,966</b>          | <b>6,092</b>            |

### Forecast Statement of Financial Position (institutional form) as at 30 June 2004 (compared to actual 30 June 2003)

| (\$ million)                                       | State-owned enterprises |                         | Inter-segment elimins |                         | Total Crown           |                         |
|--|-------------------------|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
|  | Actual<br>2003<br>\$m   | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m | Actual<br>2003<br>\$m | Forecast<br>2004<br>\$m |
|  | <b>Assets</b>           |                         |                       |                         |                       |                         |
| Financial assets                                   | 2,016                   | 2,537                   | (5,654)               | (6,819)                 | 30,338                | 31,784                  |
| Physical assets                                    | 9,964                   | 10,301                  | -                     | -                       | 52,667                | 53,527                  |
| Investment in SOEs & CE (including TEIs)           | -                       | -                       | (23,166)              | (24,020)                | 4,212                 | 4,428                   |
| Other assets                                       | 2,508                   | 2,696                   | (797)                 | (1,041)                 | 12,634                | 12,393                  |
| <b>Total assets</b>                                | <b>14,488</b>           | <b>15,534</b>           | <b>(29,617)</b>       | <b>(31,880)</b>         | <b>99,851</b>         | <b>102,132</b>          |
| <b>Liabilities</b>                                 |                         |                         |                       |                         |                       |                         |
| Borrowings   | 5,197                   | 5,781                   | (5,654)               | (6,819)                 | 38,285                | 36,118                  |
| Other liabilities                                  | 2,663                   | 2,570                   | (1,292)               | (1,976)                 | 37,785                | 36,094                  |
| <b>Total liabilities</b>                           | <b>7,860</b>            | <b>8,351</b>            | <b>(6,946)</b>        | <b>(8,795)</b>          | <b>76,070</b>         | <b>72,212</b>           |
| <b>Net worth</b>                                   | <b>6,628</b>            | <b>7,183</b>            | <b>(22,671)</b>       | <b>(23,085)</b>         | <b>23,781</b>         | <b>29,920</b>           |
| Taxpayer Funds                                     | 5,258                   | 5,907                   | (22,671)              | (23,085)                | 8,063                 | 14,257                  |
| Revaluation reserves                               | 1,276                   | 1,276                   | -                     | -                       | 15,624                | 15,663                  |
| Minority interest                                  | 94                      | -                       | -                     | -                       | 94                    | -                       |
| <b>Net worth</b>                                   | <b>6,628</b>            | <b>7,183</b>            | <b>(22,671)</b>       | <b>(23,085)</b>         | <b>23,781</b>         | <b>29,920</b>           |
| <b>Analysis of financial assets and borrowings</b> |                         |                         |                       |                         |                       |                         |
| Advances and cash                                  | 1,541                   | 2,190                   | (1,004)               | (2,068)                 | 9,032                 | 10,042                  |
| MSDs and equity investments                        | 475                     | 347                     | (4,650)               | (4,751)                 | 21,306                | 21,742                  |
| <b>Total financial assets</b>                      | <b>2,016</b>            | <b>2,537</b>            | <b>(5,654)</b>        | <b>(6,819)</b>          | <b>30,338</b>         | <b>31,784</b>           |
| Borrowings - Sovereign guaranteed                  | -                       | -                       | (4,498)               | (4,691)                 | 31,077                | 29,063                  |
| Borrowings - Non-sovereign guaranteed              | 5,197                   | 5,781                   | (1,156)               | (2,128)                 | 7,208                 | 7,055                   |
| <b>Total borrowings</b>                            | <b>5,197</b>            | <b>5,781</b>            | <b>(5,654)</b>        | <b>(6,819)</b>          | <b>38,285</b>         | <b>36,118</b>           |
| <b>Borrowings less financial assets</b>            | <b>3,181</b>            | <b>3,244</b>            | <b>-</b>              | <b>-</b>                | <b>7,947</b>          | <b>4,334</b>            |

# NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m                              | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast |
|--|---|--|---------------------------------|-----------------|-----------------|--------------|--------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            | \$m                |
| <b>NOTE 1: Revenue Collected Through the Crown's Sovereign Power</b> |   |  |                                 |                 |                 |              |                    |
| <b>Income Tax Revenue (accrual)</b>                                  |   |  |                                 |                 |                 |              |                    |
| <b>Individuals</b>   |   |  |                                 |                 |                 |              |                    |
| 15,933   | 10,591                                  | Source deductions                          | 11,216                          | 11,136          | 80              | 0.7          | 16,897             |
| 4,195  | 2,600                                   | Other persons                              | 2,524                           | 2,537           | (13)            | (0.5)        | 4,172              |
| (834)  | (498)                                   | Refunds                                    | (501)                           | (502)           | 1               | 0.2          | (844)              |
| 375  | 257                                     | Fringe benefit tax                         | 267                             | 266             | 1               | 0.4          | 403                |
| <b>19,669</b>  | <b>12,950</b>                           | <b>Total Individuals</b>                   | <b>13,506</b>                   | <b>13,437</b>   | <b>69</b>       | <b>0.5</b>   | <b>20,628</b>      |
| <b>Corporate Tax</b>   |   |  |                                 |                 |                 |              |                    |
| 5,245  | 3,406                                   | Gross companies tax                        | 4,005                           | 4,060           | (55)            | (1.4)        | 5,964              |
| (191)  | (84)                                    | Refunds                                    | (70)                            | (77)            | 7               | 9            | (142)              |
| 732  | 483                                     | Non-resident withholding tax               | 535                             | 536             | (1)             | (0.2)        | 821                |
| 154  | 87                                      | Foreign-source dividend w/holding payments | 86                              | 78              | 8               | 10.3         | 135                |
| <b>5,940</b>   | <b>3,892</b>                            | <b>Total Corporate Tax</b>                 | <b>4,556</b>                    | <b>4,597</b>    | <b>(41)</b>     | <b>(0.9)</b> | <b>6,778</b>       |
| <b>Other Income Tax</b>  |   |  |                                 |                 |                 |              |                    |
| 1,111  | 694                                     | Resident w/holding tax on interest income  | 766                             | 774             | (8)             | (1.0)        | 1,163              |
| 57   | 47                                      | Resident w/holding tax on dividend income  | 35                              | 39              | (4)             | (10.3)       | 55                 |
| 1  | 1                                       | Estate and gift duties                     | 1                               | 1               | -               | -            | 2                  |
| <b>1,169</b>   | <b>742</b>                              | <b>Total Other Income Tax</b>              | <b>802</b>                      | <b>814</b>      | <b>(12)</b>     | <b>(1.5)</b> | <b>1,220</b>       |
| <b>26,778</b>  | <b>17,584</b>                           | <b>Total Income Tax</b>                    | <b>18,864</b>                   | <b>18,848</b>   | <b>16</b>       | <b>0.1</b>   | <b>28,626</b>      |
| <b>Goods and Services Tax</b>  |   |  |                                 |                 |                 |              |                    |
| 14,959   | 9,917                                   | Gross goods and services tax               | 10,723                          | 10,314          | 409             | 4.0          | 15,752             |
| (6,221)  | (4,109)                                 | Refunds                                    | (4,466)                         | (4,253)         | (213)           | (5.0)        | (6,415)            |
| <b>8,738</b>   | <b>5,808</b>                            | <b>Total Goods and Services Tax</b>        | <b>6,257</b>                    | <b>6,061</b>    | <b>196</b>      | <b>3.2</b>   | <b>9,337</b>       |
| <b>Other Taxation</b>  |   |  |                                 |                 |                 |              |                    |
| 995  | 654                                     | Petroleum fuels excise                     | 621                             | 619             | 2               | 0.3          | 952                |
| 850  | 572                                     | Tobacco excise                             | 550                             | 571             | (21)            | (3.7)        | 855                |
| 750  | 521                                     | Customs duty                               | 467                             | 495             | (28)            | (5.7)        | 738                |
| 621  | 408                                     | Road user charges                          | 432                             | 427             | 5               | 1.2          | 646                |
| 465  | 303                                     | Alcohol excise                             | 321                             | 334             | (13)            | (3.9)        | 482                |
| 248  | 168                                     | Gaming duties                              | 172                             | 175             | (3)             | (1.7)        | 273                |
| 197  | 130                                     | Motor vehicle fees                         | 135                             | 135             | -               | -            | 203                |
| 94   | 67                                      | Energy resources levies                    | 51                              | 51              | -               | -            | 84                 |
| 49   | 33                                      | Approved issuer levy and cheque duty       | 34                              | 34              | -               | -            | 55                 |
| <b>4,269</b>   | <b>2,856</b>                            | <b>Total Other Indirect Taxation</b>       | <b>2,783</b>                    | <b>2,841</b>    | <b>(58)</b>     | <b>(2.0)</b> | <b>4,288</b>       |
| <b>13,007</b>  | <b>8,664</b>                            | <b>Total Indirect Taxation</b>             | <b>9,040</b>                    | <b>8,902</b>    | <b>138</b>      | <b>1.6</b>   | <b>13,625</b>      |
| <b>39,785</b>  | <b>26,248</b>                           | <b>Total Tax Revenue Collected</b>         | <b>27,904</b>                   | <b>27,750</b>   | <b>154</b>      | <b>0.6</b>   | <b>42,251</b>      |
| <b>Other Sovereign Revenues (accrual)</b>                            |   |  |                                 |                 |                 |              |                    |
| 1,854  | 1,156                                   | ACC levies                                 | 1,342                           | 1,342           | -               | -            | 2,033              |
| 228  | 138                                     | Fire Service levies                        | 168                             | 162             | 6               | 3.7          | 224                |
| 77   | 51                                      | EQC levies                                 | 52                              | 52              | -               | -            | 78                 |
| 604  | 418                                     | Other miscellaneous items                  | 467                             | 436             | 31              | 7.1          | 678                |
| <b>2,763</b>   | <b>1,763</b>                            | <b>Total Other Sovereign Revenues</b>      | <b>2,029</b>                    | <b>1,992</b>    | <b>37</b>       | <b>1.9</b>   | <b>3,013</b>       |
| <b>42,548</b>  | <b>28,011</b>                           | <b>Total Sovereign Revenue</b>             | <b>29,933</b>                   | <b>29,742</b>   | <b>191</b>      | <b>0.6</b>   | <b>45,264</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m                               | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast |
|---|---|--|---------------------------------|-----------------|-----------------|--------------|--------------------|
|   |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            | \$m                |
| <b>NOTE 1: Receipts Collected Through the Crown's Sovereign Power</b> |   |  |                                 |                 |                 |              |                    |
| <b>Income Tax Receipts (cash)</b>                                     |   |  |                                 |                 |                 |              |                    |
| <b>Individuals</b>  |   |  |                                 |                 |                 |              |                    |
| 15,623  | 10,409                                  | Source deductions                          | 11,206                          | 11,190          | 16              | 0.1          | 16,897             |
| 4,499   | 2,432                                   | Other persons                              | 2,421                           | 2,467           | (46)            | (1.9)        | 4,631              |
| (1,287)   | (833)                                   | Refunds                                    | (922)                           | (873)           | (49)            | (5.6)        | (1,302)            |
| 374   | 284                                     | Fringe benefit tax                         | 304                             | 295             | 9               | 3.1          | 400                |
| <b>19,209</b>   | <b>12,292</b>                           | <b>Total Individuals</b>                   | <b>13,009</b>                   | <b>13,079</b>   | <b>(70)</b>     | <b>(0.5)</b> | <b>20,626</b>      |
| <b>Corporate Tax</b>  |   |  |                                 |                 |                 |              |                    |
| 6,021   | 3,779                                   | Gross companies tax                        | 4,682                           | 4,438           | 244             | 5.5          | 6,668              |
| (821)   | (399)                                   | Refunds                                    | (636)                           | (556)           | (80)            | (14)         | (869)              |
| 740   | 533                                     | Non-resident withholding tax               | 593                             | 596             | (3)             | (0.5)        | 824                |
| 160   | 68                                      | Foreign-source dividend w/holding payments | 50                              | 55              | (5)             | (9.1)        | 129                |
| <b>6,100</b>  | <b>3,981</b>                            | <b>Total Corporate Tax</b>                 | <b>4,689</b>                    | <b>4,533</b>    | <b>156</b>      | <b>3.4</b>   | <b>6,752</b>       |
| <b>Other Income Tax</b>   |   |  |                                 |                 |                 |              |                    |
| 1,104   | 691                                     | Resident w/holding tax on interest income  | 781                             | 760             | 21              | 2.8          | 1,163              |
| 56  | 42                                      | Resident w/holding tax on dividend income  | 38                              | 39              | (1)             | (2.6)        | 55                 |
| 2   | 1                                       | Estate and gift duties                     | 1                               | 1               | -               | -            | 2                  |
| <b>1,162</b>  | <b>734</b>                              | <b>Total Other Income Tax</b>              | <b>820</b>                      | <b>800</b>      | <b>20</b>       | <b>2.5</b>   | <b>1,220</b>       |
| <b>26,471</b>   | <b>17,007</b>                           | <b>Total Income Tax</b>                    | <b>18,518</b>                   | <b>18,412</b>   | <b>106</b>      | <b>0.6</b>   | <b>28,598</b>      |
| <b>Goods and Services Tax</b>   |   |  |                                 |                 |                 |              |                    |
| 14,489  | 9,683                                   | Gross goods and services tax               | 10,378                          | 10,145          | 233             | 2.3          | 15,503             |
| (5,718)   | (3,842)                                 | Refunds                                    | (4,161)                         | (4,087)         | (74)            | (1.8)        | (6,165)            |
| <b>8,771</b>  | <b>5,841</b>                            | <b>Total Goods and Services Tax</b>        | <b>6,217</b>                    | <b>6,058</b>    | <b>159</b>      | <b>2.6</b>   | <b>9,338</b>       |
| <b>Other Taxation</b>   |   |  |                                 |                 |                 |              |                    |
| 971   | 639                                     | Petroleum fuels excise                     | 624                             | 627             | (3)             | (0.5)        | 952                |
| 867   | 632                                     | Tobacco excise                             | 571                             | 595             | (24)            | (4.0)        | 850                |
| 712   | 486                                     | Customs duty                               | 487                             | 501             | (14)            | (2.8)        | 738                |
| 620   | 408                                     | Road user charges                          | 433                             | 427             | 6               | 1.4          | 644                |
| 461   | 310                                     | Alcohol excise                             | 315                             | 322             | (7)             | (2.2)        | 479                |
| 277   | 183                                     | Gaming duties                              | 174                             | 182             | (8)             | (4.4)        | 272                |
| 201   | 134                                     | Motor vehicle fees                         | 136                             | 139             | (3)             | (2.2)        | 203                |
| 97  | 70                                      | Energy resources levies                    | 50                              | 54              | (4)             | (7.4)        | 85                 |
| 51  | 33                                      | Approved issuer levy and cheque duty       | 36                              | 36              | -               | -            | 56                 |
| <b>4,257</b>  | <b>2,895</b>                            | <b>Total Other Indirect Taxation</b>       | <b>2,826</b>                    | <b>2,883</b>    | <b>(57)</b>     | <b>(2.0)</b> | <b>4,279</b>       |
| <b>13,028</b>   | <b>8,736</b>                            | <b>Total Indirect Taxation</b>             | <b>9,043</b>                    | <b>8,941</b>    | <b>102</b>      | <b>1.1</b>   | <b>13,617</b>      |
| <b>39,499</b>   | <b>25,743</b>                           | <b>Total Tax Receipts Collected</b>        | <b>27,561</b>                   | <b>27,353</b>   | <b>208</b>      | <b>0.8</b>   | <b>42,215</b>      |
| <b>Other Sovereign Receipts (cash)</b>                                |   |  |                                 |                 |                 |              |                    |
| 1,638   | 1,153                                   | ACC levies                                 | 1,500                           | 1,422           | 78              | 5.5          | 1,999              |
| 227   | 161                                     | Fire Service levies                        | 168                             | 162             | 6               | 3.7          | 226                |
| 77  | 53                                      | EQC levies                                 | 55                              | 54              | 1               | 1.9          | 79                 |
| 589   | 339                                     | Other miscellaneous items                  | 374                             | 359             | 15              | 4.2          | 563                |
| <b>2,531</b>  | <b>1,706</b>                            | <b>Total Other Sovereign Receipts</b>      | <b>2,097</b>                    | <b>1,997</b>    | <b>100</b>      | <b>5.0</b>   | <b>2,867</b>       |
| <b>42,030</b>   | <b>27,449</b>                           | <b>Total Sovereign Receipts</b>            | <b>29,658</b>                   | <b>29,350</b>   | <b>308</b>      | <b>1.0</b>   | <b>45,082</b>      |

## NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m | Actual<br>28<br>February<br>2003<br>\$m | Current Year Actual vs Forecast |                 |                 |   | Annual<br>Forecast |
|---|---|---------------------------------|-----------------|-----------------|---|--------------------|
|   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | % | \$m                |

### NOTE 2: Sale of Goods and Services

The Statement of Institutional Segments shows the sale of goods and services as a total for each area of the Crown Estate (ie, total sales for core Crown, Crown entities and SOEs). The total for Crown entities includes such items as lottery sales, housing rental, CRI sales and so on. The total sales of SOEs represents the majority of their income from electricity generation and distribution services, postal services, advertising, air travel sales and so on.

### NOTE 3: Investment Income

| Investment Income |            |   |              |              |            |             |              |
|-------------------|------------|---|--------------|--------------|------------|-------------|--------------|
| 1,086             | 553        | Interest income                         | 841          | 762          | 79         | 10.4        | 1,224        |
| 393               | 254        | Student loans                           | 243          | 246          | (3)        | (1.2)       | 402          |
| 50                | 23         | Dividends                               | 34           | 39           | (5)        | (12.8)      | 57           |
|                   |            | Gains/(losses) on marketable securities |              |              |            |             |              |
| 304               | (419)      | deposits and equity investments         | 292          | 110          | 182        | 165.5       | 269          |
| 26                | -          | Other                                   | 227          | 173          | 54         | 31.2        | 139          |
| <b>1,859</b>      | <b>411</b> | <b>Total Investment Income</b>          | <b>1,637</b> | <b>1,330</b> | <b>307</b> | <b>23.1</b> | <b>2,091</b> |

### NOTE 4: Other Revenue

|              |              |  |              |              |            |            |              |
|--------------|--------------|--|--------------|--------------|------------|------------|--------------|
|              |              | Unrealised gains arising from changes  |              |              |            |            |              |
| (20)         | -            | in the value of commercial forests     | -            | -            | -          | -          | -            |
| 130          | 77           | GSF contributions                      | 71           | 69           | 2          | 2.9        | 110          |
| 44           | 31           | Petroleum royalties                    | 27           | 28           | (1)        | (3.6)      | 38           |
| 31           | 21           | Cost recovery income from fisheries    | -            | -            | -          | -          | -            |
| 2,050        | 1,004        | Other                                  | 1,150        | 1,039        | 111        | 10.7       | 1,639        |
| <b>2,235</b> | <b>1,133</b> | <b>Total Other Operational Revenue</b> | <b>1,248</b> | <b>1,136</b> | <b>112</b> | <b>9.9</b> | <b>1,787</b> |

## NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m        | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|--|---|--|---------------------------------|-----------------|-----------------|------------|---------------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
| <b>NOTE 5: Subsidies and Transfer Payments</b> |   |  |                                 |                 |                 |            |                           |
|  |   | Social Assistance Grants                     |                                 |                 |                 |            |                           |
| 5,642  | 3,717                                   | New Zealand superannuation                   | 3,899                           | 3,901           | 2               | 0.1        | 5,890                     |
| 1,309  | 1,003                                   | ACC payments                                 | 927                             | 915             | (12)            | (1.3)      | 1,386                     |
| 1,520  | 1,004                                   | Domestic purposes benefit                    | 1,041                           | 1,040           | (1)             | (0.1)      | 1,146                     |
| 1,274  | 883                                     | Unemployment benefit                         | 781                             | 796             | 15              | 1.9        | 1,561                     |
| 862  | 518                                     | Family support                               | 535                             | 547             | 12              | 2.2        | 836                       |
| 387  | 224                                     | Student allowances                           | 220                             | 219             | (1)             | (0.5)      | 391                       |
| 3,742  | 2,459                                   | Other social assistance grants               | 2,562                           | 2,576           | 14              | 0.5        | 3,883                     |
| 113  | 77                                      | Subsidies                                    | 72                              | 88              | 16              | 18.2       | 145                       |
|  |   | Other Transfer Payments                      |                                 |                 |                 |            |                           |
| 230  | 122                                     | Official development assistance              | 141                             | 174             | 33              | 19.0       | 245                       |
| 28   | 25                                      | Other  | 23                              | 28              | 5               | 17.9       | 33                        |
| <b>11,107</b>                                  | <b>10,032</b>                           | <b>Total Subsidies and Transfer Payments</b> | <b>10,201</b>                   | <b>10,284</b>   | <b>83</b>       | <b>0.8</b> | <b>15,516</b>             |

### NOTE 6: Personnel Expenses

The Statement of Institutional Segments shows the personnel expenses as a total for each area of the Crown Estate (ie, total personnel expenses for core Crown, Crown entities and SOEs).

|               |              |                                 |              |              |           |            |               |
|---------------|--------------|---------------------------------|--------------|--------------|-----------|------------|---------------|
| 978           | 846          | GSF pension costs               | 678          | 672          | (6)       | (0.9)      | 986           |
| 78            | 46           | Other pension expenses          | 57           | 50           | (7)       | (14.0)     | 77            |
| 10,564        | 7,224        | Other personnel expenses        | 7,108        | 7,152        | 44        | 0.6        | 11,182        |
| <b>11,620</b> | <b>8,116</b> | <b>Total Personnel Expenses</b> | <b>7,843</b> | <b>7,874</b> | <b>31</b> | <b>0.4</b> | <b>12,245</b> |

### NOTE 7: Operating Expenses

Operating expenses relate to those expenses incurred in the course of undertaking the functions and activities of every entity included in the Crown financial statements, excluding those separately identified in the Statement of Financial Performance and other notes. Items disclosed separately are those required by accounting standards (and are expanded on further in the annual Crown financial statements). These include depreciation, rental costs and goodwill amortised.

Other operating costs is the large residual. Most of it represents the payment made for services provided by third parties (roading maintenance for example) or for raw materials (fuel, medicines or inventory for example). It also includes other day-to-day operating costs.

|               |               |  |               |               |            |            |               |
|---------------|---------------|--|---------------|---------------|------------|------------|---------------|
|               |               | Depreciation expenses:                 |               |               |            |            |               |
| 701           | 265           | Buildings                              | 478           | 495           | 17         | 3.4        | 737           |
| 86            | 58            | Electricity distribution networks      | 75            | 77            | 2          | 2.6        | 116           |
| 143           | 93            | Electricity generation assets          | 96            | 103           | 7          | 6.8        | 161           |
| 168           | 112           | Specialist military equipment (SME)    | 118           | 119           | 1          | 0.8        | 182           |
| 199           | 138           | State highways                         | 140           | 140           | -          | -          | 211           |
| 105           | 103           | Aircraft (excluding SME)               | 134           | 132           | (2)        | (1.5)      | 137           |
| 676           | 429           | Other plant and equipment              | 426           | 479           | 53         | 11.1       | 816           |
| 99            | 161           | Other assets                           | 64            | 49            | (15)       | (30.6)     | 86            |
| <b>2,177</b>  | <b>1,359</b>  | <b>Total depreciation costs</b>        | <b>1,531</b>  | <b>1,594</b>  | <b>63</b>  | <b>4.0</b> | <b>2,446</b>  |
|               |               | Other operating expenses:              |               |               |            |            |               |
| 712           | 502           | Rental and leasing costs               | 459           | 461           | 2          | 0.4        | 703           |
| 67            | 233           | Change in provision for doubtful debts | 272           | 289           | 17         | 5.9        | 217           |
| 188           | 43            | Write off of bad debts                 | 49            | 46            | (3)        | (6.5)      | 67            |
| 84            | 31            | Goodwill amortised                     | 31            | 31            | -          | -          | 47            |
| 306           | 198           | Grants paid                            | 184           | 167           | (17)       | (10.2)     | 252           |
| 301           | 198           | Lottery prize payments                 | 239           | 225           | (14)       | (6.2)      | 303           |
| 19            | 26            | Loss/(gain) on sale of assets          | -             | -             | -          | -          | -             |
| 18,711        | 10,180        | Other operating expenses               | 11,933        | 12,241        | 308        | 2.5        | 19,441        |
| <b>22,565</b> | <b>12,770</b> | <b>Total Operating Expenses</b>        | <b>14,698</b> | <b>15,054</b> | <b>356</b> | <b>2.4</b> | <b>23,476</b> |

# NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m  | Actual<br>28<br>February<br>2003<br>\$m |   | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 8: Cash and Marketable Securities, Deposits &amp; Equity Investments</b> |   |   |                                 |                 |                 |              |                           |
| <b>By category:</b>  |   |   |                                 |                 |                 |              |                           |
| 2,732  | 2,573                                   | <b>Total cash</b>                             | <b>3,048</b>                    | <b>2,904</b>    | <b>144</b>      | <b>5.0</b>   | <b>2,455</b>              |
| 15,505   | 17,200                                  | Marketable securities and deposits            | 17,115                          | 16,394          | 721             | 4.4          | 11,819                    |
| 4,734  | 3,520                                   | Equity investments (eg, shares)               | 6,917                           | 7,735           | (818)           | (10.6)       | 8,698                     |
| 1,067  | 872                                     | Reserve position at the IMF                   | 1,080                           | 1,102           | (22)            | (2.0)        | 1,225                     |
| <b>21,306</b>  | <b>21,592</b>                           | <b>Total MSDs and Equity Investments</b>      | <b>25,112</b>                   | <b>25,231</b>   | <b>(119)</b>    | <b>(0.5)</b> | <b>21,742</b>             |
| <b>24,038</b>  | <b>24,165</b>                           | <b>Cash and MSDs &amp; Equity Investments</b> | <b>28,160</b>                   | <b>28,135</b>   | <b>25</b>       | <b>0.1</b>   | <b>24,197</b>             |
| <b>By portfolio management:</b>  |   |   |                                 |                 |                 |              |                           |
| 11,348   | 12,694                                  | Reserve Bank and DMO managed funds            | 13,913                          | 13,866          | 47              | 0.3          | 8,976                     |
| 1,884  | 1,486                                   | NZS Fund                                      | 1,963                           | 2,254           | (291)           | (12.9)       | 3,496                     |
| 2,636  | 2,976                                   | Government Superannuation Fund                | 2,918                           | 2,902           | 16              | 0.6          | 2,933                     |
| 1,224  | 1,033                                   | EQC portfolio                                 | 1,483                           | 1,501           | (18)            | (1.2)        | 3,996                     |
| 3,403  | 2,620                                   | ACC portfolio                                 | 3,688                           | 3,853           | (165)           | (4.3)        | 1,539                     |
| 811  | 783                                     | Other holdings                                | 1,147                           | 855             | 292             | 34.2         | 802                       |
| <b>21,306</b>  | <b>21,592</b>                           | <b>Total MSDs &amp; Equity Investments</b>    | <b>25,112</b>                   | <b>25,231</b>   | <b>(119)</b>    | <b>(0.5)</b> | <b>21,742</b>             |

The asset values above are net of any cross-holdings. For example the asset portfolios of the GSF, EQC and ACC currently all hold amounts of NZ Government Stock. For financial reporting purposes these amounts are eliminated within the consolidated financial statements. The total portfolios are shown below, along with commentary on the restricted nature of some of the assets (for example the GSF assets are only available for the payment of GSF benefits – because of the restricted nature of these assets they are excluded from the definition of net debt).

### Nature of financial assets – some are restricted in their purpose

Within the financial assets above, several portfolios are restricted in their nature in that they are only available to meet very specified purposes and are not available (by statute or other reasons) for general use by the Crown. It is for this reason that such assets are excluded from the definition of net debt – one of the Crown's key fiscal policy indicators.

### New Zealand Superannuation Fund

The assets of the NZS Fund is the Government's means of building up assets to partially pre-fund future NZS expenses and may only be used for NZ Superannuation. The assets in this fund total \$3 billion, which have largely been invested in New Zealand Treasury Bills, and is therefore eliminated from the Statement of Financial Position as it is an internal Government holding. The Government's contributions to the NZS Fund are calculated over a 40-year rolling horizon to ensure Superannuation entitlements over the next 40 years can be met.

### Government Superannuation Fund

The GSF Authority administers the financial assets of the GSF totalling over \$3.2b. These assets result from contributions by beneficiaries built up through time and can only be applied to the ongoing payment of GSF benefits (as provided by the GSF Act). Also refer Note 14 Outstanding Liability associated with GSF benefits.

### EQC – Natural Disaster Fund (NDF)

The EQC is New Zealand's primary provider of seismic disaster insurance to residential property owners. EQC administers the NDF, comprising capital and reserves. EQC draws on the NDF money to pay out claims for damage caused by natural disasters.

### ACC portfolio

The ACC manages the ACC scheme. At present there is a substantial outstanding claims liability associated with past claims of around \$9.2b. To manage the payment of these claims in the future, ACC is building up a matching portfolio of assets. The target is to have the residual claims fully funded by 2014. Also refer Note 15 Outstanding Claims Liability.

### Individual portfolio information (including cross holdings of NZ Government Stock, excluding cash holdings)

|       |       |                                      |       |       |      |       |       |
|-------|-------|--------------------------------------|-------|-------|------|-------|-------|
| 1,884 | 1,486 | NZS Fund                             | 3,147 | 3,243 | (96) | (3.0) | 3,885 |
| 3,182 | 2,981 | GSF net assets (including portfolio) | 3,296 | 3,255 | 41   | 1.3   | 3,284 |
| 4,922 | 4,212 | ACC portfolio                        | 5,583 | 5,573 | 10   | 0.2   | 5,779 |
| 4,062 | 3,898 | EQC portfolio                        | 4,225 | 4,249 | (24) | (0.6) | 4,356 |



## NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m | Actual<br>28<br>February<br>2003<br>\$m |   | Current Year Actual vs Forecast |                 |                   |              | Annual<br>Forecast |
|---|---|---|---------------------------------|-----------------|-------------------|--------------|--------------------|
|   |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m % |              | \$m                |
| <b>NOTE 9: Advances</b>                 |   |   |                                 |                 |                   |              |                    |
| 5,370                                   | 5,088                                   | Student loans (see analysis below)  | 5,694                           | 5,739           | (45)              | (0.8)        | 6,073              |
| 501                                     | -                                       | Kiwibank mortgages  | 867                             | 886             | (19)              | (2.1)        | 1,069              |
| 68                                      | 66                                      | Residential care loans  | 71                              | 71              | -                 | -            | 75                 |
| 43                                      | 45                                      | Maori development rural lending   | 47                              | 47              | -                 | -            | 49                 |
| 28                                      | 29                                      | Forestry encouragement loans  | 28                              | 28              | -                 | -            | 28                 |
| 6                                       | 6                                       | Catchment authorities   | 5                               | 5               | -                 | -            | 4                  |
| 284                                     | 245                                     | Other   | 190                             | 255             | (65)              | (25.5)       | 289                |
| <b>6,300</b>                            | <b>5,479</b>                            | <b>Total Advances</b>   | <b>6,902</b>                    | <b>7,031</b>    | <b>(129)</b>      | <b>(1.8)</b> | <b>7,587</b>       |
| <b>Analysis of Student Loans</b>        |   |   |                                 |                 |                   |              |                    |
| <b>Outstanding balance</b>              |   |   |                                 |                 |                   |              |                    |
| 6,094                                   | 5,876                                   | Total loans outstanding (including interest)  | 6,574                           | 6,610           | (36)              | (0.5)        | 6,870              |
| (724)                                   | (788)                                   | Total provisions (capital and interest)   | (880)                           | (871)           | (9)               | (1.0)        | (797)              |
| <b>5,370</b>                            | <b>5,088</b>                            | <b>Total Student Loans</b>  | <b>5,694</b>                    | <b>5,739</b>    | <b>(45)</b>       | <b>(0.8)</b> | <b>6,073</b>       |
| <b>Movement during the year</b>         |   |   |                                 |                 |                   |              |                    |
| 4,749                                   | 4,749                                   | Opening balance   | 5,370                           | 5,370           | -                 | -            | 5,368              |
| 952                                     | 514                                     | Amount advanced in current year   | 542                             | 590             | (48)              | (8.1)        | 1,028              |
| 393                                     | 254                                     | Interest accrued on outstanding loan balances   | 242                             | 246             | (4)               | (1.6)        | 402                |
| (252)                                   | (155)                                   | Repayment of base capital   | (174)                           | (162)           | (12)              | (7.4)        | (282)              |
| (186)                                   | (113)                                   | Repayment of accrued interest   | (125)                           | (138)           | 13                | 9.4          | (210)              |
| (291)                                   | (165)                                   | Interest written off and movement in provision for interest write-offs and doubtful debts | (165)                           | (170)           | 5                 | 2.9          | (241)              |
| 5                                       | 4                                       | Other movements   | 4                               | 3               | 1                 | 33.3         | 8                  |
| <b>5,370</b>                            | <b>5,088</b>                            | <b>Closing Balance</b>  | <b>5,694</b>                    | <b>5,739</b>    | <b>(45)</b>       | <b>(0.8)</b> | <b>6,073</b>       |
| <b>NOTE 10: Receivables</b>             |   |   |                                 |                 |                   |              |                    |
| 5,375                                   | 5,340                                   | Taxes receivable  | 5,539                           | 5,725           | (186)             | (3.2)        | 5,398              |
| 4,262                                   | 3,356                                   | Accounts receivable   | 3,937                           | 3,873           | 64                | 1.7          | 3,820              |
| 200                                     | 246                                     | Receivable from the sale and purchase of Maui gas   | 189                             | 187             | 2                 | 1.1          | 153                |
| 306                                     | 419                                     | Prepayments   | 486                             | 404             | 82                | 20.3         | 278                |
| <b>10,143</b>                           | <b>9,361</b>                            | <b>Total Receivables</b>  | <b>10,151</b>                   | <b>10,189</b>   | <b>(38)</b>       | <b>(0.4)</b> | <b>9,649</b>       |
| <b>NOTE 11: Other Investments</b>       |   |   |                                 |                 |                   |              |                    |
| 89                                      | 99                                      | International Bank for Reconstruction and Developments                                    | 79                              | 89              | (10)              | (11.2)       | 89                 |
| 92                                      | 96                                      | Asian Development Bank  | 82                              | 92              | (10)              | (10.9)       | 92                 |
| 83                                      | 81                                      | Other   | 86                              | 78              | 8                 | 10.3         | 80                 |
| <b>264</b>                              | <b>276</b>                              | <b>Total Other Investments</b>  | <b>247</b>                      | <b>259</b>      | <b>(12)</b>       | <b>(4.6)</b> | <b>261</b>         |

## NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m       | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |               |              |              | Annual<br>Forecast<br>\$m |
|---|---|--|---------------------------------|---------------|--------------|--------------|---------------------------|
|   |   |  | Actual                          | Forecast      | Variance     |              |                           |
|   |   |  | \$m                             | \$m           | \$m          | %            | \$m                       |
| <b>NOTE 12: Property, Plant and Equipment</b> |   |  |                                 |               |              |              |                           |
| <b>By Type</b>                                |   |  |                                 |               |              |              |                           |
| <b>Gross Carrying Value</b>                   |   |  |                                 |               |              |              |                           |
| 6,748   | 6,516                                   | Land (valuation)                             | 6,702                           | 6,606         | 96           | 1.5          | 6,532                     |
| 454   | 472                                     | Properties intended for sale (valuation)     | 456                             | 461           | (5)          | (1.1)        | 459                       |
| 19,092  | 16,586                                  | Buildings (valuation)                        | 19,616                          | 20,157        | (541)        | (2.7)        | 20,270                    |
| 2,178   | 2,184                                   | Electricity distribution network (valuation) | 2,170                           | 2,254         | (84)         | (3.7)        | 2,293                     |
| 1,253   | 1,239                                   | Electricity generation assets (cost)         | 1,270                           | 1,295         | (25)         | (1.9)        | 1,383                     |
| 1,234   | 1,789                                   | Aircraft (ex SME) (valuation)                | 1,356                           | 1,348         | 8            | 0.6          | 1,400                     |
| 12,556  | 12,172                                  | State highways (valuation)                   | 12,808                          | 12,805        | 3            | -            | 12,980                    |
| 3,098   | 2,866                                   | Specialist military equipment (valuation)    | 2,770                           | 2,823         | (53)         | (1.9)        | 2,929                     |
| 8,584   | 9,041                                   | Other plant and equipment (cost)             | 9,152                           | 9,116         | 36           | 0.4          | 9,556                     |
| 5,331   | 6,261                                   | Other assets (valuation)                     | 5,206                           | 5,178         | 28           | 0.5          | 5,320                     |
| <b>60,528</b>                                 | <b>59,126</b>                           | <b>Total Gross Carrying Value</b>            | <b>61,506</b>                   | <b>62,043</b> | <b>(537)</b> | <b>(0.9)</b> | <b>63,122</b>             |
| <b>Accumulated Depreciation</b>               |   |  |                                 |               |              |              |                           |
| 1,503   | 1,757                                   | Buildings                                    | 1,908                           | 2,052         | 144          | 7.0          | 2,297                     |
| 198   | 181                                     | Electricity distribution network             | 212                             | 277           | 65           | 23.5         | 310                       |
| 174   | 152                                     | Electricity generation assets                | 210                             | 212           | 2            | 0.9          | 232                       |
| -   | 103                                     | Aircraft (ex SME)                            | 134                             | 132           | (2)          | (1.5)        | 137                       |
| -   | 139                                     | State highways                               | 140                             | 140           | -            | -            | 210                       |
| 756   | 700                                     | Specialist military equipment                | 423                             | 426           | 3            | 0.7          | 487                       |
| 4,776   | 4,906                                   | Other plant and equipment                    | 5,099                           | 5,132         | 33           | 0.6          | 5,462                     |
| 454   | 1,295                                   | Other assets                                 | 424                             | 450           | 26           | 5.8          | 460                       |
| <b>7,861</b>                                  | <b>9,233</b>                            | <b>Total Accumulated Depreciation</b>        | <b>8,550</b>                    | <b>8,821</b>  | <b>271</b>   | <b>3.1</b>   | <b>9,595</b>              |
| <b>Net Carrying Value</b>                     |   |  |                                 |               |              |              |                           |
| 6,748   | 6,516                                   | Land (valuation)                             | 6,702                           | 6,606         | 96           | 1.5          | 6,532                     |
| 454   | 472                                     | Properties intended for sale (valuation)     | 456                             | 461           | (5)          | (1.1)        | 459                       |
| 17,589  | 14,829                                  | Buildings (valuation)                        | 17,708                          | 18,105        | (397)        | (2.2)        | 17,973                    |
| 1,980   | 2,003                                   | Electricity distribution network (valuation) | 1,958                           | 1,977         | (19)         | (1.0)        | 1,983                     |
| 1,079   | 1,087                                   | Electricity generation assets (cost)         | 1,060                           | 1,083         | (23)         | (2.1)        | 1,151                     |
| 1,234   | 1,686                                   | Aircraft (ex SME) (valuation)                | 1,222                           | 1,216         | 6            | 0.5          | 1,263                     |
| 12,556  | 12,033                                  | State highways (valuation)                   | 12,668                          | 12,665        | 3            | -            | 12,770                    |
| 2,342   | 2,166                                   | Specialist military equipment (valuation)    | 2,347                           | 2,397         | (50)         | (2.1)        | 2,442                     |
| 3,808   | 4,135                                   | Other plant and equipment (cost)             | 4,053                           | 3,984         | 69           | 1.7          | 4,094                     |
| 4,877   | 4,966                                   | Other assets (valuation)                     | 4,782                           | 4,728         | 54           | 1.1          | 4,860                     |
| <b>52,667</b>                                 | <b>49,893</b>                           | <b>Total Net Carrying Value</b>              | <b>52,956</b>                   | <b>53,222</b> | <b>(266)</b> | <b>(0.5)</b> | <b>53,527</b>             |
| <b>By holding</b>                             |   |  |                                 |               |              |              |                           |
| 52,167  | 49,520                                  | Freehold assets                              | 52,519                          | 52,468        | 51           | 0.1          | 53,121                    |
| 500   | 373                                     | Leasehold assets                             | 437                             | 754           | (317)        | (42.0)       | 406                       |
| <b>52,667</b>                                 | <b>49,893</b>                           | <b>Total Net Carrying Value</b>              | <b>52,956</b>                   | <b>53,222</b> | <b>(266)</b> | <b>(0.5)</b> | <b>53,527</b>             |
| <b>NOTE 13: Payables and Provisions</b>       |   |  |                                 |               |              |              |                           |
| 7,054   | 5,833                                   | Accounts payable and accruals                | 6,384                           | 7,234         | 850          | 11.8         | 5,763                     |
| 2,154   | 1,995                                   | Taxes repayable                              | 1,915                           | 2,151         | 236          | 11.0         | 2,139                     |
| 588   | 473                                     | Provisions                                   | 541                             | 503           | (38)         | (7.6)        | 488                       |
| 882   | 685                                     | National Provident Fund<br>guarantee         | 882                             | 882           | -            | -            | 882                       |
| 1,200   | 1,154                                   | Provision for employee<br>entitlements       | 1,145                           | 1,136         | (9)          | (0.8)        | 1,164                     |
| <b>11,878</b>                                 | <b>10,140</b>                           | <b>Total Payables and Provisions</b>         | <b>10,867</b>                   | <b>11,906</b> | <b>1,039</b> | <b>8.7</b>   | <b>10,436</b>             |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 14: GSF Liability

### Calculation information

The Government Superannuation Fund (GSF) assets and liabilities have been calculated by the Government Actuary as at 31 October 2003 for inclusion within the 2003 December Economic and Fiscal Update (DEFU). The liability arises from closed schemes for past and present public sector employees (set out in the GSF Act 1956). A projected Aggregate Funding method is used for the valuation, based on membership data as at the balance date. The funding method requires the benefits payable from the GSF in respect of past service to be calculated and then discounted back to the valuation date.

The GSF liability included in the 2003 DEFU was calculated using discount rates derived from the market yield curve as at the balance date (31 October 2003). This resulted in a long-term after-tax discount rate of 4.5% (4.0% at 30 June 2003). The other principal long-term financial assumptions used in the calculation remain unchanged from 30 June 2003, which were an inflation rate of 2.0%, and an annual salary increases rate, before any promotional effects of 3.0%.

### Presentation and forecast approach

The projected gross liability is included within total liabilities. The GSF has available to it a portfolio of assets that partially offset the gross liability. The assets (less cross holdings of NZ Government stock) are included in the asset portion of the Crown's overall balance sheet.

Regular revaluations occur as part of Crown forecasting processes for the December and Budget Economic and Fiscal Updates. Within the monthly Crown financial statements the projected liability will be assumed to be static. The asset position is based on forecasts of contributions, investment returns (based on an expected long-run average rate of return) and benefit payments.

The assets of the GSF scheme will fluctuate during the year due to changes in the market value of its investments, particularly the equity investments. These movements will be reflected in the monthly accounts as part of investment income (movements in asset values) and will likely differ from the monthly forecasts. Movements in the value of the assets will also reflect differences in contribution income and benefit payments.

### Volatility in monthly results

The forecasts assume a constant long-term rate of return, reflecting a forecast of the long-term average rate of return for a given portfolio mix. The actual results will almost always differ from the long-run average, particularly reflecting the short-term volatility of equity asset values. Such volatility is to be expected. The key objective is that over the longer-term, the long-run average rate of return is achieved.

| Prior Year   | Actual        |                                       | Current Year Actual vs Forecast |               |           |            | Annual        |
|--|---------------|---------------------------------------|---------------------------------|---------------|-----------|------------|---------------|
| 30   | 28            |                                       | Actual                          | Forecast      | Variance  |            | Forecast      |
| June   | February      |                                       | \$m                             | \$m           | \$m       | %          | \$m           |
| 2003   | 2003          |                                       |                                 |               |           |            |               |
| \$m  | \$m           |                                       |                                 |               |           |            |               |
| <b>GSF liability and asset information</b>         |               |                                       |                                 |               |           |            |               |
| <b>Gross GSF liability</b>                         |               |                                       |                                 |               |           |            |               |
| 12,210   | 12,210        | Opening gross liability               | 13,857                          | 13,857        | -         | -          | 13,857        |
| 1,647  | 482           | Net projected change                  | (330)                           | (330)         | -         | -          | (364)         |
| <b>13,857</b>                                      | <b>12,692</b> | <b>Closing gross liability</b>        | <b>13,527</b>                   | <b>13,527</b> | <b>-</b>  | <b>-</b>   | <b>13,493</b> |
| <b>Less net assets available to the GSF scheme</b> |               |                                       |                                 |               |           |            |               |
| 3,287  | 3,287         | Opening asset value                   | 3,182                           | 3,182         | -         | -          | 3,182         |
| 82   | (192)         | Net projected change:                 | 232                             | 170           | 62        | 36.5       | 102           |
|  |               | - Investment valuation changes        |                                 |               |           |            |               |
|  |               | - Contributions and other income less |                                 |               |           |            |               |
| (187)  | (114)         | membership payments                   | (118)                           | (97)          | (21)      | (21.6)     | -             |
| (105)  | (306)         | Total projected change                | 114                             | 73            | 41        | 56.2       | 102           |
| <b>3,182</b>                                       | <b>2,981</b>  | <b>Closing net asset values</b>       | <b>3,296</b>                    | <b>3,255</b>  | <b>41</b> | <b>1.3</b> | <b>3,284</b>  |
| <b>Net unfunded liability of the GSF schemes</b>   |               |                                       |                                 |               |           |            |               |
| 8,923  | 8,923         | Opening unfunded liability            | 10,675                          | 10,675        | -         | -          | 10,675        |
| 1,752  | 788           | Net projected change                  | (444)                           | (403)         | 41        | 10.2       | (466)         |
| <b>10,675</b>                                      | <b>9,711</b>  | <b>Net unfunded liability</b>         | <b>10,231</b>                   | <b>10,272</b> | <b>41</b> | <b>0.4</b> | <b>10,209</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 15: ACC Claims Liability

### Calculation information

Trowbridge Deloitte Limited, Consulting Actuaries, have prepared the independent actuarial estimate of the ACC claims liability as at 30 June 2003 (which has been used as the basis for the forecast information). This estimate includes the expected future payments relating to accidents that occurred prior to balance date (whether or not the associated claims have been reported to, or accepted by, ACC) and also the expected administrative expenses of managing these claims.

Key economic variables that impact on changes to the valuation are the long-term Labour Cost Index (LCI) increase of 2.3% (2.0% at 30 June 2002) and discount rate of 6.0% (5.5% at 30 June 2003, 6.8% at 30 June 2002). The other key variable in each valuation is the assumed rate at which long-term claimants will leave the scheme over the period. This assessment is largely based on scheme history.

### Presentation approach

The projected gross liability is included within total liabilities. The ACC has available to it a portfolio of assets that partially offset the gross liability. The assets (less cross holdings of NZ Government stock) are included in the asset portion of the Crown's overall balance sheet.

Within the monthly Crown financial statements, the projected liability is presumed to move from the opening position to the projected closing position evenly each month. This is reflected in the actual monthly accounts and is updated as part of regular valuations performed for Crown forecast purposes. This approach differs to that used by the ACC for their reporting where the projected liability is based on 30 June 2003 discount rates. The assets held by ACC may fluctuate due to changes in asset values, particularly the equity markets. These movements will also be reflected in the monthly accounts as part of investment income (movements in asset values).

### Volatility in monthly results

The forecasts presume a rate of return, reflecting a forecast of the long-term average rate of return for a given portfolio mix. The actual results will almost always differ from the long-run average, particularly reflecting the short-term volatility of equity asset values. Such volatility is to be expected. The key objective is that over the longer-term, the long-run average rate of return is achieved.

| Prior Year<br>30<br>June<br>2003<br>\$m    | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>ACC liability and asset information</b> |   |  |                                 |                 |                 |              |                           |
| <b>Gross ACC liability</b>                 |   |  |                                 |                 |                 |              |                           |
| 7,501                                      | 7,501                                   | Opening gross liability                          | 9,155                           | 9,155           | -               | -            | 9,155                     |
| 1,654                                      | 205                                     | Net projected change                             | 55                              | 55              | -               | -            | 82                        |
| <b>9,155</b>                               | <b>7,706</b>                            | <b>Closing gross liability</b>                   | <b>9,210</b>                    | <b>9,210</b>    | <b>-</b>        | <b>-</b>     | <b>9,237</b>              |
| <b>Less net assets available to ACC</b>    |   |  |                                 |                 |                 |              |                           |
| 3,865                                      | 3,865                                   | Opening net asset value                          | 4,901                           | 4,901           | -               | -            | 4,901                     |
| 1,036                                      | 271                                     | Net projected change                             | 700                             | 560             | 140             | 25.0         | 829                       |
| <b>4,901</b>                               | <b>4,136</b>                            | <b>Closing net asset values</b>                  | <b>5,601</b>                    | <b>5,461</b>    | <b>140</b>      | <b>2.6</b>   | <b>5,730</b>              |
| <b>Net ACC reserves (net liability)</b>    |   |  |                                 |                 |                 |              |                           |
| (3,636)                                    | (3,636)                                 | Opening reserves position                        | (4,254)                         | (4,254)         | -               | -            | (4,254)                   |
| (618)                                      | 66                                      | Net projected change                             | 645                             | 505             | (140)           | (27.7)       | 747                       |
| <b>(4,254)</b>                             | <b>(3,570)</b>                          | <b>Closing reserves position (net liability)</b> | <b>(3,609)</b>                  | <b>(3,749)</b>  | <b>(140)</b>    | <b>(3.7)</b> | <b>(3,507)</b>            |

## NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m       | Actual<br>28<br>February<br>2003<br>\$m |  | Current Year Actual vs Forecast |               |             |               | Annual        |
|---|---|--|---------------------------------|---------------|-------------|---------------|---------------|
|   |   |  | Actual Forecast                 |               | Variance    |               | Forecast      |
|   |   |  | \$m                             | \$m           | \$m         | %             | \$m           |
| <b>NOTE 16: Revaluation Reserves</b>          |   |  |                                 |               |             |               |               |
| <i>Movement in Asset Revaluation Reserves</i> |   |  |                                 |               |             |               |               |
| 12,672  | 12,672                                  | <b>Opening Balance</b>                   | 15,624                          | 15,624        | -           | -             | 15,624        |
|   |   | <b>Net Revaluations</b>                  |                                 |               |             |               |               |
| 2,078   | 77                                      | Land and buildings                       | 19                              | 18            | 1           | 5.6           | 18            |
| 444   | -                                       | State highways                           | -                               | -             | -           | -             | -             |
| 275   | -                                       | TEIs                                     | -                               | -             | -           | -             | -             |
| 198   | -                                       | Other assets                             | 8                               | 29            | (21)        | (72.4)        | 29            |
| <b>2,995</b>                                  | <b>77</b>                               | <b>Total Net Revaluations</b>            | <b>27</b>                       | <b>47</b>     | <b>(20)</b> | <b>(42.6)</b> | <b>47</b>     |
| (43)  | 2                                       | Transfers to taxpayer funds              | (15)                            | (8)           | (7)         | (88)          | (8)           |
| <b>15,624</b>                                 | <b>12,751</b>                           | <b>Closing Asset Revaluation Reserve</b> | <b>15,636</b>                   | <b>15,663</b> | <b>(27)</b> | <b>(0.2)</b>  | <b>15,663</b> |

# NOTES TO THE FINANCIAL STATEMENTS

| Prior Year<br>30<br>June<br>2003<br>\$m   | Actual<br>28<br>February<br>2003<br>\$m |   | Current Year Actual vs Forecast |                 |                 |                | Annual<br>Forecast<br>\$m |
|---|---|---|---------------------------------|-----------------|-----------------|----------------|---------------------------|
|   |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %              |                           |
| <b>Reconciliation of Net Core Crown Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds</b>  |   |   |                                 |                 |                 |                |                           |
| This statement outlines the Core Crown Bonds reconciliation. Government stock balances and flows between the NZDMO, NZS Fund and the GSF are not eliminated. This presents the complete activity of the NZDMO bond programme. |   |   |                                 |                 |                 |                |                           |
| <b>Core Crown Cash Flows from Operations</b>  |   |   |                                 |                 |                 |                |                           |
| 39,842  | 25,950                                  | Total tax receipts  | 27,809                          | 27,568          | 241             | 0.9            | 42,579                    |
| 399   | 270                                     | Total other sovereign receipts                                  | 290                             | 275             | 15              | 5.5            | 438                       |
| 1,310   | 752                                     | Interest, profits and dividends                                 | 991                             | 635             | 356             | 56.1           | 1,161                     |
| 1,185   | 874                                     | Sale of goods & services and other receipts                     | 951                             | 936             | 15              | 1.6            | 1,307                     |
| (14,071)  | (9,374)                                 | Subsidies and transfer payments                                 | (9,385)                         | (9,398)         | 13              | 0.1            | (14,351)                  |
| (21,703)  | (14,508)                                | Personnel and operating costs                                   | (15,968)                        | (15,748)        | (220)           | (1.4)          | (24,231)                  |
| (2,106)   | (1,371)                                 | Finance costs   | (1,383)                         | (1,373)         | (10)            | (0.7)          | (2,083)                   |
| -   | -                                       | Forecasts for future new spending                               | -                               | -               | -               | -              | (35)                      |
| <b>4,856</b>  | <b>2,593</b>                            | <b>Net Cash Flows From Operations</b>                           | <b>3,305</b>                    | <b>2,895</b>    | <b>410</b>      | <b>14.2</b>    | <b>4,785</b>              |
| <b>Investing flows</b>  |   |   |                                 |                 |                 |                |                           |
| <i>Net advances</i>   |   |   |                                 |                 |                 |                |                           |
| (698)   | (359)                                   | Student loans   | (395)                           | (395)           | -               | -              | -                         |
| (107)   | (45)                                    | Housing New Zealand Corporation                                 | (200)                           | (59)            | (141)           | (239.0)        | -                         |
| (114)   | (36)                                    | District health boards and RHMU                                 | (199)                           | (274)           | 75              | 27.4           | -                         |
| (44)  | -                                       | Tranz Rail New Zealand Limited                                  | 44                              | 44              | -               | -              | -                         |
| 48  | 48                                      | Contact Energy Limited  | -                               | -               | -               | -              | -                         |
| 19  | 18                                      | Other   | 29                              | 25              | 4               | 16.0           | (1,729)                   |
| <b>(896)</b>  | <b>(374)</b>                            | <b>Total Net Advances</b>                                       | <b>(721)</b>                    | <b>(659)</b>    | <b>(62)</b>     | <b>(9.4)</b>   | <b>(1,729)</b>            |
| <b>(1,059)</b>  | <b>(774)</b>                            | <b>Net purchase of physical assets</b>                          | <b>(912)</b>                    | <b>(923)</b>    | <b>11</b>       | <b>1.2</b>     | <b>(1,359)</b>            |
| <i>Net investments</i>  |   |   |                                 |                 |                 |                |                           |
| (275)   | (172)                                   | District health boards  | (44)                            | (173)           | 129             | 74.6           | -                         |
| (69)  | (13)                                    | Housing New Zealand Corporation                                 | 124                             | (123)           | 247             | 200.8          | -                         |
| (140)   | (80)                                    | Other   | (45)                            | (91)            | 46              | 50.5           | (781)                     |
| (1,200)   | (831)                                   | Net purchase of MSDs/equities by NZS Fund                       | (1,285)                         | (1,285)         | -               | -              | (1,879)                   |
| -   | -                                       | Forecast new capital spending                                   | -                               | -               | -               | -              | (144)                     |
| <b>(1,684)</b>  | <b>(1,096)</b>                          | <b>Net (purchase)/sale of Investments</b>                       | <b>(1,250)</b>                  | <b>(1,672)</b>  | <b>422</b>      | <b>25.2</b>    | <b>(2,804)</b>            |
| <b>1,217</b>  | <b>349</b>                              | <b>(Required to be financed)/Available for debt repayment</b>   | <b>422</b>                      | <b>(359)</b>    | <b>781</b>      | <b>217.5</b>   | <b>(1,107)</b>            |
| <i>Used in:</i>   |   |   |                                 |                 |                 |                |                           |
| (1,944)   | (3,047)                                 | Other net (purchase)/sale of marketable securities and deposits | (2,226)                         | (1,646)         | (580)           | (35.2)         | 2,391                     |
| <b>(727)</b>  | <b>(2,698)</b>                          | <b>Total Investing activities</b>                               | <b>(1,804)</b>                  | <b>(2,005)</b>  | <b>201</b>      | <b>10.0</b>    | <b>1,284</b>              |
| (417)   | 286                                     | Net issue/(repayment) of other New Zealand-dollar borrowing     | 452                             | 793             | (341)           | (43.0)         | 61                        |
| 1,658   | 673                                     | Net issue/(repayment) of foreign currency borrowing             | (595)                           | (631)           | 36              | 5.7            | (868)                     |
| 69  | 16                                      | Net outflows/(inflow) of cash                                   | (114)                           | (32)            | (82)            | (256.3)        | 278                       |
| 147   | 229                                     | Issues of circulating currency                                  | 177                             | 33              | 144             | 436.4          | 33                        |
| <b>1,457</b>  | <b>1,204</b>                            |   | <b>(80)</b>                     | <b>163</b>      | <b>(243)</b>    | <b>(149.1)</b> | <b>(496)</b>              |
| <b>730</b>  | <b>(1,494)</b>                          | <b>Net Repayment of/(Cash Proceeds from) Domestic Bonds</b>     | <b>(1,884)</b>                  | <b>(1,842)</b>  | <b>(42)</b>     | <b>(2.3)</b>   | <b>788</b>                |
| <b>Gross Cash Proceeds from Domestic Bonds</b>  |   |   |                                 |                 |                 |                |                           |
| 2,551   | 1,671                                   | Domestic bonds (market)   | 1,816                           | 1,827           | (11)            | (0.6)          | 2,235                     |
| 279   | -                                       | Domestic bonds (non-market)                                     | 68                              | 33              | 35              | 106.1          | 396                       |
| <b>2,830</b>  | <b>1,671</b>                            | <b>Total Gross Cash Proceeds from Domestic Bonds</b>            | <b>1,884</b>                    | <b>1,860</b>    | <b>24</b>       | <b>1.3</b>     | <b>2,631</b>              |
| (2,823)   | -                                       | Repayment of domestic bonds (market)                            | -                               | -               | -               | -              | (3,044)                   |
| (737)   | (177)                                   | Repayment of domestic bonds (non-market)                        | -                               | (18)            | 18              | 100.0          | (375)                     |
| <b>(730)</b>  | <b>1,494</b>                            | <b>Net (Repayments of)/Cash Proceeds from Domestic Bonds</b>    | <b>1,884</b>                    | <b>1,842</b>    | <b>42</b>       | <b>2.3</b>     | <b>(788)</b>              |