

Financial Statements of the Government of New Zealand

For the Nine Months
Ended 31 March 2001



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COMMENTARY

OVERVIEW — NINE MONTHS TO MARCH 2001

| | March 2001 Actual YTD | March 2001 Forecast YTD | Variance \$m | June 2001 Forecast | June 2000 Actual |
|-------------------|-----------------------------|-------------------------------|-----------------|-----------------------|---------------------|
| Operating balance | 3,108 | 1,772 | 1,336 | 765 | 1,449 |
| Net worth | 11,656 | 10,357 | 1,299 | 9,350 | 8,583 |
| Net Crown debt | 20,149 | 21,688 | 1,539 | 22,099 | 21,396 |

The **operating balance** for March was \$3,108 million, which was \$1,336 million ahead of the December Economic and Fiscal Update (DEFU) forecast. This was due to:

- revenue being \$1,136 million above forecast;
- expenses being \$208 million below forecast; and
- SOE/CE surplus being \$8 million below forecast.

Within total revenue, **tax revenue** was above forecast by \$751 million. This variance was largely due to higher than forecast:

- companies tax (\$477 million)
- non residents withholding tax (\$139 million); and
- net other persons tax (\$78 million).

Other Revenue was \$385 million ahead of forecast, mainly due to:

- 2 GHz radio spectrum rights auction proceeds (\$140 million);
- gains on marketable securities and deposits (\$103 million); and
- dividend income from state-owned enterprises (\$86 million).

These above mentioned positive variances have been incorporated into revised forecasts for Budget 2001, due for release on 24 May 2001 (some of the year to date gains are expected to reverse).

As previously advised in the February financial statements, also incorporated into the revised forecasts for Budget 2001 are updated ACC and GSF liability revaluation forecast, which are

expected to have an adverse impact on the operating balance of around \$1.1 billion.

Despite the adverse impact of the revaluations a surplus for the 2001 financial year is still expected.

The improvement in **net worth** against forecast of \$1,299 million was mainly due to the higher than forecast operating balance.

Net Crown debt (Gross debt less financial assets) was \$1,539 million lower than forecast largely due to:

- higher-than forecast net cashflows from operations (\$944 million);
- lower-than-forecast purchases of physical assets (\$391 million) reflecting delays in capital projects; and
- additional issues of circulating currency (\$157 million) which are not forecast as a matter of policy.

Net Crown debt was estimated to be 18.4% of GDP at 31 March, compared to a forecast of 19.8%. The GDP number used is the unofficial actual nominal GDP number to December 2000, based on the latest GDP series by Statistics New Zealand.

COMPARISON WITH FORECAST

Financial Performance

The financial statements for the nine months ended 31 March 2001 are compared against forecasts based on the 2000 December Economic and Fiscal Update (DEFU). The operating balance comprised:

| Operating Balance | Actual \$million | Forecast \$million | Variance \$million |
|--------------------------|---------------------|-----------------------|-----------------------|
| Revenue | 30,421 | 29,285 | 1,136 |
| Expenses | 27,696 | 27,904 | 208 |
| SOEs and Crown entities | 383 | 391 | (8) |
| Operating balance | 3,108 | 1,772 | 1,336 |

Revenue

Overall revenue was \$1,136 million ahead of forecast.

Tax Revenue

The components of the year-to-date variance of \$751 million against the DEFU forecast were:

| Variations Against Forecast | \$million |
|--------------------------------|------------|
| Net company tax | 477 |
| Non residents withholding tax | 139 |
| Net other persons tax | 78 |
| Other | 57 |
| Total Taxation Variance | 751 |

- **Net company tax** was higher-than-forecast by \$477 million which was mainly due to the continued improvement in business confidence prompting companies to increase tax assessments.
- **Non residents withholding tax** was \$139 million above forecast. This was mainly due to a number of large, one off payments being received.
- **Net other persons tax** was higher-than-forecast by \$78 million which mainly reflects higher tax payments by self-employed and farmers due to higher than expected income.

Non-tax Revenue

Other non-tax revenue was \$385 million above forecast. Investment income was higher than forecast by \$320 million, largely due to:

- 2 GHz radio spectrum rights auction proceeds (\$140 million) which were not forecast as a matter of policy.
- gains on marketable securities and deposits (\$103 million) which are not forecast as a matter of policy.
- dividends from state-owned enterprises (\$86 million) which was due to earlier than expected payment of dividends.

Expenses

Total expenses for the period were \$208 million lower than forecast. Key movements include:

- Core government services was above forecast by \$59 million, due to a revaluation of the National Provident Fund Guarantee which was not forecast as a matter of policy.
- Health expenses were below forecast by \$57 million, reflecting delays in contracting by the Health Funding Authority (these contracting processes are now directly managed by the Ministry of Health).
- Social security and welfare expenses were below forecast by \$44 million. This is mainly due to lower than anticipated payments of family support benefits.
- Transport and communication expenses were below forecast by \$39 million. This was mainly due to timing of roading improvement expenses. It is likely this variance will reverse by the end of the financial year.

State-Owned Enterprises (SOEs) and Crown Entities

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

The SOEs and Crown entities net surplus was below forecast by \$8 million.

| SOEs and Crown Entities | Actual \$million | Forecast \$million | Variance |
|--------------------------------|-------------------------|---------------------------|-----------------|
| SOEs | | | |
| Surplus | 300 | 227 | 73 |
| Distributions | (267) | (194) | (73) |
| | 33 | 33 | - |
| Crown Entities | | | |
| Surplus | 363 | 361 | 2 |
| Distributions | (13) | (3) | (10) |
| | 350 | 358 | (8) |
| Net Surplus | 383 | 391 | (8) |

Net Cash Flows

Net cash flows for the nine months ended 31 March 2001 were as follows:

| Net Cash Flows | Actual | Forecast | Variance | |
|--|-------------|----------------|--------------|--------------|
| | \$million | \$million | \$million | % |
| Operating activities | 1,264 | 320 | 944 | 295.0 |
| Investing activities (excluding net sales/(purchases) of marketable securities and deposits) | (1,021) | (1,795) | 774 | 43.1 |
| Amount required to be financed | 243 | (1,475) | 1,718 | 116.5 |
| Net sales/(purchases) of marketable securities and Deposits | 728 | (258) | 986 | 382.2 |
| Financing activities | (1,065) | 1,757 | (2,822) | 160.2 |
| Net Movement in Cash | (94) | 24 | (118) | - |

Net cashflows from operating activities were above forecast by \$944 million largely due to:

- higher-than-forecast taxation receipts of \$498 million;
- higher-than-forecast other receipts of \$75 million; and
- lower-than-forecast cash disbursed to operations of \$378 million reflecting the cash effect of lower than forecast operating expenses and timing issues.

The favourable taxation receipt variance mainly comprises:

- Net company tax receipts being \$410 million higher than forecast reflecting the cash flow impact of the higher than forecast company tax revenue;
- Withholding tax receipts being \$134 million higher than forecast reflecting the cash flow impacts of the higher than forecast revenue; and
- Excise duties being \$40 million higher than forecast. This was due to the portion of the large payment of tobacco excise received in December not yet reversed.

Net cash outflows from investing activities (excluding net sales/(purchases) of marketable securities and deposits) had a positive variance against forecast of \$774 million due primarily to:

- lower-than-forecast purchases of physical assets (\$391 million).
- sale proceeds from 2 GHz radio spectrum auction (\$140 million).
- planned refinancing of District health boards private sector debt that has yet to occur (timing issue).

As a result, the **amount required to be financed** was \$1,718 million lower than forecast.

Financial Position

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

| Financial Position | Actual \$million | Forecast \$million | Variance | |
|----------------------------------|---------------------|-----------------------|--------------|-------------|
| | | | \$million | % |
| SOEs and Crown entities | 14,710 | 14,820 | (110) | (0.7) |
| Physical assets | 16,086 | 16,331 | (245) | (1.5) |
| Financial assets | 15,014 | 15,086 | (72) | (0.5) |
| Other assets | 16,859 | 16,431 | 428 | 2.6 |
| Total Assets | 62,669 | 62,668 | 1 | - |
| Gross debt | 35,163 | 36,774 | 1,611 | 4.4 |
| Pension liabilities | 8,323 | 8,323 | - | - |
| Other liabilities | 7,527 | 7,214 | (313) | (4.3) |
| Total Liabilities | 51,013 | 52,311 | 1,298 | 2.5 |
| Crown Balance (net worth) | 11,656 | 10,357 | 1,299 | 12.5 |

Net Crown debt was \$1,539 million lower than forecast. This was largely due to:

- higher-than-forecast cash flows from operations of \$944 million reflecting the cash impacts of the improved operating balance;
- lower-than-forecast net purchases of physical assets of \$391 million due to delays in capital spending including prisons, education and defence projects; and
- additional issues of circulating currency of \$157 million.

| | Actual \$m | Forecast \$m | Variance \$m |
|------------------------------------|---------------|-----------------|-----------------|
| Net Crown Debt | | | |
| Gross Borrowings | 35,163 | 36,774 | 1,611 |
| Less | | | |
| Marketable securities/ deposits | 10,411 | 10,246 | 165 |
| Advances and cash | 4,603 | 4,840 | (237) |
| Financial Assets | 15,014 | 15,086 | (72) |
| Net Crown Debt | 20,149 | 21,688 | 1,539 |
| Net Crown Debt to GDP Ratio | 18.4% | 19.8% | 1.4% |

Net Crown debt was estimated to be 18.4% of GDP at 31 March, compared to a forecast of 19.8%. This ratio is calculated using the unofficial actual nominal GDP number to December 2000, based on the latest GDP series by Statistics New Zealand.

COMPARISON WITH PREVIOUS YEAR

| | March YTD | | | | Year Ended 30 June | | | |
|-------------------------------------|----------------|----------------|----------------|--------------|--------------------|----------------|----------------|----------------|
| | 2000/01 \$m | 1999/00 \$m | \$m | % | 1999/00 \$m | 1998/99 \$m | 1997/98 \$m | 1996/97 \$m |
| Operating Statement | | | | | | | | |
| Total taxation revenue | 28,267 | 26,135 | 2,132 | 8.2 | 34,035 | 32,156 | 32,982 | 31,916 |
| % of GDP | 25.8% | 25.6% | | | 32.4% | 32.5% | 33.6% | 33.5% |
| Total non tax revenue | 2,154 | 1,975 | 179 | 9.1 | 2,491 | 4,201 | 2,599 | 2,862 |
| Total Revenue | 30,421 | 28,110 | 2,311 | 8.2 | 36,526 | 36,357 | 35,581 | 34,778 |
| % of GDP | 27.7% | 27.5% | | | 34.8% | 36.7% | 36.2% | 36.6% |
| Social security and welfare | 9,817 | 9,612 | (205) | (2.1) | 12,896 | 12,906 | 12,509 | 11,881 |
| GSF pension expenses | 513 | 491 | (22) | (4.5) | 478 | 1,132 | 494 | 739 |
| Health | 5,427 | 5,116 | (311) | (6.1) | 6,874 | 6,573 | 6,001 | 5,626 |
| Education | 4,884 | 4,575 | (309) | (6.8) | 6,310 | 5,899 | 5,714 | 5,335 |
| Core government services | 1,139 | 1,214 | 75 | 6.2 | 1,710 | 1,705 | 1,562 | 1,667 |
| Other | 4,069 | 3,843 | (226) | (5.9) | 5,592 | 5,141 | 5,114 | 4,621 |
| Finance costs | 1,880 | 1,779 | (101) | (5.7) | 2,373 | 2,516 | 2,804 | 3,072 |
| Net foreign exchange (gains) losses | (33) | (58) | (25) | 43.1 | (62) | (47) | 13 | 12 |
| Total Expenses | 27,696 | 26,572 | (1,124) | (4.2) | 36,171 | 35,825 | 34,211 | 32,953 |
| % of GDP | 25.3% | 26.0% | | | 34.4% | 36.2% | 34.8% | 34.6% |
| SOE/Crown entities net surplus | 383 | 293 | 90 | 30.7 | 575 | 1,245 | 1,164 | 83 |
| ACC Valuation movement | - | - | - | - | 519 | - | - | - |
| Operating Balance | 3,108 | 1,831 | 1,277 | 69.7 | 1,449 | 1,777 | 2,534 | 1,908 |
| % of GDP | 2.8% | 1.8% | | | 1.4% | 1.8% | 2.6% | 2.0% |
| Financial Position | | | | | | | | |
| SOEs and Crown entities | 14,710 | 13,402 | 1,308 | 9.8 | 14,392 | 12,917 | 19,022 | 18,483 |
| Physical assets | 16,086 | 15,665 | 421 | 2.7 | 15,972 | 15,258 | 14,962 | 14,502 |
| Other assets | 31,873 | 31,120 | 753 | 2.4 | 30,059 | 30,048 | 28,372 | 24,983 |
| Total Assets | 62,669 | 60,187 | 2,482 | 4.1 | 60,423 | 58,223 | 62,356 | 57,968 |
| Total Liabilities | 51,013 | 51,815 | 802 | 2 | 51,840 | 52,201 | 52,435 | 50,498 |
| Crown Balance (net worth) | 11,656 | 8,372 | 3,284 | 39 | 8,583 | 6,022 | 9,921 | 7,470 |
| % of GDP | 10.6% | 8.2% | | | 8.2% | 6.1% | 10.1% | 7.9% |
| Net Crown debt | 20,149 | 21,517 | (1,368) | (6) | 21,396 | 21,701 | 24,069 | 25,324 |
| % of GDP | 18.4% | 21.0% | | | 20.4% | 21.9% | 24.5% | 26.6% |
| GDP | 109,642 | 102,289 | | | 105,036 | 99,059 | 98,291 | 95,150 |

Taxation revenue was \$2,132 million higher than in the nine months ended March 2000, largely reflecting the increased tax rate for personal incomes over \$60,000, higher corporate profitability, higher interest rates increasing withholding tax on interest-bearing deposits and higher GDP flowing through in various tax types.

Health expenses were \$311 million higher than the previous year, due to providing new services and maintaining existing service levels as a result of demographic, price inflation and technology growth pressures.

Education expenses were \$309 million higher than last year. The increase in expenditure reflects demographic changes as well as new policy initiatives.

Other expenses were \$226 million higher than last year largely reflecting policy initiatives introduced in the 2000 Budget Update.

The investment in SOEs and Crown entities was \$1,308 million higher than the previous years primarily due to the reduction in the ACC outstanding claims liability valuation (\$519 million) and asset revaluations undertaken by Electricity SOE's at the end of the 1999/2000 financial year.

Net Crown debt has reduced due to the improved cash flows from operations reported in the June 2000 Crown Financial Statements, combined with improvements in net cashflows from operating activities and circulating currency for the current financial year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Note | Current Year Actual \$m | Current Year Forecast \$m | Variance \$m | % | Annual Forecast \$m |
|---|--------------------------------------|---|------|----------------------------|------------------------------|-----------------|-------------|---------------------------|
| Revenue | | | | | | | | |
| Levied through the Crown's Sovereign Power | | | | | | | | |
| 21,499 | 16,878 | Direct taxation | 1 | 18,773 | 18,018 | 755 | 4.2 | 22,896 |
| 12,536 | 9,257 | Indirect taxation | 2 | 9,494 | 9,498 | (4) | - | 12,852 |
| 34,035 | 26,135 | Total taxation revenue | | 28,267 | 27,516 | 751 | 2.7 | 35,748 |
| 376 | 266 | Compulsory fees, fines, penalties and levies | | 268 | 239 | 29 | 12.1 | 353 |
| 34,411 | 26,401 | Total Revenue Levied through the Crown's Sovereign | | 28,535 | 27,755 | 780 | 2.8 | 36,101 |
| Earned through the Crown's Operations | | | | | | | | |
| 1,157 | 935 | Investment income | 3 | 1,121 | 801 | 320 | 40.0 | 1,073 |
| 641 | 499 | Sales of goods and services | | 479 | 463 | 16 | 3.5 | 647 |
| 343 | 275 | Other operational revenue | 4 | 286 | 266 | 20 | 7.5 | 332 |
| (26) | - | Unrealised (losses)/gains arising from revaluations of commercial forests | | - | - | - | - | - |
| 2,115 | 1,709 | Total Revenue Earned through the Crown's Operations | | 1,886 | 1,530 | 356 | 23.3 | 2,052 |
| 36,526 | 28,110 | Total Revenue | | 30,421 | 29,285 | 1,136 | 3.9 | 38,153 |
| Expenses | | | | | | | | |
| By functional classification | | | | | | | | |
| 12,896 | 9,612 | Social security and welfare | 5 | 9,817 | 9,861 | 44 | 0.4 | 13,264 |
| 478 | 491 | GSF pension expenses | | 513 | 516 | 3 | 0.6 | 924 |
| 6,874 | 5,116 | Health | | 5,427 | 5,484 | 57 | 1.0 | 7,288 |
| 6,310 | 4,575 | Education | | 4,884 | 4,880 | (4) | (0.1) | 6,774 |
| 1,710 | 1,214 | Core government services ¹ | | 1,139 | 1,080 | (59) | (5.5) | 1,540 |
| 1,531 | 1,081 | Law and order | | 1,134 | 1,148 | 14 | 1.2 | 1,557 |
| 1,247 | 885 | Defence | | 823 | 836 | 13 | 1.6 | 1,143 |
| 1,036 | 756 | Transport and communications | | 772 | 811 | 39 | 4.8 | 1,048 |
| 944 | 602 | Economic and industrial services | | 815 | 820 | 5 | 0.6 | 1,146 |
| 265 | 176 | Primary services | | 186 | 211 | 25 | 11.8 | 298 |
| 456 | 281 | Heritage, culture and recreation | | 278 | 313 | 35 | 11.2 | 444 |
| 68 | 27 | Housing and community development | | 29 | 33 | 4 | 12.1 | 56 |
| 45 | 35 | Other | | 32 | 28 | (4) | (14.3) | 85 |
| 2,373 | 1,779 | Finance costs | 5 | 1,880 | 1,926 | 46 | 2.4 | 2,527 |
| (62) | (58) | Net foreign-exchange (gains)/losses | | (33) | (43) | (10) | (23.3) | (43) |
| - | - | Provision for future initiatives | | - | - | - | - | 60 |
| 36,171 | 26,572 | Total Expenses | | 27,696 | 27,904 | 208 | 0.7 | 38,111 |
| 355 | 1,538 | Revenue Less Expenses | | 2,725 | 1,381 | 1,344 | 97.3 | 42 |
| Net surplus, less distributions, attributable to state-owned enterprises and Crown entities | | | | | | | | |
| 1,094 | 293 | | 8 | 383 | 391 | (8) | (2.0) | 723 |
| 1,449 | 1,831 | | | 3,108 | 1,772 | 1,336 | 75.4 | 765 |

¹ An error was identified in the monthly forecast tracks and December financial statements that understated Core government services by \$102 million and therefore overstated the forecast operating balance and net worth. The correction of the error does not impact on the underlying variance of actual results to forecast or the full year forecast.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Note | Current Year Actual vs Forecast | | | Annual Forecast | |
|---|--------------------------------------|-------------------------------|------|---------------------------------|-----------------|-----------------|--------------------|---------------|
| | | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| Assets | | | | | | | | |
| 210 | 119 | Cash and bank balances | | 119 | 238 | (119) | (50.0) | 93 |
| | | Marketable securities and | | | | | | |
| 10,440 | 10,907 | deposits | | 10,411 | 10,246 | 165 | 1.6 | 11,279 |
| 3,995 | 3,989 | Advances | 6 | 4,484 | 4,602 | (118) | (2.6) | 4,768 |
| 5,520 | 6,269 | Receivables | 7 | 6,848 | 6,404 | 444 | 6.9 | 5,490 |
| 274 | 341 | Inventories | | 276 | 302 | (26) | (8.6) | 329 |
| | | State-owned enterprises and | | | | | | |
| 14,392 | 13,402 | Crown entities | 8 | 14,710 | 14,820 | (110) | (0.7) | 15,204 |
| 338 | 269 | Other investments | 9 | 372 | 364 | 8 | 2.2 | 341 |
| 15,972 | 15,665 | Physical assets | 10 | 16,086 | 16,331 | (245) | (1.5) | 16,476 |
| 369 | 395 | Commercial forests | | 370 | 370 | - | - | 370 |
| 8,911 | 8,828 | State highways | 11 | 8,989 | 8,989 | - | - | 9,015 |
| 2 | 3 | Intangible assets | | 4 | 2 | 2 | 100.0 | 2 |
| - | - | Capital contingency provision | | - | - | - | - | 300 |
| 60,423 | 60,187 | Total Assets | | 62,669 | 62,668 | 1 | - | 63,667 |
| Liabilities | | | | | | | | |
| 5,240 | 4,507 | Payables and provisions | 12 | 4,957 | 4,801 | (156) | (3.2) | 5,098 |
| 2,236 | 2,252 | Currency issued | | 2,570 | 2,413 | (157) | (6.5) | 2,413 |
| 36,041 | 36,532 | Borrowings | | 35,163 | 36,774 | 1,611 | 4.4 | 38,239 |
| 8,323 | 8,524 | Pension liabilities | | 8,323 | 8,323 | - | - | 8,567 |
| 51,840 | 51,815 | Total Liabilities | | 51,013 | 52,311 | 1,298 | 2.5 | 54,317 |
| Total Assets Less | | | | | | | | |
| 8,583 | 8,372 | Total Liabilities | | 11,656 | 10,357 | 1,299 | 12.5 | 9,350 |
| Crown Balance | | | | | | | | |
| 382 | 675 | Accumulated operating | | | | | | |
| | | balance | | 3,499 | 2,167 | 1,332 | 61.5 | 1,160 |
| 8,201 | 7,697 | Revaluation reserve | 13 | 8,157 | 8,190 | (33) | (0.4) | 8,190 |
| 8,583 | 8,372 | Crown Balance | | 11,656 | 10,357 | 1,299 | 12.5 | 9,350 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF MOVEMENTS IN EQUITY

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | Annual Forecast | |
|---|--------------------------------------|---|---------------------------------|-----------------|-----------------|--------------------|--------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| 6,022 | 6,022 | Opening Crown Balance | 8,583 | 8,583 | - | - | 8,583 |
| 1,449 | 1,831 | Operating balance for the period | 3,108 | 1,772 | 1,336 | 75.4 | 765 |
| 1,112 | 519 | Net revaluations | (35) | 2 | (37) | - | 2 |
| 2,561 | 2,350 | Total Recognised Revenues and Expenses | 3,073 | 1,774 | 1,299 | 73.2 | 767 |
| 8,583 | 8,372 | Closing Crown Balance | 11,656 | 10,357 | 1,299 | 73 | 9,350 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|---|--------------------------------------|---|---------------------------------|-----------------|-----------------|--------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| Cash Flows From Operations | | | | | | | |
| Cash was provided from | | | | | | | |
| Direct Taxation | | | | | | | |
| Individuals | | | | | | | |
| 12,920 | 9,552 | Source deductions | 10,193 | 10,123 | 70 | 0.7 | 13,575 |
| 3,553 | 2,804 | Other persons | 3,062 | 3,164 | (102) | (3.2) | 4,001 |
| (1,043) | (832) | Refunds | (874) | (887) | 13 | 1.5 | (1,200) |
| 306 | 229 | Fringe benefit tax | 282 | 265 | 17 | 6.4 | 291 |
| 15,736 | 11,753 | Total Individuals | 12,663 | 12,665 | (2) | - | 16,667 |
| Companies | | | | | | | |
| 4,726 | 3,673 | Gross companies | 4,261 | 3,861 | 400 | 10.4 | 5,147 |
| (618) | (475) | Refunds | (494) | (504) | 10 | 2.0 | (617) |
| 4,108 | 3,198 | Total Companies | 3,767 | 3,357 | 410 | 12.2 | 4,530 |
| 1,566 | 1,124 | Withholding taxes | 1,355 | 1,221 | 134 | 11.0 | 1,692 |
| 1 | 1 | Other direct taxation | 1 | 1 | - | - | 2 |
| 21,411 | 16,076 | Total Direct Taxation | 17,786 | 17,244 | 542 | 3.1 | 22,891 |
| Indirect Taxation | | | | | | | |
| Goods and services tax | | | | | | | |
| 13,664 | 9,968 | Gross goods and services tax | 10,672 | 10,528 | 144 | 1.4 | 14,336 |
| (4,852) | (3,589) | Refunds | (4,187) | (3,973) | (214) | (5.4) | (5,292) |
| 8,812 | 6,379 | Total goods and services tax | 6,485 | 6,555 | (70) | (1.1) | 9,044 |
| 2,014 | 1,468 | Excise duties | 1,452 | 1,412 | 40 | 2.8 | 1,938 |
| 1,627 | 1,174 | Other indirect taxation | 1,276 | 1,290 | (14) | (1.1) | 1,756 |
| 12,453 | 9,021 | Total Indirect Taxation | 9,213 | 9,257 | (44) | (0.5) | 12,738 |
| 33,864 | 25,097 | Total Taxation Receipts | 26,999 | 26,501 | 498 | 1.9 | 35,629 |
| 308 | 220 | Compulsory fees, fines, penalties and levies | 230 | 237 | (7) | (3.0) | 351 |
| Other Receipts | | | | | | | |
| 1,070 | 849 | Interest, profits and dividends | 691 | 627 | 64 | 10.2 | 835 |
| 621 | 490 | Sales of goods and services | 487 | 470 | 17 | 3.6 | 623 |
| 341 | 251 | Other operating receipts | 213 | 219 | (6) | (2.7) | 265 |
| 2,032 | 1,590 | Total Other Receipts | 1,391 | 1,316 | 75 | 5.7 | 1,723 |
| 36,204 | 26,907 | Total cash provided from operations | 28,620 | 28,054 | 566 | 2.0 | 37,703 |
| Cash was disbursed to | | | | | | | |
| 4,447 | 3,497 | Departmental outputs | 3,204 | 3,288 | 84 | 2.6 | 4,634 |
| 15,303 | 11,305 | Other outputs | 12,314 | 12,465 | 151 | 1.2 | 16,286 |
| 2,507 | 1,941 | Finance costs | 1,814 | 1,830 | 16 | 0.9 | 2,516 |
| 131 | 92 | Subsidies | 95 | 126 | 31 | 24.6 | 178 |
| Current transfers | | | | | | | |
| 12,615 | 9,553 | Social assistance grants | 9,744 | 9,830 | 86 | 0.9 | 13,043 |
| 238 | 170 | Other transfers | 185 | 195 | 10 | 5.1 | 252 |
| - | - | Provision for future initiatives | - | - | - | - | 60 |
| 35,241 | 26,558 | Total cash disbursed to operations | 27,356 | 27,734 | 378 | 1.4 | 36,969 |
| 963 | 349 | Net Cash Flows From Operations | 1,264 | 320 | 944 | 295.0 | 734 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|---|--------------------------------------|---|---------------------------------|-----------------|-----------------|----------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| 963 | 349 | Subtotal (brought forward) | 1,264 | 320 | 944 | 295.0 | 734 |
| | | Cash Flows From Investing Activities | | | | | |
| | | Cash was provided from | | | | | |
| (130) | (106) | Net sale/(purchase) of investments | 186 | (123) | 309 | 251.2 | (55) |
| 1,983 | 1,029 | Net sale/(purchase) of marketable securities and deposits | 728 | (258) | 986 | 382.2 | 57 |
| 250 | 180 | Sale of physical assets | 61 | 80 | (19) | (23.8) | 125 |
| 2,103 | 1,103 | Total cash provided | 975 | (301) | 1,276 | 423.9 | 127 |
| | | Cash was disbursed to | | | | | |
| 309 | 246 | Net increase in advances | 503 | 577 | 74 | 12.8 | 680 |
| 1,160 | 807 | Purchase of physical assets | 765 | 1,175 | 410 | 34.9 | 1,479 |
| - | - | Capital contingency provision | - | - | - | - | 300 |
| 1,469 | 1,053 | Total cash disbursed | 1,268 | 1,752 | 484 | 27.6 | 2,459 |
| 634 | 50 | Net Cash Flows From Investing Activities | (293) | (2,053) | 1,760 | 85.7 | (2,332) |
| 1,597 | 399 | Net Cash Flows From Operating and Investing Activities | 971 | (1,733) | 2,704 | 156.0 | (1,598) |
| | | Cash Flows From Financing Activities | | | | | |
| | | Cash was Provided From | | | | | |
| 275 | 292 | Issues of circulating currency | 334 | 177 | 157 | 88.7 | 177 |
| 2,867 | 2,243 | Issues of Government stock Other New Zealand-dollar borrowing ¹ | 2,874 | 2,661 | 213 | 8.0 | 660 |
| 453 | 396 | Borrowing in foreign currencies ¹ | 378 | 459 | (81) | (17.6) | 126 |
| 1,683 | 591 | | 2,585 | 1,626 | 959 | 59.0 | 514 |
| 5,278 | 3,522 | Total Cash Provided | 6,171 | 4,923 | 1,248 | 25.4 | 1,477 |
| | | Cash was Disbursed to | | | | | |
| 3,305 | 3,305 | Repayment of Government stock Repayment of other New Zealand- dollar borrowing ¹ | 3,167 | 3,166 | (1) | - | - |
| 1,280 | 689 | Repayment of foreign-currency borrowing ¹ | 783 | - | (783) | - | - |
| 2,318 | 46 | | 3,286 | - | (3,286) | - | - |
| 6,903 | 4,040 | Total Cash Disbursed | 7,236 | 3,166 | (4,070) | (128.6) | - |
| (1,625) | (518) | Net Cash Flows From Financing Activities | (1,065) | 1,757 | (2,822) | (160.6) | 1,477 |
| (28) | (119) | Net Movement in Cash | (94) | 24 | (118) | (491.7) | (121) |
| 230 | 230 | Opening Cash Balance | 210 | 210 | - | - | 210 |
| 8 | 8 | Foreign-exchange gains/(losses) on opening cash | 3 | 4 | (1) | (25.0) | 4 |
| 210 | 119 | Closing Cash Balance | 119 | 238 | (119) | (50.0) | 93 |

¹ Issues and repayments of other New Zealand-dollar borrowing and foreign-currency borrowing are forecast on a net basis. Actual issues and repayments are reported on a gross basis.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|--|--------------------------------------|---|---------------------------------|-----------------|-----------------|---------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| Reconciliation Between the Operating Balance and Net Cash Flows from Operations | | | | | | | |
| 1,449 | 1,831 | Operating Balance | 3,108 | 1,772 | 1,336 | 75.4 | 765 |
| <i>Items included in the operating balance but not in net cash flows from operations</i> | | | | | | | |
| Valuation Changes | | | | | | | |
| 26 | - | Revaluation of commercial forests | - | - | - | - | - |
| (92) | (102) | Unrealised net foreign-exchange gains | (10) | (87) | 77 | 89 | (87) |
| (66) | (102) | Total Valuation Changes | (10) | (87) | 77 | 88.5 | (87) |
| Physical Asset Movements | | | | | | | |
| 791 | 592 | Depreciation | 610 | 637 | (27) | (4.2) | 872 |
| (7) | (13) | Loss/(gain) on sale of physical assets | 3 | 3 | - | - | 3 |
| 784 | 579 | Total Physical Asset Movements | 613 | 640 | (27) | (4.2) | 875 |
| Other Non-cash Items | | | | | | | |
| (1,094) | (249) | Net surplus, less distributions, attributable to state-owned enterprises and Crown entities | (383) | (391) | 8 | 2.0 | (723) |
| (14) | (14) | Gain on sale of Vehicle Testing New Zealand Limited | - | - | - | - | - |
| (201) | - | Movement in pension liabilities | - | - | - | - | 244 |
| 208 | (47) | Other | (50) | - | (50) | - | - |
| (1,101) | (310) | Total Other Non-cash Items | (433) | (391) | (42) | (10.7) | (479) |
| (36) | 13 | Total other investing and financing items | 4 | - | 4 | - | - |
| Movements in Working Capital | | | | | | | |
| (164) | (817) | (Increase)/decrease in taxes receivable | (1,362) | (1,027) | (335) | (32.6) | (201) |
| (168) | (202) | Decrease/(increase) in other receivables | 34 | 143 | (109) | (76.2) | 231 |
| 47 | (20) | (Increase)/decrease in inventories | (2) | (28) | 26 | 92.9 | (55) |
| 218 | (623) | (Decrease)/increase in payables | (688) | (702) | 14 | 2.0 | (315) |
| (67) | (1,662) | Total movements in working capital | (2,018) | (1,614) | (404) | (25.0) | (340) |
| 963 | 349 | Net Cash Flows from Operations | 1,264 | 320 | 944 | 295.0 | 734 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the nine months ended 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | Annual | | |
|---|--------------------------------------|---|---------------------------------|-----------------|-----------------|----------------|----------------|
| | | | Actual \$m | Forecast \$m | Forecast \$m | | |
| | | | Variance \$m | % | | | |
| Reconciliation of Net Cash Flow From Operations With Net Cash Proceeds From Domestic Bonds | | | | | | | |
| 963 | 349 | Net Cash Flows From Operations | 1,264 | 320 | 944 | 295.0 | 734 |
| Investing flows | | | | | | | |
| <i>Net advances</i> | | | | | | | |
| 4 | 29 | Housing Corporation of New Zealand | (15) | - | - | - | - |
| 101 | 11 | Contact Energy Limited | - | - | - | - | - |
| (528) | (384) | Student loans | (542) | (488) | (54) | (11.1) | - |
| 47 | 47 | Residual Health Management Unit | 43 | - | 43 | - | - |
| (40) | (38) | Solid Energy New Zealand Limited | - | - | - | - | - |
| - | - | District health boards | - | (115) | 115 | 100.0 | - |
| 107 | 89 | Other | 11 | 26 | (15) | (57.7) | (680) |
| (309) | (246) | Total Net Advances | (503) | (577) | 74 | 12.8 | (680) |
| (910) | (627) | Net purchase of physical assets | (704) | (1,095) | 391 | 35.7 | (1,354) |
| <i>Net investments</i> | | | | | | | |
| (46) | (28) | District health boards | (21) | (105) | 84 | 80.0 | - |
| - | - | Capital Properties New Zealand Limited | 62 | 62 | - | - | - |
| (29) | (99) | At Work Insurance Limited | 50 | 50 | - | - | - |
| 19 | 19 | Vehicle Testing New Zealand Limited | - | - | - | - | - |
| - | - | 2 GHz radio spectrum rights | 140 | - | 140 | - | - |
| - | - | auction proceeds | 140 | - | 140 | - | - |
| (74) | 2 | Other | (45) | (130) | 85 | 65.4 | (55) |
| - | - | Capital Contingency Provision | - | - | - | - | (300) |
| (130) | (106) | Net sale/(purchase) of Investments | 186 | (123) | 309 | 251.2 | (355) |
| (386) | (630) | Available for debt repayment/(Required to be financed) | 243 | (1,475) | 1,718 | 116.5 | (1,655) |
| <i>Used in:</i> | | | | | | | |
| 1,983 | 1,029 | Net sale/(purchase) of marketable securities and deposits | 728 | (258) | 986 | 382.2 | 57 |
| 1,597 | 399 | Total Investing activities | 971 | (1,733) | 2,704 | 156.0 | (1,598) |
| (827) | (293) | Net (repayment)/issue of other New Zealand-dollar borrowing | (405) | 459 | (864) | (188.2) | 126 |
| (635) | 545 | Net (repayment)/issue of foreign currency borrowing | (701) | 1,626 | (2,327) | (143.1) | 514 |
| 28 | 119 | Decrease/(increase) in cash | 94 | (24) | 118 | 491.7 | 121 |
| 275 | 292 | Issues of circulating currency | 334 | 177 | 157 | 88.7 | 177 |
| (1,159) | 663 | | (678) | 2,238 | (2,916) | (130.3) | 938 |
| 438 | 1,062 | Net Repayments of/(Cash Proceeds from) Domestic Bonds | 293 | 505 | (212) | (42.0) | (660) |
| Gross Cash Proceeds from Domestic Bonds | | | | | | | |
| 1,924 | 1,356 | Domestic bonds (market) | 2,213 | 2,364 | (151) | (6.4) | 3,529 |
| 598 | 546 | Domestic bonds (non-market) | 661 | 297 | 364 | 122.6 | 297 |
| 345 | 341 | Inflation bonds | - | - | - | - | - |
| 2,867 | 2,243 | Total Gross Cash Proceeds from Domestic Bonds | 2,874 | 2,661 | 213 | 8.0 | 3,826 |
| (3,011) | (3,011) | Repayment of domestic bonds (market) | (2,651) | (2,650) | (1) | - | (2,650) |
| (294) | (294) | Repayment of domestic bonds (non-market) | (516) | (516) | - | - | (516) |
| (438) | (1,062) | Net (Repayments of)/Cash Proceeds from Domestic Bonds | (293) | (505) | 212 | 42.0 | 660 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS

as at 31 March 2001

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|---|--------------------------------------|--|---------------------------------|-----------------|-----------------|--------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| Outstanding Debt | | | | | | | |
| New Zealand-Dollar Debt | | | | | | | |
| 22,239 | 21,625 | Government stock | 21,957 | 21,738 | (219) | (1.0) | 22,834 |
| 5,370 | 5,785 | Treasury bills | 5,398 | 5,232 | (166) | (3.2) | 5,885 |
| | | Loans and foreign-exchange | | | | | |
| 230 | 349 | contracts | (203) | (3) | 200 | - | (159) |
| 474 | 485 | Retail stock | 481 | 470 | (11) | (2.3) | 474 |
| 28,313 | 28,244 | Total New Zealand-Dollar Debt | 27,633 | 27,437 | (196) | (0.7) | 29,034 |
| Foreign-Currency Debt | | | | | | | |
| 4,329 | 5,205 | United States dollars | 4,032 | 5,058 | 1,026 | 20.3 | 4,153 |
| 2,054 | 1,816 | Japanese yen | 1,916 | 2,410 | 494 | 20.5 | 3,215 |
| 1,345 | 1,267 | European and other currencies | 1,582 | 1,869 | 287 | 15.4 | 1,837 |
| 7,728 | 8,288 | Total Foreign-Currency Debt | 7,530 | 9,337 | 1,807 | 19.4 | 9,205 |
| 36,041 | 36,532 | Total Outstanding Debt | 35,163 | 36,774 | 1,611 | 4.4 | 38,239 |
| Less | | | | | | | |
| Financial Assets | | | | | | | |
| Marketable Securities and Deposits | | | | | | | |
| 2,324 | 2,106 | New Zealand dollars | 2,414 | 660 | 1,754 | 265.8 | 1,816 |
| 4,467 | 5,675 | United States dollars | 4,256 | 4,955 | (699) | (14.1) | 4,360 |
| 2,277 | 1,816 | Japanese yen | 2,129 | 2,628 | (499) | (19.0) | 3,217 |
| 1,372 | 1,310 | European and other currencies | 1,612 | 2,003 | (391) | (19.5) | 1,886 |
| 10,440 | 10,907 | Total Marketable Securities and Deposits | 10,411 | 10,246 | 165 | 1.6 | 11,279 |
| Advances and Cash | | | | | | | |
| 259 | 257 | Advances to state-owned enterprises and Crown entities | 237 | 334 | (97) | (29.0) | 442 |
| 3,523 | 3,429 | Student loans | 4,037 | 4,040 | (3) | (0.1) | 4,104 |
| 213 | 303 | Other advances | 210 | 228 | (18) | (7.9) | 222 |
| 210 | 119 | Cash | 119 | 238 | (119) | (50.0) | 93 |
| 4,205 | 4,108 | Total Advances and Cash | 4,603 | 4,840 | (237) | (4.9) | 4,861 |
| 14,645 | 15,015 | Total Financial Assets | 15,014 | 15,086 | (72) | (0.5) | 16,140 |
| 21,396 | 21,517 | Net Crown Debt | 20,149 | 21,688 | 1,539 | 7.1 | 22,099 |
| 21,870 | 22,127 | Net New Zealand-dollar debt | 20,615 | 21,937 | 1,322 | 6.0 | 22,357 |
| (474) | (610) | Net foreign-currency debt | (466) | (249) | 217 | 87.1 | (258) |
| 21,396 | 21,517 | Net Crown Debt | 20,149 | 21,688 | 1,539 | 7.1 | 22,099 |

The accompanying Notes are an integral part of these Statements.

STATEMENT OF BORROWINGS (CONTINUED)

as at 31 March 2001

Movements in Net Crown Debt Since 30 June 2000

| | As at 1 July 2000 \$m | Increases/ Additions \$m | Decreases/ Disposals/ Repayments \$m | Foreign Exchange Contracts \$m | Currency Realignment \$m | Unamortised Premiums \$m | As at March 2001 \$m |
|---------------------------------------|--------------------------------|--------------------------------|---|---|--------------------------------|--------------------------------|-------------------------------|
| Outstanding Debt | | | | | | | |
| By Type | | | | | | | |
| New Zealand-dollar debt | 28,313 | 3,228 | (3,856) | - | - | (52) | 27,633 |
| Foreign-currency debt | 7,728 | 2,744 | (3,495) | - | 540 | 13 | 7,530 |
| Total Outstanding Debt | 36,041 | 5,972 | (7,351) | - | 540 | (39) | 35,163 |
| Less | | | | | | | |
| Financial Assets | | | | | | | |
| Marketable securities and deposits | 10,440 | 66,599 | (67,321) | 1 | 630 | 62 | 10,411 |
| Advances and cash | 4,205 | 925 | (530) | - | 3 | - | 4,603 |
| Total Financial Assets | 14,645 | 67,524 | (67,851) | 1 | 633 | 62 | 15,014 |
| Net Crown Debt | 21,396 | (61,552) | 60,500 | (1) | (93) | (101) | 20,149 |

STATEMENT OF COMMITMENTS

as at 31 March 2001

| | As at 31 March 2001 \$m | As at 30 June 2000 \$m | As at 31 March 2000 \$m |
|--|----------------------------------|---------------------------------|----------------------------------|
| Capital Commitments | | | |
| Specialist military equipment | 253 | 321 | 366 |
| Land and buildings | 79 | 87 | 350 |
| Other plant and equipment | 38 | 63 | 24 |
| Investments | 194 | 17 | 14 |
| State-owned enterprises and Crown entities | 735 | 1,016 | 1,079 |
| Total Capital Commitments | 1,299 | 1,504 | 1,833 |
| Operating Commitments | | | |
| Non-cancellable accommodation leases | 759 | 789 | 609 |
| Other non-cancellable leases | 1,821 | 1,858 | 2,972 |
| Non-cancellable contracts for the supply of goods and services | 519 | 432 | 316 |
| Other operating commitments | 1,113 | 1,071 | 1,134 |
| State-owned enterprises and Crown entities | 1,978 | 2,713 | 2,417 |
| Total Operating Commitments | 6,190 | 6,863 | 7,448 |
| Total Commitments | 7,489 | 8,367 | 9,281 |

Commitments of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Commitments. Commitments to state-owned enterprises and Crown entities are excluded.

STATEMENT OF CONTINGENT LIABILITIES

as at 31 March 2001

| | As at 31 March 2001 \$m | As at 30 June 2000 \$m | As at 31 March 2000 \$m |
|--|----------------------------------|---------------------------------|----------------------------------|
| Quantifiable Contingent Liabilities | | | |
| Guarantees and Indemnities | 351 | 592 | 480 |
| Uncalled Capital | 3,724 | 3,210 | 3,027 |
| Legal Proceedings and Disputes | 499 | 542 | 533 |
| Other Contingent Liabilities | 2,157 | 1,983 | 1,809 |
| Total Quantifiable Contingent Liabilities | 6,731 | 6,327 | 5,849 |

Contingent liabilities of the Reserve Bank of New Zealand, state-owned enterprises and Crown entities are included in the Statement of Contingent Liabilities. Contingent liabilities to state-owned enterprises and Crown entities are excluded.

The accompanying Notes are an integral part of these Statements.

STATEMENT OF ACCOUNTING POLICIES

as at 31 March 2001

Reporting Entity

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

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

A schedule of entities included in the Crown reporting entity was set out on pages 85 and 86 of the 2000 December Economic and Fiscal Update (DEFU) published on 19 December 2000.

General Accounting Policies

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

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

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

Specific Accounting Policies

The specific accounting policies of the Crown were described on pages 98 to 111 of the 2000 DEFU. There have been no changes in accounting policies during the period 1 July 2000 to 31 March 2001.

Forecast Results and Assumptions

The forecast results in these Financial Statements have been derived from the forecasts released in the DEFU, on 19 December 2000.

The assumptions underlying the preparation of forecasts are set out in the Statement of Accounting Policies and Forecast Assumptions on pages 98 to 111 of the DEFU.

Comparative Figures

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

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

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|---|--------------------------------------|--------------------------------------|---------------------------------|-----------------|-----------------|--------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| NOTE 1: Direct Taxation | | | | | | | |
| Income Tax | | | | | | | |
| Individuals | | | | | | | |
| 12,972 | 9,494 | Source deductions | 10,182 | 10,190 | (8) | (0.1) | 13,575 |
| 3,123 | 2,824 | Other persons | 3,379 | 3,249 | 130 | 4.0 | 3,520 |
| (625) | (458) | Refunds | (535) | (483) | (52) | (10.8) | (719) |
| 306 | 232 | Fringe benefit tax | 268 | 217 | 51 | 23.5 | 292 |
| 15,776 | 12,092 | Total Individuals | 13,294 | 13,173 | 121 | 0.9 | 16,668 |
| Companies | | | | | | | |
| 4,270 | 3,738 | Gross companies | 4,165 | 3,686 | 479 | 13.0 | 4,647 |
| (112) | (80) | Refunds | (74) | (72) | (2) | (2.8) | (117) |
| 4,158 | 3,658 | Total Companies | 4,091 | 3,614 | 477 | 13.2 | 4,530 |
| Withholding Taxes | | | | | | | |
| 723 | 516 | Residents' interest income | 712 | 692 | 20 | 2.9 | 942 |
| 735 | 549 | Non-residents' income | 570 | 431 | 139 | 32.3 | 631 |
| 58 | 31 | Residents' dividend income | 41 | 36 | 5 | 13.9 | 47 |
| 47 | 31 | Foreign-source dividends | 64 | 70 | (6) | (8.6) | 76 |
| 1,563 | 1,127 | Total Withholding Taxes | 1,387 | 1,229 | 158 | 12.9 | 1,696 |
| 21,497 | 16,877 | Total Income Tax | 18,772 | 18,016 | 756 | 4.2 | 22,894 |
| Other Direct Taxation | | | | | | | |
| 2 | 1 | Estate and gift duties | 1 | 2 | (1) | (50) | 2 |
| 2 | 1 | Total Other Direct Taxation | 1 | 2 | (1) | (50) | 2 |
| 21,499 | 16,878 | Total Direct Taxation | 18,773 | 18,018 | 755 | 4.2 | 22,896 |
| NOTE 2: Indirect Taxation | | | | | | | |
| Goods and Services Tax | | | | | | | |
| 14,085 | 10,365 | Gross goods and services tax | 11,196 | 10,939 | 257 | 2.3 | 14,746 |
| (5,214) | (3,859) | Refunds | (4,530) | (4,261) | (269) | (6.3) | (5,642) |
| 8,871 | 6,506 | Total Goods and Services Tax | 6,666 | 6,678 | (12) | (0.2) | 9,104 |
| Excise Duties | | | | | | | |
| 808 | 619 | Petroleum fuels | 608 | 615 | (7) | (1.1) | 816 |
| 777 | 559 | Tobacco products | 581 | 557 | 24 | 4.3 | 762 |
| 442 | 333 | Alcoholic beverages | 333 | 342 | (9) | (2.6) | 445 |
| 2,027 | 1,511 | Total Excise Duties | 1,522 | 1,514 | 8 | 0.5 | 2,023 |
| Other Indirect Taxation | | | | | | | |
| 612 | 476 | Customs duty | 497 | 498 | (1) | (0.2) | 633 |
| 507 | 381 | Road user charges | 396 | 401 | (5) | (1.2) | 545 |
| 58 | 41 | Stamp, cheque and credit card duties | 47 | 46 | 1 | 2.2 | 67 |
| 177 | 132 | Motor vehicle fees | 134 | 132 | 2 | 1.5 | 176 |
| 176 | 131 | Gaming duties | 151 | 153 | (2) | (1.3) | 205 |
| 108 | 79 | Energy resources levy | 81 | 76 | 5 | 6.6 | 99 |
| 1,638 | 1,240 | Total Other Indirect Taxation | 1,306 | 1,306 | - | - | 1,725 |
| 12,536 | 9,257 | Total Indirect Taxation | 9,494 | 9,498 | (4) | - | 12,852 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|--|--------------------------------------|--|---------------------------------|-----------------|-----------------|--------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| NOTE 3: Investment Income | | | | | | | |
| Interest Income | | | | | | | |
| 426 | 313 | Marketable securities, deposits, mortgages and cash balances | 324 | 321 | 3 | 0.9 | 431 |
| 249 | 163 | Advances | 211 | 222 | (11) | (5.0) | 301 |
| 46 | 35 | Student loans | 38 | 37 | 1 | 2.7 | 48 |
| | | Other entities | | | | | |
| 721 | 511 | Total Interest Income | 573 | 580 | (7) | (1.2) | 780 |
| Dividend Income | | | | | | | |
| 15 | 15 | Dividends from state-owned enterprises | | | | | |
| - | - | Electricity Corporation of New Zealand Limited | 9 | 13 | (4) | (30.8) | - |
| - | 7 | Genesis Power | 15 | 15 | - | - | - |
| - | - | Land Corporation Limited | 19 | 11 | 8 | 72.7 | - |
| 133 | 133 | Meridian Energy Limited | 68 | 29 | 39 | 134.5 | - |
| - | - | Mighty River Power Limited | 21 | 32 | (11) | (34.4) | - |
| 18 | 7 | New Zealand Post Limited | 7 | 6 | 1 | 16.7 | - |
| 51 | 51 | Television New Zealand Limited | 32 | 19 | 13 | 68.4 | - |
| 103 | 103 | Trans Power New Zealand Limited | 87 | 63 | 24 | 38.1 | - |
| 14 | 5 | Other | 9 | 6 | 3 | 50.0 | 266 |
| 12 | 12 | Housing Corporation Of New Zealand | - | - | - | - | - |
| 87 | 87 | Housing New Zealand Limited | 12 | - | 12 | - | - |
| 16 | 16 | Other dividends | 4 | 3 | 1 | 33.3 | 3 |
| 449 | 436 | Total Dividend Income | 283 | 197 | 86 | 43.7 | 269 |
| Other Investment Income | | | | | | | |
| (25) | (26) | Gains/(losses) on marketable securities and deposits | 123 | 20 | 103 | - | 20 |
| 14 | 14 | Gain on sale of Vehicle Testing New Zealand Limited | - | - | - | - | - |
| - | - | 2 GHz radio spectrum rights | 140 | - | 140 | - | - |
| (2) | - | Other | 2 | 4 | (2) | (50.0) | 4 |
| (13) | (12) | Total Other Investment Income | 265 | 24 | 241 | - | 24 |
| 1,157 | 935 | Total Investment Income | 1,121 | 801 | 320 | 40.0 | 1,073 |
| NOTE 4: Other Operational Revenue | | | | | | | |
| 92 | 81 | Recoveries from Accident Compensation Corporation | 82 | 79 | 3 | 3.8 | 102 |
| 25 | 18 | Contributions to Government Superannuation Fund | 18 | 19 | (1) | (5.3) | 22 |
| 46 | 33 | Petroleum royalties | 59 | 53 | 6 | 11.3 | 60 |
| 27 | 21 | Cost recovery income from Fisheries | 22 | 22 | - | - | 29 |
| 10 | 7 | Income from Earthquake Commission | 7 | 7 | - | - | 10 |
| 143 | 115 | Other | 98 | 86 | 12 | 14.0 | 109 |
| 343 | 275 | Total Other Operational Revenue | 286 | 266 | 20 | 7.5 | 332 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast |
|--|--------------------------------------|---|---------------------------------|-----------------|-----------------|------------|--------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| NOTE 5: Expenses by Input Type | | | | | | | |
| 12,960 | 9,644 | Subsidies and transfer payments (see analysis below) | 9,881 | 9,929 | 48 | 0.5 | 13,363 |
| 16,792 | 12,028 | Operating expenses (see analysis below) | 12,658 | 12,766 | 108 | 0.8 | 17,467 |
| | | Personnel | | | | | |
| 2,527 | 1,869 | Personnel expenses (excluding pension expenses) | 1,928 | 1,934 | 6 | 0.3 | 2,630 |
| 679 | 491 | GSF Pension expenses | 513 | 516 | 3 | 0.6 | 680 |
| | | Movement in GSF unfunded pension liability | - | - | - | - | 244 |
| (201) | - | | | | | | |
| 57 | 43 | Other pension expenses | 46 | 39 | (7) | (17.9) | 53 |
| | | Depreciation | | | | | |
| 709 | 530 | Physical assets | 548 | 575 | 27 | 4.7 | 789 |
| 82 | 62 | State highways | 62 | 62 | - | - | 83 |
| 262 | 197 | Rental and leasing costs | 210 | 197 | (13) | (6.6) | 255 |
| (7) | (13) | Loss/(gain) on sale of assets | 3 | 3 | - | - | 3 |
| 2,373 | 1,779 | Finance costs (see analysis below) | 1,880 | 1,926 | 46 | 2.4 | 2,527 |
| | | Net foreign-exchange losses/ (gains) on liabilities | 475 | 972 | 497 | 51.1 | 972 |
| 997 | 624 | | | | | | |
| | | Net foreign-exchange (gains)/ losses on assets | (508) | (1,015) | (507) | (50.0) | (1,015) |
| (1,059) | (682) | | | | | | |
| - | - | Provision for future initiatives | - | - | - | - | 60 |
| 36,171 | 26,572 | Total Expenses | 27,696 | 27,904 | 208 | 0.7 | 38,111 |
| Analysis of Subsidies and Transfer Payments | | | | | | | |
| | | Social Assistance Grants | | | | | |
| 5,068 | 3,752 | New Zealand superannuation | 3,924 | 3,921 | (3) | (0.1) | 5,261 |
| 1,433 | 1,080 | Domestic purposes benefit | 1,076 | 1,073 | (3) | (0.3) | 1,437 |
| 1,937 | 1,490 | Community wage | 1,408 | 1,417 | 9 | 0.6 | 1,864 |
| 910 | 684 | Family support | 648 | 672 | 24 | 3.6 | 921 |
| 376 | 244 | Student allowances | 262 | 252 | (10) | (4.0) | 388 |
| 2,863 | 2,128 | Other social assistance grants | 2,288 | 2,302 | 14 | 0.6 | 3,107 |
| 136 | 97 | Subsidies | 90 | 99 | 9 | 9.1 | 136 |
| | | Other Transfer Payments | | | | | |
| 219 | 152 | Official development assistance | 162 | 172 | 10 | 5.8 | 227 |
| 18 | 17 | Other | 23 | 21 | (2) | (9.5) | 22 |
| 12,960 | 9,644 | Total Subsidies and Transfer Payments | 9,881 | 9,929 | 48 | 0.5 | 13,363 |
| Analysis of Operating Expenses | | | | | | | |
| | | Education purchases | | | | | |
| 325 | 236 | Early childhood education | 243 | 245 | 2 | 0.8 | 335 |
| 3,405 | 2,555 | Primary and secondary education | 2,675 | 2,699 | 24 | 0.9 | 3,545 |
| 1,380 | 1,018 | Tertiary education and training | 1,102 | 1,079 | (23) | (2.1) | 1,496 |
| 6,400 | 4,775 | Health purchases | 5,106 | 5,135 | 29 | 0.6 | 6,734 |
| 424 | 312 | Science purchases | 348 | 348 | - | - | 467 |
| 4,858 | 3,132 | Other operating expenses | 3,184 | 3,260 | 76 | 2.3 | 4,890 |
| 16,792 | 12,028 | Total Operating Expenses | 12,658 | 12,766 | 108 | 0.8 | 17,467 |
| Analysis of Finance Costs | | | | | | | |
| | | Interest | | | | | |
| 1,993 | 1,501 | New Zealand dollars | 1,533 | 1,574 | 41 | 2.6 | 2,105 |
| 355 | 259 | Foreign currencies | 335 | 322 | (13) | (4.0) | 380 |
| 25 | 19 | Other finance costs | 12 | 30 | 18 | 60.0 | 42 |
| 2,373 | 1,779 | Total Finance Costs | 1,880 | 1,926 | 46 | 2.4 | 2,527 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Annual Current Year Actual vs Forecast Forecast | | | | |
|---|--------------------------------------|---|--|-----------------|-----------------|---------------|--------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | \$m |
| NOTE 6: Advances | | | | | | | |
| Advances to State-owned Enterprises and Crown Entities | | | | | | | |
| 137 | 137 | Housing Corporation of New Zealand | 153 | 136 | 17 | 12.5 | 174 |
| 80 | 80 | Residual Health Management Unit | 39 | 39 | - | - | 15 |
| - | - | District health board's | - | 115 | (115) | (100.0) | 210 |
| 41 | 39 | Solid Energy New Zealand Limited | 43 | 43 | - | - | 43 |
| 1 | 1 | Terralink NZ Limited | 2 | 1 | 1 | 100.0 | - |
| 259 | 257 | Total Advances to State-owned Enterprises and Crown Entities | 237 | 334 | (97) | (29.0) | 442 |
| Other Advances | | | | | | | |
| 3,523 | 3,429 | Student loans | 4,037 | 4,040 | (3) | (0.1) | 4,104 |
| 117 | 207 | Contact Energy Limited | 117 | 117 | - | - | 117 |
| 29 | 28 | Forestry encouragement loans | 26 | 29 | (3) | (10.3) | 29 |
| 36 | 36 | Maori development rural lending | 39 | 43 | (4) | (9.3) | 49 |
| 7 | 7 | Catchment authorities | 8 | 9 | (1) | (11.1) | 6 |
| 24 | 25 | Other | 20 | 30 | (10) | (33.3) | 21 |
| 3,736 | 3,732 | Total Other Advances | 4,247 | 4,268 | (21) | (0.5) | 4,326 |
| 3,995 | 3,989 | Total Advances | 4,484 | 4,602 | (118) | (2.6) | 4,768 |

| NOTE 7: Receivables | | | | | | | |
|----------------------------|--------------|---|--------------|--------------|------------|------------|--------------|
| 4,225 | 4,878 | Taxes receivable | 5,587 | 5,252 | 335 | 6.4 | 4,426 |
| 1,029 | 1,025 | Accounts receivable | 1,006 | 908 | 98 | 10.8 | 913 |
| | | Receivable from the sale and purchase of Maui gas | 118 | 116 | 2 | 1.7 | 95 |
| 175 | 180 | Prepayments | 137 | 128 | 9 | 7.0 | 56 |
| 5,520 | 6,269 | Total Receivables | 6,848 | 6,404 | 444 | 6.9 | 5,490 |

NOTES TO THE FINANCIAL STATEMENTS

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

| | Investment as at 1 July 2000 \$m | Net surplus \$m | Distributions to Crown \$m | Net surplus after distributions \$m | Net revaluations to revaluation reserve \$m | Net capital contributions /(withdrawals) by Crown \$m | Investment as at 31 March 2001 \$m |
|---|--|-----------------------|----------------------------------|--|---|---|--|
| State-owned enterprises | 5,507 | 300 | (267) | 33 | 12 | (50) | 5,502 |
| Crown entities | 8,885 | 363 | (13) | 350 | (1) | (26) | 9,208 |
| Total State-owned Enterprises and Crown Entities | 14,392 | 663 | (280) | 383 | 11 | (76) | 14,710 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | | Current Year Actual vs Forecast | | | | Annual |
|---|--------------------------------------|---|---------------------------------|---------------|--------------|--------------|---------------|
| | | | Actual | Forecast | Variance | | Forecast |
| | | | \$m | \$m | \$m | % | \$m |
| NOTE 9: Other Investments | | | | | | | |
| 111 | 31 | International Bank for Reconstruction and Development | 118 | 111 | 7 | 6.3 | 111 |
| 78 | 86 | Public Trust Office | 78 | 78 | - | - | 78 |
| 109 | 96 | Asian Development Bank | 107 | 104 | 3 | 2.9 | 109 |
| 40 | 56 | Other | 69 | 71 | (2) | (2.8) | 43 |
| 338 | 269 | Total Other Investments | 372 | 364 | 8 | 2.2 | 341 |
| NOTE 10: Physical Assets | | | | | | | |
| By Type | | | | | | | |
| Cost or Valuation | | | | | | | |
| 1,830 | 2,282 | Land | 1,864 | 1,840 | 24 | 1.3 | 1,845 |
| 441 | 448 | Properties intended for sale | 431 | 420 | 11 | 2.6 | 420 |
| 8,749 | 8,180 | Buildings | 8,417 | 9,002 | (585) | (6.5) | 9,182 |
| 2,753 | 2,511 | Specialist military equipment | 2,893 | 2,983 | (90) | (3.0) | 3,034 |
| 2,097 | 2,175 | Other plant and equipment | 2,260 | 2,306 | (46) | (2.0) | 2,395 |
| 2,637 | 2,516 | Other assets | 2,636 | 2,627 | 9 | 0.3 | 2,627 |
| 18,507 | 18,112 | Total Cost or Valuation | 18,501 | 19,178 | (677) | (3.5) | 19,503 |
| Accumulated Depreciation | | | | | | | |
| 866 | 793 | Buildings | 652 | 1,041 | 389 | 37.4 | 1,136 |
| 487 | 452 | Specialist military equipment | 444 | 453 | 9 | 2.0 | 472 |
| 1,182 | 1,194 | Other plant and equipment | 1,316 | 1,351 | 35 | 2.6 | 1,417 |
| - | 8 | Other assets | 3 | 2 | (1) | (50.0) | 2 |
| 2,535 | 2,447 | Total Accumulated Depreciation | 2,415 | 2,847 | 432 | 15.2 | 3,027 |
| Net Book Value | | | | | | | |
| 1,830 | 2,282 | Land | 1,864 | 1,840 | 24 | 1.3 | 1,845 |
| 441 | 448 | Properties intended for sale | 431 | 420 | 11 | 2.6 | 420 |
| 7,883 | 7,387 | Buildings | 7,765 | 7,961 | (196) | (2.5) | 8,046 |
| 2,266 | 2,059 | Specialist military equipment | 2,449 | 2,530 | (81) | (3.2) | 2,562 |
| 915 | 981 | Other plant and equipment | 944 | 955 | (11) | (1.2) | 978 |
| 2,637 | 2,508 | Other assets | 2,633 | 2,625 | 8 | 0.3 | 2,625 |
| 15,972 | 15,665 | Total Net Book Value | 16,086 | 16,331 | (245) | (1.5) | 16,476 |
| Movements since 30 June | | | | | | | |
| Cost or Valuation | | | | | | | |
| 17,467 | 17,467 | Opening balance | 18,507 | 18,507 | - | - | 18,507 |
| 407 | 356 | Net additions | 422 | 671 | (249) | (37.1) | 996 |
| 633 | 289 | Net Revaluations | (428) | - | (428) | - | - |
| 18,507 | 18,112 | Total Cost or Valuation | 18,501 | 19,178 | (677) | (3.5) | 19,503 |
| Accumulated Depreciation | | | | | | | |
| 2,209 | 2,209 | Opening balance | 2,535 | 2,535 | - | - | 2,535 |
| (194) | (131) | Disposals | (286) | (264) | 22 | 8.3 | (298) |
| 709 | 530 | Depreciation charged for the period | 548 | 575 | 27 | 4.7 | 789 |
| (189) | (161) | Net Revaluations | (382) | 1 | 383 | - | 1 |
| 2,535 | 2,447 | Total Accumulated Depreciation | 2,415 | 2,847 | 432 | 15.2 | 3,027 |
| 15,972 | 15,665 | Net Physical Assets | 16,086 | 16,331 | (245) | (1.5) | 16,476 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2000 \$m | Current Year Actual vs Forecast | | | | Annual Forecast | |
|---|--------------------------------------|---------------------------------|-----------------|----------|---|--------------------|--|
| | | Actual \$m | Forecast \$m | Variance | | \$m | |
| | | | | \$m | % | | |

NOTE 11: State Highways

| | | Cost or Valuation | | | | | |
|--------------|--------------|---------------------------------------|--------------|--------------|----------|----------|--------------|
| 8,770 | 8,770 | Opening balance | 8,911 | 8,911 | - | - | 8,911 |
| 201 | 120 | Net additions | 140 | 140 | - | - | 187 |
| (60) | - | Net revaluations | - | - | - | - | - |
| 8,911 | 8,890 | Total Cost or Valuation | 9,051 | 9,051 | - | - | 9,098 |
| | | Accumulated Depreciation | | | | | |
| - | - | Opening balance | - | - | - | - | - |
| 82 | 62 | Depreciation charged for the period | 62 | 62 | - | - | 83 |
| (82) | - | Net revaluations | - | - | - | - | - |
| - | 62 | Total Accumulated Depreciation | 62 | 62 | - | - | 83 |
| 8,911 | 8,828 | Net State Highways | 8,989 | 8,989 | - | - | 9,015 |

NOTE 12: Payables and Provisions

| | | | | | | | |
|--------------|--------------|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1,714 | 1,507 | Taxes repayable | 1,791 | 1,718 | (73) | (4.2) | 1,711 |
| 1,243 | 1,559 | Accounts payable | 1,292 | 1,470 | 178 | 12.1 | 1,514 |
| 1,363 | 603 | Accruals and provisions | 1,021 | 799 | (222) | (27.8) | 1,015 |
| | | National Provident Fund | | | | | |
| 433 | 423 | guarantee | 480 | 433 | (47) | (10.9) | 433 |
| | | National Provident Fund Board | | | | | |
| 105 | 96 | indemnity | - | - | - | - | - |
| | | Provision for employee | | | | | |
| 382 | 319 | entitlements | 373 | 381 | 8 | 2.1 | 425 |
| 5,240 | 4,507 | Total Payables and Provisions | 4,957 | 4,801 | (156) | (3.2) | 5,098 |

NOTES TO THE FINANCIAL STATEMENTS

| Prior Year 30 June 2000 \$m | Actual 31 March 2,000 \$m | | Current Year Actual vs Forecast | | | | Annual |
|---|---------------------------------------|---|---------------------------------|--------------|-------------|--------------|--------------|
| | | | Actual | Forecast | Variance | | Forecast |
| | | | \$m | \$m | \$m | % | \$m |
| NOTE 13: Revaluation Reserve | | | | | | | |
| 7,219 | 7,219 | Opening Balance | 8,201 | 8,201 | - | - | 8,201 |
| Net Revaluations | | | | | | | |
| 22 | - | State highways | - | - | - | - | - |
| 516 | 449 | Land and buildings | (47) | - | (47) | - | - |
| 195 | - | Specialist military equipment | - | - | - | - | - |
| 111 | 1 | Other assets | 1 | (1) | 2 | 200.0 | (1) |
| 268 | 69 | State-owned enterprises and Crown entities | 11 | 3 | 8 | 266.7 | 3 |
| 1,112 | 519 | Total Net Revaluations | (35) | 2 | (37) | - | 2 |
| (130) | (41) | Transfers to accumulated operating balance | (9) | (13) | 4 | 31 | (13) |
| 8,201 | 7,697 | Closing Revaluation Reserve | 8,157 | 8,190 | (33) | (0.4) | 8,190 |