

Financial Statements of the Government of New Zealand

For the Five Months Ended
30 November 2012



Prepared by the Treasury
25 January 2013

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New Zealand Government

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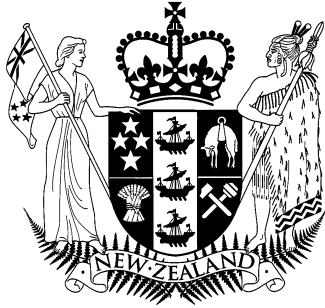
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Officer for Enquiries

Nicola Haslam (phone 64-4-917-6943) (E-mail: nicola.haslam@treasury.govt.nz)
Chief Financial Officer and Chief Accountant Portfolio
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND
Facsimile: 64-4-473-1151



COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the five months ended 30 November 2012 and its financial position as at that date.

The November results are reported against forecasts based on the *2012 Half Year Economic and Fiscal Update (HYEFU)*, published on 18 December 2012.

At a Glance

Table 1 – Key indicators for the five months ended 30 November 2012 compared to HYEFU

	Year to date				Full Year
	November 2012	November 2012 HYEFU	Variance to HYEFU	Variance to HYEFU	June 2013 HYEFU
\$ million	Actual ¹	Forecast ¹	\$m	%	Forecast ²
Core Crown					
Core Crown tax revenue	22,545	22,418	127	0.6	57,376
Core Crown revenue	24,773	24,651	122	0.5	62,939
Core Crown expenses	28,792	28,765	(27)	(0.1)	71,998
Core Crown residual cash	(5,983)	(6,223)	240	3.9	(9,782)
Gross debt ³	82,398	82,442	44	0.1	80,176
<i>as a percentage of GDP</i>	39.6%	39.6%			37.1%
Net debt ⁴	56,386	56,703	317	0.6	59,998
<i>as a percentage of GDP</i>	27.1%	27.2%			27.8%
Total Crown					
Operating balance before gains and losses	(3,025)	(3,228)	203	6.3	(7,340)
Operating balance	706	(515)	1,221	237.1	(3,275)
Net worth attributable to the Crown	60,054	58,824	1,230	2.1	56,285

1 Using GDP for the year ended 30 September 2012 of \$208,326 million (Source: Statistics New Zealand)

2 Using forecast GDP for the year ended 30 June 2013 of \$216,048 million (Source: Treasury)

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills

4 Net core Crown debt excluding student loans and other advances

Core Crown includes Ministers, Departments, Offices of Parliament, the NZS Fund and the Reserve Bank of New Zealand but excludes State-owned enterprises and Crown entities.

Results for the five months ended 30 November 2012

Core Crown tax revenue at \$22.5 billion was close to forecast, \$127 million (0.6%) higher than expected with all tax types broadly in line with forecast.

Core Crown expenditure was close to forecast at \$28.8 billion (0.1% above forecast) while, at \$3.0 billion, the **OBEGAL deficit** was \$203 million lower than expected.

The **operating balance** was in surplus at \$706 million (\$1.2 billion higher than the forecast deficit of \$515 million) as net gains continued to be recorded in the NZS Fund and ACC (around \$0.2 billion and \$0.9 billion above forecast respectively).

The **residual cash deficit** was \$0.2 billion below forecast at \$6.0 billion owing to higher than expected tax receipts (\$210 million or 1.0% above forecast). GST contributed \$187 million of the additional receipts, however, this is thought to be timing related and is expected to reverse in coming months.

Net debt at \$56.4 billion (27.1% of GDP) was \$317 million below forecast largely owing to the lower residual cash deficit, while **gross debt** was on forecast at \$82.4 billion, or 39.6% of GDP.

Further analysis of the November results follows.

ANALYSIS

Table 2 – Key indicator variances for the five months ended 30 November 2012 compared to *HYEFU*:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$122 million (higher than forecast)	Core Crown tax revenue was \$127m (0.6%) higher than forecast, with the results for most tax types being marginally better than expected.
Core Crown expenses	-\$27 million (higher than forecast)	Core Crown expenses were on forecast at \$28.8 billion for the five months to 30 November, which was \$27m (or 0.1%) higher than expected. Despite the overall result being close to forecast, there were still underspends by most departments (totalling approximately \$150m). These underspends were largely anticipated by the top-down expense adjustment (\$115m). In addition, finance costs were higher than expected (\$69m).
Core Crown residual cash deficit	\$240 million (lower than forecast)	At \$5,983m, the core Crown residual cash deficit was \$240m lower than forecast. Core Crown tax receipts were \$210m higher than expected, largely in line with the tax revenue result. The largest component of the receipts variance was GST, which was \$187m above forecast owing to fewer refunds paid than forecast, but this is expected to reverse in coming months.
Gross debt	\$44 million (lower than forecast)	Gross debt was close to forecast at \$82,398m (0.1% lower than forecast).
Net Debt	\$317 million (lower than forecast)	Net debt was also close to forecast at \$56,386m (0.6% lower than expected), largely reflecting the residual cash deficit result explained earlier.

¹ Favourable variances against forecast have a positive sign and unfavourable variances against forecast have a negative sign.

Item/indicator	Variance ¹	Key drivers
Total Crown		
Operating balance before gains and losses deficit	\$203 million (lower than forecast)	<p>The OBEGAL deficit was \$3,025m, which was \$203m lower than expected.</p> <p>The lower deficit was largely driven by core Crown segment results, with a positive variance in the OBEGAL of approximately \$100m (revenue was \$122m higher than forecast, partly offset by expenses being \$27m above forecast).</p>
Operating balance	\$1,221 million (higher than forecast)	<p>Including net gains, which were \$1,010m greater than expected, the operating balance was \$1,221m higher than forecast at a surplus of \$706m (compared to the forecast deficit of \$515m).</p> <p>Investment gains continued to be made and were \$782m above forecast. The NZS Fund and ACC investment portfolios year to date gains were \$207m and \$689m higher than forecast respectively. For the month of November, the NZS Fund made a \$384m gain and ACC made \$169m.</p> <p>In addition to the investment gains, ACC recorded an actuarial gain on its liability for outstanding insurance claims that was \$228m above forecast reflecting a small increase in the discount rate.</p>
Net worth attributable to the Crown	\$1,230 million (higher than forecast)	Net worth attributable to the Crown was higher than expected largely reflecting the operating balance result as detailed above.

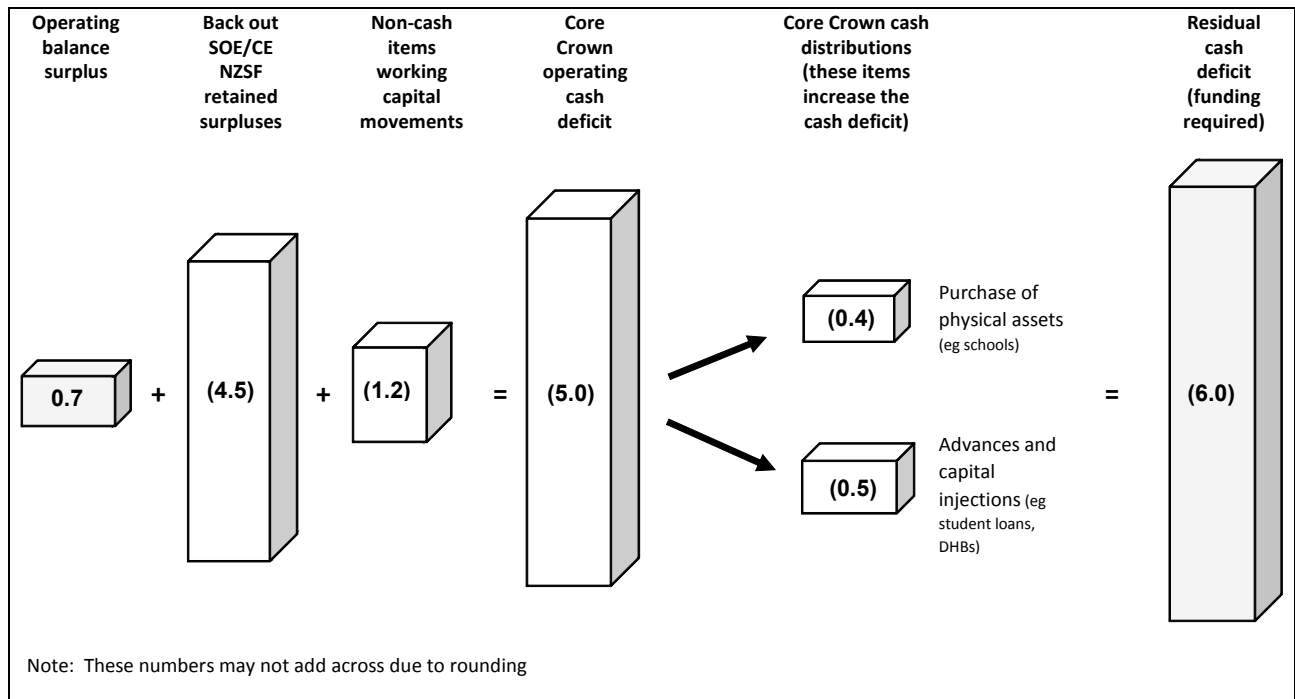
Table 3 – Fiscal Strategy and financial results

Fiscal Strategy		Financial Results		Ref	30 Nov 2012 Actual \$m	30 Nov 2012 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
		Taxation as a % of GDP		1	26.0%	25.8%			26.6%
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective		Core Crown taxation revenue ...			22,545	22,418	127	0.6	57,376
		... combined with other core Crown revenue ...			2,228	2,233	(5)	(0.2)	5,563
		... fund core Crown expenses...			(28,792)	(28,765)	(27)	(0.1)	(71,998)
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP		... and with SOE and Crown entity results and core Crown gains and losses...			4,725	3,599	1,126	31.3	5,784
		... result in an operating surplus or deficit...			706	(515)	1,221	237.1	(3,275)
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective		...with income in SOEs, CEs and the NZS Fund retained...			(4,521)	(3,453)	(1,068)	(30.9)	(5,683)
		... and some items do not impact cash ...			(1,227)	(1,148)	(79)	(6.9)	1,855
		... leaving operating cash flows to ...			(5,042)	(5,116)	74	1.4	(7,103)
		... meet the capital expenditure budget ...			(428)	(493)	65	13.2	(1,840)
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		... and make advances (e.g. to students and DHBs)			(513)	(614)	101	16.4	(839)
		With the residual cash ...			(5,983)	(6,223)	240	3.9	(9,782)
		... when combined with opening net debt ...			50,671	50,671	-	-	50,671
		... and fair value movements and other changes in financial assets and financial liabilities ...			(268)	(191)	77	40.5	(455)
		... results in a closing net debt ...			56,386	56,703	317	0.6	59,998
	... and as a % of GDP			27.1%	27.2%			27.8%	

¹ GDP for the five months ended 30 November 2012 (actual and forecast) is the actual data for the year ended 30 September 2012 (Source: Statistics New Zealand) pro-rated for five months.

Figure 1 – Application of core Crown cash flows (\$billions)

This diagram shows how the Operating Balance translates into cash available to the core Crown and how this cash was spent.



YEAR-ON-YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	November 2012 Actual \$m	November 2011 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	22,545	21,415	1,130	5.3
Other revenue	2,228	1,902	326	17.1
Total Core Crown Revenue	24,773	23,317	1,456	6.2
Core Crown expenses				
Social security and welfare	9,416	9,161	255	2.8
GSF pension expenses	115	76	39	51.3
Health	5,983	5,850	133	2.3
Education	5,090	5,051	39	0.8
Core government services	1,700	1,689	11	0.7
Law and order	1,415	1,417	(2)	(0.1)
Defence	739	734	5	0.7
Transport and communications	803	840	(37)	(4.4)
Economic and industrial services	878	936	(58)	(6.2)
Primary services	253	252	1	0.4
Heritage, culture and recreation	350	331	19	5.7
Environmental protection	184	500	(316)	(63.2)
Housing and community development	155	175	(20)	(11.4)
Other	149	273	(124)	(45.4)
Finance costs	1,562	1,557	5	0.3
Total Core Crown Expenses	28,792	28,842	(50)	(0.2)
Net surplus of SOE/CE's (and inter-segment eliminations)	994	1,048	(54)	(5.2)
OBEHAL	(3,025)	(4,477)	1,452	32.4
Total gains/(losses)	3,657	(5,547)	9,204	165.9
Other operating items	74	103	(29)	(28.2)
Operating Balance	706	(9,921)	10,627	107.1
Core Crown residual cash	(5,983)	(7,479)	1,496	20.0
Debt indicators				
Gross debt²	82,398	72,352	10,046	13.9
Net debt³	56,386	47,630	8,756	18.4

¹ Due to the seasonal nature of some expenditure it is not appropriate to annualise these changes.

² Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

³ Net core Crown debt excluding NZS Fund, student loans and other advances.

Revenue and Expenses

Core Crown taxation revenue for the five months ended 30 November 2012 increased by \$1.1 billion (5.3%) on the same period last year. Other individuals' tax was the largest contributor to the increase (up 52% on last year) owing to a higher effective tax rate, with source deductions and GST also higher last year reflecting wage growth and increased consumption. This growth was partially offset by weaker growth in corporate tax.

Total **core Crown expenses** decreased by \$50 million (0.2%) on the same period last year. The significant movements in core Crown functional expenses were as follows:

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Social security and welfare	+ 255 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Decreases:		
Environmental protection	- \$316 million	Costs associated with the Emissions Trading Scheme (ETS) were lower than last year as fewer NZ units have been issued and at lower prices. The lower issuance is related to the forestry industry, as they received a one-off allocation of units if they opted into the scheme in previous years.
Other functional classes	+ \$11 million	
Total	- \$50 million	

The **surplus of SOE/CE's** was \$994 million, which was close to last year's surplus for the same period.

Total gains were \$3,657 million in the five months to November 2012 due to strong returns on the Crown's investment portfolios. In contrast, weak global equity markets in the first five months of the 2011/12 financial year plus increases in the valuation of the Crown's long-term liabilities (eg, ACC and GSF) resulted in total losses of \$5,547 million to 30 November 2011.

Debt

Both **net** and **gross debt** have increased as a result of the issuance of debt (primarily government stock) and the reduction in financial assets to meet cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

1 Reporting Entity

These financial statements are the consolidated financial statements for the Government reporting entity as specified in Part III of the Public Finance Act 1989. This comprises:

- Ministers of the Crown
- Offices of Parliament
- New Zealand Superannuation Fund
- State-Owned Enterprises (SOEs)
- Departments
- Reserve Bank of New Zealand
- Crown Entities
- Air New Zealand Limited

A schedule of the entities that are included in the Government reporting entity was set out on pages 85 and 86 of the *HYEFU* released on 18 December 2012.

With the exception of the 30 June 2012 comparative figures, all actual, forecast and comparative figures presented in these financial statements are unaudited.

2 General Accounting Policies

These financial statements comply with generally accepted accounting practice and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities. The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and 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. All other policies have been applied consistently throughout the period.

3 Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:

<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

4 Forecasts

The forecasts in these financial statements have been derived from the forecasts released in the *HYEFU*, on 18 December 2012.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site <http://www.treasury.govt.nz/budget/forecasts/hyefu2012>

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

5 Comparative Figures

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

6 Variance Percentages

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

7 Judgements and Estimates

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future, as with the settlement of ACC outstanding claim obligations and Government Superannuation retirement benefits, depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

A second area of uncertainty relates to the immature nature of the claims experience available to assist in estimating the claims and provisions arising from the Canterbury earthquakes. Actuarial valuations of these liabilities using the best available information have been used, however it is common in such cases for adjustments to be required as the claims experience develops.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

STATEMENT OF FINANCIAL PERFORMANCE

for the five months ended 30 November 2012

Year 5 months to 30 Jun 2012		5 months to 30 Nov 2011		Current Year Actual vs Forecast				
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		Revenue						
54,665	21,184	Taxation revenue	1	22,295	22,215	80	0.4	56,874
5,130	1,990	Other sovereign revenue	1	2,155	2,148	7	0.3	5,128
59,795	23,174	Total Revenue Levied through the Crown's Sovereign Power						
16,785	6,974	Sales of goods and services		6,619	6,709	(90)	(1.3)	15,735
2,763	1,161	Interest revenue and dividends	2	1,222	1,252	(30)	(2.4)	3,211
4,140	1,314	Other revenue		1,435	1,434	1	0.1	3,659
23,688	9,449	Total revenue earned through the Crown's operations						
83,483	32,623	Total revenue (excluding gains)						
		Expenses						
22,354	9,283	Social assistance and official development assistance	3	9,510	9,511	1	-	23,007
19,475	8,031	Personnel expenses	4	8,317	8,285	(32)	(0.4)	19,983
6,350	2,388	Depreciation and amortisation	5	1,754	1,761	7	0.4	4,531
35,678	14,404	Other operating expenses	5	14,054	14,403	349	2.4	37,455
4,290	1,642	Interest expenses	6	1,770	1,766	(4)	(0.2)	4,410
4,576	1,352	Insurance expenses	7	1,346	1,375	29	2.1	3,374
-	-	Forecast new operating spending	5	-	-	-	-	317
-	-	Top-down expense adjustment	5	-	(115)	(115)	(100.0)	(1,150)
92,723	37,100	Total expenses (excluding losses)						
-	-	Forgone profits from partial share sales		-	-	-	-	(20)
(9,240)	(4,477)	Operating balance before gains/(losses)						
692	(1,648)	Net gains/(losses) on financial instruments	8	3,026	2,244	782	34.8	3,301
(6,526)	(3,899)	Net gains/(losses) on non-financial instruments	9	631	403	228	56.6	568
(5,834)	(5,547)	Total gains/(losses)						
233	103	Net surplus/(deficit) from associates and joint ventures		70	66	4	6.1	196
(14,841)	(9,921)	Operating balance from continuing activities						
-	-	Gain/(loss) from discontinued operations		4	-	4	-	-
(56)	-	Attributable to minority interests		-	-	-	-	-
(14,897)	(9,921)	Operating balance						

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF COMPREHENSIVE INCOME

for the five months ended 30 November 2012

Year 5 months to 30 Jun 2012		to 30 Nov 2011		Current Year Actual vs Forecast				
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
(14,841)	(9,921)	Operating Balance (including minority interest)		706	(515)	1,221	237.1	(3,255)
		Other comprehensive income						
(6,461)	(105)	Revaluation of physical assets		(53)	(27)	(26)	(96.3)	(16)
108	194	Effective portion of changes in value of cash flow hedges		(73)	(8)	(65)	-	(32)
54	1	Net change in fair value of cash flow hedges transferred to operating balance		-	-	-	-	-
(19)	(19)	Net change in fair value of cash flow hedges transferred to the hedged item		(2)	4	(6)	(150.0)	4
(2)	18	Foreign currency translation differences for foreign operations		101	12	89	-	85
13	17	Valuation gains/(losses) on investments available for sale taken to reserves		26	12	14	116.7	4
1	65	Other movements		1	(2)	3	150.0	(8)
(6,306)	171	Total other comprehensive income		-	(9)	9	100.0	37
(21,147)	(9,750)	Total comprehensive income		706	(524)	1,230	234.7	(3,218)
		Attributable to:						
84	-	- minority interest		-	-	-	-	20
(21,231)	(9,750)	- the Crown		706	(524)	1,230	234.7	(3,238)
(21,147)	(9,750)	Total comprehensive income		706	(524)	1,230	234.7	(3,218)

The accompanying notes and accounting policies are an integral part of these statements.

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the five months ended 30 November 2012

Year to 30 Jun 2012	5 months to 30 Nov 2011	Actual \$m	Actual \$m	Current Year Actual vs Forecast				
				Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		Total Crown expenses						
25,457	10,517			10,795	10,864	69	0.6	26,689
197	78			118	120	2	1.7	287
13,650	5,664			5,726	5,799	73	1.3	14,108
12,407	5,494			5,320	5,343	23	0.4	13,262
5,305	1,611			1,712	1,734	22	1.3	5,538
3,592	1,485			1,499	1,507	8	0.5	3,864
1,693	715			724	730	6	0.8	1,815
10,259	3,480			3,566	3,477	(89)	(2.6)	8,952
10,018	3,564			3,197	3,370	173	5.1	7,479
1,588	647			514	511	(3)	(0.6)	1,521
2,446	929			1,022	1,026	4	0.4	2,477
769	500			173	186	13	7.0	561
627	501			466	482	16	3.3	1,168
425	273			149	186	37	19.9	629
4,290	1,642			1,770	1,766	(4)	(0.2)	4,410
-	-			-	-	-	-	317
-	-			-	(115)	(115)	(100.0)	(1,150)
92,723	37,100			36,751	36,986	235	0.6	91,927

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments and the Reserve Bank, but not Crown entities and SOEs.

Year to 30 Jun 2012	5 months to 30 Nov 2011	Actual \$m	Actual \$m	Current Year Actual vs Forecast				
				Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		Core Crown expenses						
22,028	9,161			9,416	9,396	(20)	(0.2)	22,878
192	76			115	115	-	-	278
14,160	5,850			5,983	6,023	40	0.7	14,741
11,654	5,051			5,090	5,109	19	0.4	12,400
5,428	1,689			1,700	1,722	22	1.3	5,640
3,403	1,417			1,415	1,434	19	1.3	3,642
1,736	734			739	750	11	1.5	1,864
2,232	840			803	810	7	0.9	2,435
2,157	936			878	856	(22)	(2.6)	2,082
648	252			253	255	2	0.8	846
863	331			350	363	13	3.6	875
769	500			184	194	10	5.2	585
(130)	175			155	174	19	10.9	357
425	273			149	186	37	19.9	629
3,511	1,557			1,562	1,493	(69)	(4.6)	3,579
-	-			-	-	-	-	317
-	-			-	(115)	(115)	(100.0)	(1,150)
69,076	28,842			28,792	28,765	(27)	(0.1)	71,998

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CASH FLOWS

for the five months ended 30 November 2012

Year 5 months to 30 Jun 2012		to 30 Nov 2011		Current Year Actual vs Forecast				Annual Forecast
Actual \$m	Actual \$m	Actual \$m	Actual \$m	Actual \$m	Forecast \$m	Variance \$m	%	\$m
		Cash Flows From Operations						
		Cash was provided from						
53,582	20,092	Taxation receipts	21,417	21,049	368	1.7		55,817
4,890	2,171	Other sovereign receipts	2,296	2,358	(62)	(2.6)		4,694
16,812	7,051	Sales of goods and services	7,012	7,107	(95)	(1.3)		15,806
2,603	1,117	Interest and dividends	1,139	1,135	4	0.4		2,924
4,395	1,636	Other operating receipts	2,553	2,469	84	3.4		6,785
82,282	32,067	Total cash provided from operations	34,417	34,118	299	0.9		86,026
		Cash was disbursed to						
		Social assistance and official development assistance						
22,840	10,129	22,840	9,914	9,913	(1)	-		23,077
59,107	26,086	Personnel and operating payments	25,300	25,261	(39)	(0.2)		61,567
3,954	1,653	Interest payments	1,729	1,801	72	4.0		4,622
-	-	Forecast new operating spending	-	-	-	-		317
-	-	Top-down expense adjustment	-	(115)	(115)	(100.0)		(1,150)
85,901	37,868	Total cash disbursed to operations	36,943	36,860	(83)	(0.2)		88,433
(3,619)	(5,801)	Net cash flows from operations	(2,526)	(2,742)	216	7.9		(2,407)
		Cash Flows From Investing Activities						
		Cash was provided from/(disbursed to)						
(5,766)	(2,381)	Net purchase of physical assets	(2,233)	(2,665)	432	16.2		(6,837)
424	5,513	Net purchase of shares and other securities	3,043	1,886	1,157	61.3		11,464
(567)	(181)	Net purchase of intangible assets	(201)	(173)	(28)	(16.2)		(553)
(1,284)	(417)	Net (issue)/repayment of advances	(622)	(602)	(20)	(3.3)		(1,539)
(115)	12	Net acquisition of investments in associates	158	20	138	-		1,513
-	-	Forecast new capital spending	-	-	-	-		(179)
-	-	Top-down capital adjustment	-	40	(40)	(100.0)		400
(7,308)	2,546	Net cash flows from investing activities	145	(1,494)	1,639	109.7		4,269
(10,927)	(3,255)	Net cash flows from operating and investing activities	(2,381)	(4,236)	1,855	43.8		1,862
		Cash Flows From Financing Activities						
		Cash was provided from/(disbursed to)						
203	190	Issues of circulating currency	183	71	112	157.7		160
7,554	393	Net issue/(repayment) of Government bonds	8,699	9,107	(408)	(4.5)		3,211
(6,422)	(5,427)	Net issue/(repayment) of foreign currency borrowing	180	(137)	317	231.4		(2,292)
10,353	10,604	Net issue/(repayment) of other New Zealand dollar borrowing	(2,946)	(2,272)	(674)	(29.7)		481
(7)	-	Dividends paid to minority interests	-	-	-	-		-
11,681	5,760	Net cash flows from financing activities	6,116	6,769	(653)	(9.6)		1,560
754	2,505	Net movement in cash	3,735	2,533	1,202	47.5		3,422
9,801	9,801	Opening Cash Balance	10,686	10,686	-	-		10,686
		Foreign-exchange gains/(losses) on opening cash						
131	292	131	(72)	(157)	85	54.1		(156)
10,686	12,598	Closing Cash Balance	14,349	13,062	1,287	9.9		13,952

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CASH FLOWS (CONTINUED)

for the five months ended 30 November 2012

Year 5 months to 30 Jun 2012		to 30 Nov 2011		Current Year Actual vs Forecast				
Actual \$m	Actual \$m	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m		
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance								
(3,619)	(5,801)	Net Cash Flows from Operations		(2,526)	(2,742)	216	7.9	(2,407)
<i>Items included in the operating balance but not in net cash flows from operations</i>								
Gains/(losses)								
692	(1,648)	Gains/(losses) on financial instruments		3,026	2,244	782	34.8	3,301
(6,526)	(3,899)	Gains/(losses) on non-financial instruments		631	403	228	56.6	568
(5,834)	(5,547)	Total gains/(losses)		3,657	2,647	1,010	38.2	3,869
Other Non-cash Items in Operating Balance								
(6,350)	(2,388)	Depreciation and amortisation		(1,754)	(1,761)	7	0.4	(4,531)
(850)	(260)	Write-down on initial recognition of financial assets		(210)	(220)	10	4.5	(788)
248	33	Impairment of financial assets (excluding receivables)		5	4	1	25.0	33
512	195	Non-cash movement in defined benefit retirement plan liabilities		117	128	(11)	(8.6)	390
1,070	2,165	Non-cash movement in insurance liabilities		1,414	1,766	(352)	(19.9)	2,684
232	104	Other		72	68	4	5.9	197
(5,138)	(151)	Total other non-cash Items		(356)	(15)	(341)	-	(2,015)
Movements in Working Capital								
(242)	(647)	Increase/(decrease) in receivables		(2,726)	(2,632)	(94)	(3.6)	(3,459)
(175)	55	Increase/(decrease) in accrued interest		41	152	(111)	(73.0)	498
(74)	(3)	Increase/(decrease) in inventories		23	(50)	73	146.0	(95)
32	367	Increase/(decrease) in prepayments		375	274	101	36.9	(13)
(38)	51	Decrease/(increase) in deferred revenue		(53)	66	(119)	(180.3)	163
191	1,755	Decrease/(increase) in payables/provisions		2,271	1,785	486	27.2	184
(306)	1,578	Total movements in working capital		(69)	(405)	336	83.0	(2,722)
(14,897)	(9,921)	Operating Balance		706	(515)	1,221	237.1	(3,275)

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF CHANGES IN NET WORTH

for the five months ended 30 November 2012

Year to 30 Jun 2012 Actual \$m	5 months to 30 Nov 2011 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
80,887	80,887	Opening net worth	59,780	59,780	-	-	59,780
(14,841)	(9,921)	Operating balance (including minority interest)	706	(515)	1,221	237.1	(3,275)
(6,461)	(105)	Net revaluations	(53)	(27)	(26)	(96.3)	(16)
80	280	Transfers to/(from) reserves	(48)	5	(53)	-	(39)
83	1	(Gains)/losses transferred to the statement of financial performance	-	-	-	-	(1)
(8)	(4)	Other movements	101	13	88	-	93
(21,147)	(9,749)	Total comprehensive income	706	(524)	1,230	234.7	(3,238)
-	-	Gain on Government share offers	-	-	-	-	175
-	-	Partial share sales in SOEs	-	-	-	-	1,325
40	-	Transactions with minority interests	-	-	-	-	20
59,780	71,138	Closing net worth	60,486	59,256	1,230	2.1	58,062
		Attributable to:					
432	308	- minority interest	432	432	-	-	1,777
59,348	70,830	- the Crown	60,054	58,824	1,230	2.1	56,285
59,780	71,138	Closing net worth	60,486	59,256	1,230	2.1	58,062

The accompanying notes and accounting policies are an integral part of these Statements.

STATEMENT OF FINANCIAL POSITION

as at 30 November 2012

As at 30 Jun 2012 Actual \$m	As at 30 Nov 2011 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Assets						
10,686	12,598	Cash and cash equivalents	11	14,349	13,062	1,287	9.9	13,952
20,956	20,640	Receivables	11	18,262	18,482	(220)	(1.2)	17,627
48,385	42,747	Marketable securities, deposits and derivatives in gain	11	44,590	45,588	(998)	(2.2)	39,399
14,385	13,898	Share investments	11	15,285	15,374	(89)	(0.6)	16,302
21,766	20,983	Advances	11	22,343	22,493	(150)	(0.7)	23,398
1,234	1,305	Inventory		1,257	1,184	73	6.2	1,139
2,134	2,357	Other assets		2,590	2,399	191	8.0	1,972
108,584	115,613	Property, plant & equipment	12	109,019	109,701	(682)	(0.6)	111,719
9,483	9,724	Equity accounted investments ¹		9,871	9,606	265	2.8	9,825
2,705	2,308	Intangible assets and goodwill		2,601	2,559	42	1.6	2,708
-	-	Forecast for new capital spending		-	-	-	-	179
-	-	Top-down capital adjustment		-	(40)	40	100.0	(400)
240,318	242,173	Total assets		240,167	240,408	(241)	(0.1)	237,820
		Liabilities						
4,457	4,445	Issued currency		4,640	4,528	(112)	(2.5)	4,617
11,604	10,852	Payables	14	11,038	11,177	139	1.2	12,423
1,712	1,623	Deferred revenue		1,765	1,646	(119)	(7.2)	1,548
100,534	95,667	Borrowings		102,663	104,388	1,725	1.7	102,749
41,186	39,239	Insurance liabilities	15	39,455	39,330	(125)	(0.3)	38,160
13,539	11,900	Retirement plan liabilities		13,232	13,221	(11)	(0.1)	12,960
7,506	7,309	Provisions	16	6,888	6,862	(26)	(0.4)	7,301
180,538	171,035	Total liabilities		179,681	181,152	1,471	0.8	179,758
59,780	71,138	Total assets less total liabilities		60,486	59,256	1,230	2.1	58,062
		Net Worth						
3,520	8,347	Taxpayer funds	17	4,276	3,034	1,242	40.9	486
56,001	62,571	Revaluation reserve	17	55,900	55,943	(43)	(0.1)	55,915
(173)	(88)	Other reserves	17	(122)	(153)	31	20.3	(116)
59,348	70,830	Total net worth attributable to the Crown		60,054	58,824	1,230	2.1	56,285
432	308	Net worth attributable to minority interest		432	432	-	-	1,777
59,780	71,138	Total net worth		60,486	59,256	1,230	2.1	58,062

1. Tertiary education institutions constitute most equity accounted investments.

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF BORROWINGS

as at 30 November 2012

As at 30 Jun 2012 Actual \$m	As at 30 Nov 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
53,849	46,590	Government bonds ¹	60,785	61,275	490	0.8	57,159
8,954	9,601	Treasury bills	5,413	5,437	24	0.4	4,599
229	255	Government retail stock	210	221	11	5.0	221
5,917	8,143	Settlement deposits with Reserve Bank	6,465	6,855	390	5.7	6,855
2,807	3,072	Derivatives in loss	2,710	2,461	(249)	(10.1)	2,337
1,515	1,225	Finance lease liabilities	1,437	1,471	34	2.3	1,586
27,263	26,781	Other borrowings	25,643	26,668	1,025	3.8	29,992
100,534	95,667	Total borrowings	102,663	104,388	1,725	1.7	102,749
75,701	71,352	Sovereign-guaranteed debt	77,619	79,087	1,468	1.9	76,400
24,833	24,315	Non sovereign-guaranteed debt	25,044	25,301	257	1.0	26,349
100,534	95,667	Total borrowings	102,663	104,388	1,725	1.7	102,749
Net Debt:							
84,680	79,697	Core Crown borrowings ²	87,960	88,561	601	0.7	86,282
(512)	(601)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(487)	(681)	(194)	(28.5)	(671)
84,168	79,096	Gross sovereign-issued debt³	87,473	87,880	407	0.5	85,611
64,017	59,826	Less core Crown financial assets ⁴	63,585	63,143	442	0.7	59,177
20,151	19,270	Net core Crown debt	23,888	24,737	849	3.4	26,434
13,324	12,380	Core crown advances	13,175	13,137	(38)	(0.3)	13,898
33,475	31,650	Net core Crown debt (incl NZS Fund)⁵	37,063	37,874	811	2.1	40,332
17,196	15,980	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	19,323	18,829	(494)	(2.6)	19,666
50,671	47,630	Net core Crown debt (excl NZS Fund and advances)⁷	56,386	56,703	317	0.6	59,998
Gross Debt:							
84,168	79,096	Gross sovereign-issued debt ³	87,473	87,880	407	0.5	85,611
(6,133)	(8,344)	Less Reserve Bank settlement cash and Reserve Bank bills	(6,675)	(7,038)	(363)	(5.2)	(7,035)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
79,635	72,352	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	82,398	82,442	44	0.1	80,176

Notes on gross and net debt:

- Government bonds includes \$395 million of infrastructure bonds.
- Core Crown borrowings in this instance includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
- Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the New Zealand Superannuation Fund (NZS Fund), ACC and EQC.
- Core Crown financial assets exclude receivables.
- Net Core Crown Debt represents GSID less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the creditworthiness of a country.
- Adding back the NZS Fund assets provides the financial liabilities less financial assets of the Core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.
- Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
- The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the NZ Debt Management Office borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

The accompanying notes and accounting policies are an integral part of these statements.

STATEMENT OF COMMITMENTS

as at 30 November 2012

	As at 30 Nov 2012 \$m	As at 30 Jun 2012 \$m	As at 30 Nov 2011 \$m
Capital Commitments			
Specialist military equipment	157	239	371
Land and buildings	723	697	634
Other property, plant and equipment	6,213	6,001	7,023
Other capital commitments	740	572	422
Tertiary Education Institutions	255	255	413
Total capital commitments	8,088	7,764	8,863
Operating Commitments			
Non-cancellable accommodation leases	2,570	2,719	2,900
Other non-cancellable leases	3,487	3,549	3,012
Tertiary Education Institutions	282	282	366
Total operating commitments	6,339	6,550	6,278
Total commitments	14,427	14,314	15,141
Total Commitments by Segment			
Core Crown	10,068	15,685	12,898
Crown entities	10,659	7,753	8,589
State-owned Enterprises	5,375	5,300	6,657
Inter-segment eliminations	(11,675)	(14,424)	(13,003)
Total commitments	14,427	14,314	15,141

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 30 November 2012

	As at 30 Nov 2012 \$m	As at 30 Jun 2012 \$m	As at 30 Nov 2011 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	193	430	78
Uncalled capital	6,094	6,327	4,263
Legal proceedings and disputes	345	411	343
Other contingent liabilities	328	584	2,852
Total quantifiable contingent liabilities	6,960	7,752	7,536
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,767	7,622	7,303
Crown entities	81	40	174
State-owned Enterprises	112	90	59
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	6,960	7,752	7,536
Quantifiable Contingent Assets			
Core Crown	220	224	702
Crown entities	161	162	20
State owned enterprises	-	24	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	381	410	722

A list of unquantified contingent liabilities (such as the Canterbury earthquakes) as at 30 June 2012 is included on the Treasury's website <http://www.treasury.govt.nz/government/financialstatements/yearend/jun12>

The accompanying notes and accounting policies are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2012 Actual \$m	5 months to 30 Nov 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 1: Sovereign Revenue (Accrual)							
Taxation Revenue (accrual)							
Individuals							
21,237	8,523	Source deductions	9,199	9,129	70	0.8	22,038
4,232	1,524	Other persons	1,892	1,865	27	1.4	4,641
(1,736)	(788)	Refunds	(678)	(685)	7	1.0	(1,564)
462	186	Fringe benefit tax	183	187	(4)	(2.1)	439
24,195	9,445	Total individuals	10,596	10,496	100	1.0	25,554
Corporate Tax							
8,310	2,807	Gross companies tax	2,566	2,633	(67)	(2.5)	8,487
(202)	(68)	Refunds	(58)	(67)	9	13.4	(214)
500	226	Non-resident withholding tax	170	141	29	20.6	396
4	5	Foreign-source dividend w/holding payments	1	-	1	-	-
8,612	2,970	Total corporate tax	2,679	2,707	(28)	(1.0)	8,669
Other Income Tax							
1,679	648	Resident w/holding tax on interest income	633	600	33	5.5	1,515
292	116	Resident w/holding tax on dividend income	164	143	21	14.7	382
1,971	764	Total other income tax	797	743	54	7.3	1,897
34,778	13,179	Total income tax	14,072	13,946	126	0.9	36,120
Goods and Services Tax							
25,199	10,227	Gross goods and services tax	10,228	10,300	(72)	(0.7)	25,814
(10,627)	(4,465)	Refunds	(4,189)	(4,279)	90	2.1	(10,512)
14,572	5,762	Total goods and services tax	6,039	6,021	18	0.3	15,302
Other Taxation							
1,045	434	Road user charges	446	472	(26)	(5.5)	1,114
847	346	Petroleum fuels excise - domestic production	346	324	22	6.8	905
656	275	Alcohol excise - domestic production	270	267	3	1.1	672
244	96	Tobacco excise - domestic production	119	115	4	3.5	248
631	263	Petroleum fuels excise - imports ¹	241	315	(74)	(23.5)	656
241	114	Alcohol excise - imports ¹	114	113	1	0.9	230
993	432	Tobacco excise - imports ¹	371	371	-	-	932
173	80	Other customs duty	82	78	4	5.1	205
216	91	Gaming duties	91	95	(4)	(4.2)	225
175	73	Motor vehicle fees	75	65	10	15.4	179
58	24	Approved issuer levy and cheque duty	16	20	(4)	(20.0)	50
36	15	Energy resources levies	13	13	-	-	36
5,315	2,243	Total other indirect taxation	2,184	2,248	(64)	(2.8)	5,452
19,887	8,005	Total indirect taxation	8,223	8,269	(46)	(0.6)	20,754
54,665	21,184	Total taxation revenue	22,295	22,215	80	0.4	56,874
Other Sovereign Revenue (accrual)							
3,695	1,552	ACC levies	1,411	1,447	(36)	(2.5)	3,427
326	152	Fire Service levies	150	152	(2)	(1.3)	325
107	39	EQC levies	86	86	-	-	242
1,002	247	Other miscellaneous items	508	463	45	9.7	1,134
5,130	1,990	Total other sovereign revenue	2,155	2,148	7	0.3	5,128
59,795	23,174	Total sovereign revenue	24,450	24,363	87	0.4	62,002

1. Customs excise-equivalent duty

NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun 2012		to 30 Nov 2011		Current Year Actual vs Forecast			
Actual \$m	Actual \$m	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m	
NOTE 1 (continued): Sovereign Receipts (Cash)							
Income Tax Receipts (cash)							
Individuals							
21,010	8,500	Source deductions	9,138	9,080	58	0.6	21,924
4,720	1,399	Other persons	1,551	1,545	6	0.4	4,944
(2,468)	(1,325)	Refunds	(1,161)	(1,169)	8	0.7	(2,212)
458	210	Fringe benefit tax	214	215	(1)	(0.5)	438
23,720	8,784	Total individuals	9,742	9,671	71	0.7	25,094
Corporate Tax							
8,792	3,104	Gross companies tax	3,088	3,104	(16)	(0.5)	8,660
(814)	(237)	Refunds	(270)	(246)	(24)	(9.8)	(665)
434	205	Non-resident withholding tax	208	141	67	47.5	395
4	-	Foreign-source dividend w/holding payments	-	-	-	-	-
8,416	3,072	Total corporate tax	3,026	2,999	27	0.9	8,390
Other Income Tax							
1,699	686	Resident w/holding tax on interest income	648	624	24	3.8	1,514
290	114	Resident w/holding tax on dividend income	165	150	15	10.0	382
1,989	800	Total other income tax	813	774	39	5.0	1,896
34,125	12,656	Total income tax	13,581	13,444	137	1.0	35,380
Goods and Services Tax							
24,574	9,737	Gross goods and services tax	9,902	9,838	64	0.7	24,997
(10,435)	(4,431)	Refunds	(4,244)	(4,423)	179	4.0	(10,012)
14,139	5,306	Total goods and services tax	5,658	5,415	243	4.5	14,985
Other Taxation							
1,048	435	Road user charges	444	472	(28)	(5.9)	1,114
845	370	Petroleum fuels excise - domestic production	358	353	5	1.4	905
654	264	Alcohol excise - domestic production	265	267	(2)	(0.7)	672
238	87	Tobacco excise - domestic production	109	105	4	3.8	248
2,057	774	Customs duty	806	800	6	0.8	2,023
216	92	Gaming duties	92	97	(5)	(5.2)	225
169	69	Motor vehicle fees	75	65	10	15.4	179
55	24	Approved issuer levy and cheque duty	16	18	(2)	(11.1)	50
36	15	Energy resources levies	13	13	-	-	36
5,318	2,130	Total other indirect taxation	2,178	2,190	(12)	(0.5)	5,452
19,457	7,436	Total indirect taxation	7,836	7,605	231	3.0	20,437
53,582	20,092	Total tax receipts collected	21,417	21,049	368	1.7	55,817
Other Sovereign Receipts (cash)							
3,693	1,704	ACC levies	1,700	1,771	(71)	(4.0)	3,424
326	152	Fire Service levies	150	152	(2)	(1.3)	325
134	43	EQC levies	123	126	(3)	(2.4)	277
737	272	Other miscellaneous items	323	309	14	4.5	668
4,890	2,171	Total other sovereign receipts	2,296	2,358	(62)	(2.6)	4,694
58,472	22,263	Total sovereign receipts	23,713	23,407	306	1.3	60,511

NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun to 30 Nov		Current Year Actual vs Forecast				
2012 Actual \$m	2011 Actual \$m	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 2: Interest Revenue and Dividends						
<i>By type</i>						
2,293	953	992	1,010	(18)	(1.8)	2,676
470	208	230	242	(12)	(5.0)	535
2,763	1,161	1,222	1,252	(30)	(2.4)	3,211
Total interest revenue and dividends						
<i>By source</i>						
1,795	799	926	971	(45)	(4.6)	2,261
1,181	669	543	457	86	18.8	1,114
858	353	358	353	5	1.4	864
(1,071)	(660)	(605)	(529)	(76)	(14.4)	(1,028)
2,763	1,161	1,222	1,252	(30)	(2.4)	3,211
Total interest revenue and dividends						
NOTE 3: Transfer Payments and Subsidies						
9,584	3,925	4,209	4,208	(1)	-	10,228
2,082	915	873	883	10	1.1	2,062
1,811	757	739	738	(1)	(0.1)	1,751
1,325	555	555	555	-	-	1,323
1,195	497	493	494	1	0.2	1,197
883	356	327	328	1	0.3	836
775	321	327	327	-	-	784
567	223	213	211	(2)	(0.9)	541
644	328	323	325	2	0.6	623
580	240	258	257	(1)	(0.4)	614
401	169	162	159	(3)	(1.9)	363
1,309	597	629	625	(4)	(0.6)	1,442
21,156	8,883	9,108	9,110	2	-	21,764
Total social assistance grants						
Subsidies						
688	278	298	290	(8)	(2.8)	710
Other transfer payments						
510	122	104	111	7	6.3	533
22,354	9,283	9,510	9,511	1	-	23,007
Total transfer payments and subsidies						
NOTE 4: Personnel Expenses						
5,915	2,434	2,503	2,486	(17)	(0.7)	6,067
10,754	4,423	4,596	4,618	22	0.5	11,100
2,819	1,178	1,223	1,185	(38)	(3.2)	2,827
(13)	(4)	(5)	(4)	1	25.0	(11)
19,475	8,031	8,317	8,285	(32)	(0.4)	19,983
Total personnel expenses						
NOTE 5: Operating Expenses						
<i>By type</i>						
6,350	2,388	1,754	1,761	7	0.4	4,531
35,678	14,404	14,054	14,403	349	2.4	37,455
-	-	-	-	-	-	317
-	-	-	(115)	(115)	(100.0)	(1,150)
42,028	16,792	15,808	16,049	241	1.5	41,153
Total operating expenses						
<i>By source</i>						
37,278	15,560	15,213	15,302	89	0.6	39,338
17,897	7,557	7,502	7,522	20	0.3	18,792
13,174	4,594	4,223	4,407	184	4.2	10,272
(26,321)	(10,919)	(11,130)	(11,182)	(52)	(0.5)	(27,249)
42,028	16,792	15,808	16,049	241	1.5	41,153
Total operating expenses						

NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun 2012 Actual \$m		to 30 Nov 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 6: Interest Expenses								
<i>By type</i>								
4,223	1,630	Interest on financial liabilities		1,752	1,744	(8)	(0.5)	4,361
67	12	Interest unwind on provisions		18	22	4	18.2	49
4,290	1,642	Total interest expenses		1,770	1,766	(4)	(0.2)	4,410
<i>By source</i>								
3,511	1,557	Core Crown		1,562	1,493	(69)	(4.6)	3,579
246	105	Crown entities		102	102	-	-	245
1,268	457	State-owned Enterprises		464	460	(4)	(0.9)	1,181
(735)	(477)	Inter-segment eliminations		(358)	(289)	69	23.9	(595)
4,290	1,642	Total interest expenses		1,770	1,766	(4)	(0.2)	4,410
NOTE 7: Insurance Expenses								
<i>By entity</i>								
3,010	1,189	ACC		1,245	1,315	70	5.3	3,388
1,073	47	EQC		103	107	4	3.7	101
586	-	Southern Response (formerly AMI Insurance)		5	(29)	(34)	(117.2)	(108)
20	116	Other insurance expenses		7	6	(1)	(16.7)	17
(113)	-	Inter-segment eliminations		(14)	(24)	(10)	(41.7)	(24)
4,576	1,352	Total insurance expenses		1,346	1,375	29	2.1	3,374
NOTE 8: Gains and Losses on Financial Instruments								
<i>By source</i>								
526	(1,020)	Core Crown		1,933	1,639	294	17.9	2,573
930	17	Crown entities		919	598	321	53.7	789
9	(241)	State-owned Enterprises		81	60	21	35.0	92
(773)	(404)	Inter-segment eliminations		93	(53)	146	275.5	(153)
692	(1,648)	Net gains/(losses) on financial instruments		3,026	2,244	782	34.8	3,301
NOTE 9: Gains and Losses on Non-Financial Instruments								
<i>By type</i>								
(3,896)	(1,939)	Actuarial gains/(losses) on GSF liability		190	190	-	-	190
(2,942)	(2,090)	Actuarial gains/(losses) on ACC liability		318	91	227	249.5	343
312	130	Other		123	122	1	0.8	35
(6,526)	(3,899)	Net gains/(losses) on non-financial instruments		631	403	228	56.6	568
<i>By source</i>								
(3,790)	(1,885)	Core Crown		334	330	4	1.2	255
(2,955)	(2,094)	Crown entities		303	76	227	298.7	314
220	80	State-owned Enterprises		(6)	(3)	(3)	(100.0)	-
(1)	-	Inter-segment eliminations		-	-	-	-	(1)
(6,526)	(3,899)	Net gains/(losses) on non-financial instruments		631	403	228	56.6	568
NOTE 10: Operating Balance								
<i>By source</i>								
(11,671)	(8,405)	Core Crown		(1,726)	(2,150)	424	19.7	(6,159)
(641)	(853)	Crown entities		2,200	1,557	643	41.3	2,520
(1,423)	192	State-owned Enterprises		565	546	19	3.5	1,025
(1,162)	(855)	Inter-segment eliminations		(333)	(468)	135	28.8	(661)
(14,897)	(9,921)	Total operating balance		706	(515)	1,221	237.1	(3,275)

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 30 Nov 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Financial Assets and Sovereign Receivables							
10,686	12,598	Cash and cash equivalents	14,349	13,062	1,287	9.9	13,952
7,257	7,515	Tax receivables	7,288	7,554	(266)	(3.5)	7,328
13,699	13,125	Trade and other receivables	10,974	10,928	46	0.4	10,299
8,291	7,567	Student loans	8,397	8,408	(11)	(0.1)	8,813
12,445	11,971	Kiwibank mortgages	12,812	12,809	3	-	13,433
2,422	2,350	Long-term deposits	2,251	2,004	247	12.3	1,388
2,249	2,302	IMF financial assets	2,197	2,191	6	0.3	2,381
1,030	1,445	Other advances	1,134	1,276	(142)	(11.1)	1,152
14,385	13,898	Share investments	15,285	15,374	(89)	(0.6)	16,302
5,032	4,869	Derivatives in gain	4,946	4,838	108	2.2	3,899
38,682	33,226	Other marketable securities	35,196	36,555	(1,359)	(3.7)	31,731
116,178	110,866	Total financial assets and sovereign receivables	114,829	114,999	(170)	(0.1)	110,678
Financial assets by entity							
26,062	22,168	NZDMO	25,266	25,090	176	0.7	16,482
17,573	19,721	Reserve Bank of New Zealand	18,261	18,000	261	1.5	17,964
18,703	17,670	NZ Superannuation Fund	20,727	20,675	52	0.3	21,491
20,567	20,083	Other core Crown	21,471	21,434	37	0.2	20,237
(7,924)	(8,924)	Intra-segment eliminations	(11,526)	(10,938)	(588)	(5.4)	(6,435)
74,981	70,718	Total core Crown segment	74,199	74,261	(62)	(0.1)	69,739
25,340	22,862	ACC portfolio	26,899	26,476	423	2	28,871
7,252	7,658	EQC portfolio	6,600	6,380	220	3	4,256
11,168	8,775	Other Crown entities	10,824	10,492	332	3	9,691
(3,685)	(3,448)	Intra-segment eliminations	(3,692)	(3,789)	97	2.6	(3,693)
40,075	35,847	Total Crown entities segment	40,631	39,559	1,072	2.7	39,125
19,186	21,104	Total State-owned enterprises segment	18,839	19,010	(171)	(0.9)	20,053
(18,064)	(16,803)	Inter-segment eliminations	(18,840)	(17,831)	(1,009)	(5.7)	(18,239)
116,178	110,866	Total financial assets	114,829	114,999	(170)	(0.1)	110,678

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 30 Nov 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12: Property, Plant and Equipment							
Net Carrying Value							
By class of asset:							
33,626	35,430	Land (valuation) ¹	33,513	33,576	(63)	(0.2)	34,159
25,046	24,306	Buildings (valuation)	24,983	25,151	(168)	(0.7)	25,306
17,546	17,688	State highways (valuation) - excluding land	17,746	17,830	(84)	(0.5)	18,253
14,400	14,446	Electricity generation assets (valuation)	14,506	14,576	(70)	(0.5)	14,810
3,476	3,017	Electricity distribution network (cost)	3,410	3,780	(370)	(9.8)	3,906
3,220	3,286	Specialist military equipment (valuation)	3,170	3,207	(37)	(1.2)	3,148
2,514	2,461	Specified cultural and heritage assets (valuation)	2,491	2,492	(1)	-	2,481
2,250	1,971	Aircraft (excl military) (valuation)	2,256	2,298	(42)	(1.8)	2,273
856	7,241	Rail network (valuation) - excluding land	1,020	1,022	(2)	(0.2)	1,059
5,650	5,767	Other plant and equipment (cost)	5,924	5,769	155	2.7	6,324
108,584	115,613	Total net carrying value	109,019	109,701	(682)	(0.6)	111,719
By source:							
29,377	29,475	Core Crown	29,186	29,290	(104)	(0.4)	29,994
49,939	48,684	Crown entities	50,204	50,479	(275)	(0.5)	51,247
29,268	37,454	State-owned enterprises	29,629	29,932	(303)	(1.0)	30,478
-	-	Inter-segment eliminations	-	-	-	-	-
108,584	115,613	Total net carrying value	109,019	109,701	(682)	(0.6)	111,719
Land breakdown by usage¹							
8,744	8,407	Housing stock	8,715	8,730	(15)	(0.2)	8,756
8,353	7,741	State highway corridor land	8,353	8,353	-	-	8,503
5,454	5,685	Conservation estate	5,429	5,425	4	0.1	5,444
3,260	5,641	Rail network corridor land	3,260	3,260	-	-	3,260
2,726	2,722	Schools	2,705	2,702	3	0.1	2,743
1,471	1,545	Commercial (SOE) excluding rail	1,478	1,491	(13)	(0.9)	1,491
3,618	3,689	Other	3,573	3,615	(42)	(1.2)	3,962
33,626	35,430	Total land	33,513	33,576	(63)	(0.2)	34,159
1. Land relating to state highways, the rail network and conservation which had previously been included within the State highways, Rail network and specified cultural and heritage assets categories has been reclassified to the Land category.							
Schedule of movements							
Cost or valuation							
126,601	126,601	Opening balance	121,717	121,717	-	-	121,717
6,514	2,597	Additions	2,224	2,650	(426)	(16.1)	7,495
(941)	(182)	Disposals	(195)	(156)	(39)	(25.0)	(616)
(9,793)	14	Net revaluations	(4)	(6)	2	33.3	15
(664)	486	Other	(271)	158	(429)	(271.5)	73
121,717	129,516	Total cost or valuation	123,471	124,363	(892)	(0.7)	128,684
Accumulated depreciation and impairment							
11,747	11,747	Opening balance	13,133	13,133	-	-	13,133
(634)	(145)	Eliminated on disposal	(65)	(47)	(18)	(38.3)	(31)
(3,415)	1	Eliminated on revaluation	-	-	-	-	(1)
5,687	2,135	Depreciation expense and impairment losses	1,496	1,506	(10)	(0.7)	3,908
(252)	165	Other	(112)	70	(182)	(260.0)	(44)
13,133	13,903	Total accumulated depreciation and impairment	14,452	14,662	(210)	(1.4)	16,965
108,584	115,613	Total property, plant and equipment	109,019	109,701	(682)	(0.6)	111,719

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 30 Nov 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12 (continued): Property, Plant and Equipment							
Additions - by functional classification							
2,291	1,017	Transport and communications	678	838	(160)	(19.1)	2,128
2,036	536	Economic and industrial services	699	816	(117)	(14.3)	1,750
442	296	Education	245	165	80	48.5	827
627	233	Health	232	338	(106)	(31.4)	804
339	188	Defence	79	124	(45)	(36.3)	449
779	327	Other	291	369	(78)	(21.1)	1,537
6,514	2,597	Total additions	2,224	2,650	(426)	(16.1)	7,495
NOTE 13: NZ Superannuation Fund							
539	203	Revenue	226	256	(30)	(11.7)	642
160	(162)	Less current tax expense	399	353	(46)	(13.0)	602
132	34	Less other expenses ¹	50	63	13	20.6	182
(204)	(1,318)	Add gains/(losses)	1,538	1,332	206	15.5	2,110
43	(987)	Operating balance	1,315	1,172	143	12.2	1,968
18,652	18,652	Opening net worth	18,703	18,703	-	-	18,703
43	(987)	Operating balance	1,315	1,172	143	12.2	1,968
8	4	Other movements in reserves	1	3	(2)	(66.7)	19
18,703	17,669	Closing net worth	20,019	19,878	141	0.7	20,690
<i>comprising:</i>							
18,815	17,670	Financial assets	20,727	20,675	52	0.3	21,491
(1,317)	(1,155)	Financial liabilities	(1,911)	(1,984)	73	3.7	(1,964)
1,205	1,154	Net other assets	1,203	1,187	16	1.3	1,163
18,703	17,669	Closing net worth	20,019	19,878	141	0.7	20,690
Core Crown revenue (excl NZS Fund)							
60,565	23,317	Core Crown revenue	24,773	24,651	122	0.5	62,939
539	203	Less NZS Fund revenue	226	256	(30)	(11.7)	642
160	(162)	Add back NZS Fund intra-segment revenue	399	353	46	13.0	602
60,186	22,952	Core Crown revenue (excl NZS Fund)	24,946	24,748	198	0.8	62,899
OBEGAL excluding NZS Fund							
(9,240)	(4,477)	Total Crown OBEGAL	(3,025)	(3,228)	203	6.3	(7,340)
539	203	Less NZS Fund revenue	226	256	(30)	(11.7)	642
77	19	Add back NZS Fund external expenses	31	49	(18)	(36.7)	141
160	(162)	Add back NZS Fund tax	399	353	46	13.0	602
(9,542)	(4,823)	OBEGAL excluding NZS Fund	(2,821)	(3,082)	261	8.5	(7,239)

1. NZS Fund other expenses include deferred tax expense/(credits)

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 30 Nov 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 14: Payables							
8,255	8,181	Accounts payable	8,397	8,517	120	1.4	8,990
3,349	2,671	Taxes repayable	2,641	2,660	19	0.7	3,433
11,604	10,852	Total payables	11,038	11,177	139	1.2	12,423
NOTE 15: Insurance liabilities							
30,648	28,230	ACC liability	29,718	29,996	278	0.9	31,598
8,877	8,845	EQC property damage liability	8,221	8,074	(147)	(1.8)	5,785
2,062	2,104	Southern Response (formerly AMI Insurance)	1,927	1,657	(270)	(16.3)	1,042
48	60	Other insurance liabilities	46	45	(1)	(2.2)	51
(449)	-	Inter-segment eliminations	(457)	(442)	15	3.4	(316)
41,186	39,239	Total insurance liabilities	39,455	39,330	(125)	(0.3)	38,160
NOTE 16: Provisions							
375	733	Provision for ETS Credits	71	73	2	2.6	215
1,076	966	Provision for National Provident Fund guarantee	1,062	1,062	-	-	1,033
3,253	3,164	Provision for employee entitlements	3,280	3,294	14	0.4	3,239
745	823	Provision for Canterbury Red Zone support package	1,115	1,110	(5)	(0.5)	316
530	-	Provision for Infrastructure costs	488	488	-	-	409
189	567	Provision for weathertight services financial assistance package	188	192	4	2.1	156
1,338	1,056	Other provisions	684	643	(41)	(6.4)	1,933
7,506	7,309	Total provisions	6,888	6,862	(26)	(0.4)	7,301
1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 17: Changes in Net Worth							
18,188	18,188	Opening taxpayers funds	3,520	3,520	-	-	3,520
(14,897)	(9,921)	Operating balance excluding minority interest	706	(515)	1,221	237.1	(3,275)
-	-	Partial share sales in state-owned enterprises	-	-	-	-	175
229	80	Transfers from/(to) other reserves	50	29	21	72.4	66
3,520	8,347	Closing taxpayers funds	4,276	3,034	1,242	40.9	486
62,690	62,690	Opening revaluation reserve	56,001	56,001	-	-	56,001
(6,461)	(105)	Net revaluations	(53)	(27)	(26)	(96.3)	(16)
(228)	(14)	Transfers from/(to) other reserves	(48)	(31)	(17)	(54.8)	(70)
56,001	62,571	Closing revaluation reserve	55,900	55,943	(43)	(0.1)	55,915
(299)	(299)	Opening other reserves	(173)	(173)	-	-	(173)
126	211	Net movements	51	20	31	155.0	57
(173)	(88)	Closing other reserves	(122)	(153)	31	20.3	(116)

NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun to 30 Nov		Current Year Actual vs Forecast				Annual
2012	2011	Actual	Forecast	Variance		Forecast
\$m	\$m	\$m	\$m	\$m	%	\$m
NOTE 18: Core Crown residual cash						
Core Crown Cash Flows from Operations						
54,249	20,582	21,941	21,731	210	1.0	56,962
670	270	297	284	13	4.6	653
1,431	695	716	708	8	1.1	1,471
2,699	1,155	1,070	1,012	58	5.7	2,600
(22,854)	(10,134)	(9,914)	(9,913)	(1)	-	(23,077)
(40,036)	(17,363)	(17,648)	(17,550)	(98)	(0.6)	(42,767)
(3,369)	(1,467)	(1,504)	(1,503)	(1)	(0.1)	(3,778)
-	-	-	-	-	-	(317)
-	-	-	115	(115)	(100.0)	1,150
(7,210)	(6,262)	(5,042)	(5,116)	74	1.4	(7,103)
(1,262)	(533)	(428)	(533)	105	19.7	(2,061)
(1,022)	(212)	242	193	49	25.2	(777)
(1,150)	(472)	(755)	(807)	52	6.4	(62)
-	-	-	-	-	-	(179)
-	-	-	40	(40)	(100.0)	400
(3,434)	(1,217)	(941)	(1,107)	166	15.0	(2,679)
(10,644)	(7,479)	(5,983)	(6,223)	240	3.9	(9,782)
Residual cash deficit						
<i>The residual cash deficit is funded as follows:</i>						
Debt programme cash flows						
Market:						
15,146	8,002	8,699	9,107	(408)	(4.5)	15,799
(7,602)	(7,602)	-	-	-	-	(9,982)
2,139	2,704	(3,739)	(3,739)	-	-	(4,501)
9,683	3,104	4,960	5,368	(408)	(7.6)	1,316
Non market:						
-	-	-	-	-	-	-
(1,501)	(1,501)	-	-	-	-	(499)
430	(50)	-	-	-	-	-
(1,071)	(1,551)	-	-	-	-	(499)
8,612	1,553	4,960	5,368	(408)	(7.6)	817
Other borrowing cash flows						
5,880	6,340	490	1,193	(703)	(58.9)	3,684
(6,030)	(5,313)	165	(150)	315	210.0	(2,318)
(150)	1,027	655	1,043	(388)	151.1	1,366
Investing cashflows						
2,270	7,813	3,922	2,471	1,451	58.7	10,338
203	190	183	71	112	157.7	160
(291)	(3,104)	(3,737)	(2,730)	(1,007)	(36.9)	(2,899)
2,182	4,899	368	(188)	556	295.9	7,599
10,644	7,479	5,983	6,223	(240)	(3.9)	9,782

1. Short-term borrowing consists of Treasury Bills and may include Euro-Commercial Paper