

# Financial Statements of the Government of New Zealand

For the Eleven Months Ended  
31 May 2013



Prepared by the Treasury  
5 July 2013

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New Zealand Government

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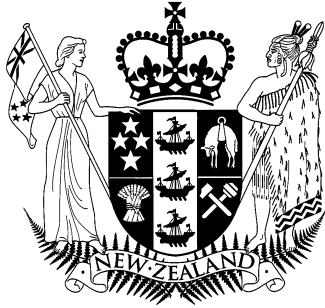
## Financial Statements

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## 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 eleven months ended 31 May 2013 and its financial position as at that date.

The May results are reported against forecasts based on the *2013 Budget Economic and Fiscal Update (BEFU)*, published on 16 May 2013.

### At a Glance

**Table 1** – Key indicators for the eleven months ended 31 May 2013 compared to BEFU

|   | Year to date        |                       |                     |                     | Full Year             |
|---|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | May<br>2013         | May<br>2013<br>BEFU   | Variance<br>to BEFU | Variance<br>to BEFU | June<br>2013<br>BEFU  |
| \$ million                                | Actual <sup>1</sup> | Forecast <sup>1</sup> | \$m                 | %                   | Forecast <sup>2</sup> |
| <b>Core Crown</b>                         |                     |                       |                     |                     |                       |
| Core Crown tax revenue                    | 54,008              | 53,506                | 502                 | 0.9                 | 58,286                |
| Core Crown revenue                        | 58,889              | 58,431                | 458                 | 0.8                 | 63,809                |
| Core Crown expenses                       | 63,738              | 63,834                | 96                  | 0.2                 | 71,649                |
| Core Crown residual cash                  | (5,582)             | (6,350)               | 768                 | 12.1                | (7,750)               |
| Gross debt <sup>3</sup>                   | 78,353              | 78,634                | 281                 | 0.4                 | 78,636                |
| <i>as a percentage of GDP</i>             | <i>37.0%</i>        | <i>37.2%</i>          |                     |                     | <i>36.8%</i>          |
| Net debt <sup>4</sup>                     | 55,741              | 56,541                | 800                 | 1.4                 | 57,945                |
| <i>as a percentage of GDP</i>             | <i>26.4%</i>        | <i>26.7%</i>          |                     |                     | <i>27.1%</i>          |
| <b>Total Crown</b>                        |                     |                       |                     |                     |                       |
| Operating balance before gains and losses | (3,265)             | (4,028)               | 763                 | 18.9                | (6,285)               |
| Operating balance                         | 6,476               | 3,754                 | 2,722               | 72.5                | 1,918                 |
| Net worth attributable to the Crown       | 66,127              | 63,382                | 2,745               | 4.3                 | 61,476                |

1 Using GDP for the year ended 31 March 2013 of \$211,522 million (Source: Statistics New Zealand)

2 Using forecast GDP for the year ended 30 June 2013 of \$213,844 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 eleven months ended 31 May 2013

Overall, all key indicators were better than forecast. The **operating balance before gains and losses deficit** was \$3.3 billion, which was \$763 million lower than expected primarily owing to higher than forecast core Crown tax revenue.

At \$502 million above forecast, **Core Crown tax revenue** continued the trend from recent months, with large positive variances in corporate tax (\$496 million) and tax from other persons (\$164 million), partially offset by a negative variance in GST (\$222 million). Strength in equity markets contributed to the positive variances, and we expect that the difference in core Crown tax revenue is likely to persist to year-end.

Sustained strength in equity markets, and reductions in the valuation of long-term liabilities (primarily owing to changes in the discount rate), have resulted in gains of \$9.4 billion for the year-to-date, \$2.0 billion ahead of forecast. Gains on the Crown's investment portfolios were \$1.7 billion higher than expected, with the NZS Fund contributing \$1.2 billion of this difference. In addition, actuarial gains on the ACC outstanding claims liability were \$358 million above forecast at \$1.0 billion, contrasting to the year-to-date losses of \$0.8 billion to 30 April. The turn-around of the actuarial loss was a result of an increase in the discount rate during May and highlights the volatility associated with the valuations of the long-term liabilities.

The higher than forecast core Crown tax revenue and gains were the key reason for the **operating balance surplus** being \$2.7 billion higher than forecast, to be \$6.5 billion at the end of May.

The partial sale of shares in Mighty River Power occurred during May, so has been captured in this month's financial statements. Total proceeds from the sale were just under \$1.7 billion, compared to the \$1.5 billion included in forecasts, which was based on the average of the entire programme rather than the specific sale. Further information about this transaction is included on the next page.

These higher than forecast cash proceeds from the partial sale of Mighty River Power and favourable variances in tax receipts (\$322 million) and operating payments (\$222 million) contributed to the **residual cash deficit** being \$768 million below forecast.

As a result of the lower than expected residual cash deficit, **net debt** was \$800 million lower than forecast at \$55.7 billion, or 26.4% of GDP.

**Gross debt** was close to forecast at \$78.4 billion, or 37.0% of GDP.

Further analysis of the May results follows.

## PARTIAL SALE OF MIGHTY RIVER POWER

On 8 May the price and allocations of Mighty River Power (MRP) shares that were sold were confirmed (settled on 14 May). The Government sold 48.2% of its shares in MRP and received gross cash proceeds of \$1.69 billion. The non-government shareholders are referred to as non-controlling "minority interests". The table below outlines the net assets of MRP and the summary results of the partial share sale:

| <b>Mighty River Power</b>                            | <b>At date of share issue \$m</b> |
|--|-----------------------------------|
| Property, plant and equipment                        | 5,041                             |
| Financial assets                                     | 515                               |
| Other assets   | 212                               |
| Borrowings   | (1,546)                           |
| Total Liabilities                                    | (1,170)                           |
| Net Assets   | 3,052                             |
| <b>Carrying amount of minority interests (48.2%)</b> | <b>1,471</b>                      |
| Gross proceeds                                       | 1,685                             |
| Estimated direct costs <sup>1</sup>                  | (17)                              |
| Loyalty Bonus Shares <sup>2</sup>                    | (25)                              |
| Net proceeds   | 1,643                             |
| Estimated gain on disposal to minority interests     | 172                               |
| <b>Carrying amount of minority interests (48.2%)</b> | <b>1,471</b>                      |

As a result of the sale of shares in MRP to minority interests, the income from its assets must be shared with the minority interests. However, because the Government retains control of the assets, no "sale" of MRP assets is reported. As a result, 100% of the assets, liabilities, revenue and expenses of MRP will continue to be included in the financial statements of the Government. The key change to the financial statements will be the disclosure of the non-controlling minority interests in those assets, liabilities, revenue and expenses.

Eligible New Zealand retail investors in the MRP share offer will receive one loyalty bonus share for every 25 shares they hold for two years from the offer, up to a maximum of 200 bonus shares. The estimated cost of the loyalty scheme was recognised in the financial statements reflecting the maximum allocation of bonus shares (approximately \$25 million).

The estimated impact of the partial sale (including the loyalty bonus scheme) on the Government's key fiscal indicators at 31 May was as follows:

| <b>Indicator</b>                            | <b>Before Sale \$m</b> | <b>Impact \$m</b> | <b>After Sale \$m</b> |
|---|------------------------|-------------------|-----------------------|
| Residual Cash                               | (7,250)                | 1,668             | (5,582)               |
| Net Debt                                    | 57,409                 | 1,668             | 55,741                |
| Net Worth Attributable to the Crown         | 65,955                 | 172               | 66,127                |
| Net Worth Attributable to minority interest | 432                    | 1,471             | 1,903                 |
| Total Net Worth                             | 66,387                 | 1,643             | 68,030                |

<sup>1</sup> Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.

<sup>2</sup> This is an estimate of the maximum cost of the loyalty bonus share. While the bonus share issue will be two years from now, the expected cost is recognised upfront. There is no cash impact in issuing the loyalty bonus shares so there is no residual cash or net debt impact.



## ANALYSIS

**Table 2** – Key indicator variances for the eleven months ended 31 May 2013 compared to BEFU:

| Item/indicator                   | Variance <sup>1</sup>                   | Key drivers  |
|----------------------------------|---|--|
| <b>Core Crown</b>                |   |  |
| Core Crown revenue               | \$458 million<br>(higher than forecast) | <p>Core Crown tax revenue was the key driver of this result, \$502m (0.9%) higher than forecast.</p> <p><b>Corporate tax</b> was \$496m (6.2%) above forecast. As anticipated last month, some of the timing difference that contributed to the positive April variance has reversed out. However, this was replaced by higher-than-expected early income tax assessments for the 2014 tax year. In addition, strength in financial markets contributed to the result and there is evidence of higher-than-expected profitability in other sectors of the economy too.</p> <p><b>Other Individuals tax</b> was \$164m (4.2%) above forecast largely owing to strength in provisional income tax assessments in May.</p> <p>Providing some offset to the better than expected results was a shortfall in <b>GST</b> (\$222m). The March GDP result, announced on 20 June, indicated that year-to-date nominal consumption may have been lower than forecast in the 2013 Budget, suggesting that GST is likely to remain below forecast until year-end.</p> <p>Other tax types and other core Crown revenue were close to forecast.</p>  |
| Core Crown expenses              | \$96 million<br>(lower than forecast)   | Core Crown expenses were close to forecast at \$63.7b, just 0.2% lower than expected.  |
| Core Crown residual cash deficit | \$768 million<br>(lower than forecast)  | <p>The residual cash deficit was \$768m better than expected (at \$5,582m), largely owing to favourable variances in tax receipts, operating payments, and capital spending.</p> <p><b>Core Crown tax receipts</b> were \$322m higher than expected, largely owing to NZS Fund gains being above forecast and as a result paying more income tax than forecast (\$254m). The residual was a result of (largely offsetting) variances within GST, other direct taxes and customs and excise duties. The GST and other direct tax variances were in line with the corresponding revenue variances. Monthly payments of fuel excise duty on refined fuel imports were received just before Queen's Birthday weekend instead of just afterwards, as was forecast.</p> <p><b>Operating payments</b> were \$222m lower than forecast, with the main underspends being \$52m by the Ministry of Transport to NZTA and \$37m lower-than-expected spending by NZDF.</p> <p><b>Net capital spending</b> was \$213m below forecast mainly due to the proceeds from the partial sale of Mighty River Power, which were \$185m higher than the forecast \$1.5b (which was an average of the total expected proceeds of \$6.0b over a four year period).</p> |
| Gross debt                       | \$281 million<br>(lower than forecast)  | Gross debt at \$78.4b was close to forecast at 37.0% of GDP.   |

<sup>1</sup> Favourable variances against forecast have a positive sign and unfavourable variances against forecast have a negative sign.

| Item/indicator                                    | Variance <sup>1</sup>                     | Key drivers   |
|---|---|---|
| Net debt  | \$800 million<br>(lower than forecast)    | At \$55.7b, or 26.4% of GDP, net debt was \$800m below forecast. The result was largely owing to the better-than-expected residual cash result explained earlier.   |
| <b>Total Crown</b>                                |   |   |
| Operating balance before gains and losses deficit | \$763 million<br>(lower than forecast)    | <p>The OBEGAL deficit at \$3.3b was \$763m lower than forecast.</p> <p>The key drivers of the OBEGAL deficit were the impact of higher-than-expected core Crown tax revenue (\$502m) and lower-than-expected core Crown expenditure (\$96m) as discussed earlier.</p> <p>Outside the core Crown, there were a number of small OBEGAL surpluses made by Crown entities including HNZC (\$30m) and NZTA (\$30m).</p>  |
| Operating balance                                 | \$2,722 million<br>(higher than forecast) | <p>In addition to the \$763m lower OBEGAL deficit mentioned above, net gains were \$2.0b higher than expected, which were made up of:</p> <ul style="list-style-type: none"> <li>• Gains from the Crown's investment portfolios, which were \$1.7b higher than forecast. The NZS Fund alone recorded net gains that were \$1.2b above forecast (year-to-date).</li> <li>• Actuarial gains on the ACC outstanding claims liability, which were \$358m above forecast at \$1.0b. This was in contrast to the year-to-date losses of \$0.8b to 30 April. The turn-around of the actuarial loss was a result of an increase in the discount rate during May and highlights the volatility associated with the valuations of the long-term liabilities.</li> </ul> |
| Net worth attributable to the Crown               | \$2,745 million<br>(higher than forecast) | Net worth was higher than forecast, at \$66.1b, largely reflecting the operating balance result.  |

**Table 3 – Fiscal Strategy and financial results**

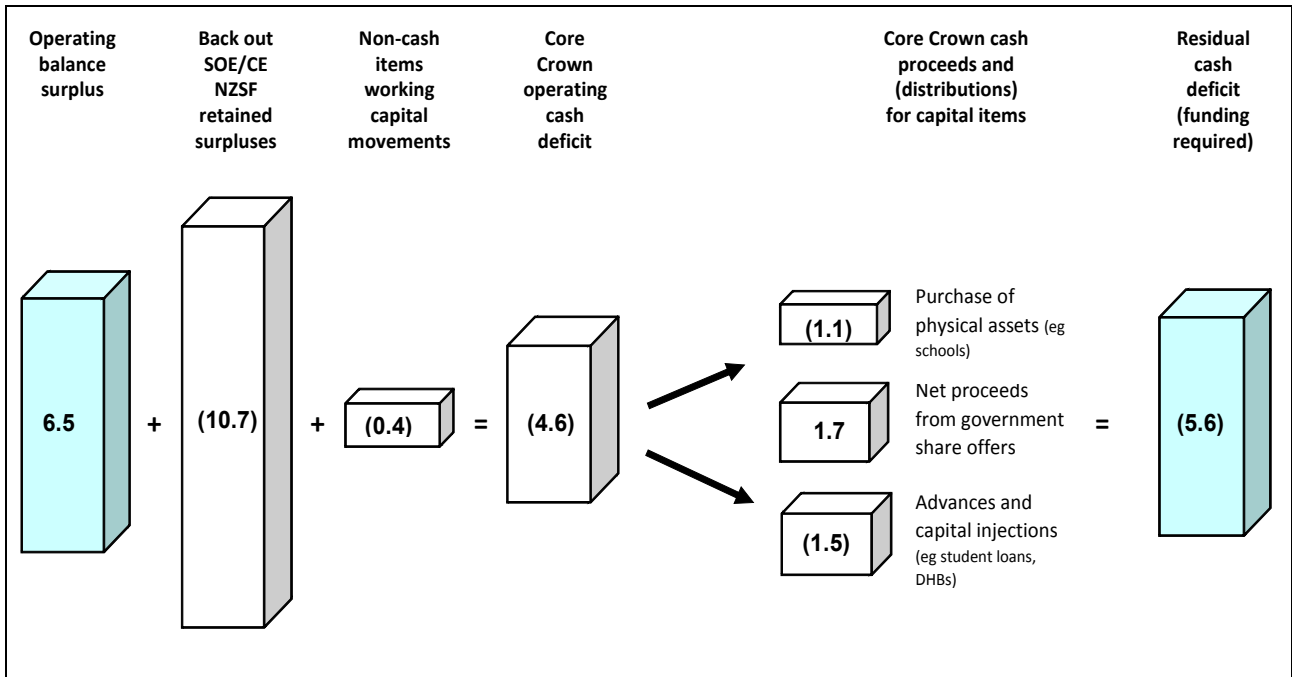
| Fiscal Strategy   |                       | Financial Results  |  | Ref          | 31 May 2013<br>Actual<br>\$m | 31 May 2013<br>Forecast<br>\$m | Variance<br>\$m | Variance <sup>2</sup><br>% | Annual<br>Forecast<br>\$m |
|---|-----------------------|--|--|--------------|------------------------------|--------------------------------|-----------------|----------------------------|---------------------------|
|   |                       | Taxation as a % of GDP   |  | 1            | 27.9%                        | 27.6%                          |                 |                            | 27.3%                     |
| <b>Operating revenue</b><br>Ensure sufficient operating revenue to meet the operating balance objective   |                       | Core Crown taxation revenue ...  |  |              | 54,008                       | 53,506                         | 502             | 0.9                        | 58,286                    |
|   |                       | ... combined with other core Crown revenue ...   |  |              | 4,881                        | 4,925                          | (44)            | (0.9)                      | 5,523                     |
|   |                       | ... fund core Crown expenses...  |  |              | (63,738)                     | (63,834)                       | 96              | 0.2                        | (71,649)                  |
| <b>Operating expenses</b><br>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...                     |  |              | 11,325                       | 9,157                          | 2,168           | 23.7                       | 9,758                     |
|   |                       | ... result in an operating surplus or deficit...   |  |              | 6,476                        | 3,754                          | 2,722           | 72.5                       | 1,918                     |
| <b>Operating balance</b><br>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...   |  |              | (12,826)                     | (10,492)                       | (2,334)         | (22.2)                     | (11,186)                  |
|   |                       | ... and some items do not impact cash ...  |  |              | 1,727                        | 1,560                          | 167             | 10.7                       | 3,342                     |
|   |                       | ... leaving operating cash flows to ...  |  |              | <b>(4,623)</b>               | <b>(5,178)</b>                 | <b>555</b>      | <b>10.7</b>                | <b>(5,926)</b>            |
|   |                       | ... meet the capital expenditure budget ...  |  |              | (1,102)                      | (1,049)                        | (53)            | (5.1)                      | (1,504)                   |
|   |                       | ... make advances (e.g. to students and DHBs)...   |  |              | (1,525)                      | (1,623)                        | 98              | 6.0                        | (1,820)                   |
| <b>Debt</b><br>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 receive proceeds from government share offers ....                                       |  |              | 1,668                        | 1,500                          | 168             | 11.2                       | 1,500                     |
|   |                       | With the residual cash ...   |  |              | <b>(5,582)</b>               | <b>(6,350)</b>                 | <b>768</b>      | <b>12.1</b>                | <b>(7,750)</b>            |
|   |                       | ... 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 ... |  |              | (512)                        | (480)                          | 32              | 6.7                        | (476)                     |
|   |                       | ... results in a closing net debt ...  |  |              | <b>55,741</b>                | <b>56,541</b>                  | <b>800</b>      | <b>1.4</b>                 | <b>57,945</b>             |
|   | ... and as a % of GDP |  |  | <b>26.4%</b> | <b>26.7%</b>                 |                                |                 | <b>27.1%</b>               |                           |

1 GDP for the eleven months ended 31 May 2013 (actual and forecast) is the actual data for the year ended 31 March 2013 (Source: Statistics New Zealand) pro-rated for eleven months.

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

**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

|  | May<br>2013<br>Actual<br>\$m | May<br>2012<br>Actual<br>\$m | Change <sup>1</sup><br>\$m | Change<br>%  |
|--|------------------------------|------------------------------|----------------------------|--------------|
| <b>Statement of Financial Performance</b>                |                              |                              |                            |              |
| <b>Core Crown revenue</b>                                |                              |                              |                            |              |
| Taxation revenue   | 54,008                       | 50,537                       | 3,471                      | 6.9          |
| Other revenue  | 4,881                        | 4,683                        | 198                        | 4.2          |
| <b>Total Core Crown Revenue</b>                          | <b>58,889</b>                | <b>55,220</b>                | <b>3,669</b>               | <b>6.6</b>   |
| <b>Core Crown expenses</b>                               |                              |                              |                            |              |
| Social security and welfare                              | 20,519                       | 20,065                       | 454                        | 2.3          |
| GSF pension expenses                                     | 255                          | 175                          | 80                         | 45.7         |
| Health   | 13,203                       | 12,971                       | 232                        | 1.8          |
| Education  | 10,886                       | 10,846                       | 40                         | 0.4          |
| Core government services                                 | 4,633                        | 3,803                        | 830                        | 21.8         |
| Law and order  | 3,142                        | 3,099                        | 43                         | 1.4          |
| Defence  | 1,633                        | 1,597                        | 36                         | 2.3          |
| Transport and communications                             | 1,982                        | 1,976                        | 6                          | 0.3          |
| Economic and industrial services                         | 1,801                        | 1,823                        | (22)                       | (1.2)        |
| Primary services   | 579                          | 569                          | 10                         | 1.8          |
| Heritage, culture and recreation                         | 724                          | 793                          | (69)                       | (8.7)        |
| Environmental protection                                 | 433                          | 657                          | (224)                      | (34.1)       |
| Housing and community development                        | 214                          | 49                           | 165                        | 336.7        |
| Other  | 383                          | 332                          | 51                         | 15.4         |
| Finance costs  | 3,351                        | 3,214                        | 137                        | 4.3          |
| <b>Total Core Crown Expenses</b>                         | <b>63,738</b>                | <b>61,969</b>                | <b>1,769</b>               | <b>2.9</b>   |
| Net surplus of SOE/CE's (and inter-segment eliminations) | 1,584                        | 837                          | 747                        | 89.2         |
| <b>OBEGAL</b>  | <b>(3,265)</b>               | <b>(5,912)</b>               | <b>2,647</b>               | <b>44.8</b>  |
| Total gains/(losses)                                     | 9,417                        | (5,233)                      | 14,650                     | 280.0        |
| Other operating items                                    | 324                          | 202                          | 122                        | 60.4         |
| <b>Operating Balance</b>                                 | <b>6,476</b>                 | <b>(10,943)</b>              | <b>17,419</b>              | <b>159.2</b> |
| <b>Core Crown residual cash</b>                          | <b>(5,582)</b>               | <b>(9,872)</b>               | <b>4,290</b>               | <b>43.5</b>  |
| <b>Debt indicators</b>                                   |                              |                              |                            |              |
| <b>Gross debt<sup>2</sup></b>                            | <b>78,353</b>                | <b>79,713</b>                | <b>(1,360)</b>             | <b>(1.7)</b> |
| <b>Net debt<sup>3</sup></b>                              | <b>55,741</b>                | <b>49,649</b>                | <b>6,092</b>               | <b>12.3</b>  |

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

<sup>2</sup> Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

<sup>3</sup> Net core Crown debt excluding NZS Fund, student loans and other advances.

## Revenue and Expenses

**Core Crown taxation revenue** for the eleven months ended 31 May 2013 increased by \$3,669 million (6.6%) on the same period last year. Other individuals' tax continued to show strong growth (up 38.7% on last year driven by a higher effective tax rate). In addition, source deductions and corporate tax also showed growth, 5.9% and 9.4% growth respectively.

Total **core Crown expenses** increased by \$1,769 million (2.9%) on the same period last year:

| Functional expense          | Movement from previous year | Main drivers of the change   |
|-----------------------------|-----------------------------|--|
| <b>Increases:</b>           |                             |  |
| Core government services    | + \$830 million             | Costs associated with earthquake-damaged horizontal water infrastructure in Canterbury were revised in March 2013.   |
| Social security and welfare | + \$454 million             | Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.   |
| Health                      | + \$232 million             | Funding provided in the 2012 Budget to maintain and improve existing service levels.   |
| <b>Decreases:</b>           |                             |  |
| Environmental protection    | - \$224 million             | Costs associated with the Emissions Trading Scheme (ETS) were lower than last year as fewer NZ units have been issued at lower prices. The lower issuance was related to the forestry industry, as they received a one-off allocation of units (if they opted into the scheme) in previous years. Also, lower worldwide demand for carbon credits and the global financial crisis has also seen the price per unit decrease. |
| Other functional classes    | + \$477 million             |  |
| <b>Total</b>                | <b>\$1,769 million</b>      |  |

## Gains

**Total net gains** were \$9,417 million in the eleven months to May 2013 due to strong returns on the Crown's investment portfolio and actuarial gains for the Government Superannuation Fund (GSF) and ACC. In contrast, weak global equity markets in the first eleven months of the 2011/12 financial year, plus increases in the valuation of the Crown's long-term liabilities (primarily ACC and GSF), resulted in total net losses of \$5,233 million to 31 May 2012.

## Debt

**Net debt** has increased by \$6.1 billion since 31 May 2012 primarily owing to the reduction in financial assets in order to meet cash deficits.



# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL PERFORMANCE

for the eleven months ended 31 May 2013

| Year to 30 Jun 2012 | 11 months to 31 May 2012 |   | Current Year Actual vs Forecast |                |                |              | Annual Forecast \$m |                |
|---------------------|--------------------------|---|---------------------------------|----------------|----------------|--------------|---------------------|----------------|
|                     |                          |   | Note                            | Actual \$m     | Forecast \$m   | Variance \$m |                     | %              |
|                     |                          | <b>Revenue</b>  |                                 |                |                |              |                     |                |
| 54,665              | 50,108                   | Taxation revenue  | 2                               | 53,556         | 53,066         | 490          | 0.9                 | 57,839         |
| 5,130               | 4,629                    | Other sovereign revenue   | 2                               | 4,667          | 4,656          | 11           | 0.2                 | 5,126          |
| <b>59,795</b>       | <b>54,737</b>            | <b>Total Revenue Levied through the Crown's Sovereign Power</b> |                                 | <b>58,223</b>  | <b>57,722</b>  | <b>501</b>   | <b>0.9</b>          | <b>62,965</b>  |
| 16,785              | 14,972                   | Sales of goods and services                                     |                                 | 15,241         | 15,170         | 71           | 0.5                 | 16,809         |
| 2,763               | 2,525                    | Interest revenue and dividends                                  | 3                               | 2,677          | 2,759          | (82)         | (3.0)               | 3,051          |
| 4,140               | 3,661                    | Other revenue   |                                 | 3,399          | 3,262          | 137          | 4.2                 | 3,638          |
| <b>23,688</b>       | <b>21,158</b>            | <b>Total revenue earned through the Crown's operations</b>      |                                 | <b>21,317</b>  | <b>21,191</b>  | <b>126</b>   | <b>0.6</b>          | <b>23,498</b>  |
| <b>83,483</b>       | <b>75,895</b>            | <b>Total revenue (excluding gains)</b>                          |                                 | <b>79,540</b>  | <b>78,913</b>  | <b>627</b>   | <b>0.8</b>          | <b>86,463</b>  |
|                     |                          | <b>Expenses</b>   |                                 |                |                |              |                     |                |
| 22,354              | 20,322                   | Social assistance and official development assistance           | 4                               | 20,686         | 20,783         | 97           | 0.5                 | 22,918         |
| 19,475              | 17,683                   | Personnel expenses  | 5                               | 18,434         | 18,444         | 10           | 0.1                 | 20,156         |
| 6,350               | 4,056                    | Depreciation and amortisation                                   | 6                               | 4,290          | 4,299          | 9            | 0.2                 | 4,858          |
| 35,678              | 31,807                   | Other operating expenses  | 6                               | 32,387         | 32,669         | 282          | 0.9                 | 37,628         |
| 4,290               | 3,738                    | Interest expenses   | 7                               | 3,963          | 4,001          | 38           | 0.9                 | 4,301          |
| 4,576               | 4,201                    | Insurance expenses  | 8                               | 3,045          | 2,910          | (135)        | (4.6)               | 3,165          |
| -                   | -                        | Forecast new operating spending                                 | 6                               | -              | -              | -            | -                   | 42             |
| -                   | -                        | Top-down expense adjustment                                     | 6                               | -              | (165)          | (165)        | (100.0)             | (330)          |
| <b>92,723</b>       | <b>81,807</b>            | <b>Total expenses (excluding losses)</b>                        |                                 | <b>82,805</b>  | <b>82,941</b>  | <b>136</b>   | <b>0.2</b>          | <b>92,738</b>  |
| -                   | -                        | Forgone profits from partial share sales                        |                                 | -              | -              | -            | -                   | (10)           |
| <b>(9,240)</b>      | <b>(5,912)</b>           | <b>Operating balance before gains/(losses)</b>                  |                                 | <b>(3,265)</b> | <b>(4,028)</b> | <b>763</b>   | <b>18.9</b>         | <b>(6,285)</b> |
| 692                 | (106)                    | Net gains/(losses) on financial instruments                     | 9                               | 7,377          | 5,713          | 1,664        | 29.1                | 5,859          |
| (6,526)             | (5,127)                  | Net gains/(losses) on non-financial instruments                 | 10                              | 2,040          | 1,736          | 304          | 17.5                | 2,088          |
| <b>(5,834)</b>      | <b>(5,233)</b>           | <b>Total gains/(losses)</b>                                     |                                 | <b>9,417</b>   | <b>7,449</b>   | <b>1,968</b> | <b>26.4</b>         | <b>7,947</b>   |
| 233                 | 204                      | Net surplus/(deficit) from associates and joint ventures        |                                 | 247            | 256            | (9)          | (3.5)               | 256            |
| <b>(14,841)</b>     | <b>(10,941)</b>          | <b>Operating balance from continuing activities</b>             |                                 | <b>6,399</b>   | <b>3,677</b>   | <b>2,722</b> | <b>74.0</b>         | <b>1,918</b>   |
| -                   | (2)                      | Gain/(loss) from discontinued operations                        |                                 | 77             | 77             | -            | -                   | -              |
| (56)                | -                        | Attributable to minority interests                              |                                 | -              | -              | -            | -                   | -              |
| <b>(14,897)</b>     | <b>(10,943)</b>          | <b>Operating balance</b>  | 11                              | <b>6,476</b>   | <b>3,754</b>   | <b>2,722</b> | <b>72.5</b>         | <b>1,918</b>   |

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



# STATEMENT OF COMPREHENSIVE INCOME

for the eleven months ended 31 May 2013

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |   | Current Year Actual vs Forecast |                 |                 |             | Annual<br>Forecast<br>\$m |
|--|---|---|---------------------------------|-----------------|-----------------|-------------|---------------------------|
|  |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %           |                           |
| (14,841)                                   | (10,943)  | Operating Balance (including minority interest)                               | 6,476                           | 3,754           | 2,722           | 72.5        | 1,928                     |
|  |   | <b>Other comprehensive income</b>   |                                 |                 |                 |             |                           |
| (6,461)                                    | (39)  | Revaluation of physical assets  | (32)                            | (32)            | -               | -           | (29)                      |
| 108  | 97  | Effective portion of changes in value of cash flow hedges                     | 148                             | 171             | (23)            | (13.5)      | 74                        |
| 54   | 1   | Net change in fair value of cash flow hedges transferred to operating balance | (2)                             | 2               | (4)             | (200.0)     | (2)                       |
| (19)                                       | (32)  | Net change in fair value of cash flow hedges transferred to the hedged item   | (1)                             | 4               | (5)             | (125.0)     | 4                         |
| (2)  | 150   | Foreign currency translation differences for foreign operations               | (21)                            | (12)            | (9)             | (75.0)      | 4                         |
| 13   | 28  | Valuation gains/(losses) on investments available for sale taken to reserves  | 4                               | 12              | (8)             | (66.7)      | 5                         |
| 1  | (2)   | Other movements   | 35                              | (40)            | 75              | 187.5       | (21)                      |
| <b>(6,306)</b>                             | <b>203</b>                                      | <b>Total other comprehensive income</b>                                       | <b>131</b>                      | <b>105</b>      | <b>26</b>       | <b>24.8</b> | <b>35</b>                 |
| <b>(21,147)</b>                            | <b>(10,740)</b>                                 | <b>Total comprehensive income</b>   | <b>6,607</b>                    | <b>3,859</b>    | <b>2,748</b>    | <b>71.2</b> | <b>1,963</b>              |
|  |   | <b>Attributable to:</b>   |                                 |                 |                 |             |                           |
| 84   | -   | - minority interest   | -                               | -               | -               | -           | 10                        |
| (21,231)                                   | (10,740)  | - the Crown   | 6,607                           | 3,859           | 2,748           | 71.2        | 1,953                     |
| <b>(21,147)</b>                            | <b>(10,740)</b>                                 | <b>Total comprehensive income</b>   | <b>6,607</b>                    | <b>3,859</b>    | <b>2,748</b>    | <b>71.2</b> | <b>1,963</b>              |

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

## ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the eleven months ended 31 May 2013

| Year<br>to 30 Jun<br>2012 | 11 months<br>to 31 May<br>2012 |  | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|---------------------------|--------------------------------|--|---------------------------------|-----------------|-----------------|------------|---------------------------|
|                           |                                |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
|                           |                                | <b>Total Crown expenses</b>                  |                                 |                 |                 |            |                           |
| 25,457                    | 23,301                         | Social security and welfare                  | 23,743                          | 23,706          | (37)            | (0.2)      | 26,439                    |
| 197                       | 180                            | GSF pension expenses                         | 260                             | 263             | 3               | 1.1        | 287                       |
| 13,650                    | 12,535                         | Health                                       | 12,762                          | 12,782          | 20              | 0.2        | 13,895                    |
| 12,407                    | 11,701                         | Education                                    | 11,541                          | 11,621          | 80              | 0.7        | 13,119                    |
| 5,305                     | 3,886                          | Core government services                     | 4,623                           | 4,715           | 92              | 2.0        | 5,537                     |
| 3,592                     | 3,268                          | Law and order                                | 3,337                           | 3,337           | -               | -          | 3,732                     |
| 1,693                     | 1,557                          | Defence                                      | 1,599                           | 1,644           | 45              | 2.7        | 1,780                     |
| 10,259                    | 7,723                          | Transport and communications                 | 8,048                           | 8,024           | (24)            | (0.3)      | 8,805                     |
| 10,018                    | 8,680                          | Economic and industrial services             | 7,798                           | 7,813           | 15              | 0.2        | 8,634                     |
| 1,588                     | 1,385                          | Primary services                             | 1,162                           | 1,149           | (13)            | (1.1)      | 1,732                     |
| 2,446                     | 2,117                          | Heritage, culture and recreation             | 2,258                           | 2,275           | 17              | 0.7        | 2,514                     |
| 627                       | 747                            | Housing and community development            | 918                             | 909             | (9)             | (1.0)      | 1,098                     |
| 769                       | 657                            | Environmental protection                     | 410                             | 410             | -               | -          | 496                       |
| 425                       | 332                            | Other  | 383                             | 457             | 74              | 16.2       | 657                       |
| 4,290                     | 3,738                          | Finance costs                                | 3,963                           | 4,001           | 38              | 0.9        | 4,301                     |
| -                         | -                              | Forecast new operating spending              | -                               | -               | -               | -          | 42                        |
| -                         | -                              | Top-down expense adjustment                  | -                               | (165)           | (165)           | (100.0)    | (330)                     |
| <b>92,723</b>             | <b>81,807</b>                  | <b>Total Crown expenses excluding losses</b> | <b>82,805</b>                   | <b>82,941</b>   | <b>136</b>      | <b>0.2</b> | <b>92,738</b>             |

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<br>to 30 Jun<br>2012 | 11 months<br>to 31 May<br>2012 |   | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|---------------------------|--------------------------------|---|---------------------------------|-----------------|-----------------|------------|---------------------------|
|                           |                                |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
|                           |                                | <b>Core Crown expenses</b>                  |                                 |                 |                 |            |                           |
| 22,028                    | 20,065                         | Social security and welfare                 | 20,519                          | 20,555          | 36              | 0.2        | 22,893                    |
| 192                       | 175                            | GSF pension expenses                        | 255                             | 255             | -               | -          | 278                       |
| 14,160                    | 12,971                         | Health                                      | 13,203                          | 13,229          | 26              | 0.2        | 14,526                    |
| 11,654                    | 10,846                         | Education                                   | 10,886                          | 10,952          | 66              | 0.6        | 12,355                    |
| 5,428                     | 3,803                          | Core government services                    | 4,633                           | 4,684           | 51              | 1.1        | 5,572                     |
| 3,403                     | 3,099                          | Law and order                               | 3,142                           | 3,146           | 4               | 0.1        | 3,511                     |
| 1,736                     | 1,597                          | Defence                                     | 1,633                           | 1,682           | 49              | 2.9        | 1,822                     |
| 2,232                     | 1,976                          | Transport and communications                | 1,982                           | 1,996           | 14              | 0.7        | 2,352                     |
| 2,157                     | 1,823                          | Economic and industrial services            | 1,801                           | 1,822           | 21              | 1.2        | 2,052                     |
| 648                       | 569                            | Primary services                            | 579                             | 567             | (12)            | (2.1)      | 684                       |
| 863                       | 793                            | Heritage, culture and recreation            | 724                             | 738             | 14              | 1.9        | 842                       |
| (130)                     | 49                             | Housing and community development           | 214                             | 202             | (12)            | (5.9)      | 317                       |
| 769                       | 657                            | Environmental protection                    | 433                             | 428             | (5)             | (1.2)      | 519                       |
| 425                       | 332                            | Other                                       | 383                             | 457             | 74              | 16.2       | 657                       |
| 3,511                     | 3,214                          | Finance costs                               | 3,351                           | 3,286           | (65)            | (2.0)      | 3,557                     |
| -                         | -                              | Forecast new operating spending             | -                               | -               | -               | -          | 42                        |
| -                         | -                              | Top-down expense adjustment                 | -                               | (165)           | (165)           | (100.0)    | (330)                     |
| <b>69,076</b>             | <b>61,969</b>                  | <b>Core Crown expenses excluding losses</b> | <b>63,738</b>                   | <b>63,834</b>   | <b>96</b>       | <b>0.2</b> | <b>71,649</b>             |

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

# STATEMENT OF CASH FLOWS

for the eleven months ended 31 May 2013

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |   | Current Year Actual vs Forecast |                 |                 |               | Annual<br>Forecast<br>\$m |
|--|---|---|---------------------------------|-----------------|-----------------|---------------|---------------------------|
|  |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %             |                           |
|  |   | <b>Cash Flows From Operations</b>                             |                                 |                 |                 |               |                           |
|  |   | <b>Cash was provided from</b>                                 |                                 |                 |                 |               |                           |
| 53,582                                     | 49,208  | Taxation receipts   | 52,099                          | 51,972          | 127             | 0.2           | 56,738                    |
| 4,890                                      | 4,503   | Other sovereign receipts                                      | 4,454                           | 4,391           | 63              | 1.4           | 4,758                     |
| 16,812                                     | 15,093  | Sales of goods and services                                   | 15,655                          | 15,285          | 370             | 2.4           | 16,926                    |
| 2,603                                      | 2,331   | Interest and dividends  | 2,346                           | 2,496           | (150)           | (6.0)         | 2,821                     |
| 4,395                                      | 4,069   | Other operating receipts                                      | 5,676                           | 5,581           | 95              | 1.7           | 5,773                     |
| <b>82,282</b>                              | <b>75,204</b>                                   | <b>Total cash provided from operations</b>                    | <b>80,230</b>                   | <b>79,725</b>   | <b>505</b>      | <b>0.6</b>    | <b>87,016</b>             |
|  |   | <b>Cash was disbursed to</b>                                  |                                 |                 |                 |               |                           |
|  |   | Social assistance and official development                    |                                 |                 |                 |               |                           |
| 22,840                                     | 20,923  | assistance  | 21,339                          | 21,332          | (7)             | -             | 22,937                    |
| 59,107                                     | 54,505  | Personnel and operating payments                              | 54,540                          | 54,911          | 371             | 0.7           | 60,608                    |
| 3,954                                      | 3,620   | Interest payments   | 3,853                           | 3,846           | (7)             | (0.2)         | 4,366                     |
| -  | -   | Forecast new operating spending                               | -                               | -               | -               | -             | 42                        |
| -  | -   | Top-down expense adjustment                                   | -                               | (165)           | (165)           | (100.0)       | (330)                     |
| <b>85,901</b>                              | <b>79,048</b>                                   | <b>Total cash disbursed to operations</b>                     | <b>79,732</b>                   | <b>79,924</b>   | <b>192</b>      | <b>0.2</b>    | <b>87,623</b>             |
| <b>(3,619)</b>                             | <b>(3,844)</b>                                  | <b>Net cash flows from operations</b>                         | <b>498</b>                      | <b>(199)</b>    | <b>697</b>      | <b>350.3</b>  | <b>(607)</b>              |
|  |   | <b>Cash Flows From Investing Activities</b>                   |                                 |                 |                 |               |                           |
|  |   | <b>Cash was provided from/(disbursed to)</b>                  |                                 |                 |                 |               |                           |
| (5,766)                                    | (5,369)   | Net purchase of physical assets                               | (4,751)                         | (5,089)         | 338             | 6.6           | (5,923)                   |
| 424  | 473   | Net purchase of shares and other securities                   | 6,779                           | 8,542           | (1,763)         | (20.6)        | 8,981                     |
| (567)                                      | (411)   | Net purchase of intangible assets                             | (424)                           | (435)           | 11              | 2.5           | (544)                     |
| (1,284)                                    | (1,431)   | Net (issue)/repayment of advances                             | (1,153)                         | (1,263)         | 110             | 8.7           | (1,205)                   |
| (115)                                      | 253   | Net acquisition of investments in associates                  | 236                             | 229             | 7               | 3.1           | 224                       |
| -  | -   | Net proceeds from partial share sales                         | 1,668                           | 1,500           | 168             | 11.2          | 1,500                     |
| -  | -   | Forecast new capital spending                                 | -                               | -               | -               | -             | (2)                       |
| -  | -   | Top-down capital adjustment                                   | -                               | 140             | (140)           | (100.0)       | 280                       |
| <b>(7,308)</b>                             | <b>(6,485)</b>                                  | <b>Net cash flows from investing activities</b>               | <b>2,355</b>                    | <b>3,624</b>    | <b>(1,269)</b>  | <b>(35.0)</b> | <b>3,311</b>              |
| <b>(10,927)</b>                            | <b>(10,329)</b>                                 | <b>Net cash flows from operating and investing activities</b> | <b>2,853</b>                    | <b>3,425</b>    | <b>(572)</b>    | <b>(16.7)</b> | <b>2,704</b>              |
|  |   | <b>Cash Flows From Financing Activities</b>                   |                                 |                 |                 |               |                           |
|  |   | <b>Cash was provided from/(disbursed to)</b>                  |                                 |                 |                 |               |                           |
| 203  | 247   | Issues of circulating currency                                | 269                             | 294             | (25)            | (8.5)         | 264                       |
| 7,554                                      | 6,448   | Net issue/(repayment) of Government bonds                     | 5,031                           | 5,225           | (194)           | (3.7)         | 5,572                     |
| (6,422)                                    | (7,258)   | Net issue/(repayment) of foreign currency borrowing           | (2,463)                         | (2,323)         | (140)           | (6.0)         | (2,327)                   |
| 10,353                                     | 11,667  | Net issue/(repayment) of other New Zealand dollar borrowing   | (1,640)                         | (287)           | (1,353)         | (471.4)       | (263)                     |
| (7)  | -   | Dividends paid to minority interests                          | -                               | -               | -               | -             | -                         |
| <b>11,681</b>                              | <b>11,104</b>                                   | <b>Net cash flows from financing activities</b>               | <b>1,197</b>                    | <b>2,909</b>    | <b>(1,712)</b>  | <b>(58.9)</b> | <b>3,246</b>              |
| <b>754</b>                                 | <b>775</b>                                      | <b>Net movement in cash</b>                                   | <b>4,050</b>                    | <b>6,334</b>    | <b>(2,284)</b>  | <b>(36.1)</b> | <b>5,950</b>              |
| 9,801                                      | 9,801   | <b>Opening Cash Balance</b>                                   | 10,686                          | 10,686          | -               | -             | 10,686                    |
|  |   | Foreign-exchange gains/(losses) on                            |                                 |                 |                 |               |                           |
| 131  | 328   | opening cash  | 7                               | (152)           | 159             | 104.6         | (144)                     |
| <b>10,686</b>                              | <b>10,904</b>                                   | <b>Closing Cash Balance</b>                                   | <b>14,743</b>                   | <b>16,868</b>   | <b>(2,125)</b>  | <b>(12.6)</b> | <b>16,492</b>             |

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

## STATEMENT OF CASH FLOWS (CONTINUED)

for the eleven months ended 31 May 2013

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m   | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b> |   |  |                                 |                 |                 |              |                           |
| (3,619)  | (3,844)   | <b>Net Cash Flows from Operations</b>  | <b>498</b>                      | <b>(199)</b>    | <b>697</b>      | <b>350.3</b> | <b>(607)</b>              |
|  |   | <i>Items included in the operating balance but not in net cash flows from operations</i> |                                 |                 |                 |              |                           |
|  |   | <b>Gains/(losses)</b>  |                                 |                 |                 |              |                           |
| 692  | (106)   | Gains/(losses) on financial instruments  | 7,377                           | 5,713           | 1,664           | 29.1         | 5,859                     |
| (6,526)  | (5,127)   | Gains/(losses) on non-financial instruments  | 2,040                           | 1,736           | 304             | 17.5         | 2,088                     |
| <b>(5,834)</b>   | <b>(5,233)</b>                                  | <b>Total gains/(losses)</b>  | <b>9,417</b>                    | <b>7,449</b>    | <b>1,968</b>    | <b>26.4</b>  | <b>7,947</b>              |
| <b>Other Non-cash Items in Operating Balance</b>   |   |  |                                 |                 |                 |              |                           |
| (6,350)  | (4,056)   | Depreciation and amortisation  | (4,290)                         | (4,299)         | 9               | 0.2          | (4,858)                   |
| (850)  | (807)   | Write-down on initial recognition of financial assets                                    | (663)                           | (657)           | (6)             | (0.9)        | (751)                     |
| 248  | 100   | Impairment of financial assets (excluding receivables)                                   | 13                              | 15              | (2)             | (13.3)       | 15                        |
| 512  | 411   | Non-cash movement in defined benefit retirement plan liabilities                         | 339                             | 339             | -               | -            | 395                       |
| 1,070  | 933   | Non-cash movement in insurance liabilities   | 544                             | 860             | (316)           | (36.7)       | 1,222                     |
| 232  | 204   | Other  | 243                             | 254             | (11)            | (4.3)        | 258                       |
| <b>(5,138)</b>   | <b>(3,215)</b>                                  | <b>Total other non-cash Items</b>  | <b>(3,814)</b>                  | <b>(3,488)</b>  | <b>(326)</b>    | <b>(9.3)</b> | <b>(3,719)</b>            |
| <b>Movements in Working Capital</b>  |   |  |                                 |                 |                 |              |                           |
| (242)  | (401)   | Increase/(decrease) in receivables   | (792)                           | (840)           | 48              | 5.7          | (1,381)                   |
| (175)  | 76  | Increase/(decrease) in accrued interest  | 221                             | 109             | 112             | 102.8        | 295                       |
| (74)   | 5   | Increase/(decrease) in inventories   | (56)                            | 14              | (70)            | -            | 14                        |
| 32   | 119   | Increase/(decrease) in prepayments   | 218                             | 221             | (3)             | (1.4)        | 64                        |
| (38)   | (44)  | Decrease/(increase) in deferred revenue  | 46                              | 84              | (38)            | (45.2)       | 132                       |
| 191  | 1,594   | Decrease/(increase) in payables/provisions   | 738                             | 404             | 334             | 82.7         | (827)                     |
| <b>(306)</b>   | <b>1,349</b>                                    | <b>Total movements in working capital</b>  | <b>375</b>                      | <b>(8)</b>      | <b>383</b>      | <b>-</b>     | <b>(1,703)</b>            |
| <b>(14,897)</b>  | <b>(10,943)</b>                                 | <b>Operating Balance</b>   | <b>6,476</b>                    | <b>3,754</b>    | <b>2,722</b>    | <b>72.5</b>  | <b>1,918</b>              |

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

## STATEMENT OF CHANGES IN NET WORTH

for the eleven months ended 31 May 2013

| Year to 30 Jun 2012 | 11 months to 31 May 2012 |   | Current Year Actual vs Forecast |               |              |             |                     |
|---------------------|--------------------------|---|---------------------------------|---------------|--------------|-------------|---------------------|
|                     |                          |   | Actual \$m                      | Forecast \$m  | Variance \$m | %           | Annual Forecast \$m |
| <b>80,887</b>       | <b>80,887</b>            | <b>Opening net worth</b>  | <b>59,780</b>                   | <b>59,780</b> | -            | -           | <b>59,780</b>       |
| (14,897)            | (10,943)                 | Operating balance (excluding minority interest)   | 6,476                           | 3,754         | 2,722        | 72.5        | 1,918               |
| (6,461)             | (39)                     | Net revaluations  | (32)                            | (32)          | -            | -           | (29)                |
| 80                  | 125                      | Transfers to/(from) reserves (Gains)/losses transferred to the statement of financial performance | 150                             | 182           | (32)         | (17.6)      | 55                  |
| 83                  | 1                        |   | (1)                             | 3             | (4)          | (133.3)     | (4)                 |
| (36)                | 116                      | Other movements   | 14                              | (48)          | 62           | 129.2       | 13                  |
| <b>(21,231)</b>     | <b>(10,740)</b>          | <b>Comprehensive income attributable to the Crown</b>   | <b>6,607</b>                    | <b>3,859</b>  | <b>2,748</b> | <b>71.2</b> | <b>1,953</b>        |
| -                   | -                        | Gain on Government share offers   | 172                             | 175           | (3)          | (1.7)       | 175                 |
| -                   | -                        | Increase in minority interest from Government share offers  | 1,471                           | 1,325         | 146          | 11.0        | 1,325               |
| 124                 | -                        | Transactions with minority interest   | -                               | -             | -            | -           | 37                  |
| <b>59,780</b>       | <b>70,147</b>            | <b>Closing net worth</b>  | <b>68,030</b>                   | <b>65,139</b> | <b>2,891</b> | <b>4.4</b>  | <b>63,270</b>       |
|                     |                          | <b>Attributable to:</b>   |                                 |               |              |             |                     |
| 432                 | 308                      | - minority interest   | 1,903                           | 1,757         | 146          | 8.3         | 1,794               |
| 59,348              | 69,839                   | - the Crown   | 66,127                          | 63,382        | 2,745        | 4.3         | 61,476              |
| <b>59,780</b>       | <b>70,147</b>            | <b>Closing net worth</b>  | <b>68,030</b>                   | <b>65,139</b> | <b>2,891</b> | <b>12.6</b> | <b>63,270</b>       |

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

# STATEMENT OF FINANCIAL POSITION

as at 31 May 2013

| As at<br>30 Jun<br>2012<br>Actual<br>\$m | As at<br>31 May<br>2012<br>Actual<br>\$m |   | Note | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|--|--|---|------|---------------------------------|-----------------|-----------------|------------|---------------------------|
|  |  |   |      | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
|  |  | <b>Assets</b>   |      |                                 |                 |                 |            |                           |
| 10,686                                   | 10,904                                   | Cash and cash equivalents                               | 12   | 14,743                          | 16,868          | (2,125)         | (12.6)     | 16,492                    |
| 20,956                                   | 21,224                                   | Receivables   | 12   | 20,494                          | 19,731          | 763             | 3.9        | 19,189                    |
|  |  | Marketable securities, deposits and derivatives in gain |      |                                 |                 |                 |            |                           |
| 48,385                                   | 50,093                                   |   | 12   | 44,832                          | 41,267          | 3,565           | 8.6        | 40,392                    |
| 14,385                                   | 14,281                                   | Share investments                                       | 12   | 16,988                          | 16,484          | 504             | 3.1        | 16,616                    |
| 21,766                                   | 21,606                                   | Advances  | 12   | 23,637                          | 23,693          | (56)            | (0.2)      | 23,432                    |
| 1,234                                    | 1,313                                    | Inventory   |      | 1,178                           | 1,248           | (70)            | (5.6)      | 1,248                     |
| 2,134                                    | 2,202                                    | Other assets  |      | 2,522                           | 2,373           | 149             | 6.3        | 2,064                     |
| 108,584                                  | 116,659                                  | Property, plant & equipment                             | 13   | 108,247                         | 108,861         | (614)           | (0.6)      | 109,334                   |
| 9,483                                    | 9,629                                    | Equity accounted investments <sup>1</sup>               |      | 9,606                           | 9,625           | (19)            | (0.2)      | 9,509                     |
| 2,705                                    | 2,406                                    | Intangible assets and goodwill                          |      | 2,627                           | 2,587           | 40              | 1.5        | 2,687                     |
| -  | -  | Forecast for new capital spending                       |      | -                               | -               | -               | -          | 2                         |
| -  | -  | Top-down capital adjustment                             |      | -                               | (140)           | 140             | 100.0      | (280)                     |
| <b>240,318</b>                           | <b>250,317</b>                           | <b>Total assets</b>                                     |      | <b>244,874</b>                  | <b>242,597</b>  | <b>2,277</b>    | <b>0.9</b> | <b>240,685</b>            |
|  |  | <b>Liabilities</b>                                      |      |                                 |                 |                 |            |                           |
| 4,457                                    | 4,501                                    | Issued currency   |      | 4,726                           | 4,786           | 60              | 1.3        | 4,756                     |
| 11,604                                   | 12,457                                   | Payables  | 15   | 10,693                          | 10,969          | 276             | 2.5        | 11,822                    |
| 1,712                                    | 1,718                                    | Deferred revenue  |      | 1,666                           | 1,627           | (39)            | (2.4)      | 1,579                     |
| 100,534                                  | 101,372                                  | Borrowings  |      | 100,544                         | 101,014         | 470             | 0.5        | 100,780                   |
| 41,186                                   | 41,733                                   | Insurance liabilities                                   | 16   | 39,599                          | 39,640          | 41              | 0.1        | 38,917                    |
| 13,539                                   | 11,956                                   | Retirement plan liabilities                             |      | 12,282                          | 12,282          | -               | -          | 12,227                    |
| 7,506                                    | 6,433                                    | Provisions  | 17   | 7,334                           | 7,140           | (194)           | (2.7)      | 7,334                     |
| <b>180,538</b>                           | <b>180,170</b>                           | <b>Total liabilities</b>                                |      | <b>176,844</b>                  | <b>177,458</b>  | <b>614</b>      | <b>0.3</b> | <b>177,415</b>            |
| <b>59,780</b>                            | <b>70,147</b>                            | <b>Total assets less total liabilities</b>              |      | <b>68,030</b>                   | <b>65,139</b>   | <b>2,891</b>    | <b>4.4</b> | <b>63,270</b>             |
|  |  | <b>Net Worth</b>  |      |                                 |                 |                 |            |                           |
| 3,520                                    | 7,403                                    | Taxpayer funds  | 18   | 10,420                          | 7,417           | 3,003           | 40.5       | 5,601                     |
| 56,001                                   | 62,490                                   | Revaluation reserve                                     | 18   | 55,752                          | 55,962          | (210)           | (0.4)      | 55,965                    |
| (173)                                    | (54)                                     | Other reserves  | 18   | (45)                            | 3               | (48)            | -          | (90)                      |
| <b>59,348</b>                            | <b>69,839</b>                            | <b>Total net worth attributable to the Crown</b>        |      | <b>66,127</b>                   | <b>63,382</b>   | <b>2,745</b>    | <b>4.3</b> | <b>61,476</b>             |
| 432                                      | 308                                      | Net worth attributable to minority interest             |      | 1,903                           | 1,757           | 146             | 8.3        | 1,794                     |
| <b>59,780</b>                            | <b>70,147</b>                            | <b>Total net worth</b>                                  |      | <b>68,030</b>                   | <b>65,139</b>   | <b>2,891</b>    | <b>4.4</b> | <b>63,270</b>             |

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 31 May 2013

| As at<br>30 Jun<br>2012<br>Actual<br>\$m | As at<br>31 May<br>2012<br>Actual<br>\$m |  | Current Year Actual vs Forecast |                 |                 |            | Annual<br>Forecast<br>\$m |
|--|--|--|---------------------------------|-----------------|-----------------|------------|---------------------------|
|  |  |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %          |                           |
| 53,849                                   | 52,751                                   | Government bonds <sup>1</sup>  | 59,796                          | 58,928          | (868)           | (1.5)      | 58,713                    |
| 8,954                                    | 8,514                                    | Treasury bills   | 4,328                           | 4,058           | (270)           | (6.7)      | 3,576                     |
| 229                                      | 232                                      | Government retail stock  | 200                             | 204             | 4               | 2.0        | 204                       |
| 5,917                                    | 6,702                                    | Settlement deposits with Reserve Bank  | 7,018                           | 7,183           | 165             | 2.3        | 7,183                     |
| 2,807                                    | 4,372                                    | Derivatives in loss  | 2,773                           | 2,116           | (657)           | (31.0)     | 2,035                     |
| 1,515                                    | 1,148                                    | Finance lease liabilities  | 1,365                           | 1,331           | (34)            | (2.6)      | 1,499                     |
| 27,263                                   | 27,653                                   | Other borrowings   | 25,064                          | 27,194          | 2,130           | 7.8        | 27,570                    |
| <b>100,534</b>                           | <b>101,372</b>                           | <b>Total borrowings</b>  | <b>100,544</b>                  | <b>101,014</b>  | <b>470</b>      | <b>0.5</b> | <b>100,780</b>            |
| 75,701                                   | 75,964                                   | Sovereign-guaranteed debt  | 76,034                          | 75,608          | (426)           | (0.6)      | 74,924                    |
| 24,833                                   | 25,408                                   | Non sovereign-guaranteed debt  | 24,510                          | 25,406          | 896             | 3.5        | 25,856                    |
| <b>100,534</b>                           | <b>101,372</b>                           | <b>Total borrowings</b>  | <b>100,544</b>                  | <b>101,014</b>  | <b>470</b>      | <b>0.5</b> | <b>100,780</b>            |
|  |  | <b>Net Debt:</b>   |                                 |                 |                 |            |                           |
| 84,680                                   | 86,315                                   | Core Crown borrowings <sup>2</sup>   | 84,893                          | 85,295          | 402             | 0.5        | 85,310                    |
| (512)                                    | (1,339)                                  | Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings                      | (895)                           | (897)           | (2)             | (0.2)      | (883)                     |
| <b>84,168</b>                            | <b>84,976</b>                            | <b>Gross sovereign-issued debt<sup>3</sup></b>   | <b>83,998</b>                   | <b>84,398</b>   | <b>400</b>      | <b>0.5</b> | <b>84,427</b>             |
| 64,017                                   | 65,642                                   | Less core Crown financial assets <sup>4</sup>  | 63,635                          | 62,628          | 1,007           | 1.6        | 61,257                    |
| <b>20,151</b>                            | <b>19,334</b>                            | <b>Net core Crown debt</b>   | <b>20,363</b>                   | <b>21,770</b>   | <b>1,407</b>    | <b>6.5</b> | <b>23,170</b>             |
| 13,324                                   | 12,991                                   | Core crown advances  | 13,630                          | 13,609          | (21)            | (0.2)      | 13,445                    |
| <b>33,475</b>                            | <b>32,325</b>                            | <b>Net core Crown debt (incl NZS Fund)<sup>5</sup></b>   | <b>33,993</b>                   | <b>35,379</b>   | <b>1,386</b>    | <b>3.9</b> | <b>36,615</b>             |
| 17,196                                   | 17,324                                   | Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>6</sup>   | 21,748                          | 21,162          | (586)           | (2.8)      | 21,330                    |
| <b>50,671</b>                            | <b>49,649</b>                            | <b>Net core Crown debt (excl NZS Fund and advances)<sup>7</sup></b>                              | <b>55,741</b>                   | <b>56,541</b>   | <b>800</b>      | <b>1.4</b> | <b>57,945</b>             |
|  |  | <b>Gross Debt:</b>   |                                 |                 |                 |            |                           |
| 84,168                                   | 84,976                                   | Gross sovereign-issued debt <sup>3</sup>   | 83,998                          | 84,398          | 400             | 0.5        | 84,427                    |
| (6,133)                                  | (6,863)                                  | Less Reserve Bank settlement cash and Reserve Bank bills   | (7,245)                         | (7,364)         | (119)           | (1.6)      | (7,391)                   |
| 1,600                                    | 1,600                                    | Add back changes to DMO borrowing due to settlement cash <sup>8</sup>                            | 1,600                           | 1,600           | -               | -          | 1,600                     |
| <b>79,635</b>                            | <b>79,713</b>                            | <b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills</b> | <b>78,353</b>                   | <b>78,634</b>   | <b>281</b>      | <b>0.4</b> | <b>78,636</b>             |

## 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 31 May 2013

|                                      | As at<br>31 May<br>2013<br>\$m | As at<br>30 Jun<br>2012<br>\$m | As at<br>31 May<br>2012<br>\$m |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Capital Commitments</b>           |                                |                                |                                |
| Specialist military equipment        | 85                             | 239                            | 313                            |
| Land and buildings                   | 800                            | 697                            | 589                            |
| Other property, plant and equipment  | 6,350                          | 6,001                          | 6,938                          |
| Other capital commitments            | 790                            | 572                            | 197                            |
| Tertiary Education Institutions      | 255                            | 255                            | 413                            |
| <b>Total capital commitments</b>     | <b>8,280</b>                   | <b>7,764</b>                   | <b>8,450</b>                   |
| <b>Operating Commitments</b>         |                                |                                |                                |
| Non-cancellable accommodation leases | 2,527                          | 2,719                          | 2,787                          |
| Other non-cancellable leases         | 3,410                          | 3,549                          | 2,952                          |
| Tertiary Education Institutions      | 282                            | 282                            | 366                            |
| <b>Total operating commitments</b>   | <b>6,219</b>                   | <b>6,550</b>                   | <b>6,105</b>                   |
| <b>Total commitments</b>             | <b>14,499</b>                  | <b>14,314</b>                  | <b>14,555</b>                  |
| <b>Total Commitments by Segment</b>  |                                |                                |                                |
| Core Crown                           | 4,390                          | 15,685                         | 6,392                          |
| Crown entities                       | 6,428                          | 7,753                          | 7,101                          |
| State-owned Enterprises              | 5,496                          | 5,300                          | 6,865                          |
| Inter-segment eliminations           | (1,815)                        | (14,424)                       | (5,803)                        |
| <b>Total commitments</b>             | <b>14,499</b>                  | <b>14,314</b>                  | <b>14,555</b>                  |

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 May 2013

|   | As at<br>31 May<br>2013<br>\$m | As at<br>30 Jun<br>2012<br>\$m | As at<br>31 May<br>2012<br>\$m |
|---|--------------------------------|--------------------------------|--------------------------------|
| <b>Quantifiable Contingent Liabilities</b>                  |                                |                                |                                |
| Guarantees and indemnities                                  | 171                            | 430                            | 312                            |
| Uncalled capital  | 6,072                          | 6,327                          | 6,528                          |
| Legal proceedings and disputes                              | 455                            | 411                            | 361                            |
| Other contingent liabilities                                | 415                            | 584                            | 1,017                          |
| <b>Total quantifiable contingent liabilities</b>            | <b>7,113</b>                   | <b>7,752</b>                   | <b>8,218</b>                   |
| <b>Total Quantifiable Contingent Liabilities by Segment</b> |                                |                                |                                |
| Core Crown  | 6,863                          | 7,622                          | 7,995                          |
| Crown entities  | 79                             | 40                             | 89                             |
| State-owned Enterprises                                     | 171                            | 90                             | 134                            |
| Inter-segment eliminations                                  | -                              | -                              | -                              |
| <b>Total quantifiable contingent liabilities</b>            | <b>7,113</b>                   | <b>7,752</b>                   | <b>8,218</b>                   |
| <b>Quantifiable Contingent Assets</b>                       |                                |                                |                                |
| Core Crown  | 315                            | 224                            | 684                            |
| Crown entities  | 3                              | 162                            | 20                             |
| State owned enterprises                                     | 21                             | 24                             | -                              |
| Inter-segment eliminations                                  | -                              | -                              | -                              |
| <b>Total quantifiable contingent assets</b>                 | <b>339</b>                     | <b>410</b>                     | <b>704</b>                     |

A list of unquantified contingent liabilities is included on the Treasury's website <http://www.treasury.govt.nz/budget/forecasts/befu2013/035.htm>

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



## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies

#### 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 *BEFU* released on 16 May 2013.

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

#### Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities, including NZ IAS 34 *Interim Financial Reporting*. The Government reporting entity is a public benefit entity.

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. These interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the information included in the Financial Statements of the Government of New Zealand for the year ended 30 June 2012.

#### 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>

#### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2013.

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/befu2013>

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies (continued)

#### 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.

#### Variance Percentages

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

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |   | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 2: Sovereign Revenue (Accrual)</b> |   |   |                                 |                 |                 |              |                           |
| <b>Taxation Revenue (accrual)</b>          |   |   |                                 |                 |                 |              |                           |
| <b>Individuals</b>                         |   |   |                                 |                 |                 |              |                           |
| 21,237                                     | 19,310  | Source deductions                             | 20,450                          | 20,474          | (24)            | (0.1)        | 22,387                    |
| 4,232                                      | 3,875   | Other persons                                 | 4,881                           | 4,625           | 256             | 5.5          | 5,026                     |
| (1,736)                                    | (1,363)   | Refunds                                       | (1,238)                         | (1,134)         | (104)           | (9.2)        | (1,473)                   |
| 462  | 437   | Fringe benefit tax                            | 446                             | 434             | 12              | 2.8          | 460                       |
| <b>24,195</b>                              | <b>22,259</b>                                   | <b>Total individuals</b>                      | <b>24,539</b>                   | <b>24,399</b>   | <b>140</b>      | <b>0.6</b>   | <b>26,400</b>             |
| <b>Corporate Tax</b>                       |   |   |                                 |                 |                 |              |                           |
| 8,310                                      | 7,354   | Gross companies tax                           | 7,818                           | 7,346           | 472             | 6.4          | 8,372                     |
| (202)                                      | (193)   | Refunds                                       | (143)                           | (185)           | 42              | 22.7         | (197)                     |
| 500  | 441   | Non-resident withholding tax                  | 393                             | 418             | (25)            | (6.0)        | 448                       |
| 4  | 4   | Foreign-source dividend w/holding payments    | 2                               | -               | 2               | -            | -                         |
| <b>8,612</b>                               | <b>7,606</b>                                    | <b>Total corporate tax</b>                    | <b>8,070</b>                    | <b>7,579</b>    | <b>491</b>      | <b>6.5</b>   | <b>8,623</b>              |
| <b>Other Income Tax</b>                    |   |   |                                 |                 |                 |              |                           |
| 1,679                                      | 1,539   | Resident w/holding tax on interest income     | 1,495                           | 1,477           | 18              | 1.2          | 1,602                     |
| 292  | 270   | Resident w/holding tax on dividend income     | 486                             | 372             | 114             | 30.6         | 394                       |
| <b>1,971</b>                               | <b>1,809</b>                                    | <b>Total other income tax</b>                 | <b>1,981</b>                    | <b>1,849</b>    | <b>132</b>      | <b>7.1</b>   | <b>1,996</b>              |
| <b>34,778</b>                              | <b>31,674</b>                                   | <b>Total income tax</b>                       | <b>34,590</b>                   | <b>33,827</b>   | <b>763</b>      | <b>2.3</b>   | <b>37,019</b>             |
| <b>Goods and Services Tax</b>              |   |   |                                 |                 |                 |              |                           |
| 25,199                                     | 23,121  | Gross goods and services tax                  | 23,054                          | 23,307          | (253)           | (1.1)        | 25,490                    |
| (10,627)                                   | (9,572)   | Refunds                                       | (9,021)                         | (9,052)         | 31              | 0.3          | (10,085)                  |
| <b>14,572</b>                              | <b>13,549</b>                                   | <b>Total goods and services tax</b>           | <b>14,033</b>                   | <b>14,255</b>   | <b>(222)</b>    | <b>(1.6)</b> | <b>15,405</b>             |
| <b>Other Taxation</b>                      |   |   |                                 |                 |                 |              |                           |
| 1,045                                      | 966   | Road user charges                             | 986                             | 980             | 6               | 0.6          | 1,062                     |
| 847  | 756   | Petroleum fuels excise - domestic production  | 782                             | 794             | (12)            | (1.5)        | 878                       |
| 656  | 605   | Alcohol excise - domestic production          | 603                             | 610             | (7)             | (1.1)        | 656                       |
| 244  | 224   | Tobacco excise - domestic production          | 264                             | 278             | (14)            | (5.0)        | 288                       |
| 631  | 584   | Petroleum fuels excise - imports <sup>1</sup> | 601                             | 561             | 40              | 7.1          | 611                       |
| 241  | 224   | Alcohol excise - imports <sup>1</sup>         | 234                             | 239             | (5)             | (2.1)        | 258                       |
| 993  | 906   | Tobacco excise - imports <sup>1</sup>         | 860                             | 905             | (45)            | (5.0)        | 986                       |
| 173  | 162   | Other customs duty                            | 168                             | 170             | (2)             | (1.2)        | 182                       |
| 216  | 201   | Gaming duties                                 | 199                             | 207             | (8)             | (3.9)        | 225                       |
| 175  | 160   | Motor vehicle fees                            | 164                             | 163             | 1               | 0.6          | 178                       |
| 58   | 66  | Approved issuer levy and cheque duty          | 43                              | 49              | (6)             | (12.2)       | 55                        |
| 36   | 31  | Energy resources levies                       | 29                              | 28              | 1               | 3.6          | 36                        |
| <b>5,315</b>                               | <b>4,885</b>                                    | <b>Total other indirect taxation</b>          | <b>4,933</b>                    | <b>4,984</b>    | <b>(51)</b>     | <b>(1.0)</b> | <b>5,415</b>              |
| <b>19,887</b>                              | <b>18,434</b>                                   | <b>Total indirect taxation</b>                | <b>18,966</b>                   | <b>19,239</b>   | <b>(273)</b>    | <b>(1.4)</b> | <b>20,820</b>             |
| <b>54,665</b>                              | <b>50,108</b>                                   | <b>Total taxation revenue</b>                 | <b>53,556</b>                   | <b>53,066</b>   | <b>490</b>      | <b>0.9</b>   | <b>57,839</b>             |
| <b>Other Sovereign Revenue (accrual)</b>   |   |   |                                 |                 |                 |              |                           |
| 3,695                                      | 3,387   | ACC levies                                    | 3,132                           | 3,115           | 17              | 0.5          | 3,409                     |
| 326  | 297   | Fire Service levies                           | 301                             | 303             | (2)             | (0.7)        | 333                       |
| 107  | 94  | EQC levies                                    | 219                             | 218             | 1               | 0.5          | 240                       |
| 1,002                                      | 851   | Other miscellaneous items                     | 1,015                           | 1,020           | (5)             | (0.5)        | 1,144                     |
| <b>5,130</b>                               | <b>4,629</b>                                    | <b>Total other sovereign revenue</b>          | <b>4,667</b>                    | <b>4,656</b>    | <b>11</b>       | <b>0.2</b>   | <b>5,126</b>              |
| <b>59,795</b>                              | <b>54,737</b>                                   | <b>Total sovereign revenue</b>                | <b>58,223</b>                   | <b>57,722</b>   | <b>501</b>      | <b>0.9</b>   | <b>62,965</b>             |

1. Customs excise-equivalent duty

## NOTES TO THE FINANCIAL STATEMENTS

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m           | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 2 (continued): Sovereign Receipts (Cash)</b> |   |  |                                 |                 |                 |              |                           |
| <b>Income Tax Receipts (cash)</b>                    |   |  |                                 |                 |                 |              |                           |
| <b>Individuals</b>                                   |   |  |                                 |                 |                 |              |                           |
| 21,010   | 19,106  | Source deductions                            | 20,303                          | 20,388          | (85)            | (0.4)        | 22,240                    |
| 4,720  | 4,379   | Other persons                                | 4,852                           | 4,794           | 58              | 1.2          | 5,278                     |
| (2,468)  | (2,174)   | Refunds                                      | (1,948)                         | (1,958)         | 10              | 0.5          | (2,252)                   |
| 458  | 450   | Fringe benefit tax                           | 451                             | 447             | 4               | 0.9          | 458                       |
| <b>23,720</b>  | <b>21,761</b>                                   | <b>Total individuals</b>                     | <b>23,658</b>                   | <b>23,671</b>   | <b>(13)</b>     | <b>(0.1)</b> | <b>25,724</b>             |
| <b>Corporate Tax</b>                                 |   |  |                                 |                 |                 |              |                           |
| 8,792  | 8,065   | Gross companies tax                          | 8,067                           | 8,154           | (87)            | (1.1)        | 8,754                     |
| (814)  | (633)   | Refunds                                      | (566)                           | (610)           | 44              | 7.2          | (667)                     |
| 434  | 434   | Non-resident withholding tax                 | 427                             | 430             | (3)             | (0.7)        | 448                       |
| 4  | 4   | Foreign-source dividend w/holding payments   | 1                               | -               | 1               | -            | -                         |
| <b>8,416</b>   | <b>7,870</b>                                    | <b>Total corporate tax</b>                   | <b>7,929</b>                    | <b>7,974</b>    | <b>(45)</b>     | <b>(0.6)</b> | <b>8,535</b>              |
| <b>Other Income Tax</b>                              |   |  |                                 |                 |                 |              |                           |
| 1,699  | 1,537   | Resident w/holding tax on interest income    | 1,521                           | 1,456           | 65              | 4.5          | 1,601                     |
| 290  | 272   | Resident w/holding tax on dividend income    | 481                             | 380             | 101             | 26.6         | 394                       |
| <b>1,989</b>   | <b>1,809</b>                                    | <b>Total other income tax</b>                | <b>2,002</b>                    | <b>1,836</b>    | <b>166</b>      | <b>9.0</b>   | <b>1,995</b>              |
| <b>34,125</b>  | <b>31,440</b>                                   | <b>Total income tax</b>                      | <b>33,589</b>                   | <b>33,481</b>   | <b>108</b>      | <b>0.3</b>   | <b>36,254</b>             |
| <b>Goods and Services Tax</b>                        |   |  |                                 |                 |                 |              |                           |
| 24,574   | 22,565  | Gross goods and services tax                 | 22,526                          | 22,604          | (78)            | (0.3)        | 24,855                    |
| (10,435)   | (9,680)   | Refunds                                      | (9,110)                         | (9,093)         | (17)            | (0.2)        | (9,785)                   |
| <b>14,139</b>  | <b>12,885</b>                                   | <b>Total goods and services tax</b>          | <b>13,416</b>                   | <b>13,511</b>   | <b>(95)</b>     | <b>(0.7)</b> | <b>15,070</b>             |
| <b>Other Taxation</b>                                |   |  |                                 |                 |                 |              |                           |
| 1,048  | 970   | Road user charges                            | 982                             | 980             | 2               | 0.2          | 1,062                     |
| 845  | 767   | Petroleum fuels excise - domestic production | 804                             | 801             | 3               | 0.4          | 878                       |
| 654  | 602   | Alcohol excise - domestic production         | 613                             | 606             | 7               | 1.2          | 656                       |
| 238  | 227   | Tobacco excise - domestic production         | 277                             | 282             | (5)             | (1.8)        | 288                       |
| 2,057  | 1,870   | Customs duty                                 | 1,975                           | 1,865           | 110             | 5.9          | 2,037                     |
| 216  | 201   | Gaming duties                                | 199                             | 206             | (7)             | (3.4)        | 224                       |
| 169  | 153   | Motor vehicle fees                           | 164                             | 163             | 1               | 0.6          | 178                       |
| 55   | 62  | Approved issuer levy and cheque duty         | 51                              | 49              | 2               | 4.1          | 55                        |
| 36   | 31  | Energy resources levies                      | 29                              | 28              | 1               | 3.6          | 36                        |
| <b>5,318</b>   | <b>4,883</b>                                    | <b>Total other indirect taxation</b>         | <b>5,094</b>                    | <b>4,980</b>    | <b>114</b>      | <b>2.3</b>   | <b>5,414</b>              |
| <b>19,457</b>  | <b>17,768</b>                                   | <b>Total indirect taxation</b>               | <b>18,510</b>                   | <b>18,491</b>   | <b>19</b>       | <b>0.1</b>   | <b>20,484</b>             |
| <b>53,582</b>  | <b>49,208</b>                                   | <b>Total tax receipts collected</b>          | <b>52,099</b>                   | <b>51,972</b>   | <b>127</b>      | <b>0.2</b>   | <b>56,738</b>             |
| <b>Other Sovereign Receipts (cash)</b>               |   |  |                                 |                 |                 |              |                           |
| 3,693  | 3,423   | ACC levies                                   | 3,254                           | 3,179           | 75              | 2.4          | 3,427                     |
| 326  | 297   | Fire Service levies                          | 301                             | 303             | (2)             | (0.7)        | 333                       |
| 134  | 110   | EQC levies                                   | 254                             | 251             | 3               | 1.2          | 276                       |
| 737  | 673   | Other miscellaneous items                    | 645                             | 658             | (13)            | (2.0)        | 722                       |
| <b>4,890</b>   | <b>4,503</b>                                    | <b>Total other sovereign receipts</b>        | <b>4,454</b>                    | <b>4,391</b>    | <b>63</b>       | <b>1.4</b>   | <b>4,758</b>              |
| <b>58,472</b>  | <b>53,711</b>                                   | <b>Total sovereign receipts</b>              | <b>56,553</b>                   | <b>56,363</b>   | <b>190</b>      | <b>0.3</b>   | <b>61,496</b>             |

## NOTES TO THE FINANCIAL STATEMENTS

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m     | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 3: Interest Revenue and Dividends</b>  |   |                                 |                 |                 |              |                           |
| <i>By type</i>                                 |   |                                 |                 |                 |              |                           |
| 2,293  | 2,080   | 2,173                           | 2,285           | (112)           | (4.9)        | 2,517                     |
| 470  | 445   | 504                             | 474             | 30              | 6.3          | 534                       |
| <b>2,763</b>                                   | <b>2,525</b>                                    | <b>2,677</b>                    | <b>2,759</b>    | <b>(82)</b>     | <b>(3.0)</b> | <b>3,051</b>              |
| <i>By source</i>                               |   |                                 |                 |                 |              |                           |
| 1,795  | 1,682   | 1,915                           | 2,005           | (90)            | (4.5)        | 2,196                     |
| 1,181  | 1,072   | 1,108                           | 1,104           | 4               | 0.4          | 1,204                     |
| 858  | 782   | 773                             | 763             | 10              | 1.3          | 822                       |
| (1,071)  | (1,011)   | (1,119)                         | (1,113)         | (6)             | (0.5)        | (1,171)                   |
| <b>2,763</b>                                   | <b>2,525</b>                                    | <b>2,677</b>                    | <b>2,759</b>    | <b>(82)</b>     | <b>(3.0)</b> | <b>3,051</b>              |
| <b>NOTE 4: Transfer Payments and Subsidies</b> |   |                                 |                 |                 |              |                           |
| 9,584  | 8,765   | 9,361                           | 9,360           | (1)             | -            | 10,235                    |
| 1,811  | 1,663   | 1,599                           | 1,599           | -               | -            | 1,738                     |
| 1,325  | 1,216   | 1,219                           | 1,219           | -               | -            | 1,329                     |
| 775  | 711   | 719                             | 718             | (1)             | (0.1)        | 782                       |
| 883  | 821   | 752                             | 749             | (3)             | (0.4)        | 806                       |
| 2,082  | 1,820   | 1,776                           | 1,798           | 22              | 1.2          | 2,047                     |
| 599  | 516   | 511                             | 503             | (8)             | (1.6)        | 572                       |
| 1,195  | 1,099   | 1,083                           | 1,083           | -               | -            | 1,178                     |
| 580  | 532   | 561                             | 568             | 7               | 1.2          | 637                       |
| 401  | 369   | 353                             | 353             | -               | -            | 385                       |
| 644  | 578   | 534                             | 533             | (1)             | (0.2)        | 592                       |
| 1,277  | 1,182   | 1,179                           | 1,252           | 73              | 5.8          | 1,377                     |
| <b>21,156</b>                                  | <b>19,272</b>                                   | <b>19,647</b>                   | <b>19,735</b>   | <b>88</b>       | <b>0.4</b>   | <b>21,678</b>             |
| <i>Subsidies</i>                               |   |                                 |                 |                 |              |                           |
| 688  | 631   | 666                             | 660             | (6)             | (0.9)        | 738                       |
| <i>Other transfer payments</i>                 |   |                                 |                 |                 |              |                           |
| 510  | 419   | 373                             | 388             | 15              | 3.9          | 502                       |
| <b>22,354</b>                                  | <b>20,322</b>                                   | <b>20,686</b>                   | <b>20,783</b>   | <b>97</b>       | <b>0.5</b>   | <b>22,918</b>             |
| <b>NOTE 5: Personnel Expenses</b>              |   |                                 |                 |                 |              |                           |
| 5,915  | 5,347   | 5,521                           | 5,535           | 14              | 0.3          | 6,071                     |
| 10,754   | 9,818   | 10,223                          | 10,219          | (4)             | -            | 11,148                    |
| 2,819  | 2,527   | 2,701                           | 2,699           | (2)             | (0.1)        | 2,947                     |
| (13)   | (9)   | (11)                            | (9)             | 2               | 22.2         | (10)                      |
| <b>19,475</b>                                  | <b>17,683</b>                                   | <b>18,434</b>                   | <b>18,444</b>   | <b>10</b>       | <b>0.1</b>   | <b>20,156</b>             |
| <b>NOTE 6: Operating Expenses</b>              |   |                                 |                 |                 |              |                           |
| <i>By type</i>                                 |   |                                 |                 |                 |              |                           |
| 6,350  | 4,056   | 4,290                           | 4,299           | 9               | 0.2          | 4,858                     |
| 35,678   | 31,807  | 32,387                          | 32,669          | 282             | 0.9          | 37,628                    |
| -  | -   | -                               | -               | -               | -            | 42                        |
| -  | -   | -                               | (165)           | (165)           | (100.0)      | (330)                     |
| <b>42,028</b>                                  | <b>35,863</b>                                   | <b>36,677</b>                   | <b>36,803</b>   | <b>126</b>      | <b>0.3</b>   | <b>42,198</b>             |
| <i>By source</i>                               |   |                                 |                 |                 |              |                           |
| 37,278   | 33,072  | 34,176                          | 34,227          | 51              | 0.1          | 39,096                    |
| 17,897   | 16,395  | 16,600                          | 16,787          | 187             | 1.1          | 18,628                    |
| 13,174   | 10,258  | 10,469                          | 10,401          | (68)            | (0.7)        | 11,668                    |
| (26,321)                                       | (23,862)  | (24,568)                        | (24,612)        | (44)            | (0.2)        | (27,194)                  |
| <b>42,028</b>                                  | <b>35,863</b>                                   | <b>36,677</b>                   | <b>36,803</b>   | <b>126</b>      | <b>0.3</b>   | <b>42,198</b>             |

## NOTES TO THE FINANCIAL STATEMENTS

| Year<br>to 30 Jun<br>2012<br>Actual<br>\$m                    | 11 months<br>to 31 May<br>2012<br>Actual<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|---|---|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|   |   |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 7: Interest Expenses</b>                              |   |  |                                 |                 |                 |              |                           |
| <i>By type</i>  |   |  |                                 |                 |                 |              |                           |
| 4,223   | 3,687   | Interest on financial liabilities                      | 3,924                           | 3,958           | 34              | 0.9          | 4,255                     |
| 67  | 51  | Interest unwind on provisions                          | 39                              | 43              | 4               | 9.3          | 46                        |
| <b>4,290</b>  | <b>3,738</b>                                    | <b>Total interest expenses</b>                         | <b>3,963</b>                    | <b>4,001</b>    | <b>38</b>       | <b>0.9</b>   | <b>4,301</b>              |
| <i>By source</i>  |   |  |                                 |                 |                 |              |                           |
| 3,511   | 3,214   | Core Crown   | 3,351                           | 3,286           | (65)            | (2.0)        | 3,557                     |
| 246   | 223   | Crown entities   | 216                             | 217             | 1               | 0.5          | 236                       |
| 1,268   | 1,012   | State-owned Enterprises                                | 1,050                           | 1,096           | 46              | 4.2          | 1,152                     |
| (735)   | (711)   | Inter-segment eliminations                             | (654)                           | (598)           | 56              | 9.4          | (644)                     |
| <b>4,290</b>  | <b>3,738</b>                                    | <b>Total interest expenses</b>                         | <b>3,963</b>                    | <b>4,001</b>    | <b>38</b>       | <b>0.9</b>   | <b>4,301</b>              |
| <b>NOTE 8: Insurance Expenses</b>                             |   |  |                                 |                 |                 |              |                           |
| <i>By entity</i>  |   |  |                                 |                 |                 |              |                           |
| 3,010   | 2,851   | ACC  | 2,945                           | 2,858           | (87)            | (3.0)        | 3,136                     |
| 1,073   | 995   | EQC  | 88                              | 103             | 15              | 14.6         | 98                        |
| 586   | 339   | Southern Response (formerly AMI Insurance)             | 6                               | (47)            | (53)            | (112.8)      | (58)                      |
| 20  | 16  | Other insurance expenses                               | 20                              | 10              | (10)            | (100.0)      | 13                        |
| (113)   | -   | Inter-segment eliminations                             | (14)                            | (14)            | -               | -            | (24)                      |
| <b>4,576</b>  | <b>4,201</b>                                    | <b>Total insurance expenses</b>                        | <b>3,045</b>                    | <b>2,910</b>    | <b>(135)</b>    | <b>(4.6)</b> | <b>3,165</b>              |
| <b>NOTE 9: Gains and Losses on Financial Instruments</b>      |   |  |                                 |                 |                 |              |                           |
| <i>By source</i>  |   |  |                                 |                 |                 |              |                           |
| 526   | 140   | Core Crown   | 5,195                           | 3,822           | 1,373           | 35.9         | 3,944                     |
| 930   | 1,006   | Crown entities   | 1,844                           | 1,503           | 341             | 22.7         | 1,529                     |
| 9   | (384)   | State-owned Enterprises                                | 113                             | 59              | 54              | 91.5         | 61                        |
| (773)   | (868)   | Inter-segment eliminations                             | 225                             | 329             | (104)           | (31.6)       | 325                       |
| <b>692</b>  | <b>(106)</b>                                    | <b>Net gains/(losses) on financial instruments</b>     | <b>7,377</b>                    | <b>5,713</b>    | <b>1,664</b>    | <b>29.1</b>  | <b>5,859</b>              |
| <b>NOTE 10: Gains and Losses on Non-Financial Instruments</b> |   |  |                                 |                 |                 |              |                           |
| <i>By type</i>  |   |  |                                 |                 |                 |              |                           |
| (3,896)   | (2,212)   | Actuarial gains/(losses) on GSF liability <sup>1</sup> | 918                             | 918             | -               | -            | 918                       |
| (2,942)   | (3,352)   | Actuarial gains/(losses) on ACC liability <sup>2</sup> | 1,044                           | 686             | 358             | 52.2         | 1,047                     |
| 312   | 437   | Other  | 78                              | 132             | (54)            | (40.9)       | 123                       |
| <b>(6,526)</b>  | <b>(5,127)</b>                                  | <b>Net gains/(losses) on non-financial instruments</b> | <b>2,040</b>                    | <b>1,736</b>    | <b>304</b>      | <b>17.5</b>  | <b>2,088</b>              |
| <i>By source</i>  |   |  |                                 |                 |                 |              |                           |
| (3,790)   | (2,141)   | Core Crown   | 1,082                           | 1,122           | (40)            | (3.6)        | 1,121                     |
| (2,956)   | (3,367)   | Crown entities   | 973                             | 616             | 357             | 58.0         | 967                       |
| 220   | 380   | State-owned Enterprises                                | (16)                            | (2)             | (14)            | -            | (1)                       |
| -   | 1   | Inter-segment eliminations                             | 1                               | -               | 1               | -            | 1                         |
| <b>(6,526)</b>  | <b>(5,127)</b>                                  | <b>Net gains/(losses) on non-financial instruments</b> | <b>2,040</b>                    | <b>1,736</b>    | <b>304</b>      | <b>17.5</b>  | <b>2,088</b>              |

1. The most recent GSF valuation was as at 28 February 2013.

2. The most recent ACC valuation was as at 31 December 2012, updated monthly for changes to discount rates.

## NOTES TO THE FINANCIAL STATEMENTS

| As at<br>30 June<br>2012<br>\$m                            | As at<br>31 May<br>2012<br>\$m |   | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|--------------------------------|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |                                |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 11: Operating Balance</b>                          |                                |   |                                 |                 |                 |              |                           |
| <i>By source</i>   |                                |   |                                 |                 |                 |              |                           |
| (11,671)   | (8,709)                        | Core Crown  | 1,488                           | (393)           | 1,881           | 478.6        | (2,700)                   |
| (641)  | (1,005)                        | Crown entities  | 4,649                           | 3,872           | 777             | 20.1         | 4,307                     |
| (1,423)  | 252                            | State-owned Enterprises                                 | 665                             | 596             | 69              | 11.6         | 456                       |
| (1,162)  | (1,481)                        | Inter-segment eliminations                              | (326)                           | (321)           | (5)             | (1.6)        | (145)                     |
| <b>(14,897)</b>  | <b>(10,943)</b>                | <b>Total operating balance</b>                          | <b>6,476</b>                    | <b>3,754</b>    | <b>2,722</b>    | <b>72.5</b>  | <b>1,918</b>              |
| <b>NOTE 12: Financial Assets and Sovereign Receivables</b> |                                |   |                                 |                 |                 |              |                           |
| 10,686   | 10,904                         | Cash and cash equivalents                               | 14,743                          | 16,868          | (2,125)         | (12.6)       | 16,492                    |
| 7,257  | 6,840                          | Tax receivables   | 7,363                           | 7,380           | (17)            | (0.2)        | 7,323                     |
| 13,699   | 14,384                         | Trade and other receivables                             | 13,131                          | 12,351          | 780             | 6.3          | 11,866                    |
| 8,291  | 7,999                          | Student loans   | 8,762                           | 8,743           | 19              | 0.2          | 8,528                     |
| 12,445   | 12,353                         | Kiwibank mortgages                                      | 13,133                          | 13,180          | (47)            | (0.4)        | 13,261                    |
| 2,422  | 2,208                          | Long-term deposits                                      | 2,199                           | 1,697           | 502             | 29.6         | 2,013                     |
| 2,249  | 2,350                          | IMF financial assets                                    | 2,246                           | 2,185           | 61              | 2.8          | 2,191                     |
| 1,030  | 1,254                          | Other advances <sup>1</sup>                             | 1,742                           | 1,770           | (28)            | (1.6)        | 1,643                     |
| 14,385   | 14,281                         | Share investments                                       | 16,988                          | 16,484          | 504             | 3.1          | 16,616                    |
| 5,032  | 4,300                          | Derivatives in gain                                     | 4,302                           | 4,941           | (639)           | (12.9)       | 4,797                     |
| 38,682   | 41,235                         | Other marketable securities                             | 36,085                          | 32,444          | 3,641           | 11.2         | 31,391                    |
| <b>116,178</b>   | <b>118,108</b>                 | <b>Total financial assets and sovereign receivables</b> | <b>120,694</b>                  | <b>118,043</b>  | <b>2,651</b>    | <b>2.2</b>   | <b>116,121</b>            |
| <b>Financial assets by entity</b>                          |                                |   |                                 |                 |                 |              |                           |
| 26,062   | 26,311                         | NZDMO   | 18,889                          | 19,065          | (176)           | (0.9)        | 17,307                    |
| 17,573   | 19,423                         | Reserve Bank of New Zealand                             | 18,692                          | 18,320          | 372             | 2.0          | 18,332                    |
| 18,703   | 18,916                         | NZ Superannuation Fund                                  | 23,584                          | 22,445          | 1,139           | 5.1          | 22,624                    |
| 20,567   | 20,091                         | Other core Crown  | 23,057                          | 22,718          | 339             | 1.5          | 20,547                    |
| (7,924)  | (8,622)                        | Intra-segment eliminations                              | (9,282)                         | (9,311)         | 29              | 0.3          | (7,194)                   |
| <b>74,981</b>  | <b>76,119</b>                  | <b>Total core Crown segment</b>                         | <b>74,940</b>                   | <b>73,237</b>   | <b>1,703</b>    | <b>2.3</b>   | <b>71,616</b>             |
| 25,340   | 25,952                         | ACC portfolio   | 29,867                          | 29,621          | 246             | 1            | 29,686                    |
| 7,252  | 7,370                          | EQC portfolio   | 5,838                           | 5,836           | 2               | -            | 5,687                     |
| 11,168   | 9,022                          | Other Crown entities                                    | 10,903                          | 10,421          | 482             | 5            | 10,368                    |
| (3,685)  | (3,447)                        | Intra-segment eliminations                              | (3,684)                         | (3,686)         | 2               | 0.1          | (3,635)                   |
| <b>40,075</b>  | <b>38,897</b>                  | <b>Total Crown entities segment</b>                     | <b>42,924</b>                   | <b>42,192</b>   | <b>732</b>      | <b>1.7</b>   | <b>42,106</b>             |
| <b>19,186</b>  | <b>21,543</b>                  | <b>Total State-owned enterprises segment</b>            | <b>19,952</b>                   | <b>20,329</b>   | <b>(377)</b>    | <b>(1.9)</b> | <b>20,685</b>             |
| (18,064)   | (18,451)                       | Inter-segment eliminations                              | (17,122)                        | (17,715)        | 593             | 3.3          | (18,286)                  |
| <b>116,178</b>   | <b>118,108</b>                 | <b>Total financial assets</b>                           | <b>120,694</b>                  | <b>118,043</b>  | <b>2,651</b>    | <b>2.2</b>   | <b>116,121</b>            |

1. Other advances includes finance lease receivables.

## NOTES TO THE FINANCIAL STATEMENTS

| As at<br>30 June<br>2012<br>\$m  | As at<br>31 May<br>2012<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|--|--------------------------------|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|  |                                |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 13: Property, Plant and Equipment</b>  |                                |  |                                 |                 |                 |              |                           |
| <b>Net Carrying Value</b>  |                                |  |                                 |                 |                 |              |                           |
| <b>By class of asset:</b>  |                                |  |                                 |                 |                 |              |                           |
| 33,626   | 35,071                         | Land (valuation) <sup>1</sup>                        | 33,415                          | 33,516          | (101)           | (0.3)        | 34,021                    |
| 25,046   | 24,452                         | Buildings (valuation)                                | 24,844                          | 24,854          | (10)            | -            | 25,015                    |
| 17,546   | 18,296                         | State highways (valuation) - excluding land          | 18,093                          | 18,272          | (179)           | (1.0)        | 17,989                    |
| 14,400   | 14,712                         | Electricity generation assets (valuation)            | 13,782                          | 13,818          | (36)            | (0.3)        | 13,911                    |
| 3,476  | 3,151                          | Electricity distribution network (cost)              | 3,844                           | 3,963           | (119)           | (3.0)        | 3,989                     |
| 3,220  | 3,222                          | Specialist military equipment (valuation)            | 3,094                           | 3,126           | (32)            | (1.0)        | 3,196                     |
| 2,514  | 2,463                          | Specified cultural and heritage assets (valuation)   | 2,501                           | 2,504           | (3)             | (0.1)        | 2,481                     |
| 2,250  | 2,206                          | Aircraft (excl military) (valuation)                 | 2,339                           | 2,285           | 54              | 2.4          | 2,240                     |
| 856  | 7,274                          | Rail network (valuation) - excluding land            | 1,101                           | 1,152           | (51)            | (4.4)        | 866                       |
| 5,650  | 5,812                          | Other plant and equipment (cost)                     | 5,234                           | 5,371           | (137)           | (2.6)        | 5,626                     |
| <b>108,584</b>   | <b>116,659</b>                 | <b>Total net carrying value</b>                      | <b>108,247</b>                  | <b>108,861</b>  | <b>(614)</b>    | <b>(0.6)</b> | <b>109,334</b>            |
| <b>By source:</b>  |                                |  |                                 |                 |                 |              |                           |
| 29,377   | 29,259                         | Core Crown   | 29,017                          | 29,097          | (80)            | (0.3)        | 29,561                    |
| 49,939   | 49,209                         | Crown entities                                       | 50,478                          | 50,682          | (204)           | (0.4)        | 50,715                    |
| 29,268   | 38,191                         | State-owned enterprises                              | 28,752                          | 29,082          | (330)           | (1.1)        | 29,058                    |
| -  | -                              | Inter-segment eliminations                           | -                               | -               | -               | -            | -                         |
| <b>108,584</b>   | <b>116,659</b>                 | <b>Total net carrying value</b>                      | <b>108,247</b>                  | <b>108,861</b>  | <b>(614)</b>    | <b>(0.6)</b> | <b>109,334</b>            |
| <b>Land breakdown by usage<sup>1</sup></b>   |                                |  |                                 |                 |                 |              |                           |
| 8,744  | 8,412                          | Housing stock  | 8,672                           | 8,688           | (16)            | (0.2)        | 8,787                     |
| 8,353  | 7,413                          | State highway corridor land                          | 8,353                           | 8,353           | -               | -            | 8,503                     |
| 5,454  | 5,691                          | Conservation estate                                  | 5,425                           | 5,425           | -               | -            | 5,444                     |
| 3,260  | 5,641                          | Rail network corridor land                           | 3,256                           | 3,256           | -               | -            | 3,386                     |
| 2,726  | 2,705                          | Schools  | 2,698                           | 2,727           | (29)            | (1.1)        | 2,726                     |
| 1,471  | 1,544                          | Commercial (SOE) excluding rail                      | 1,419                           | 1,497           | (78)            | (5.2)        | 1,497                     |
| 3,618  | 3,665                          | Other  | 3,592                           | 3,570           | 22              | 0.6          | 3,678                     |
| <b>33,626</b>  | <b>35,071</b>                  | <b>Total land</b>                                    | <b>33,415</b>                   | <b>33,516</b>   | <b>(101)</b>    | <b>(0.3)</b> | <b>34,021</b>             |
| 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. |                                |  |                                 |                 |                 |              |                           |
| <b>Schedule of movements</b>   |                                |  |                                 |                 |                 |              |                           |
| <b>Cost or valuation</b>   |                                |  |                                 |                 |                 |              |                           |
| 126,601  | 126,601                        | Opening balance                                      | 121,717                         | 121,717         | -               | -            | 121,717                   |
| 6,514  | 5,968                          | Additions  | 4,754                           | 5,199           | (445)           | (8.6)        | 6,307                     |
| (941)  | (510)                          | Disposals  | (903)                           | (712)           | (191)           | (26.8)       | (692)                     |
| (9,793)  | (42)                           | Net revaluations                                     | (54)                            | 9               | (63)            | -            | 7                         |
| (664)  | 51                             | Other <sup>2</sup>                                   | (1,132)                         | (958)           | (174)           | (18.2)       | (750)                     |
| <b>121,717</b>   | <b>132,068</b>                 | <b>Total cost or valuation</b>                       | <b>124,382</b>                  | <b>125,255</b>  | <b>(873)</b>    | <b>(0.7)</b> | <b>126,589</b>            |
| <b>Accumulated depreciation and impairment</b>   |                                |  |                                 |                 |                 |              |                           |
| 11,747   | 11,747                         | Opening balance                                      | 13,133                          | 13,133          | -               | -            | 13,133                    |
| (634)  | (412)                          | Eliminated on disposal                               | (275)                           | (132)           | (143)           | (108.3)      | (87)                      |
| (3,415)  | (43)                           | Eliminated on revaluation                            | -                               | -               | -               | -            | (1)                       |
| 5,687  | 3,498                          | Depreciation expense and impairment losses           | 3,737                           | 3,750           | (13)            | (0.3)        | 4,263                     |
| (252)  | 619                            | Other <sup>2</sup>                                   | (460)                           | (357)           | (103)           | (28.9)       | (53)                      |
| <b>13,133</b>  | <b>15,409</b>                  | <b>Total accumulated depreciation and impairment</b> | <b>16,135</b>                   | <b>16,394</b>   | <b>(259)</b>    | <b>(1.6)</b> | <b>17,255</b>             |
| <b>108,584</b>   | <b>116,659</b>                 | <b>Total property, plant and equipment</b>           | <b>108,247</b>                  | <b>108,861</b>  | <b>(614)</b>    | <b>(0.6)</b> | <b>109,334</b>            |
| 2. Other mainly includes transfers to/from other asset categories including transfers to finance lease receivables.  |                                |  |                                 |                 |                 |              |                           |



## NOTES TO THE FINANCIAL STATEMENTS

| As at<br>30 June<br>2012<br>\$m                           | As at<br>31 May<br>2012<br>\$m |   | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|---|--------------------------------|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|   |                                |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 13 (continued): Property, Plant and Equipment</b> |                                |   |                                 |                 |                 |              |                           |
| <b>Additions - by functional classification</b>           |                                |   |                                 |                 |                 |              |                           |
| 2,291   | 2,024                          | Transport and communications              | 1,628                           | 1,880           | (252)           | (13.4)       | 1,887                     |
| 2,036   | 1,637                          | Economic and industrial services          | 1,276                           | 1,405           | (129)           | (9.2)        | 1,569                     |
| 442   | 829                            | Education                                 | 413                             | 386             | 27              | 7.0          | 805                       |
| 627   | 569                            | Health                                    | 496                             | 516             | (20)            | (3.9)        | 645                       |
| 339   | 179                            | Defence                                   | 159                             | 215             | (56)            | (26.0)       | 337                       |
| 779   | 730                            | Other                                     | 782                             | 797             | (15)            | (1.9)        | 1,064                     |
| <b>6,514</b>  | <b>5,968</b>                   | <b>Total additions</b>                    | <b>4,754</b>                    | <b>5,199</b>    | <b>(445)</b>    | <b>(8.6)</b> | <b>6,307</b>              |
| <b>NOTE 14: NZ Superannuation Fund</b>                    |                                |   |                                 |                 |                 |              |                           |
| 539   | 479                            | Revenue                                   | 525                             | 581             | (56)            | (9.6)        | 647                       |
| (160)   | 64                             | Less: current tax expense                 | (1,074)                         | (851)           | 223             | 26.2         | (890)                     |
| (132)   | (103)                          | Less: other expenses <sup>1</sup>         | (113)                           | (132)           | (19)            | (14.4)       | (146)                     |
| (204)   | (692)                          | Add gains/(losses)                        | 4,567                           | 3,320           | 1,247           | 37.6         | 3,431                     |
| <b>43</b>   | <b>(252)</b>                   | <b>Operating balance</b>                  | <b>3,905</b>                    | <b>2,918</b>    | <b>1,395</b>    | <b>47.8</b>  | <b>3,042</b>              |
| 18,652  | 18,652                         | Opening net worth                         | 18,703                          | 18,703          | -               | -            | 18,703                    |
| 43  | (252)                          | Operating balance                         | 3,905                           | 2,918           | 987             | 33.8         | 3,042                     |
| 8   | 8                              | Other movements in reserves               | 5                               | 6               | (1)             | (16.7)       | 7                         |
| <b>18,703</b>   | <b>18,408</b>                  | <b>Closing net worth</b>                  | <b>22,613</b>                   | <b>21,627</b>   | <b>986</b>      | <b>4.6</b>   | <b>21,752</b>             |
| <i>comprising:</i>  |                                |   |                                 |                 |                 |              |                           |
| 18,815  | 18,916                         | Financial assets                          | 23,584                          | 22,445          | 1,139           | 5.1          | 22,624                    |
| (1,317)   | (1,680)                        | Financial liabilities                     | (2,193)                         | (1,931)         | (262)           | (13.6)       | (1,966)                   |
| 1,205   | 1,172                          | Net other assets                          | 1,222                           | 1,113           | 109             | 9.8          | 1,094                     |
| <b>18,703</b>   | <b>18,408</b>                  | <b>Closing net worth</b>                  | <b>22,613</b>                   | <b>21,627</b>   | <b>986</b>      | <b>4.6</b>   | <b>21,752</b>             |
| <b>Core Crown revenue (excl NZS Fund)</b>                 |                                |   |                                 |                 |                 |              |                           |
| 60,565  | 55,220                         | Core Crown revenue                        | 58,889                          | 58,431          | 458             | 0.8          | 63,809                    |
| 539   | 479                            | Less NZS Fund revenue                     | 525                             | 581             | (56)            | (9.6)        | 647                       |
| 160   | (64)                           | Add back NZS Fund intra-segment revenue   | 1,074                           | 851             | 223             | 26.2         | 890                       |
| <b>60,186</b>   | <b>54,677</b>                  | <b>Core Crown revenue (excl NZS Fund)</b> | <b>59,438</b>                   | <b>58,701</b>   | <b>737</b>      | <b>1.3</b>   | <b>64,052</b>             |
| <b>OBEGAL excluding NZS Fund</b>                          |                                |   |                                 |                 |                 |              |                           |
| (9,240)   | (5,912)                        | Total Crown OBEGAL                        | (3,265)                         | (4,028)         | 763             | 18.9         | (6,285)                   |
| 539   | 479                            | Less NZS Fund revenue                     | 525                             | 581             | (56)            | (9.6)        | 647                       |
| 77  | 60                             | Add back NZS Fund external expenses       | 98                              | 97              | 1               | 1.0          | 109                       |
| 160   | (64)                           | Add back NZS Fund tax                     | 1,074                           | 851             | 223             | 26.2         | 890                       |
| <b>(9,542)</b>  | <b>(6,395)</b>                 | <b>OBEGAL excluding NZS Fund</b>          | <b>(2,618)</b>                  | <b>(3,661)</b>  | <b>1,043</b>    | <b>28.5</b>  | <b>(5,933)</b>            |

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

## NOTES TO THE FINANCIAL STATEMENTS

| As at<br>30 June<br>2012<br>\$m   | As at<br>31 May<br>2012<br>\$m |  | Current Year Actual vs Forecast |                 |                 |              | Annual<br>Forecast<br>\$m |
|---|--------------------------------|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
|   |                                |  | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %            |                           |
| <b>NOTE 15: Payables</b>  |                                |  |                                 |                 |                 |              |                           |
| 8,255   | 9,705                          | Accounts payable   | 7,737                           | 7,655           | (82)            | (1.1)        | 8,456                     |
| 3,349   | 2,752                          | Taxes repayable  | 2,956                           | 3,314           | 358             | 10.8         | 3,366                     |
| <b>11,604</b>   | <b>12,457</b>                  | <b>Total payables</b>  | <b>10,693</b>                   | <b>10,969</b>   | <b>276</b>      | <b>2.5</b>   | <b>11,822</b>             |
| <b>NOTE 16: Insurance liabilities</b>   |                                |  |                                 |                 |                 |              |                           |
| 30,648  | 31,229                         | ACC liability  | 30,948                          | 31,210          | 262             | 0.8          | 30,767                    |
| 8,877   | 8,923                          | EQC property damage liability                                    | 7,241                           | 7,278           | 37              | 0.5          | 7,114                     |
| 2,062   | 1,859                          | Southern Response (formerly AMI Insurance)                       | 1,798                           | 1,528           | (270)           | (17.7)       | 1,439                     |
| 48  | 58                             | Other insurance liabilities                                      | 48                              | 46              | (2)             | (4.3)        | 53                        |
| (449)   | (336)                          | Inter-segment eliminations                                       | (436)                           | (422)           | 14              | 3.3          | (456)                     |
| <b>41,186</b>   | <b>41,733</b>                  | <b>Total insurance liabilities</b>                               | <b>39,599</b>                   | <b>39,640</b>   | <b>41</b>       | <b>0.1</b>   | <b>38,917</b>             |
| <b>NOTE 17: Provisions</b>  |                                |  |                                 |                 |                 |              |                           |
| 375   | 578                            | Provision for ETS Credits <sup>1</sup>                           | 33                              | 1               | (32)            | -            | 1                         |
| 1,076   | 938                            | Provision for National Provident Fund guarantee                  | 1,029                           | 1,033           | 4               | 0.4          | 1,033                     |
| 3,253   | 3,043                          | Provision for employee entitlements                              | 3,220                           | 3,140           | (80)            | (2.5)        | 3,286                     |
| 745   | 424                            | Provision for Canterbury Red Zone support package                | 397                             | 382             | (15)            | (3.9)        | 462                       |
| 530   | -                              | Provision for Infrastructure costs                               | 1,359                           | 1,359           | -               | -            | 1,350                     |
| 189   | 358                            | Provision for weathertight services financial assistance package | 97                              | 72              | (25)            | (34.7)       | 71                        |
| 1,338   | 1,092                          | Other provisions   | 1,199                           | 1,153           | (46)            | (4.0)        | 1,131                     |
| <b>7,506</b>  | <b>6,433</b>                   | <b>Total provisions</b>  | <b>7,334</b>                    | <b>7,140</b>    | <b>(194)</b>    | <b>(2.7)</b> | <b>7,334</b>              |
| 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 <a href="http://www.climatechange.govt.nz">www.climatechange.govt.nz</a> |                                |  |                                 |                 |                 |              |                           |
| <b>NOTE 18: Changes in Net Worth</b>  |                                |  |                                 |                 |                 |              |                           |
| 18,188  | 18,188                         | Opening taxpayers funds  | 3,520                           | 3,520           | -               | -            | 3,520                     |
| (14,897)  | (10,943)                       | Operating balance excluding minority interest                    | 6,476                           | 3,754           | 2,722           | 72.5         | 1,918                     |
| -   | -                              | Partial share sales in state-owned enterprises                   | 172                             | 175             | (3)             | (1.7)        | 175                       |
| 229   | 158                            | Transfers from/(to) other reserves                               | 252                             | (32)            | 284             | -            | (12)                      |
| <b>3,520</b>  | <b>7,403</b>                   | <b>Closing taxpayers funds</b>                                   | <b>10,420</b>                   | <b>7,417</b>    | <b>3,003</b>    | <b>40.5</b>  | <b>5,601</b>              |
| 62,690  | 62,690                         | Opening revaluation reserve                                      | 56,001                          | 56,001          | -               | -            | 56,001                    |
| (6,461)   | (39)                           | Net revaluations   | (32)                            | (32)            | -               | -            | (29)                      |
| (228)   | (161)                          | Transfers from/(to) other reserves                               | (217)                           | (7)             | (210)           | -            | (7)                       |
| <b>56,001</b>   | <b>62,490</b>                  | <b>Closing revaluation reserve</b>                               | <b>55,752</b>                   | <b>55,962</b>   | <b>(210)</b>    | <b>(0.4)</b> | <b>55,965</b>             |
| (299)   | (299)                          | Opening other reserves   | (173)                           | (173)           | -               | -            | (173)                     |
| 126   | 245                            | Net movements  | 128                             | 176             | (48)            | (27.3)       | 83                        |
| <b>(173)</b>  | <b>(54)</b>                    | <b>Closing other reserves</b>                                    | <b>(45)</b>                     | <b>3</b>        | <b>(48)</b>     | <b>-</b>     | <b>(90)</b>               |

## NOTES TO THE FINANCIAL STATEMENTS

| Year<br>to 30 Jun<br>2012<br>\$m                       | 11 months<br>to 31 May<br>2012<br>\$m |   | Current Year Actual vs Forecast |                 |                 |               | Annual<br>Forecast<br>\$m |
|--|---------------------------------------|---|---------------------------------|-----------------|-----------------|---------------|---------------------------|
|  |                                       |   | Actual<br>\$m                   | Forecast<br>\$m | Variance<br>\$m | %             |                           |
| <b>NOTE 19: Core Crown residual cash</b>               |                                       |   |                                 |                 |                 |               |                           |
| <b>Core Crown Cash Flows from Operations</b>           |                                       |   |                                 |                 |                 |               |                           |
| 54,249   | 49,877                                | Tax receipts  | 53,299                          | 52,977          | 322             | 0.6           | 57,699                    |
| 670  | 600                                   | Other sovereign receipts  | 587                             | 599             | (12)            | (2.0)         | 662                       |
| 1,431  | 1,344                                 | Interest, profits and dividends                                 | 1,408                           | 1,461           | (53)            | (3.6)         | 1,583                     |
| 2,699  | 2,500                                 | Sale of goods & services and other receipts                     | 2,230                           | 2,196           | 34              | 1.5           | 2,322                     |
| (22,854)   | (20,936)                              | Transfer payments and subsidies                                 | (21,340)                        | (21,332)        | (8)             | -             | (22,937)                  |
| (40,036)   | (36,992)                              | Personnel and operating costs                                   | (37,394)                        | (37,781)        | 387             | 1.0           | (41,754)                  |
| (3,369)  | (3,118)                               | Finance costs   | (3,413)                         | (3,463)         | 50              | 1.4           | (3,789)                   |
| -  | -                                     | Forecast for future new operating spending                      | -                               | -               | -               | -             | (42)                      |
| -  | -                                     | Top-down expense adjustment                                     | -                               | 165             | (165)           | (100.0)       | 330                       |
| <b>(7,210)</b>   | <b>(6,725)</b>                        | <b>Net core Crown operating cash flows</b>                      | <b>(4,623)</b>                  | <b>(5,178)</b>  | <b>555</b>      | <b>10.7</b>   | <b>(5,926)</b>            |
| (1,262)  | (1,124)                               | Net purchase of physical assets                                 | (1,102)                         | (1,189)         | 87              | 7.3           | (1,782)                   |
| (1,022)  | (913)                                 | Net increase in advances  | (312)                           | (312)           | (0)             | (0.1)         | (358)                     |
| (1,150)  | (1,110)                               | Net purchase of investments                                     | (1,213)                         | (1,311)         | 98              | 7.5           | (1,462)                   |
| -  | -                                     | Net proceeds from partial share sales                           | 1,668                           | 1,500           | 168             | 11            | 1,500                     |
| -  | -                                     | Forecast for future new capital spending                        | -                               | -               | -               | -             | (2)                       |
| -  | -                                     | Top-down capital adjustment                                     | -                               | 140             | (140)           | (100.0)       | 280                       |
| <b>(3,434)</b>   | <b>(3,147)</b>                        | <b>Net Core Crown capital cash flows</b>                        | <b>(959)</b>                    | <b>(1,172)</b>  | <b>213</b>      | <b>18.2</b>   | <b>(1,824)</b>            |
| <b>(10,644)</b>  | <b>(9,872)</b>                        | <b>Residual cash deficit</b>                                    | <b>(5,582)</b>                  | <b>(6,350)</b>  | <b>768</b>      | <b>12.1</b>   | <b>(7,750)</b>            |
| <i>The residual cash deficit is funded as follows:</i> |                                       |   |                                 |                 |                 |               |                           |
| <b>Debt programme cash flows</b>                       |                                       |   |                                 |                 |                 |               |                           |
| Market:  |                                       |   |                                 |                 |                 |               |                           |
| 15,146   | 14,054                                | Issue of government bonds                                       | 15,013                          | 15,207          | (194)           | (1.3)         | 15,554                    |
| (7,602)  | (7,602)                               | Repayment of government bonds                                   | (9,982)                         | (9,982)         | -               | -             | (9,982)                   |
| 2,139  | 1,782                                 | Net issue/(repayment) of short-term borrowing <sup>1</sup>      | (5,146)                         | (5,253)         | 107             | 2.0           | (5,553)                   |
| 9,683  | 8,234                                 | Total market debt cash flows                                    | (115)                           | (28)            | (87)            | (313.3)       | 19                        |
| Non market:  |                                       |   |                                 |                 |                 |               |                           |
| -  | -                                     | Issue of government bonds                                       | -                               | -               | -               | -             | -                         |
| (1,501)  | (1,501)                               | Repayment of government bonds                                   | (499)                           | (499)           | -               | -             | (499)                     |
| 430  | 430                                   | Net issue/(repayment) of short-term borrowing                   | -                               | -               | -               | -             | -                         |
| <b>(1,071)</b>   | <b>(1,071)</b>                        | <b>Total non-market debt cash flows</b>                         | <b>(499)</b>                    | <b>(499)</b>    | <b>-</b>        | <b>-</b>      | <b>(499)</b>              |
| <b>8,612</b>   | <b>7,162</b>                          | <b>Total debt programme cash flows</b>                          | <b>(614)</b>                    | <b>(527)</b>    | <b>(87)</b>     | <b>(16.5)</b> | <b>(480)</b>              |
| <b>Other borrowing cash flows</b>                      |                                       |   |                                 |                 |                 |               |                           |
| 5,880  | 7,177                                 | Net (repayment)/issue of other New Zealand dollar borrowing     | 3,586                           | 4,092           | (506)           | (12.4)        | 4,118                     |
| (6,030)  | (6,765)                               | Net (repayment)/issue of foreign currency borrowing             | (2,554)                         | (2,351)         | (203)           | (8.6)         | (2,354)                   |
| <b>(150)</b>   | <b>413</b>                            | <b>Total other borrowing cash flows</b>                         | <b>1,032</b>                    | <b>1,741</b>    | <b>(709)</b>    | <b>(21.0)</b> | <b>1,764</b>              |
| <b>Investing cashflows</b>                             |                                       |   |                                 |                 |                 |               |                           |
| 2,270  | 2,426                                 | Other net sale/(purchase) of marketable securities and deposits | 7,915                           | 10,168          | (2,253)         | (22.2)        | 11,572                    |
| 203  | 247                                   | Issues of circulating currency                                  | 269                             | 294             | (25)            | (8.5)         | 264                       |
| (291)  | (376)                                 | Decrease/(increase) in cash                                     | (3,020)                         | (5,326)         | 2,306           | 43.3          | (5,370)                   |
| <b>2,182</b>   | <b>2,297</b>                          | <b>Total investing cash flows</b>                               | <b>5,164</b>                    | <b>5,136</b>    | <b>28</b>       | <b>0.6</b>    | <b>6,466</b>              |
| <b>10,644</b>  | <b>9,872</b>                          | <b>Residual cash deficit funding</b>                            | <b>5,582</b>                    | <b>6,350</b>    | <b>(768)</b>    | <b>(12.1)</b> | <b>7,750</b>              |

1. Short-term borrowing consists of Treasury Bills and Euro-Commercial Paper (ECP)