

# Financial Statements of the Government of New Zealand

For the Five Months Ended  
30 November 2013



Prepared by the Treasury  
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New Zealand Government

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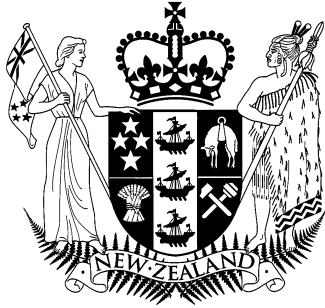
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## COMMENTARY

## S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the five months ended 30 November 2013 and its financial position as at that date.

The November results are reported against forecasts based on the *2013 Half Year Economic and Fiscal Update (HYEFU)*, published on 17 December 2013.

### At a Glance

**Table 1** – Key indicators for the five months ended 30 November 2013 compared to HYEFU

	Year to date				Full Year
	November 2013	November 2013 HYEFU Forecast <sup>1</sup>	Variance to HYEFU \$m	Variance to HYEFU %	June 2014 HYEFU Forecast <sup>2</sup>
\$ million	Actual <sup>1</sup>	Forecast <sup>1</sup>			
<b>Core Crown</b>					
Core Crown tax revenue	23,879	24,393	(514)	(2.1)	62,491
Core Crown revenue	26,374	26,897	(523)	(1.9)	68,493
Core Crown expenses	29,160	29,146	(14)	(0.0)	72,181
Core Crown residual cash	(4,013)	(3,972)	(42)	(1.1)	(4,076)
Gross debt <sup>3</sup>	83,207	83,279	72	0.1	81,628
<i>as a percentage of GDP</i>	38.5%	38.5%			35.8%
Net debt <sup>4</sup>	59,590	59,835	245	0.4	59,983
<i>as a percentage of GDP</i>	27.6%	27.7%			26.3%
<b>Total Crown</b>					
Operating balance before gains and losses	(2,335)	(1,933)	(402)	(20.8)	(2,320)
Operating balance	2,255	653	1,602	245.3	1,639
Net worth attributable to the Crown	69,818	68,139	1,679	2.5	69,165

1 Using GDP for the year ended 30 September 2013 of \$216,134 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2014 of \$227,793 million (Source: Treasury).

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

4 Net core Crown debt excluding student loans and other advances.

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

### Results for the five months ended 30 November 2013

The **operating balance before gains and losses** (OBEGAL) was in deficit by \$2.3 billion, which was around \$400 million more than expected mainly due to lower core Crown tax revenue. At this stage, our assessment is that the majority of this variance in core Crown tax revenue is timing in nature and will reverse out in coming months.

Continued strength in equity markets saw gains recorded on financial instruments of \$2.8 billion, which was \$2.0 billion ahead of forecast. As a result, the **operating balance surplus** was \$1.6 billion higher than forecasts at \$2.3 billion.

Both **residual cash** and **net debt** were close to forecast. Net debt was \$59,590 million, or 27.6% of GDP, which is higher than the expected annual percentage of 26.3%. Net debt commonly peaks higher during the year reflecting timing of cash flows (particularly tax receipts) and the level of nominal GDP.

Further analysis of the November results follows.

## **PARTIAL SALE OF AIR NEW ZEALAND LIMITED**

The Air New Zealand partial share sale was completed by 25 November 2013. The Government sold around 221 million of the shares it owned in Air New Zealand at a sale price of \$1.65. The sale raised approximately \$365 million in gross proceeds for the Government and resulted in a gain on disposal on the Crown's net asset value of its investment in Air New Zealand of approximately \$52 million. When ACC and NZS Fund's investments are removed, the estimated gain on disposal reduces to \$46 million.

Similar to the other companies sold to date as part of the Government Share Offer programme, the Crown continues to own more than 51% of Air New Zealand and therefore retains control of the company and must continue to report 100% of assets, liabilities, revenue and expenses in the financial statements. However, now that some of those net assets are owned by others, the Government needs to show the portion that relates to non-government holders of shares, which is referred to as non-controlling or "minority" interest.

Full disclosure of the current year's sale (Meridian and Air New Zealand) is outlined in note 20 of the accompanying financial statements.

## ANALYSIS

**Table 2** – Key indicator variances for the five months ended 30 November 2013 compared to *HYEFU*:

Item/indicator	Variance <sup>1</sup>	Key drivers
<b>Core Crown</b>		
Core Crown revenue	(\$523 million)  (lower than forecast)	<p>Core Crown revenue was lower than forecast mainly due to lower core Crown tax revenue of \$514m.</p> <p>Key drivers of the core Crown tax result were:</p> <ul style="list-style-type: none"> <li>- <b>Corporate tax</b> was \$259m (8.3%) below forecast. Around a third of the variance relates to a few large taxpayers revising down their current year provisional tax assessment. The majority of the remaining variance is likely to be timing in nature as there were a few large taxpayers that were expected to have filed provisional tax assessments by now, but have not yet done so.</li> <li>- <b>GST</b> was \$174m (2.7%) below forecast, with around \$50m relating to earthquake related refunds. At this stage it is unclear whether the rest of the variance is due to timing or underlying weakness.</li> </ul> <p>Other tax types were close to forecast.</p>
Core Crown expenses	(\$14 million)  (higher than forecast)	<p>Overall core Crown expenses are tracking in line with forecasts. Looking through the top-down expense adjustment of \$175m, underlying expenses were \$161m lower than expected spread across a number of departments. The largest variance was in relation to defence spending (\$72m) as a result of reduced services up to November. This variance is expected to reverse later in the year.</p>
Core Crown residual cash deficit	(\$42 million)  (higher than forecast)	<p>The residual cash deficit was close to forecast at \$4,013m by the end of November.</p> <ul style="list-style-type: none"> <li>- Unlike core Crown tax revenue, <b>core Crown tax receipts</b> are only tracking slightly below forecasts (\$97m). At this stage the lower corporate tax revenue mentioned above hasn't translated into the cash received. When the taxes received from the NZS Fund are included (which reflected their strong year to date performance) cash available to the Crown from tax receipts were \$58m higher than forecast.</li> <li>- <b>Sale of goods and services and other receipts</b> were \$174m higher than forecasts, mainly due to higher than anticipated receipts received by the Ministry of Business, Innovation and Employment (\$122m) and the Treasury (\$85m).</li> <li>- <b>Personnel and other operating payments</b> were \$104m higher due to payments to New Zealand Transport Agency and social development 3<sup>rd</sup> party providers happening earlier than anticipated.</li> </ul>
Gross debt	\$72 million  (lower than forecast)	Gross debt was close to forecast at \$83.2b.

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



<b>Item/indicator</b>	<b>Variance<sup>1</sup></b>	<b>Key drivers</b>
Net debt	\$245 million (lower than forecast)	Net debt was also close to forecast at \$59.6b, or 27.6% of GDP. Although the residual cash deficit was slightly weaker than expected, this was more than offset by more currency in circulation to meet public demand (which is expected to subside after Christmas).
<b>Total Crown</b>		
Operating balance before gains and losses deficit	(\$402 million) (higher than forecast)	The OBEGAL deficit at \$2.3b was \$402m higher than forecast.  The key driver of the OBEGAL variance was lower core Crown tax revenue as previously discussed.
Operating balance	\$1,602 million (higher than forecast)	While the OBEGAL deficit was \$402m higher than forecast, net gains were \$2.0b ahead, leading to the operating balance surplus being \$1.6b above forecast.  The NZS Fund net gains were \$1.4b above forecast, with the rest of the favourable variance spread across a number of entities.
Net worth attributable to the Crown	\$1,679 million (higher than forecast)	Net worth was higher than forecast, at \$69.8b, largely reflecting the operating balance result mentioned above.

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

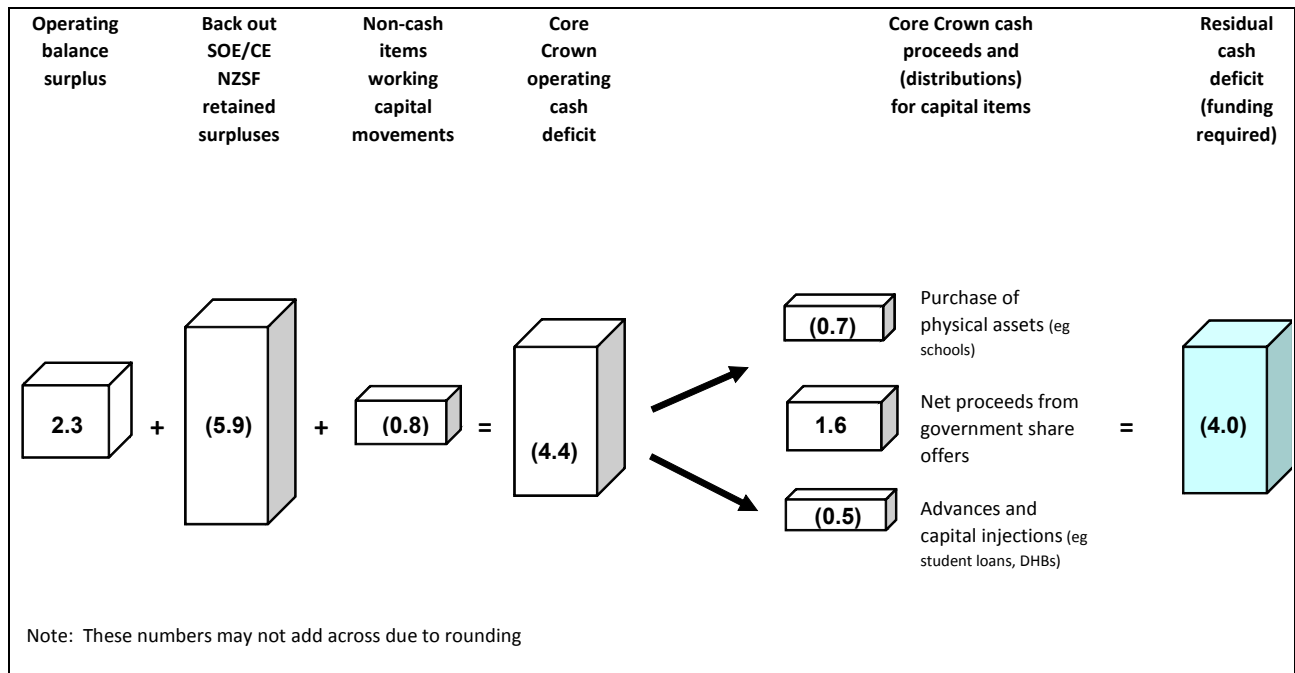
Fiscal Strategy		Financial Results		Ref	30 Nov 2013 Actual \$m	30 Nov 2013 Forecast \$m	Variance \$m	Variance <sup>2</sup> %	Annual Forecast \$m
<b>Operating revenue</b> Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	26.5%	27.1%					27.4%
	Core Crown taxation revenue ...		23,879	24,393	(514)	(2.1)		62,491	
<b>Operating expenses</b> To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP	... combined with other core Crown revenue ...		2,495	2,504	(9)	(0.4)		6,002	
	... fund core Crown expenses...		(29,160)	(29,146)	(14)	-		(72,181)	
<b>Operating balance</b> 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	... and with SOE and Crown entity results and core Crown gains and losses...		5,041	2,902	2,139	73.7		5,327	
	... result in an operating surplus or deficit...		2,255	653	1,602	245.3		1,639	
	...with income in SOEs, CEs and the NZS Fund retained...		(5,858)	(3,441)	(2,417)	(70.2)		(6,513)	
	... and some items do not impact cash ...		(790)	(1,496)	706	47.2		2,618	
<b>Debt</b> 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	... leaving operating cash flows to ...		<b>(4,393)</b>	<b>(4,284)</b>	<b>(109)</b>	<b>(2.5)</b>		<b>(2,256)</b>	
	... meet the capital expenditure budget ...		(733)	(690)	(43)	(6.2)		(2,447)	
	... make advances (e.g. to students and DHBs)...		(507)	(618)	110	17.8		(1,863)	
	... and receive proceeds from government share offers ...		1,620	1,620	-	-		2,490	
	With the residual cash ...		<b>(4,013)</b>	<b>(3,972)</b>	<b>(42)</b>	<b>(1.1)</b>		<b>(4,076)</b>	
<b>Debt</b> 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	... when combined with opening net debt ...		55,835	55,835	-	-		55,835	
	... and fair value movements and other changes in financial assets and financial liabilities ...		(258)	28	287	-		72	
	... results in a closing net debt ...		<b>59,590</b>	<b>59,835</b>	<b>245</b>	<b>0.4</b>		<b>59,983</b>	
	... and as a % of GDP		<b>27.6%</b>	<b>27.7%</b>				<b>26.3%</b>	

1 GDP for the five months ended 30 November 2013 (actual and forecast) is the actual data for the year ended 30 September 2013 (Source: Statistics New Zealand) pro-rated for five 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

	November 2013 Actual \$m	November 2012 Actual \$m	Change <sup>1</sup> \$m	Change %
<b>Statement of Financial Performance</b>				
<b>Core Crown revenue</b>				
Taxation revenue	23,879	22,545	1,334	5.9
Other revenue	2,495	2,228	267	12.0
<b>Total Core Crown Revenue</b>	<b>26,374</b>	<b>24,773</b>	<b>1,601</b>	<b>6.5</b>
<b>Core Crown expenses</b>				
Social security and welfare	9,596	9,416	180	1.9
GSF pension expenses	106	115	(9)	(7.8)
Health	6,091	5,983	108	1.8
Education	5,192	5,090	102	2.0
Core government services	1,720	1,700	20	1.2
Law and order	1,453	1,415	38	2.7
Defence	772	739	33	4.5
Transport and communications	812	803	9	1.1
Economic and industrial services	867	878	(11)	(1.3)
Primary services	277	253	24	9.5
Heritage, culture and recreation	350	350	-	-
Environmental protection	184	184	-	-
Housing and community development	180	155	25	16.1
Other	103	149	(46)	(30.9)
Finance costs	1,457	1,562	(105)	(6.7)
<b>Total Core Crown Expenses</b>	<b>29,160</b>	<b>28,792</b>	<b>368</b>	<b>1.3</b>
Net surplus of SOE/CE's (and inter-segment eliminations)	451	994	(543)	(54.6)
<b>OBEGAL</b>	<b>(2,335)</b>	<b>(3,025)</b>	<b>690</b>	<b>22.8</b>
Total gains/(losses)	4,485	3,661	824	22.5
Other operating items	105	70	35	50.0
<b>Operating Balance</b>	<b>2,255</b>	<b>706</b>	<b>1,549</b>	<b>219.4</b>
<b>Core Crown residual cash</b>	<b>(4,013)</b>	<b>(5,983)</b>	<b>1,970</b>	<b>32.9</b>
<b>Debt indicators</b>				
<b>Gross debt<sup>2</sup></b>	<b>83,207</b>	<b>82,398</b>	<b>808</b>	<b>1.0</b>
<b>Net debt<sup>3</sup></b>	<b>59,590</b>	<b>56,386</b>	<b>3,204</b>	<b>5.7</b>

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

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

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

## Revenue and Expenses

**Core Crown taxation revenue** for the five months ended 30 November 2013 increased by \$1,334 million (5.9%) on the same period last year. Other individuals' tax continued to show strong growth, up 13.8% on last year, driven by a drop in refunds being claimed. In addition, source deductions and GST also showed growth, up 7.6% and 5.6% respectively.

Total **core Crown expenses** increased by 1.3% on the same period last year. The main increase related to social security and welfare which increased \$180 million from the previous year, largely due to indexation of welfare benefits and increases in recipient numbers. Health and Education spending increased by \$108 million and \$102 million respectively from the previous year due to funding provided in the 2013 budget to maintain and improve existing service levels. Other functional classifications were similar to last year.

## Gains

**Total net gains** were \$4,485 million in the five months to November 2013, which was \$824 million higher than the previous year. Gains on the Crown's long-term liabilities were around \$1 billion higher than in the prior year largely due to actuarial valuation movements.

## Debt

**Gross debt** has increased by \$808 million or 1.0% from November 2012. **Net debt** has increased by \$3,204 million over the same time, primarily owing to the reduction in financial assets and increases in borrowings in order to meet cash deficits.





# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL PERFORMANCE

for the five months ended 30 November 2013

Year to 30 Jun 2013	5 months to 30 Nov 2012		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
58,134	22,295	Taxation revenue	2	23,615	24,187	(572)	(2.4)	61,969
5,172	2,155	Other sovereign revenue	2	2,264	2,249	15	0.7	5,276
<b>63,306</b>	<b>24,450</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>25,879</b>	<b>26,436</b>	<b>(557)</b>	<b>(2.1)</b>	<b>67,245</b>
16,713	6,619	Sales of goods and services		6,634	6,727	(93)	(1.4)	16,592
2,939	1,222	Interest revenue and dividends	3	1,280	1,396	(116)	(8.3)	3,378
3,697	1,435	Other revenue		1,493	1,446	47	3.3	3,767
<b>23,349</b>	<b>9,276</b>	<b>Total revenue earned through the Crown's operations</b>		<b>9,407</b>	<b>9,569</b>	<b>(162)</b>	<b>(1.7)</b>	<b>23,737</b>
<b>86,655</b>	<b>33,726</b>	<b>Total revenue (excluding gains)</b>		<b>35,286</b>	<b>36,005</b>	<b>(719)</b>	<b>(2.0)</b>	<b>90,982</b>
		<b>Expenses</b>						
22,708	9,510	Social assistance and official development assistance	4	9,665	9,674	9	0.1	23,338
19,935	8,317	Personnel expenses	5	8,447	8,455	8	0.1	20,246
4,812	1,754	Depreciation and amortisation	6	1,790	1,848	58	3.1	4,666
36,163	14,054	Other operating expenses	6	14,656	14,943	287	1.9	38,350
4,358	1,770	Interest expenses	7	1,773	1,818	45	2.5	4,418
3,031	1,346	Insurance expenses	8	1,290	1,375	85	6.2	3,439
-	-	Forecast new operating spending	6	-	-	-	-	220
-	-	Top-down expense adjustment	6	-	(175)	(175)	(100.0)	(1,375)
<b>91,007</b>	<b>36,751</b>	<b>Total expenses (excluding losses)</b>		<b>37,621</b>	<b>37,938</b>	<b>317</b>	<b>0.8</b>	<b>93,302</b>
(62)	-	Minority interests share of operating balance before gains/losses		-	-	-	-	-
<b>(4,414)</b>	<b>(3,025)</b>	<b>Operating balance before gains/(losses)</b>		<b>(2,335)</b>	<b>(1,933)</b>	<b>(402)</b>	<b>(20.8)</b>	<b>(2,320)</b>
7,270	3,026	Net gains/(losses) on financial instruments	9	2,844	863	1,981	229.5	2,234
3,706	635	Net gains/(losses) on non-financial instruments	10	1,641	1,632	9	0.6	1,486
<b>10,976</b>	<b>3,661</b>	<b>Total gains/(losses)</b>		<b>4,485</b>	<b>2,495</b>	<b>1,990</b>	<b>79.8</b>	<b>3,720</b>
395	70	Net surplus/(deficit) from associates and joint ventures		105	91	14	15.4	239
(32)	-	Minority interests share of net gains/losses		-	-	-	-	-
<b>6,925</b>	<b>706</b>	<b>Operating balance</b>		<b>2,255</b>	<b>653</b>	<b>1,602</b>	<b>245.3</b>	<b>1,639</b>

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



# STATEMENT OF COMPREHENSIVE INCOME

for the five months ended 30 November 2013

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
7,019	706	<b>Operating Balance (including minority interest)</b>	2,255	653	1,602	245.3	1,639
		<b>Other comprehensive income</b>					
1,367	(53)	Revaluation of physical assets	(51)	(120)	69	57.5	(74)
305	(73)	Effective portion of changes in value of cash flow hedges	(42)	(71)	29	40.8	41
(7)	-	Net change in fair value of cash flow hedges transferred to operating balance	(5)	(4)	(1)	(25.0)	(1)
(18)	(2)	Net change in fair value of cash flow hedges transferred to the hedged item	4	2	2	100.0	2
-	101	Foreign currency translation differences for foreign operations	(27)	(7)	(20)	(285.7)	(6)
36	26	Valuation gains/(losses) on investments available for sale taken to reserves	(79)	(12)	(67)	-	(3)
7	1	Other movements	26	(23)	49	213.0	46
<b>1,690</b>	<b>-</b>	<b>Total other comprehensive income</b>	<b>(174)</b>	<b>(235)</b>	<b>61</b>	<b>26.0</b>	<b>5</b>
<b>8,709</b>	<b>706</b>	<b>Total comprehensive income</b>	<b>2,081</b>	<b>418</b>	<b>1,663</b>	<b>397.8</b>	<b>1,644</b>
		<b>Attributable to:</b>					
153	-	- minority interest	-	-	-	-	-
8,556	706	- the Crown	2,081	418	1,663	397.8	1,644
<b>8,709</b>	<b>706</b>	<b>Total comprehensive income</b>	<b>2,081</b>	<b>418</b>	<b>1,663</b>	<b>397.8</b>	<b>1,644</b>

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

## ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the five months ended 30 November 2013

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Total Crown expenses</b>					
26,268	10,795	Social security and welfare	11,140	11,178	38	0.3	27,305
286	118	GSF pension expenses	110	110	-	-	291
13,856	5,726	Health	5,901	5,890	(11)	(0.2)	14,464
13,366	5,320	Education	5,689	5,725	36	0.6	13,369
3,960	1,712	Core government services	1,598	1,592	(6)	(0.4)	4,755
3,670	1,499	Law and order	1,538	1,561	23	1.5	3,820
1,766	724	Defence	754	824	70	8.5	1,852
9,052	3,566	Transport and communications	3,506	3,584	78	2.2	9,285
8,375	3,197	Economic and industrial services	3,124	3,336	212	6.4	8,096
2,351	1,022	Heritage, culture and recreation	990	991	1	0.1	2,398
1,579	514	Primary services	706	708	2	0.3	1,838
989	466	Housing and community development	505	498	(7)	(1.4)	1,157
528	173	Environmental protection	184	193	9	4.7	603
603	149	Other	103	105	2	1.9	806
4,358	1,770	Finance costs	1,773	1,818	45	2.5	4,418
-	-	Forecast new operating spending	-	-	-	-	220
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(1,375)
<b>91,007</b>	<b>36,751</b>	<b>Total Crown expenses excluding losses</b>	<b>37,621</b>	<b>37,938</b>	<b>317</b>	<b>0.8</b>	<b>93,302</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 to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown expenses</b>					
22,741	9,416	Social security and welfare	9,596	9,622	26	0.3	23,246
278	115	GSF pension expenses	106	106	-	-	282
14,498	5,983	Health	6,091	6,105	14	0.2	14,997
12,504	5,090	Education	5,192	5,222	30	0.6	12,558
4,294	1,700	Core government services	1,720	1,716	(4)	(0.2)	5,067
3,456	1,415	Law and order	1,453	1,468	15	1.0	3,630
1,804	739	Defence	772	844	72	8.5	1,901
2,255	803	Transport and communications	812	799	(13)	(1.6)	2,285
1,978	878	Economic and industrial services	867	878	11	1.3	2,226
804	350	Heritage, culture and recreation	350	368	18	4.9	882
659	253	Primary services	277	279	2	0.7	816
283	155	Housing and community development	180	180	-	-	434
530	184	Environmental protection	184	192	8	4.2	602
603	149	Other	103	105	2	1.9	806
3,619	1,562	Finance costs	1,457	1,437	(20)	(1.4)	3,604
-	-	Forecast new operating spending	-	-	-	-	220
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(1,375)
<b>70,306</b>	<b>28,792</b>	<b>Core Crown expenses excluding losses</b>	<b>29,160</b>	<b>29,146</b>	<b>(14)</b>	<b>-</b>	<b>72,181</b>

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

# STATEMENT OF CASH FLOWS

for the five months ended 30 November 2013

Year to 30 Jun 2013	5 months to 30 Nov 2012		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Cash Flows From Operations</b>					
		<b>Cash was provided from</b>					
56,413	21,417	Taxation receipts	22,967	22,937	30	0.1	61,139
4,806	2,296	Other sovereign receipts	2,273	2,335	(62)	(2.7)	4,831
16,651	7,012	Sales of goods and services	6,695	6,936	(241)	(3.5)	16,476
2,694	1,139	Interest and dividends	1,223	1,367	(144)	(10.5)	3,112
5,933	2,553	Other operating receipts	2,708	2,595	113	4.4	6,565
<b>86,497</b>	<b>34,417</b>	<b>Total cash provided from operations</b>	<b>35,866</b>	<b>36,170</b>	<b>(304)</b>	<b>(0.8)</b>	<b>92,123</b>
		<b>Cash was disbursed to</b>					
		Social assistance and official development assistance	10,080	10,033	(47)	(0.5)	23,787
22,780	9,914	Personnel and operating payments	26,373	27,147	774	2.9	63,974
58,450	25,300	Interest payments	1,718	1,671	(47)	(2.8)	4,395
4,369	1,729	Forecast new operating spending	-	-	-	-	220
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(1,375)
<b>85,599</b>	<b>36,943</b>	<b>Total cash disbursed to operations</b>	<b>38,171</b>	<b>38,676</b>	<b>505</b>	<b>1.3</b>	<b>91,001</b>
<b>898</b>	<b>(2,526)</b>	<b>Net cash flows from operations</b>	<b>(2,305)</b>	<b>(2,506)</b>	<b>201</b>	<b>8.0</b>	<b>1,122</b>
		<b>Cash Flows From Investing Activities</b>					
		<b>Cash was provided from/(disbursed to)</b>					
(5,169)	(2,233)	Net purchase of physical assets	(2,296)	(2,544)	248	9.7	(7,423)
6,342	3,043	Net purchase of shares and other securities	(4,609)	(5,991)	1,382	23.1	(5,284)
(581)	(201)	Net purchase of intangible assets	(240)	(205)	(35)	(17.1)	(563)
(1,405)	(622)	Net (issue)/repayment of advances	8	(340)	348	102.4	(2,085)
280	158	Net acquisition of investments in associates	52	118	(66)	(55.9)	27
1,547	-	Net proceeds from Government share offer	1,521	1,521	-	-	2,490
-	-	Forecast new capital spending	-	-	-	-	(206)
-	-	Top-down capital adjustment	-	90	(90)	(100.0)	450
<b>1,014</b>	<b>145</b>	<b>Net cash flows from investing activities</b>	<b>(5,564)</b>	<b>(7,351)</b>	<b>1,787</b>	<b>24.3</b>	<b>(12,594)</b>
<b>1,912</b>	<b>(2,381)</b>	<b>Net cash flows from operating and investing activities</b>	<b>(7,869)</b>	<b>(9,857)</b>	<b>1,988</b>	<b>20.2</b>	<b>(11,472)</b>
		<b>Cash Flows From Financing Activities</b>					
		<b>Cash was provided from/(disbursed to)</b>					
234	183	Issues of circulating currency	277	136	141	103.7	246
5,476	8,699	Net issue/(repayment) of Government bonds	5,324	5,643	(319)	(5.7)	4,947
(2,926)	180	Net issue/(repayment) of foreign currency borrowing	201	731	(530)	(72.5)	170
(634)	(2,946)	Net issue/(repayment) of other New Zealand dollar borrowing	(269)	(61)	(208)	(341.0)	1,698
(20)	-	Dividends paid to minority interests	-	-	-	-	-
<b>2,130</b>	<b>6,116</b>	<b>Net cash flows from financing activities</b>	<b>5,533</b>	<b>6,449</b>	<b>(916)</b>	<b>(14.2)</b>	<b>7,061</b>
<b>4,042</b>	<b>3,735</b>	<b>Net movement in cash</b>	<b>(2,336)</b>	<b>(3,408)</b>	<b>1,072</b>	<b>31.5</b>	<b>(4,411)</b>
10,686	10,686	<b>Opening Cash Balance</b>	14,924	14,924	-	-	14,924
196	(72)	Foreign-exchange gains/(losses) on opening cash	(260)	(295)	35	11.9	(292)
<b>14,924</b>	<b>14,349</b>	<b>Closing Cash Balance</b>	<b>12,328</b>	<b>11,221</b>	<b>1,107</b>	<b>9.9</b>	<b>10,221</b>

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

## STATEMENT OF CASH FLOWS (CONTINUED)

for the five months ended 30 November 2013

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>							
898	(2,526)	<b>Net Cash Flows from Operations</b>	<b>(2,305)</b>	<b>(2,506)</b>	<b>201</b>	<b>8.0</b>	<b>1,122</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Gains/(losses)</b>							
7,270	3,026	Gains/(losses) on financial instruments	2,844	863	1,981	229.5	2,234
3,706	635	Gains/(losses) on non-financial instruments	1,641	1,632	9	0.6	1,486
<b>10,976</b>	<b>3,661</b>	<b>Total gains/(losses)</b>	<b>4,485</b>	<b>2,495</b>	<b>1,990</b>	<b>79.8</b>	<b>3,720</b>
<b>Other Non-cash Items in Operating Balance</b>							
(4,812)	(1,754)	Depreciation and amortisation	(1,790)	(1,848)	58	3.1	(4,666)
(684)	(210)	Write-down on initial recognition of financial assets	(216)	(211)	(5)	(2.4)	(785)
(497)	5	Impairment of financial assets (excluding receivables)	(30)	(38)	8	21.1	(130)
385	117	Non-cash movement in defined benefit retirement plan liabilities	169	313	(144)	(46.0)	484
1,106	1,414	Non-cash movement in insurance liabilities	1,747	2,054	(307)	(14.9)	2,956
299	68	Other	104	93	11	11.8	387
<b>(4,203)</b>	<b>(360)</b>	<b>Total other non-cash Items</b>	<b>(16)</b>	<b>363</b>	<b>(379)</b>	<b>(104.4)</b>	<b>(1,754)</b>
<b>Movements in Working Capital</b>							
(1,302)	(2,726)	Increase/(decrease) in receivables	(1,773)	(854)	(919)	(107.6)	(1,166)
257	41	Increase/(decrease) in accrued interest	2	(118)	120	101.7	243
(94)	23	Increase/(decrease) in inventories	41	25	16	64.0	8
32	375	Increase/(decrease) in prepayments	394	331	63	19.0	(2)
(2)	(53)	Decrease/(increase) in deferred revenue	(96)	(63)	(33)	(52.4)	19
363	2,271	Decrease/(increase) in payables/provisions	1,523	980	543	55.4	(551)
<b>(746)</b>	<b>(69)</b>	<b>Total movements in working capital</b>	<b>91</b>	<b>301</b>	<b>(210)</b>	<b>(69.8)</b>	<b>(1,449)</b>
<b>6,925</b>	<b>706</b>	<b>Operating Balance</b>	<b>2,255</b>	<b>653</b>	<b>1,602</b>	<b>245.3</b>	<b>1,639</b>

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

## STATEMENT OF CHANGES IN NET WORTH

for the five months ended 30 November 2013

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast \$m	
<b>59,780</b>	<b>59,780</b>	<b>Opening net worth</b>	<b>70,011</b>	<b>70,011</b>	-	-	<b>70,011</b>
7,019	706	Operating balance (including minority interest)	2,255	653	1,602	245.3	1,639
1,367	(53)	Net revaluations	(51)	(120)	69	57.5	(74)
260	(48)	Transfers to/(from) reserves	(103)	(83)	(20)	(24.1)	(8)
(10)	-	(Gains)/losses transferred to the statement of financial performance	(5)	(4)	(1)	(25.0)	(1)
73	101	Other movements	9	(20)	29	145.0	88
<b>8,709</b>	<b>706</b>	<b>Total comprehensive income</b>	<b>2,105</b>	<b>426</b>	<b>1,679</b>	<b>394.1</b>	<b>1,644</b>
167	-	Gain/(loss) on Government share offers in SOEs	(358)	(358)	-	-	(550)
1,371	-	Increase in minority interest from Government share offers	2,528	2,515	13	0.5	3,676
(16)	-	Transactions with minority interests	-	-	-	-	114
<b>70,011</b>	<b>60,486</b>	<b>Closing net worth</b>	<b>74,286</b>	<b>72,594</b>	<b>1,692</b>	<b>2.3</b>	<b>74,895</b>
		<b>Attributable to:</b>					
1,940	432	- minority interest	4,468	4,455	13	0.3	5,730
68,071	60,054	- the Crown	69,818	68,139	1,679	2.5	69,165
<b>70,011</b>	<b>60,486</b>	<b>Closing net worth</b>	<b>74,286</b>	<b>72,594</b>	<b>1,692</b>	<b>2.8</b>	<b>74,895</b>

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

# STATEMENT OF FINANCIAL POSITION

as at 30 November 2013

As at 30 Jun 2013 Actual \$m	As at 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Assets</b>						
14,924	14,349	Cash and cash equivalents	12	12,328	11,221	1,107	9.9	10,221
19,883	18,262	Receivables	12	18,294	19,179	(885)	(4.6)	18,968
		Marketable securities, deposits and						
44,000	44,590	derivatives in gain	12	46,832	46,154	678	1.5	44,522
17,359	15,285	Share investments	12	19,967	19,669	298	1.5	21,289
22,613	22,343	Advances	12	22,996	23,141	(145)	(0.6)	24,359
1,140	1,257	Inventory		1,181	1,165	16	1.4	1,148
2,295	2,590	Other assets		2,758	2,646	112	4.2	2,268
109,833	109,019	Property, plant & equipment	13	110,510	110,792	(282)	(0.3)	113,277
9,593	9,871	Equity accounted investments <sup>1</sup>		9,713	9,487	226	2.4	9,876
2,776	2,601	Intangible assets and goodwill		2,793	2,754	39	1.4	2,878
-	-	Forecast for new capital spending		-	-	-	-	206
-	-	Top-down capital adjustment		-	(90)	90	100.0	(450)
<b>244,416</b>	<b>240,167</b>	<b>Total assets</b>		<b>247,372</b>	<b>246,118</b>	<b>1,254</b>	<b>0.5</b>	<b>248,562</b>
		<b>Liabilities</b>						
4,691	4,640	Issued currency		4,968	4,826	(142)	(2.9)	4,936
11,160	11,038	Payables	15	10,450	10,252	(198)	(1.9)	11,955
1,714	1,765	Deferred revenue		1,810	1,777	(33)	(1.9)	1,695
100,087	102,663	Borrowings		103,392	104,756	1,364	1.3	104,354
37,712	39,455	Insurance liabilities	16	34,621	34,332	(289)	(0.8)	33,430
11,903	13,232	Retirement plan liabilities		11,195	11,051	(144)	(1.3)	10,880
7,138	6,888	Provisions	17	6,650	6,530	(120)	(1.8)	6,417
<b>174,405</b>	<b>179,681</b>	<b>Total liabilities</b>		<b>173,086</b>	<b>173,524</b>	<b>438</b>	<b>0.3</b>	<b>173,667</b>
<b>70,011</b>	<b>60,486</b>	<b>Total assets less total liabilities</b>		<b>74,286</b>	<b>72,594</b>	<b>1,692</b>	<b>2.3</b>	<b>74,895</b>
		<b>Net Worth</b>						
10,862	4,276	Taxpayer funds	18	12,861	11,176	1,685	15.1	12,080
57,068	55,900	Revaluation reserve	18	56,990	56,938	52	0.1	56,911
141	(122)	Other reserves	18	(33)	25	(58)	(232.0)	174
<b>68,071</b>	<b>60,054</b>	<b>Total net worth attributable to the Crown</b>		<b>69,818</b>	<b>68,139</b>	<b>1,679</b>	<b>2.5</b>	<b>69,165</b>
		Net worth attributable to						
1,940	432	minority interest		4,468	4,455	13	0.3	5,730
<b>70,011</b>	<b>60,486</b>	<b>Total net worth</b>		<b>74,286</b>	<b>72,594</b>	<b>1,692</b>	<b>2.3</b>	<b>74,895</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 30 November 2013

As at 30 Jun 2013 Actual \$m	As at 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
57,377	60,785	Government bonds <sup>1</sup>	60,863	61,963	1,100	1.8	60,456
4,084	5,413	Treasury bills	3,968	3,641	(327)	(9.0)	3,470
199	210	Government retail stock	192	197	5	2.5	196
7,575	6,465	Settlement deposits with Reserve Bank	7,321	7,094	(227)	(3.2)	7,094
3,188	2,710	Derivatives in loss	2,267	2,456	189	7.7	2,187
1,454	1,437	Finance lease liabilities	1,462	1,486	24	1.6	1,535
26,210	25,643	Other borrowings	27,319	27,919	600	2.1	29,416
<b>100,087</b>	<b>102,663</b>	<b>Total borrowings</b>	<b>103,392</b>	<b>104,756</b>	<b>1,364</b>	<b>1.3</b>	<b>104,354</b>
75,684	77,619	Sovereign-guaranteed debt	78,518	79,197	679	0.9	77,526
24,403	25,044	Non sovereign-guaranteed debt	24,874	25,559	685	2.7	26,828
<b>100,087</b>	<b>102,663</b>	<b>Total borrowings</b>	<b>103,392</b>	<b>104,756</b>	<b>1,364</b>	<b>1.3</b>	<b>104,354</b>
		<b>Net Debt:</b>					
84,873	87,960	Core Crown borrowings <sup>2</sup>	89,822	89,424	(398)	(0.4)	87,571
(587)	(487)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(646)	(436)	210	48.2	(449)
<b>84,286</b>	<b>87,473</b>	<b>Gross sovereign-issued debt<sup>3</sup></b>	<b>89,176</b>	<b>88,988</b>	<b>(188)</b>	<b>(0.2)</b>	<b>87,122</b>
62,984	63,585	Less core Crown financial assets <sup>4</sup>	66,056	64,066	1,990	3.1	63,660
<b>21,302</b>	<b>23,888</b>	<b>Net core Crown debt</b>	<b>23,120</b>	<b>24,922</b>	<b>1,802</b>	<b>7.2</b>	<b>23,462</b>
13,126	13,175	Core crown advances	13,136	13,217	81	0.6	13,785
<b>34,428</b>	<b>37,063</b>	<b>Net core Crown debt (incl NZS Fund)<sup>5</sup></b>	<b>36,256</b>	<b>38,139</b>	<b>1,883</b>	<b>4.9</b>	<b>37,247</b>
21,407	19,323	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>6</sup>	23,334	21,696	(1,638)	(7.5)	22,736
<b>55,835</b>	<b>56,386</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>7</sup></b>	<b>59,590</b>	<b>59,835</b>	<b>245</b>	<b>0.4</b>	<b>59,983</b>
		<b>Gross Debt:</b>					
84,286	87,473	Gross sovereign-issued debt <sup>3</sup>	89,176	88,988	(188)	(0.2)	87,122
(7,902)	(6,675)	Less Reserve Bank settlement cash and Reserve Bank bills	(7,569)	(7,309)	260	3.6	(7,094)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash <sup>8</sup>	1,600	1,600	-	-	1,600
<b>77,984</b>	<b>82,398</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills</b>	<b>83,207</b>	<b>83,279</b>	<b>72</b>	<b>0.1</b>	<b>81,628</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 30 November 2013

	As at 30 Nov 2013 \$m	As at 30 Jun 2013 \$m	As at 30 Nov 2012 \$m
<b>Capital Commitments</b>			
Specialist military equipment	407	549	157
Land and buildings	727	717	723
Other property, plant and equipment	5,376	5,478	6,213
Other capital commitments	760	790	740
Tertiary Education Institutions	169	169	255
<b>Total capital commitments</b>	<b>7,439</b>	<b>7,703</b>	<b>8,088</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	2,683	2,792	2,570
Other non-cancellable leases	2,610	2,735	3,487
Tertiary Education Institutions	466	466	282
<b>Total operating commitments</b>	<b>5,759</b>	<b>5,993</b>	<b>6,339</b>
<b>Total commitments</b>	<b>13,198</b>	<b>13,696</b>	<b>14,427</b>
<b>Total Commitments by Segment</b>			
Core Crown	3,831	4,226	3,658
Crown entities	5,280	5,296	6,589
State-owned Enterprises	5,061	5,078	5,375
Inter-segment eliminations	(974)	(904)	(1,195)
<b>Total commitments</b>	<b>13,198</b>	<b>13,696</b>	<b>14,427</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 30 November 2013

	As at 30 Nov 2013 \$m	As at 30 Jun 2013 \$m	As at 30 Nov 2012 \$m
<b>Quantifiable Contingent Liabilities</b>			
Guarantees and indemnities	178	225	193
Uncalled capital	6,055	6,286	6,094
Legal proceedings and disputes	677	707	345
Other contingent liabilities	441	432	328
<b>Total quantifiable contingent liabilities</b>	<b>7,351</b>	<b>7,650</b>	<b>6,960</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	7,028	7,350	6,767
Crown entities	53	35	81
State-owned Enterprises	270	265	112
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent liabilities</b>	<b>7,351</b>	<b>7,650</b>	<b>6,960</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	228	245	220
Crown entities	4	4	161
State owned enterprises	-	21	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>232</b>	<b>270</b>	<b>381</b>

A list of unquantified contingent liabilities is included on the Treasury's website  
<http://www.treasury.govt.nz/budget/forecasts/hyefu2013/040.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
- Government Departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- Crown Entities (excluding Tertiary Education Institutions)
- State-Owned Enterprises (SOEs)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 87 - 89 of the *2013 Half Year Economic and Fiscal Update* released on 17 December 2013.

With the exception of the 30 June 2013 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 2013.

#### 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 2014.

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/hyefu2013>.

## 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 to 30 Jun 2013	5 months to 30 Nov 2012	Actual \$m	Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue (Accrual)</b>								
<b>Taxation Revenue (accrual)</b>								
<b>Individuals</b>								
22,330	9,199			9,893	9,906	(13)	(0.1)	23,825
5,210	1,892			1,971	2,004	(33)	(1.6)	5,263
(1,644)	(678)			(570)	(566)	(4)	(0.7)	(1,465)
480	183			189	186	3	1.6	480
<b>26,376</b>	<b>10,596</b>			<b>11,483</b>	<b>11,530</b>	<b>(47)</b>	<b>(0.4)</b>	<b>28,103</b>
<b>Corporate Tax</b>								
8,747	2,566			2,570	2,883	(313)	(10.9)	9,197
(151)	(58)			(74)	(73)	(1)	(1.4)	(193)
420	170			145	141	4	2.8	394
2	1			(1)	(1)	-	-	2
<b>9,018</b>	<b>2,679</b>			<b>2,640</b>	<b>2,950</b>	<b>(310)</b>	<b>(10.5)</b>	<b>9,400</b>
<b>Other Income Tax</b>								
1,631	633			641	657	(16)	(2.4)	1,673
516	164			161	163	(2)	(1.2)	460
<b>2,147</b>	<b>797</b>			<b>802</b>	<b>820</b>	<b>(18)</b>	<b>(2.2)</b>	<b>2,133</b>
<b>37,541</b>	<b>14,072</b>			<b>14,925</b>	<b>15,300</b>	<b>(375)</b>	<b>(2.5)</b>	<b>39,636</b>
<b>Goods and Services Tax</b>								
25,125	10,228			10,877	10,999	(122)	(1.1)	27,298
(9,920)	(4,189)			(4,501)	(4,448)	(53)	(1.2)	(10,700)
<b>15,205</b>	<b>6,039</b>			<b>6,376</b>	<b>6,551</b>	<b>(175)</b>	<b>(2.7)</b>	<b>16,598</b>
<b>Other Taxation</b>								
1,066	446			494	488	6	1.2	1,155
855	346			354	380	(26)	(6.8)	938
663	270			268	252	16	6.3	655
281	119			118	123	(5)	(4.1)	294
674	241			262	237	25	10.5	680
250	114			110	114	(4)	(3.5)	246
954	371			430	453	(23)	(5.1)	1,107
178	82			78	80	(2)	(2.5)	168
214	91			89	93	(4)	(4.3)	208
174	75			77	75	2	2.7	183
45	16			22	29	(7)	(24.1)	65
34	13			12	12	-	-	36
<b>5,388</b>	<b>2,184</b>			<b>2,314</b>	<b>2,336</b>	<b>(22)</b>	<b>(0.9)</b>	<b>5,735</b>
<b>20,593</b>	<b>8,223</b>			<b>8,690</b>	<b>8,887</b>	<b>(197)</b>	<b>(2.2)</b>	<b>22,333</b>
<b>58,134</b>	<b>22,295</b>			<b>23,615</b>	<b>24,187</b>	<b>(572)</b>	<b>(2.4)</b>	<b>61,969</b>
<b>Other Sovereign Revenue (accrual)</b>								
3,437	1,411			1,483	1,487	(4)	(0.3)	3,444
331	150			154	154	-	-	338
242	86			113	112	1	0.9	268
1,162	508			514	496	18	3.6	1,226
<b>5,172</b>	<b>2,155</b>			<b>2,264</b>	<b>2,249</b>	<b>15</b>	<b>0.7</b>	<b>5,276</b>
<b>63,306</b>	<b>24,450</b>			<b>25,879</b>	<b>26,436</b>	<b>(557)</b>	<b>(2.1)</b>	<b>67,245</b>

1. Customs excise-equivalent duty

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2 (continued): Sovereign Receipts (Cash)</b>							
<b>Income Tax Receipts (cash)</b>							
<b>Individuals</b>							
22,188	9,138	Source deductions	9,768	9,757	11	0.1	23,715
5,194	1,551	Other persons	1,675	1,687	(12)	(0.7)	5,667
(2,251)	(1,161)	Refunds	(1,093)	(1,098)	5	0.5	(2,084)
465	214	Fringe benefit tax	224	226	(2)	(0.9)	478
<b>25,596</b>	<b>9,742</b>	<b>Total individuals</b>	<b>10,574</b>	<b>10,572</b>	<b>2</b>	<b>-</b>	<b>27,776</b>
<b>Corporate Tax</b>							
8,665	3,088	Gross companies tax	3,338	3,333	5	0.2	9,516
(597)	(270)	Refunds	(237)	(257)	20	7.8	(641)
451	208	Non-resident withholding tax	155	141	14	9.9	392
1	-	Foreign-source dividend w/holding payments	-	-	-	-	2
<b>8,520</b>	<b>3,026</b>	<b>Total corporate tax</b>	<b>3,256</b>	<b>3,217</b>	<b>39</b>	<b>1.2</b>	<b>9,269</b>
<b>Other Income Tax</b>							
1,635	648	Resident w/holding tax on interest income	662	660	2	0.3	1,672
516	165	Resident w/holding tax on dividend income	172	176	(4)	(2.3)	460
<b>2,151</b>	<b>813</b>	<b>Total other income tax</b>	<b>834</b>	<b>836</b>	<b>(2)</b>	<b>(0.2)</b>	<b>2,132</b>
<b>36,267</b>	<b>13,581</b>	<b>Total income tax</b>	<b>14,664</b>	<b>14,625</b>	<b>39</b>	<b>0.3</b>	<b>39,177</b>
<b>Goods and Services Tax</b>							
24,539	9,902	Gross goods and services tax	10,406	10,336	70	0.7	26,428
(9,783)	(4,244)	Refunds	(4,389)	(4,369)	(20)	(0.5)	(10,200)
<b>14,756</b>	<b>5,658</b>	<b>Total goods and services tax</b>	<b>6,017</b>	<b>5,967</b>	<b>50</b>	<b>0.8</b>	<b>16,228</b>
<b>Other Taxation</b>							
1,064	444	Road user charges	473	488	(15)	(3.1)	1,155
865	358	Petroleum fuels excise - domestic production	366	388	(22)	(5.7)	938
666	265	Alcohol excise - domestic production	261	261	-	-	655
287	109	Tobacco excise - domestic production	94	95	(1)	(1.1)	294
2,035	806	Customs duty	875	905	(30)	(3.3)	2,201
216	92	Gaming duties	86	91	(5)	(5.5)	206
179	75	Motor vehicle fees	94	75	19	25.3	183
44	16	Approved issuer levy and cheque duty	25	30	(5)	(16.7)	66
34	13	Energy resources levies	12	12	-	-	36
<b>5,390</b>	<b>2,178</b>	<b>Total other indirect taxation</b>	<b>2,286</b>	<b>2,345</b>	<b>(59)</b>	<b>(2.5)</b>	<b>5,734</b>
<b>20,146</b>	<b>7,836</b>	<b>Total indirect taxation</b>	<b>8,303</b>	<b>8,312</b>	<b>(9)</b>	<b>(0.1)</b>	<b>21,962</b>
<b>56,413</b>	<b>21,417</b>	<b>Total tax receipts collected</b>	<b>22,967</b>	<b>22,937</b>	<b>30</b>	<b>0.1</b>	<b>61,139</b>
<b>Other Sovereign Receipts (cash)</b>							
3,524	1,700	ACC levies	1,662	1,722	(60)	(3.5)	3,423
331	150	Fire Service levies	154	154	-	-	338
274	123	EQC levies	121	122	(1)	(0.8)	271
677	323	Other miscellaneous items	336	337	(1)	(0.3)	799
<b>4,806</b>	<b>2,296</b>	<b>Total other sovereign receipts</b>	<b>2,273</b>	<b>2,335</b>	<b>(62)</b>	<b>(2.7)</b>	<b>4,831</b>
<b>61,219</b>	<b>23,713</b>	<b>Total sovereign receipts</b>	<b>25,240</b>	<b>25,272</b>	<b>(32)</b>	<b>(0.1)</b>	<b>65,970</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
<i>By type</i>							
2,382	992	Interest revenue	989	1,074	(85)	(7.9)	2,689
557	230	Dividends	291	322	(31)	(9.6)	689
<b>2,939</b>	<b>1,222</b>	<b>Total interest revenue and dividends</b>	<b>1,280</b>	<b>1,396</b>	<b>(116)</b>	<b>(8.3)</b>	<b>3,378</b>
<i>By source</i>							
2,104	926	Core Crown	1,109	1,223	(114)	(9.3)	2,501
1,270	543	Crown entities	465	440	25	5.7	1,187
856	358	State-owned Enterprises	359	357	2	0.6	873
(1,291)	(605)	Inter-segment eliminations	(653)	(624)	(29)	(4.6)	(1,183)
<b>2,939</b>	<b>1,222</b>	<b>Total interest revenue and dividends</b>	<b>1,280</b>	<b>1,396</b>	<b>(116)</b>	<b>(8.3)</b>	<b>3,378</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
10,235	4,209	New Zealand superannuation	4,485	4,488	3	0.1	10,890
-	-	Jobseeker support and emergency benefit	672	670	(2)	(0.3)	1,697
-	-	Supported living payment	558	557	(1)	(0.2)	1,416
-	-	Sole parent support	498	496	(2)	(0.4)	1,233
1,738	739	Domestic purposes benefit	63	63	-	-	63
1,330	555	Invalids benefit	52	52	-	-	52
782	327	Sickness benefit	29	29	-	-	29
812	327	Unemployment benefit	29	29	-	-	29
2,018	873	Family tax credit	831	830	(1)	(0.1)	1,966
575	226	Other working for families tax credits	223	217	(6)	(2.8)	547
1,177	493	Accommodation assistance	482	482	-	-	1,156
611	258	Income related rents	273	275	2	0.7	670
384	162	Disability assistance	159	159	-	-	379
596	323	Student allowances	281	282	1	0.4	548
1,290	616	Other social assistance benefits	580	595	15	2.5	1,295
<b>21,548</b>	<b>9,108</b>	<b>Total social assistance grants</b>	<b>9,215</b>	<b>9,224</b>	<b>9</b>	<b>0.1</b>	<b>21,970</b>
<i>Subsidies</i>							
723	298	KiwiSaver	334	333	(1)	(0.3)	795
<i>Other transfer payments</i>							
437	104	Official development assistance	116	117	1	0.9	573
<b>22,708</b>	<b>9,510</b>	<b>Total transfer payments and subsidies</b>	<b>9,665</b>	<b>9,674</b>	<b>9</b>	<b>0.1</b>	<b>23,338</b>
<b>NOTE 5: Personnel Expenses</b>							
6,037	2,503	Core Crown	2,588	2,605	17	0.7	6,155
10,966	4,596	Crown entities	4,654	4,656	2	-	11,190
2,949	1,223	State-owned Enterprises	1,210	1,197	(13)	(1.1)	2,908
(17)	(5)	Inter-segment eliminations	(5)	(3)	2	66.7	(7)
<b>19,935</b>	<b>8,317</b>	<b>Total personnel expenses</b>	<b>8,447</b>	<b>8,455</b>	<b>8</b>	<b>0.1</b>	<b>20,246</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 6: Operating Expenses</b>						
<i>By type</i>						
4,812	1,754	1,790	1,848	58	3.1	4,666
36,163	14,054	14,656	14,943	287	1.9	38,350
-	-	-	-	-	-	220
-	-	-	(175)	(175)	(100.0)	(1,375)
<b>40,975</b>	<b>15,808</b>	<b>16,446</b>	<b>16,616</b>	<b>170</b>	<b>1.0</b>	<b>41,861</b>
<i>By source</i>						
37,943	15,213	15,454	15,430	(24)	(0.2)	39,078
18,649	7,502	8,121	8,172	51	0.6	19,439
11,539	4,223	4,247	4,453	206	4.6	11,086
(27,156)	(11,130)	(11,376)	(11,439)	(63)	(0.6)	(27,742)
<b>40,975</b>	<b>15,808</b>	<b>16,446</b>	<b>16,616</b>	<b>170</b>	<b>1.0</b>	<b>41,861</b>
<b>NOTE 7: Interest Expenses</b>						
<i>By type</i>						
4,312	1,752	1,757	1,801	44	2.4	4,371
46	18	16	17	1	5.9	47
<b>4,358</b>	<b>1,770</b>	<b>1,773</b>	<b>1,818</b>	<b>45</b>	<b>2.5</b>	<b>4,418</b>
<i>By source</i>						
3,619	1,562	1,457	1,437	(20)	(1.4)	3,604
235	102	92	94	2	2.1	221
1,248	464	472	484	12	2.5	1,198
(744)	(358)	(248)	(197)	51	25.9	(605)
<b>4,358</b>	<b>1,770</b>	<b>1,773</b>	<b>1,818</b>	<b>45</b>	<b>2.5</b>	<b>4,418</b>
<b>NOTE 8: Insurance Expenses</b>						
<i>By entity</i>						
3,133	1,245	1,314	1,335	21	1.6	3,457
(103)	103	(41)	(35)	6	17.1	(38)
(22)	5	14	69	55	79.7	6
19	7	3	6	3	50.0	14
4	(14)	-	-	-	-	-
<b>3,031</b>	<b>1,346</b>	<b>1,290</b>	<b>1,375</b>	<b>85</b>	<b>6.2</b>	<b>3,439</b>
<b>NOTE 9: Gains and Losses on Financial Instruments</b>						
<i>By source</i>						
5,081	1,933	2,336	869	1,467	168.8	1,982
1,192	919	101	(22)	123	-	111
354	81	118	13	105	-	19
643	93	289	3	286	-	122
<b>7,270</b>	<b>3,026</b>	<b>2,844</b>	<b>863</b>	<b>1,981</b>	<b>229.5</b>	<b>2,234</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 Actual \$m	5 months to 30 Nov 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Gains and Losses on Non-Financial Instruments</b>							
<i>By type</i>							
1,251	190	Actuarial gains/(losses) on GSF liability <sup>1</sup>	539	539	-	-	539
2,369	318	Actuarial gains/(losses) on ACC liability <sup>2</sup>	1,343	1,326	17	1.3	1,326
86	127	Other	(241)	(233)	(8)	(3.4)	(379)
<b>3,706</b>	<b>635</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>1,641</b>	<b>1,632</b>	<b>9</b>	<b>0.6</b>	<b>1,486</b>
<i>By source</i>							
1,298	334	Core Crown	309	324	(15)	(4.6)	266
2,309	303	Crown entities	1,337	1,308	29	2.2	1,221
100	(2)	State-owned Enterprises	(5)	(1)	(4)	(400.0)	(26)
(1)	-	Inter-segment eliminations	-	1	(1)	(100.0)	25
<b>3,706</b>	<b>635</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>1,641</b>	<b>1,632</b>	<b>9</b>	<b>0.6</b>	<b>1,486</b>
<b>NOTE 11: Operating Balance</b>							
<i>By source</i>							
371	(1,726)	Core Crown	(108)	(1,028)	920	89.5	(1,356)
5,877	2,200	Crown entities	2,194	1,928	266	13.8	2,832
614	565	State-owned Enterprises	421	297	124	41.8	614
63	(333)	Inter-segment eliminations	(252)	(544)	292	53.7	(451)
<b>6,925</b>	<b>706</b>	<b>Total operating balance</b>	<b>2,255</b>	<b>653</b>	<b>1,602</b>	<b>245.3</b>	<b>1,639</b>

1. The most recent GSF valuation was as at 30 September 2013.

2. The most recent ACC valuation was as at 30 June 2013, updated monthly for changes to discount rates.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 30 Nov 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 12: Financial Assets and Sovereign Receivables</b>							
14,924	14,349	Cash and cash equivalents	12,328	11,221	1,107	9.9	10,221
8,184	7,288	Tax receivables	8,175	9,075	(900)	(9.9)	8,712
11,699	10,974	Trade and other receivables	10,119	10,104	15	0.1	10,256
8,288	8,397	Student loans	8,329	8,320	9	0.1	8,484
13,202	12,812	Kiwibank mortgages	13,798	13,888	(90)	(0.6)	14,784
3,588	2,251	Long-term deposits	3,415	2,856	559	19.6	2,167
2,291	2,197	IMF financial assets	2,353	2,313	40	1.7	2,524
1,123	1,134	Other advances <sup>1</sup>	869	933	(64)	(6.9)	1,091
17,359	15,285	Share investments	19,967	19,669	298	1.5	21,289
3,775	4,946	Derivatives in gain	3,659	3,371	288	8.5	2,845
34,346	35,196	Other marketable securities	37,405	37,614	(209)	(0.6)	36,986
<b>118,779</b>	<b>114,829</b>	<b>Total financial assets and sovereign receivables</b>	<b>120,417</b>	<b>119,364</b>	<b>1,053</b>	<b>0.9</b>	<b>119,359</b>
<b>Financial assets by entity</b>							
17,799	25,266	Debt Management Office	19,506	19,157	349	1.8	18,319
19,342	18,261	Reserve Bank of New Zealand	18,999	18,285	714	3.9	18,509
22,549	20,727	NZ Superannuation Fund	25,227	23,803	1,424	6.0	24,899
23,209	21,471	Other core Crown	24,375	24,447	(72)	(0.3)	21,307
(7,788)	(11,526)	Intra-segment eliminations	(9,476)	(8,180)	(1,296)	(15.8)	(6,835)
<b>75,111</b>	<b>74,199</b>	<b>Total core Crown segment</b>	<b>78,631</b>	<b>77,512</b>	<b>1,119</b>	<b>1.4</b>	<b>76,199</b>
28,243	26,899	ACC portfolio	28,580	28,371	209	1	30,796
5,401	6,600	EQC portfolio	4,633	4,277	356	8	2,035
9,075	10,824	Other Crown entities	8,912	8,659	253	3	7,964
(1,422)	(3,692)	Intra-segment eliminations	(1,767)	(1,761)	(6)	(0.3)	(1,929)
<b>41,297</b>	<b>40,631</b>	<b>Total Crown entities segment</b>	<b>40,358</b>	<b>39,546</b>	<b>812</b>	<b>2.1</b>	<b>38,866</b>
<b>20,058</b>	<b>18,839</b>	<b>Total State-owned enterprises segment</b>	<b>20,160</b>	<b>20,370</b>	<b>(210)</b>	<b>(1.0)</b>	<b>21,558</b>
(17,687)	(18,840)	Inter-segment eliminations	(18,732)	(18,064)	(668)	(3.7)	(17,264)
<b>118,779</b>	<b>114,829</b>	<b>Total financial assets</b>	<b>120,417</b>	<b>119,364</b>	<b>1,053</b>	<b>0.9</b>	<b>119,359</b>

1. Other advances include finance lease receivables.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 30 Nov 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 13: Property, Plant and Equipment</b>							
<b>Net Carrying Value</b>							
<i>By class of asset:</i>							
34,453	33,513	Land (valuation) <sup>1</sup>	34,410	34,361	49	0.1	35,085
25,784	24,983	Buildings (valuation)	25,707	25,840	(133)	(0.5)	26,322
17,930	17,746	State highways (valuation) - excluding land	18,497	18,402	95	0.5	19,049
13,555	14,506	Electricity generation assets (valuation)	13,518	13,630	(112)	(0.8)	13,673
3,865	3,410	Electricity distribution network (cost)	3,953	4,022	(69)	(1.7)	4,166
3,094	3,170	Specialist military equipment (valuation)	3,066	3,045	21	0.7	3,186
2,617	2,491	Specified cultural and heritage assets (valuation)	2,620	2,550	70	2.7	2,563
2,296	2,256	Aircraft (excl military) (valuation)	2,324	2,417	(93)	(3.8)	2,657
1,035	1,020	Rail network (valuation) - excluding land	1,091	1,133	(42)	(3.7)	1,128
5,204	5,924	Other plant and equipment (cost)	5,324	5,392	(68)	(1.3)	5,448
<b>109,833</b>	<b>109,019</b>	<b>Total net carrying value</b>	<b>110,510</b>	<b>110,792</b>	<b>(282)</b>	<b>(0.3)</b>	<b>113,277</b>
<i>By source:</i>							
29,507	29,186	Core Crown	29,637	29,599	38	0.1	30,562
51,823	50,204	Crown entities	52,246	52,315	(69)	(0.1)	53,485
28,503	29,629	State-owned enterprises	28,627	28,878	(251)	(0.9)	29,230
-	-	Inter-segment eliminations	-	-	-	-	-
<b>109,833</b>	<b>109,019</b>	<b>Total net carrying value</b>	<b>110,510</b>	<b>110,792</b>	<b>(282)</b>	<b>(0.3)</b>	<b>113,277</b>
<i>Land breakdown by usage<sup>1</sup></i>							
9,580	8,715	Housing stock	9,583	9,579	4	-	9,539
8,003	8,353	State highway corridor land	8,003	8,003	-	-	8,153
5,364	5,429	Conservation estate	5,354	5,351	3	0.1	5,389
3,256	3,260	Rail network corridor land	3,257	3,257	-	-	3,232
2,887	2,705	Schools	2,879	2,883	(4)	(0.1)	2,880
1,374	1,478	Commercial (SOE) excluding rail	1,391	1,410	(19)	(1.3)	1,414
3,989	3,573	Other	3,943	3,878	65	1.7	4,478
<b>34,453</b>	<b>33,513</b>	<b>Total land</b>	<b>34,410</b>	<b>34,361</b>	<b>49</b>	<b>0.1</b>	<b>35,085</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>							
121,717	121,717	Opening balance	122,796	122,796	-	-	122,796
5,779	2,224	Additions	2,425	2,657	(232)	(8.7)	7,925
(1,471)	(195)	Disposals	(287)	(157)	(130)	(82.8)	(496)
(2,047)	(4)	Net revaluations	(36)	(28)	(8)	(28.6)	12
(1,182)	(271)	Other	(39)	(83)	44	53.0	25
<b>122,796</b>	<b>123,471</b>	<b>Total cost or valuation</b>	<b>124,859</b>	<b>125,185</b>	<b>(326)</b>	<b>(0.3)</b>	<b>130,262</b>
<b>Accumulated depreciation and impairment</b>							
13,133	13,133	Opening balance	12,963	12,963	-	-	12,963
(659)	(65)	Eliminated on disposal	(149)	(79)	(70)	(88.6)	(52)
(3,587)	-	Eliminated on revaluation	-	-	-	-	-
3,697	1,496	Depreciation expense and impairment losses	1,530	1,589	(59)	(3.7)	4,030
379	(112)	Other	5	(80)	85	106.3	44
<b>12,963</b>	<b>14,452</b>	<b>Total accumulated depreciation and impairment</b>	<b>14,349</b>	<b>14,393</b>	<b>(44)</b>	<b>(0.3)</b>	<b>16,985</b>
<b>109,833</b>	<b>109,019</b>	<b>Total property, plant and equipment</b>	<b>110,510</b>	<b>110,792</b>	<b>(282)</b>	<b>(0.3)</b>	<b>113,277</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 30 Nov 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 13 (continued): Property, Plant and Equipment</b>							
<b>Additions - by functional classification</b>							
2,041	678	Transport and communications	838	846	(8)	(0.9)	2,609
1,507	699	Economic and industrial services	426	565	(139)	(24.6)	1,301
433	245	Education	161	159	2	1.3	688
578	232	Health	219	371	(152)	(41.0)	746
201	79	Defence	131	117	14	12.0	506
1,019	291	Other	650	599	51	8.5	2,075
<b>5,779</b>	<b>2,224</b>	<b>Total additions</b>	<b>2,425</b>	<b>2,657</b>	<b>(232)</b>	<b>(8.7)</b>	<b>7,925</b>
<b>NOTE 14: NZ Superannuation Fund</b>							
595	226	Revenue	310	345	(35)	(10.1)	782
(983)	(399)	Less: current tax expense	(570)	(259)	311	120.1	(554)
(165)	(50)	Less: other expenses <sup>1</sup>	(58)	(69)	(11)	(15.9)	(159)
4,374	1,538	Add gains/(losses)	2,245	872	1,373	157.5	1,776
<b>3,821</b>	<b>1,315</b>	<b>Operating balance</b>	<b>1,927</b>	<b>889</b>	<b>1,638</b>	<b>184.3</b>	<b>1,845</b>
18,703	18,703	Opening net worth	22,549	22,549	-	-	22,549
3,821	1,315	Operating balance	1,927	889	1,038	116.8	1,845
25	1	Other movements in reserves	(10)	7	(17)	(242.9)	19
<b>22,549</b>	<b>20,019</b>	<b>Closing net worth</b>	<b>24,466</b>	<b>23,445</b>	<b>1,021</b>	<b>4.4</b>	<b>24,413</b>
<i>comprising:</i>							
23,419	20,727	Financial assets	25,227	23,803	1,424	6.0	24,899
(2,055)	(1,911)	Financial liabilities	(1,948)	(1,530)	(418)	(27.3)	(1,632)
1,185	1,203	Net other assets	1,187	1,172	15	1.3	1,146
<b>22,549</b>	<b>20,019</b>	<b>Closing net worth</b>	<b>24,466</b>	<b>23,445</b>	<b>1,021</b>	<b>4.4</b>	<b>24,413</b>
<b>Core Crown revenue (excl NZS Fund)</b>							
64,149	24,773	Core Crown revenue	26,374	26,897	(523)	(1.9)	68,493
595	226	Less NZS Fund revenue	310	345	(35)	(10.1)	782
983	399	Add back NZS Fund intra-segment revenue	570	259	311	120.1	554
<b>64,537</b>	<b>24,946</b>	<b>Core Crown revenue (excl NZS Fund)</b>	<b>26,634</b>	<b>26,811</b>	<b>(177)</b>	<b>(0.7)</b>	<b>68,265</b>
<b>OBEGAL excluding NZS Fund</b>							
(4,414)	(3,025)	Total Crown OBEGAL	(2,335)	(1,933)	(402)	(20.8)	(2,320)
595	226	Less NZS Fund revenue	310	345	(35)	(10.1)	782
142	31	Add back NZS Fund external expenses	63	65	(2)	(3.1)	150
983	399	Add back NZS Fund tax	570	259	311	120.1	554
<b>(3,884)</b>	<b>(2,821)</b>	<b>OBEGAL excluding NZS Fund</b>	<b>(2,012)</b>	<b>(1,954)</b>	<b>(58)</b>	<b>(3.0)</b>	<b>(2,398)</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2013 \$m	As at 30 Nov 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 15: Payables</b>							
7,616	8,397	Accounts payable	7,514	6,999	(515)	(7.4)	7,568
3,544	2,641	Taxes repayable	2,936	3,253	317	9.7	4,387
<b>11,160</b>	<b>11,038</b>	<b>Total payables</b>	<b>10,450</b>	<b>10,252</b>	<b>(198)</b>	<b>(1.9)</b>	<b>11,955</b>
<b>NOTE 16: Insurance liabilities</b>							
29,446	29,718	ACC liability	27,459	27,517	58	0.2	29,146
6,869	8,221	EQC property damage liability	5,905	5,581	(324)	(5.8)	3,152
1,744	1,927	Southern Response (formerly AMI Insurance)	1,606	1,587	(19)	(1.2)	1,071
67	46	Other insurance liabilities	58	59	1	1.7	61
(414)	(457)	Inter-segment eliminations	(407)	(412)	(5)	(1.2)	-
<b>37,712</b>	<b>39,455</b>	<b>Total insurance liabilities</b>	<b>34,621</b>	<b>34,332</b>	<b>(289)</b>	<b>(0.8)</b>	<b>33,430</b>
<b>NOTE 17: Provisions</b>							
179	71	Provision for ETS Credits <sup>1</sup>	394	391	(3)	(0.8)	488
977	1,062	Provision for National Provident Fund guarantee	963	977	14	1.4	987
3,374	3,280	Provision for employee entitlements	3,380	3,338	(42)	(1.3)	3,177
		Provision for Canterbury Red Zone support package	104	134	30	22.4	-
222	1,115	Provision for Infrastructure costs	498	498	-	-	391
769	488	Provision for weathertight services financial assistance package	121	120	(1)	(0.8)	114
123	188	Other provisions	1,190	1,072	(118)	(11.0)	1,260
1,494	684						
<b>7,138</b>	<b>6,888</b>	<b>Total provisions</b>	<b>6,650</b>	<b>6,530</b>	<b>(120)</b>	<b>(1.8)</b>	<b>6,417</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>							
3,520	3,520	Opening taxpayers funds	10,862	10,862	-	-	10,862
6,925	706	Operating balance excluding minority interests	2,255	653	1,602	245.3	1,639
		Gain/(loss) on Government share offers in state-owned enterprises	(358)	(358)	-	-	(550)
167	-	Transfers from/(to) other reserves	102	19	83	436.8	129
250	50						
<b>10,862</b>	<b>4,276</b>	<b>Closing taxpayers funds</b>	<b>12,861</b>	<b>11,176</b>	<b>1,685</b>	<b>15.1</b>	<b>12,080</b>
56,001	56,001	Opening revaluation reserve	57,068	57,068	-	-	57,068
1,335	(53)	Net revaluations	(51)	(120)	69	57.5	(74)
(268)	(48)	Transfers from/(to) other reserves	(27)	(10)	(17)	(170.0)	(83)
<b>57,068</b>	<b>55,900</b>	<b>Closing revaluation reserve</b>	<b>56,990</b>	<b>56,938</b>	<b>52</b>	<b>0.1</b>	<b>56,911</b>
432	432	Opening minority interests	1,940	1,940	-	-	1,940
1,508	-	Net movements	2,528	2,515	13	0.5	3,790
<b>1,940</b>	<b>432</b>	<b>Closing minority interests</b>	<b>4,468</b>	<b>4,455</b>	<b>13</b>	<b>0.3</b>	<b>5,730</b>
(173)	(173)	Opening other reserves	141	141	-	-	141
314	51	Net movements	(174)	(116)	(58)	(50.0)	33
<b>141</b>	<b>(122)</b>	<b>Closing other reserves</b>	<b>(33)</b>	<b>25</b>	<b>(58)</b>	<b>(232.0)</b>	<b>174</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2013 \$m	5 months to 30 Nov 2012 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
<b>NOTE 19: Core Crown residual cash</b>							
<b>Core Crown Cash Flows from Operations</b>							
57,808	21,941	Tax receipts	23,700	23,642	58	0.2	62,314
651	297	Other sovereign receipts	323	307	16	5.2	728
1,553	716	Interest, profits and dividends	841	865	(24)	(2.8)	1,604
2,385	1,070	Sale of goods & services and other receipts	975	801	174	21.7	2,795
(22,780)	(9,914)	Transfer payments and subsidies	(10,080)	(10,033)	(47)	(0.5)	(23,787)
(40,412)	(17,648)	Personnel and operating costs	(18,714)	(18,610)	(104)	(0.6)	(43,446)
(3,729)	(1,504)	Finance costs	(1,438)	(1,431)	(7)	(0.5)	(3,619)
-	-	Forecast for future new operating spending	-	-	-	-	(220)
-	-	Top-down expense adjustment	-	175	(175)	(100.0)	1,375
<b>(4,524)</b>	<b>(5,042)</b>	<b>Net core Crown operating cash flows</b>	<b>(4,393)</b>	<b>(4,284)</b>	<b>(109)</b>	<b>(2.5)</b>	<b>(2,256)</b>
(1,231)	(428)	Net purchase of physical assets	(733)	(780)	47	6.0	(2,691)
(342)	242	Net increase in advances	(1)	(90)	88	98.5	(842)
(1,308)	(755)	Net purchase of investments	(506)	(528)	22	4.2	(1,021)
1,663	-	Net proceeds from Government share offer	1,620	1,620	-	-	2,490
-	-	Forecast for future new capital spending	-	-	-	-	(206)
-	-	Top-down capital adjustment	-	90	(90)	(100.0)	450
<b>(1,218)</b>	<b>(941)</b>	<b>Net Core Crown capital cash flows</b>	<b>380</b>	<b>312</b>	<b>67</b>	<b>21.5</b>	<b>(1,820)</b>
<b>(5,742)</b>	<b>(5,983)</b>	<b>Residual cash deficit</b>	<b>(4,013)</b>	<b>(3,972)</b>	<b>(42)</b>	<b>(1.1)</b>	<b>(4,076)</b>
<i>The residual cash deficit is funded as follows:</i>							
<b>Debt programme cash flows</b>							
Market:							
15,458	8,699	Issue of government bonds	5,324	5,643	(319)	(5.7)	8,013
(9,982)	-	Repayment of government bonds	-	-	-	-	(3,067)
(5,404)	(3,739)	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(100)	(140)	40	28.6	(235)
72	4,960	Total market debt cash flows	5,224	5,503	(279)	(5.1)	4,711
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(499)	-	Repayment of government bonds	-	-	-	-	(745)
100	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	(100)
(399)	-	Total non-market debt cash flows	-	-	-	-	(845)
<b>(327)</b>	<b>4,960</b>	<b>Total debt programme cash flows</b>	<b>5,224</b>	<b>5,503</b>	<b>(279)</b>	<b>(5.1)</b>	<b>3,866</b>
<b>Other borrowing cash flows</b>							
4,494	490	Net (repayment)/issue of other New Zealand dollar borrowing	(654)	(843)	189	22.4	(138)
(3,047)	165	Net (repayment)/issue of foreign currency borrowing	239	703	(464)	(66.0)	113
<b>1,447</b>	<b>655</b>	<b>Total other borrowing cash flows</b>	<b>(415)</b>	<b>(140)</b>	<b>(275)</b>	<b>(43.6)</b>	<b>(25)</b>
<b>Investing cashflows</b>							
Other net sale/(purchase) of marketable securities and deposits							
5,699	3,922		(2,162)	(2,811)	650	23.1	(1,446)
234	183	Issues of circulating currency	277	136	141	103.7	246
(1,311)	(3,737)	Decrease/(increase) in cash	1,089	1,284	(195)	(15.2)	1,435
<b>4,622</b>	<b>368</b>	<b>Total investing cash flows</b>	<b>(796)</b>	<b>(1,391)</b>	<b>596</b>	<b>42.8</b>	<b>235</b>
<b>5,742</b>	<b>5,983</b>	<b>Residual cash deficit funding</b>	<b>4,013</b>	<b>3,972</b>	<b>42</b>	<b>1.1</b>	<b>4,076</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### Note 20: Government Share Offer Programme

#### *Meridian Energy Limited*

On 23 October 2013 the price and allocations in relation to Meridian Energy Limited (Meridian) instalment receipts that were sold were confirmed (settled on 30 October for the NZX portion and 31 October for the ASX portion). The Government sold instalment receipts representing 48.98% of its shares in Meridian and will receive gross cash proceeds of \$1.883 billion once the final instalment is paid. The Crown has received \$1,255 million cash proceeds from the first instalment with the final instalment of \$627.5 million payable on 15 May 2015.

The table below outlines the net assets of Meridian and the summary results of the partial share sale:

<b>Meridian</b>	<b>At date of share issue \$m</b>
Property, plant and equipment	6,790
Financial assets	519
Other assets	130
Borrowings	(1,297)
Other liabilities	(1,546)
Net Assets	4,596
<b>Carrying amount of minority interests (48.98%)</b>	<b>2,251</b>
Gross proceeds	1,883
Present value discounting for the deferral of final instalment <sup>1</sup>	(33)
Estimated direct costs <sup>2</sup>	(21)
Net proceeds	1,829
Estimated loss on disposal to minority interests	422
<b>Carrying amount of minority interests (48.98%)</b>	<b>2,251</b>

#### *Air New Zealand Limited*

The Air New Zealand partial share sale was completed by 25 November 2013. The Government sold around 221 million of the shares it owned in Air New Zealand at a sale price of \$1.65. The sale raised approximately \$365 million in gross proceeds for the Government and resulted in a gain on disposal of \$52 million.

#### *Year to date impact*

Overall, the estimated impact of the partial sale on the Government's key fiscal indicators at 30 November was as follows:

<b>Indicator</b>	<b>Before Sale \$m</b>	<b>Impact \$m</b>	<b>After Sale \$m</b>
Residual Cash	(5,633)	1,620	(4,013)
Net Debt	61,210	1,620	59,590

In total the Crown has recorded an estimated loss on disposal of \$370 million from both sales. In addition to the core Crown's direct investment, a number of Crown Financial Institutions (CFI's) have also invested in the companies as part of their normal investment activities. These investments have the effect of reducing the estimated loss on disposal to \$358 million.

<sup>1</sup> The present value discount represents the difference between the present value of the receivable in today's dollars of \$594.5 million and the nominal value of \$627.5 million to be received in May 2015.

<sup>2</sup> Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.