

Financial Statements of the Government of New Zealand

For the Eight Months Ended
28 February 2013



Prepared by the Treasury
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New Zealand Government

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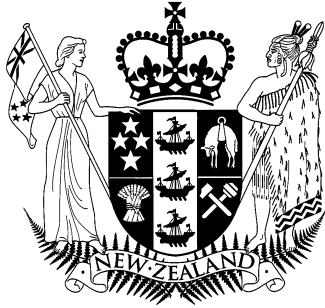
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COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the eight months ended 28 February 2013 and its financial position as at that date.

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

At a Glance

Table 1 – Key indicators for the eight months ended 28 February 2013 compared to *HYEFU*

	Year to date				Full Year
	February 2013	February 2013 HYEFU Forecast ¹	Variance to HYEFU \$m	Variance to HYEFU %	June 2013 HYEFU Forecast ²
\$ million	Actual¹	Forecast¹			
Core Crown					
Core Crown tax revenue	37,590	36,871	719	2.0	57,376
Core Crown revenue	40,816	40,342	474	1.2	62,939
Core Crown expenses	45,029	45,399	370	0.8	71,998
Core Crown residual cash	(6,790)	(7,224)	434	6.0	(9,782)
Gross debt ³	85,930	85,329	(600)	(0.7)	80,176
<i>as a percentage of GDP</i>	41.1%	40.8%			37.1%
Net debt ⁴	57,737	58,351	614	1.1	59,998
<i>as a percentage of GDP</i>	27.6%	27.9%			27.8%
Total Crown					
Operating balance before gains and losses	(3,012)	(3,568)	556	15.6	(7,340)
Operating balance	4,288	(481)	4,769	991.5	(3,275)
Net worth attributable to the Crown	63,642	58,874	4,768	8.1	56,285

1 Using GDP for the year ended 31 December 2012 of \$209,324 million (Source: Statistics New Zealand)

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

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

4 Net core Crown debt excluding student loans and other advances

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

Results for the eight months ended 28 February 2013

The **Operating Balance before Gains and Losses (OBEGAL)** was in deficit by \$3.0 billion, which is \$556 million lower than forecast largely owing to **core Crown tax revenue** being \$719 million higher than expected. There were two tax types contributing to the higher than forecast tax revenue:

- Tax from source deductions was \$266 million above forecast owing to a higher than expected effective tax rate. Total labour force earnings were in line with forecast, however the composition of the labour force has changed with a fall in employment concentrated at the lower end of the income scale. Overall, this means the same amount of income was earned by fewer workers, increasing the average tax rate due to the progressive nature of the personal income tax scale.
- Tax from other individuals was \$326 million above forecast, primarily owing to higher taxable income being declared, part of which was from investment income on the back of strong equity markets.

Core Crown expenses were \$370 million below forecast at \$45.0 billion. As with January, this variance was largely due to delays in finalising complex negotiation issues in Treaty of Waitangi settlements.

Including net gains, the **operating balance** was in surplus by \$4.3 billion, some \$4.8 billion ahead of forecast, largely owing to significant net investment gains made by the New Zealand Superannuation Fund (NZSF) (\$1.5 billion) and Accident Compensation Corporation (ACC) (\$0.6 billion). In addition, ACC has recorded higher than expected actuarial gains on its outstanding claims liability of \$1.5 billion, largely due to favourable changes in the discount rate and claims experience.

The **residual cash deficit** was \$434 million smaller than expected, largely reflecting higher tax receipts than forecast.

Net debt was \$614 million lower than forecast, reflecting the residual cash result and higher than forecast levels of currency in circulation, while **gross debt** was slightly higher than forecast at 41.1% of GDP.

Further analysis of the February results follows.

ANALYSIS

Table 2 – Key indicator variances for the eight months ended 28 February 2013 compared to *HYEFU*:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$474 million (higher than forecast)	<p>Core Crown tax revenue was \$719m higher than forecast and was the key driver of this result, with source deductions and other individuals' tax types both ahead of forecast.</p> <ul style="list-style-type: none"> • Source deductions: \$266m above forecast. The result suggests underlying strength, especially on the back of the previous three months' positive differences and is supported by recent economic data. The Quarterly Employment Survey (QES) and Labour Cost Index (LCI) suggest that aggregate labour incomes were close to forecast. The Household Labour Force Survey (HLFS) reported lower-than-forecast employment, especially at the lower end of the income scale. The combination of these (ie, the same amount of total income being earned by fewer workers) increases the average tax rate across the labour force owing to the progressive nature of the personal income tax scale. • Other individuals' tax: \$326m above forecast. Approximately \$100m of the variance arose from a one-off adjustment in respect of a small number of taxpayers. The remainder was likely a result of higher incomes than forecast in <i>HYEFU</i>, particularly investment income given the recent strength in equity markets. <p>Most of the other tax types were close to forecast.</p> <p>Other core Crown revenue was \$245m lower than forecast, the main component being interest revenue (\$152m) primarily due to interest rates being lower than forecast. Interest revenue is particularly sensitive to changes in short-term rates.</p>
Core Crown expenses	\$370 million (lower than forecast)	<p>Core Crown expenses at \$45.0b were less than one percent lower than forecast. However, while the consolidated expenditure was \$370m lower than forecast, excluding the top-down adjustment departments were collectively \$720m underspent. The largest of the underspends were:</p> <ul style="list-style-type: none"> • Treaty expenses, which were \$207m below forecast as the settlement of claims have taken longer than expected. • The New Zealand Aid programme was \$96m lower than forecast mostly due to timing of expenses arising from unanticipated changes in the timing of a number of aid programme projects that are in planning stages. Of this underspend, approximately a third is now forecast to be spent in 2013/14. • The Ministry of Business, Innovation and Employment had underspends totalling \$91m. The largest underspend being \$20m for lower Weathertight Services expenditure reflecting lower claims than anticipated. This underspend is expected to persist to year-end. The remaining \$71m was made up of small underspends across their business units, of which many are timing in nature. • Education has \$64m of underspends due to a combination of demand driven programmes having lower than anticipated up-take and salaries being lower than forecast due to issues with the introduction of the new payroll system affecting the forecast phasing.

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

Item/indicator	Variance ¹	Key drivers
		<ul style="list-style-type: none"> Health has \$57m of underspends due to a combination of savings across various programmes, reprioritisations and project delays.
Core Crown residual cash deficit	\$434 million (lower than forecast)	<p>Core Crown tax receipts were \$392m above forecast and were the key driver of the residual cash deficit being lower than forecast.</p> <ul style="list-style-type: none"> Source deductions were \$208m higher than expected, similar to the revenue difference explained earlier. Other individuals' tax was \$82m higher than forecast (\$244m less than the corresponding revenue difference). The lower cash difference was largely due to the timing of provisional tax payments. <p>Operating cash payments by departments were \$209m above forecast. Included within this, \$114m is due to earthquake payments being made earlier than forecast and around \$86m due to payments for red zone property settlements being higher than forecast. Both of these items were recorded as expenses in the last financial year, which is why there is no corresponding variance in core Crown expenses this year.</p> <p>Offsetting the operating payments variance, net capital purchases were \$391m lower than forecast:</p> <ul style="list-style-type: none"> \$211m relates to NZDF and was primarily due to the sale of land and buildings for \$119m in February that was not forecast and delays in delivery of NH 90 helicopters and other capital projects (\$92m). The Ministry of Education had underspends of \$84m due to a slower than expected property works programme. It is now expected that \$60m of this capital spend will occur in 2013/14 year instead.
Gross debt	-\$600 million (higher than forecast)	<p>Gross debt was higher than forecast as DMO's foreign currency borrowing was \$1.1b higher than forecast (essentially to meet short-term cash needs) and the Reserve Bank had unsettled trades of \$2.2b, which were not forecast.</p> <p>Offsetting these higher debt levels were:</p> <ul style="list-style-type: none"> The debt programme was \$700m behind forecast (\$500m of bonds and \$200m of Treasury Bills). However, total issuance of domestic bonds for the 2012/13 year is still expected to be \$14b as forecast in <i>HYEFU</i>. The Reserve Bank has purchased \$2.0b more Government bonds than forecast. This reduces the amount of debt held by third parties outside the Crown, reducing gross debt. <p>These variances in gross debt have broadly corresponding impacts on financial assets (ie, financial assets are higher than forecast), so do not impact the net debt indicator.</p>

Item/indicator	Variance¹	Key drivers
Net debt	\$614 million (lower than forecast)	At \$57.7b, or 27.6% of GDP, net debt was \$614m below forecast. The result was largely owing to the better than expected residual cash deficit explained earlier and \$104m more currency in circulation than expected.
Total Crown		
Operating balance before gains and losses deficit	\$556 million (lower than forecast)	The OBEGAL deficit was lower than forecast largely owing to the higher than forecast core Crown tax revenue and lower than forecast interest revenue discussed earlier.
Operating balance	\$4,769 million (higher than forecast)	<p>The operating balance was above forecast reflecting the OBEGAL result and \$4.1b higher than expected net gains.</p> <p>The Crown's investment portfolios have performed well this year and have recorded significant year-to-date net gains of \$5.2b, some \$2.6b above forecast (NZSF \$1.5b and ACC \$0.6b).</p> <p>ACC's outstanding claims liability was revalued at 31 December and updated for the 28 February discount rate. This valuation resulted in a reduction in the liability and corresponding increase in actuarial gains, which were \$1.5b above forecast. The largest drivers of the change were a higher discount rate, 0.20% higher than expected, and favourable claims experience, providing gains of \$0.9b and \$0.6b respectively.</p>
Net worth attributable to the Crown	\$4,768 million (higher than forecast)	Net worth was higher than forecast, at \$63.6b, reflecting the operating balance result detailed earlier.

Table 3 – Fiscal Strategy and financial results

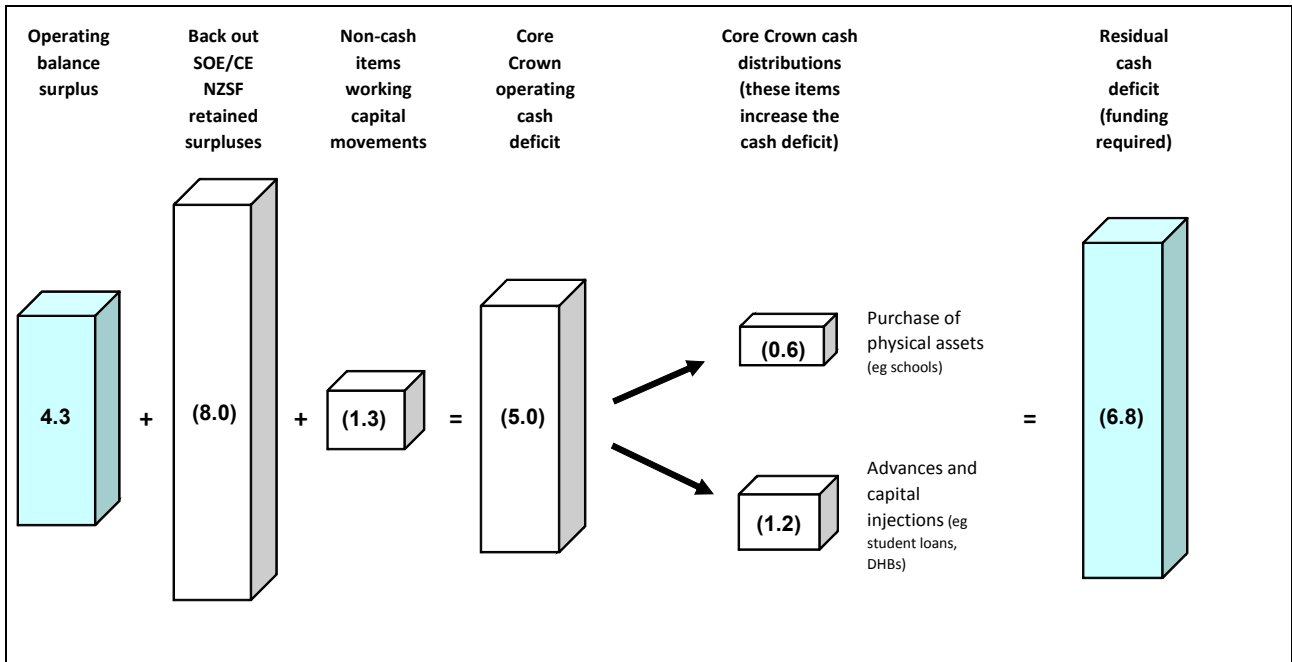
Fiscal Strategy		Financial Results		Ref	28 Feb 2013 Actual \$m	28 Feb 2013 Forecast \$m	Variance \$m	Variance ² %	Annual Forecast \$m
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	26.9%	26.4%					26.6%
	Core Crown taxation revenue ...		37,590	36,871	719	2.0		57,376	
Operating expenses 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 ...		3,226	3,471	(245)	(7.1)		5,563	
	... fund core Crown expenses...		(45,029)	(45,399)	370	0.8		(71,998)	
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	... and with SOE and Crown entity results and core Crown gains and losses...		8,501	4,576	3,925	85.8		5,784	
	... result in an operating surplus or deficit...		4,288	(481)	4,769	-		(3,275)	
	...with income in SOEs, CEs and the NZS Fund retained...		(8,049)	(4,449)	(3,600)	(80.9)		(5,683)	
	... and some items do not impact cash ...		(1,286)	(160)	(1,126)	-		1,855	
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020	... leaving operating cash flows to ...		(5,047)	(5,090)	43	0.8		(7,103)	
	... meet the capital expenditure budget ...		(576)	(892)	316	35.4		(1,840)	
	... and make advances (e.g. to students and DHBs)		(1,167)	(1,242)	75	6.0		(839)	
	With the residual cash ...		(6,790)	(7,224)	434	6.0		(9,782)	
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020	... 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 ...		276	456	180	39.5		(455)	
	... results in a closing net debt ...		57,737	58,351	614	1.1		59,998	
	... and as a % of GDP		27.6%	27.9%				27.8%	

1 GDP for the eight months ended 28 February 2013 (actual and forecast) is the actual data for the year ended 31 December 2012 (Source: Statistics New Zealand) pro-rated for eight 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

	February 2013 Actual \$m	February 2012 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	37,590	35,352	2,238	6.3
Other revenue	3,226	3,068	158	5.1
Total Core Crown Revenue	40,816	38,420	2,396	6.2
Core Crown expenses				
Social security and welfare	14,914	14,702	212	1.4
GSF pension expenses	184	124	60	48.4
Health	9,580	9,367	213	2.3
Education	7,659	7,670	(11)	(0.1)
Core government services	2,574	2,681	(107)	(4.0)
Law and order	2,226	2,228	(2)	(0.1)
Defence	1,157	1,134	23	2.0
Transport and communications	1,358	1,421	(63)	(4.4)
Economic and industrial services	1,353	1,448	(95)	(6.6)
Primary services	411	401	10	2.5
Heritage, culture and recreation	541	581	(40)	(6.9)
Environmental protection	286	498	(212)	(42.6)
Housing and community development	191	219	(28)	(12.8)
Other	164	279	(115)	(41.2)
Finance costs	2,431	2,397	34	1.4
Total Core Crown Expenses	45,029	45,150	(121)	(0.3)
Net surplus of SOE/CE's (and inter-segment eliminations)	1,201	1,198	3	0.3
OBEGAL	(3,012)	(5,532)	2,520	45.6
Total gains/(losses)	7,032	(3,446)	10,478	304.1
Other operating items	268	138	130	94.2
Operating Balance	4,288	(8,840)	13,128	148.5
Core Crown residual cash	(6,790)	(8,322)	1,532	18.4
Debt indicators				
Gross debt²	85,930	75,984	9,946	13.1
Net debt³	57,737	48,991	8,746	17.9

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 eight months ended 28 February 2013 increased by \$2,238 million (6.3%) on the same period last year. Source deductions tax was the largest contributor to the increase owing to wage growth, with other individuals' tax and GST also higher than last year reflecting a higher effective rate and increased consumption.

Total **core Crown expenses** decreased by \$121 million (0.3%) on the same period last year.

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Health	+ \$213 million	Funding provided in the 2012 Budget to maintain and improve existing service levels.
Social security and welfare	+ \$212 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Decreases:		
Environmental protection	- \$212 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 is related to the forestry industry, as they received a one-off allocation of units (if they opted into the scheme) in previous years.
Other functional classes	-\$334 million	This variance includes lower Treaty settlements compared to the same time last year.
Total	- \$121 million	

Gains

Total gains were \$7,032 million in the eight months to February 2013 due to strong returns on the Crown's investment portfolio and the actuarial gains for the Government Superannuation Fund (GSF) and ACC. In contrast, weak global equity markets in the first eight months of the 2011/12 financial year, plus increases in the valuation of the Crown's long-term liabilities (eg, ACC and GSF), resulted in total losses of \$3,446 million to 29 February 2012.

Debt

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



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the eight months ended 28 February 2013

Year 8 months to 30 Jun 2012		8 months to 29 Feb 2012		Current Year Actual vs Forecast				
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
Revenue								
54,665	35,008	Taxation revenue	2	37,226	36,555	671	1.8	56,874
5,130	3,370	Other sovereign revenue	2	3,399	3,443	(44)	(1.3)	5,128
59,795	38,378	Total Revenue Levied through the Crown's Sovereign Power		40,625	39,998	627	1.6	62,002
16,785	10,931	Sales of goods and services		10,819	10,699	120	1.1	15,735
2,763	1,777	Interest revenue and dividends	3	1,867	2,082	(215)	(10.3)	3,211
4,140	2,591	Other revenue		2,279	2,293	(14)	(0.6)	3,659
23,688	15,299	Total revenue earned through the Crown's operations		14,965	15,074	(109)	(0.7)	22,605
83,483	53,677	Total revenue (excluding gains)		55,590	55,072	518	0.9	84,607
Expenses								
22,354	14,705	Social assistance and official development assistance	4	14,971	15,102	131	0.9	23,007
19,475	12,798	Personnel expenses	5	13,215	13,212	(3)	-	19,983
6,350	3,494	Depreciation and amortisation	6	2,966	2,917	(49)	(1.7)	4,531
35,678	22,417	Other operating expenses	6	22,465	22,765	300	1.3	37,455
4,290	2,686	Interest expenses	7	2,875	2,904	29	1.0	4,410
4,576	3,109	Insurance expenses	8	2,110	2,143	33	1.5	3,374
-	-	Forecast new operating spending	6	-	-	-	-	317
-	-	Top-down expense adjustment	6	-	(403)	(403)	(100.0)	(1,150)
92,723	59,209	Total expenses (excluding losses)		58,602	58,640	38	0.1	91,927
-	-	Forgone profits from partial share sales		-	-	-	-	(20)
(9,240)	(5,532)	Operating balance before gains/(losses)		(3,012)	(3,568)	556	15.6	(7,340)
692	(16)	Net gains/(losses) on financial instruments	9	5,206	2,584	2,622	101.5	3,301
(6,526)	(3,430)	Net gains/(losses) on non-financial instruments	10	1,826	381	1,445	379.3	568
(5,834)	(3,446)	Total gains/(losses)		7,032	2,965	4,067	137.2	3,869
233	139	Net surplus/(deficit) from associates and joint ventures		193	122	71	58.2	196
(14,841)	(8,839)	Operating balance from continuing activities		4,213	(481)	4,694	-	(3,275)
-	(1)	Gain/(loss) from discontinued operations		75	-	75	-	-
(56)	-	Attributable to minority interests		-	-	-	-	-
(14,897)	(8,840)	Operating balance	11	4,288	(481)	4,769	-	(3,275)

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

STATEMENT OF COMPREHENSIVE INCOME

for the eight months ended 28 February 2013

Year 8 months to 30 Jun 2012 Actual \$m		8 months to 29 Feb 2012 Actual \$m		Current Year Actual vs Forecast			
		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m	
(14,841)	(8,840)	4,288	(481)	4,769	-	(3,255)	
Operating Balance (including minority interest)							
Other comprehensive income							
(6,461)	3	(49)	(29)	(20)	(69.0)	(16)	
Revaluation of physical assets							
108	146	60	(6)	66	-	(32)	
Effective portion of changes in value of cash flow hedges							
54	1	(2)	15	(17)	(113.3)	-	
Net change in fair value of cash flow hedges transferred to operating balance							
(19)	(20)	-	4	(4)	(100.0)	4	
Net change in fair value of cash flow hedges transferred to the hedged item							
(2)	4	(12)	12	(24)	(200.0)	85	
Foreign currency translation differences for foreign operations							
13	3	9	14	(5)	(35.7)	4	
Valuation gains/(losses) on investments available for sale taken to reserves							
1	(1)	-	(3)	3	100.0	(8)	
Other movements							
(6,306)	136	6	7	(1)	(14.3)	37	
Total other comprehensive income							
(21,147)	(8,704)	4,294	(474)	4,768	-	(3,218)	
Total comprehensive income							
Attributable to:							
84	-	-	-	-	-	20	
- minority interest							
(21,231)	(8,704)	4,294	(474)	4,768	-	(3,238)	
- the Crown							
(21,147)	(8,704)	4,294	(474)	4,768	-	(3,218)	
Total comprehensive income							

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the eight months ended 28 February 2013

Year to 30 Jun 2012	8 months to 29 Feb 2012		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
25,457	16,874	Social security and welfare	17,143	17,257	114	0.7	26,689
197	129	GSF pension expenses	189	193	4	2.1	287
13,650	8,994	Health	9,225	9,253	28	0.3	14,108
12,407	8,301	Education	8,087	8,207	120	1.5	13,262
5,305	2,580	Core government services	2,552	2,729	177	6.5	5,538
3,592	2,347	Law and order	2,363	2,425	62	2.6	3,864
1,693	1,105	Defence	1,136	1,149	13	1.1	1,815
10,259	5,584	Transport and communications	5,917	5,667	(250)	(4.4)	8,952
10,018	6,546	Economic and industrial services	5,493	5,353	(140)	(2.6)	7,479
1,588	1,038	Primary services	822	853	31	3.6	1,521
2,446	1,528	Heritage, culture and recreation	1,682	1,652	(30)	(1.8)	2,477
769	498	Environmental protection	270	296	26	8.8	561
627	720	Housing and community development	684	734	50	6.8	1,168
425	279	Other	164	371	207	55.8	629
4,290	2,686	Finance costs	2,875	2,904	29	1.0	4,410
-	-	Forecast new operating spending	-	-	-	-	317
-	-	Top-down expense adjustment	-	(403)	(403)	(100.0)	(1,150)
92,723	59,209	Total Crown expenses excluding losses	58,602	58,640	38	0.1	91,927

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

Year to 30 Jun 2012	8 months to 29 Feb 2012		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
22,028	14,702	Social security and welfare	14,914	14,916	2	-	22,878
192	124	GSF pension expenses	184	184	-	-	278
14,160	9,367	Health	9,580	9,655	75	0.8	14,741
11,654	7,670	Education	7,659	7,763	104	1.3	12,400
5,428	2,681	Core government services	2,574	2,726	152	5.6	5,640
3,403	2,228	Law and order	2,226	2,294	68	3.0	3,642
1,736	1,134	Defence	1,157	1,181	24	2.0	1,864
2,232	1,421	Transport and communications	1,358	1,369	11	0.8	2,435
2,157	1,448	Economic and industrial services	1,353	1,362	9	0.7	2,082
648	401	Primary services	411	443	32	7.2	846
863	581	Heritage, culture and recreation	541	592	51	8.6	875
769	498	Environmental protection	286	310	24	7.7	585
(130)	219	Housing and community development	191	224	33	14.7	357
425	279	Other	164	371	207	55.8	629
3,511	2,397	Finance costs	2,431	2,412	(19)	(0.8)	3,579
-	-	Forecast new operating spending	-	-	-	-	317
-	-	Top-down expense adjustment	-	(403)	(403)	(100.0)	(1,150)
69,076	45,150	Core Crown expenses excluding losses	45,029	45,399	370	0.8	71,998

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

STATEMENT OF CASH FLOWS

for the eight months ended 28 February 2013

Year 8 months		Current Year Actual vs Forecast					
to 30 Jun	to 29 Feb					Annual	
2012	2012					Forecast	
Actual	Actual	Actual	Forecast	Variance		Forecast	
\$m	\$m	\$m	\$m	\$m	%	\$m	
		Cash Flows From Operations					
		Cash was provided from					
53,582	34,529	Taxation receipts	36,297	35,887	410	1.1	55,817
4,890	3,402	Other sovereign receipts	3,391	3,415	(24)	(0.7)	4,694
16,812	11,020	Sales of goods and services	11,208	10,592	616	5.8	15,806
2,603	1,749	Interest and dividends	1,709	1,902	(193)	(10.1)	2,924
4,395	2,770	Other operating receipts	3,625	4,345	(720)	(16.6)	6,785
82,282	53,470	Total cash provided from operations	56,230	56,141	89	0.2	86,026
		Cash was disbursed to					
22,840	15,606	Social assistance and official development assistance	15,485	15,661	176	1.1	23,077
59,107	39,865	Personnel and operating payments	39,552	40,043	491	1.2	61,567
3,954	2,278	Interest payments	2,280	2,360	80	3.4	4,622
-	-	Forecast new operating spending	-	-	-	-	317
-	-	Top-down expense adjustment	-	(403)	(403)	(100.0)	(1,150)
85,901	57,749	Total cash disbursed to operations	57,317	57,661	344	0.6	88,433
(3,619)	(4,279)	Net cash flows from operations	(1,087)	(1,520)	433	28.5	(2,407)
		Cash Flows From Investing Activities					
		Cash was provided from/(disbursed to)					
(5,766)	(3,947)	Net purchase of physical assets	(3,359)	(4,419)	1,060	24.0	(6,837)
424	6,435	Net purchase of shares and other securities	310	255	55	21.6	8,964
(567)	(331)	Net purchase of intangible assets	(304)	(306)	2	0.7	(553)
(1,284)	(732)	Net (issue)/repayment of advances	(1,590)	(1,330)	(260)	(19.5)	(1,539)
(115)	28	Net acquisition of investments in associates	81	32	49	153.1	1,513
-	-	Forecast new capital spending	-	-	-	-	(179)
-	-	Top-down capital adjustment	-	140	(140)	(100.0)	400
(7,308)	1,453	Net cash flows from investing activities	(4,862)	(5,628)	766	13.6	1,769
(10,927)	(2,826)	Net cash flows from operating and investing activities	(5,949)	(7,148)	1,199	16.8	(638)
		Cash Flows From Financing Activities					
		Cash was provided from/(disbursed to)					
203	238	Issues of circulating currency	231	127	104	81.9	160
7,554	2,341	Net issue/(repayment) of Government bonds	11,203	12,095	(892)	(7.4)	5,711
(6,422)	(6,480)	Net issue/(repayment) of foreign currency borrowing	840	(46)	886	-	(2,292)
10,353	11,128	Net issue/(repayment) of other New Zealand dollar borrowing	(1,429)	(2,574)	1,145	44.5	481
(7)	-	Dividends paid to minority interests	-	-	-	-	-
11,681	7,227	Net cash flows from financing activities	10,845	9,602	1,243	12.9	4,060
754	4,401	Net movement in cash	4,896	2,454	2,442	99.5	3,422
9,801	9,801	Opening Cash Balance	10,686	10,686	-	-	10,686
131	(23)	Foreign-exchange gains/(losses) on opening cash	(123)	(156)	33	21.2	(156)
10,686	14,179	Closing Cash Balance	15,459	12,984	2,475	19.1	13,952

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the eight months ended 28 February 2013

Year 8 months to 30 Jun 2012		8 months to 29 Feb 2012		Current Year Actual vs Forecast			
Actual	Actual	Actual	Forecast	Variance		Annual	Forecast
\$m	\$m	\$m	\$m	\$m	%	\$m	\$m
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
(3,619)	(4,279)	Net Cash Flows from Operations	(1,087)	(1,520)	433	28.5	(2,407)
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Gains/(losses)							
692	(16)	Gains/(losses) on financial instruments	5,206	2,584	2,622	101.5	3,301
(6,526)	(3,430)	Gains/(losses) on non-financial instruments	1,826	381	1,445	379.3	568
(5,834)	(3,446)	Total gains/(losses)	7,032	2,965	4,067	137.2	3,869
Other Non-cash Items in Operating Balance							
(6,350)	(3,494)	Depreciation and amortisation	(2,966)	(2,917)	(49)	(1.7)	(4,531)
(850)	(554)	Write-down on initial recognition of financial assets	(432)	(479)	47	9.8	(788)
248	54	Impairment of financial assets (excluding receivables)	7	13	(6)	(46.2)	33
512	338	Non-cash movement in defined benefit retirement plan liabilities	268	261	7	2.7	390
1,070	2,105	Non-cash movement in insurance liabilities	2,243	3,359	(1,116)	(33.2)	2,684
232	140	Other	192	121	71	58.7	197
(5,138)	(1,411)	Total other non-cash Items	(688)	358	(1,046)	(292.2)	(2,015)
Movements in Working Capital							
(242)	(1,925)	Increase/(decrease) in receivables	(2,725)	(4,204)	1,479	35.2	(3,459)
(175)	(380)	Increase/(decrease) in accrued interest	(437)	(365)	(72)	(19.7)	498
(74)	8	Increase/(decrease) in inventories	(28)	(46)	18	39.1	(95)
32	130	Increase/(decrease) in prepayments	167	80	87	108.8	(13)
(38)	42	Decrease/(increase) in deferred revenue	100	156	(56)	(35.9)	163
191	2,421	Decrease/(increase) in payables/provisions	1,954	2,095	(141)	(6.7)	184
(306)	296	Total movements in working capital	(969)	(2,284)	1,315	57.6	(2,722)
(14,897)	(8,840)	Operating Balance	4,288	(481)	4,769	-	(3,275)

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

STATEMENT OF CHANGES IN NET WORTH

for the eight months ended 28 February 2013

Year to 30 Jun 2012 Actual \$m	8 months to 29 Feb 2012 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast \$m	
80,887	80,887	Opening net worth	59,780	59,780	-	-	59,780
(14,841)	(8,840)	Operating balance (including minority interest)	4,288	(481)	4,769	-	(3,275)
(6,461)	3	Net revaluations	(49)	(29)	(20)	(69.0)	(16)
80	149	Transfers to/(from) reserves	68	8	60	-	(39)
83	1	(Gains)/losses transferred to the statement of financial performance	(1)	15	(16)	(106.7)	(1)
(8)	(17)	Other movements	(12)	13	(25)	(192.3)	93
(21,147)	(8,704)	Total comprehensive income	4,294	(474)	4,768	-	(3,238)
-	-	Gain on Government share offers	-	-	-	-	175
-	-	Partial share sales in SOEs	-	-	-	-	1,325
40	-	Transactions with minority interests	-	-	-	-	20
59,780	72,183	Closing net worth	64,074	59,306	4,768	8.0	58,062
		Attributable to:					
432	308	- minority interest	432	432	-	-	1,777
59,348	71,875	- the Crown	63,642	58,874	4,768	8.1	56,285
59,780	72,183	Closing net worth	64,074	59,306	4,768	8.1	58,062

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

STATEMENT OF FINANCIAL POSITION

as at 28 February 2013

As at 30 Jun 2012 Actual \$m	As at 29 Feb 2012 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
10,686	14,179	Cash and cash equivalents	12	15,459	12,984	2,475	19.1	13,952
20,956	18,820	Receivables	12	18,001	16,897	1,104	6.5	17,627
		Marketable securities, deposits and derivatives in gain						
48,385	44,253		12	48,596	46,772	1,824	3.9	39,399
14,385	14,175	Share investments	12	16,127	15,864	263	1.7	16,302
21,766	21,170	Advances	12	23,938	23,023	915	4.0	23,398
1,234	1,316	Inventory		1,206	1,188	18	1.5	1,139
2,134	2,132	Other assets		2,380	2,170	210	9.7	1,972
108,584	116,269	Property, plant & equipment	13	107,832	110,425	(2,593)	(2.3)	111,719
9,483	9,772	Equity accounted investments ¹		9,579	9,641	(62)	(0.6)	9,825
2,705	2,322	Intangible assets and goodwill		2,601	2,596	5	0.2	2,708
-	-	Forecast for new capital spending		-	-	-	-	179
-	-	Top-down capital adjustment		-	(140)	140	100.0	(400)
240,318	244,408	Total assets		245,719	241,420	4,299	1.8	237,820
Liabilities								
4,457	4,493	Issued currency		4,688	4,584	(104)	(2.3)	4,617
11,604	12,277	Payables	15	13,171	11,067	(2,104)	(19.0)	12,423
1,712	1,633	Deferred revenue		1,612	1,556	(56)	(3.6)	1,548
100,534	96,539	Borrowings		105,417	107,452	2,035	1.9	102,749
41,186	38,835	Insurance liabilities	16	37,386	37,751	365	1.0	38,160
13,539	11,757	Retirement plan liabilities		13,081	13,088	7	0.1	12,960
7,506	6,691	Provisions	17	6,290	6,616	326	4.9	7,301
180,538	172,225	Total liabilities		181,645	182,114	469	0.3	179,758
59,780	72,183	Total assets less total liabilities		64,074	59,306	4,768	8.0	58,062
Net Worth								
3,520	9,485	Taxpayer funds	18	7,943	3,068	4,875	158.9	486
56,001	62,555	Revaluation reserve	18	55,817	55,941	(124)	(0.2)	55,915
(173)	(165)	Other reserves	18	(118)	(135)	17	12.6	(116)
59,348	71,875	Total net worth attributable to the Crown		63,642	58,874	4,768	8.1	56,285
432	308	Net worth attributable to minority interest		432	432	-	-	1,777
59,780	72,183	Total net worth		64,074	59,306	4,768	8.0	58,062

1. Tertiary education institutions constitute most equity accounted investments.

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

STATEMENT OF BORROWINGS

as at 28 February 2013

As at 30 Jun 2012 Actual \$m	As at 29 Feb 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
53,849	48,433	Government bonds ¹	61,397	64,485	3,088	4.8	57,159
8,954	8,464	Treasury bills	4,796	4,877	81	1.7	4,599
229	248	Government retail stock	203	221	18	8.1	221
5,917	7,240	Settlement deposits with Reserve Bank	7,701	6,855	(846)	(12.3)	6,855
2,807	2,757	Derivatives in loss	2,553	2,432	(121)	(5.0)	2,337
1,515	1,093	Finance lease liabilities	1,371	1,440	69	4.8	1,586
27,263	28,304	Other borrowings	27,396	27,142	(254)	(0.9)	29,992
100,534	96,539	Total borrowings	105,417	107,452	2,035	1.9	102,749
75,701	72,275	Sovereign-guaranteed debt	80,359	81,581	1,222	1.5	76,400
24,833	24,264	Non sovereign-guaranteed debt	25,058	25,871	813	3.1	26,349
100,534	96,539	Total borrowings	105,417	107,452	2,035	1.9	102,749
		Net Debt:					
84,680	82,528	Core Crown borrowings ²	92,847	91,446	(1,401)	(1.5)	86,282
(512)	(743)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(625)	(679)	(54)	(8.0)	(671)
84,168	81,785	Gross sovereign-issued debt³	92,222	90,767	(1,455)	(1.6)	85,611
64,017	63,281	Less core Crown financial assets ⁴	68,701	65,095	3,606	5.5	59,177
20,151	18,504	Net core Crown debt	23,521	25,672	2,151	8.4	26,434
13,324	12,516	Core crown advances	13,451	13,394	(57)	(0.4)	13,898
33,475	31,020	Net core Crown debt (incl NZS Fund)⁵	36,972	39,066	2,094	5.4	40,332
17,196	17,971	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	20,765	19,285	(1,480)	(7.7)	19,666
50,671	48,991	Net core Crown debt (excl NZS Fund and advances)⁷	57,737	58,351	614	1.1	59,998
		Gross Debt:					
84,168	81,785	Gross sovereign-issued debt ³	92,222	90,767	(1,455)	(1.6)	85,611
(6,133)	(7,401)	Less Reserve Bank settlement cash and Reserve Bank bills	(7,892)	(7,038)	855	12.1	(7,035)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
79,635	75,984	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	85,930	85,329	(600)	(0.7)	80,176

Notes on gross and net debt:

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

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

STATEMENT OF COMMITMENTS

as at 28 February 2013

	As at 28 Feb 2013 \$m	As at 30 Jun 2012 \$m	As at 29 Feb 2012 \$m
Capital Commitments			
Specialist military equipment	138	239	332
Land and buildings	793	697	621
Other property, plant and equipment	6,398	6,001	6,934
Other capital commitments	755	572	412
Tertiary Education Institutions	255	255	413
Total capital commitments	8,339	7,764	8,712
Operating Commitments			
Non-cancellable accommodation leases	2,534	2,719	2,784
Other non-cancellable leases	3,439	3,549	2,977
Tertiary Education Institutions	282	282	366
Total operating commitments	6,255	6,550	6,127
Total commitments	14,594	14,314	14,839
Total Commitments by Segment			
Core Crown	7,326	15,685	9,663
Crown entities	6,302	7,753	7,957
State-owned Enterprises	5,522	5,300	6,836
Inter-segment eliminations	(4,556)	(14,424)	(9,617)
Total commitments	14,594	14,314	14,839

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 28 February 2013

	As at 28 Feb 2013 \$m	As at 30 Jun 2012 \$m	As at 29 Feb 2012 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	184	430	81
Uncalled capital	5,979	6,327	5,079
Legal proceedings and disputes	405	411	359
Other contingent liabilities	443	584	2,221
Total quantifiable contingent liabilities	7,011	7,752	7,740
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,759	7,622	7,502
Crown entities	81	40	104
State-owned Enterprises	171	90	134
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,011	7,752	7,740
Quantifiable Contingent Assets			
Core Crown	156	224	662
Crown entities	154	162	20
State owned enterprises	21	24	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	331	410	682

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

NOTES TO THE FINANCIAL STATEMENTS

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 *HYEFU* released on 18 December 2012.

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

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/hyefu2012>

NOTES TO THE FINANCIAL STATEMENTS

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 8 months to 30 Jun 2012 Actual \$m		to 29 Feb 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue (Accrual)								
Taxation Revenue (accrual)								
Individuals								
21,237	13,860	Source deductions	14,811	14,547	264	1.8	22,038	
4,232	2,730	Other persons	3,271	2,984	287	9.6	4,641	
(1,736)	(997)	Refunds	(854)	(879)	25	2.8	(1,564)	
462	311	Fringe benefit tax	312	299	13	4.3	439	
24,195	15,904	Total individuals	17,540	16,951	589	3.5	25,554	
Corporate Tax								
8,310	4,507	Gross companies tax	4,493	4,551	(58)	(1.3)	8,487	
(202)	(104)	Refunds	(80)	(111)	31	27.9	(214)	
500	325	Non-resident withholding tax	262	251	11	4.4	396	
4	4	Foreign-source dividend w/holding payments	-	-	-	-	-	
8,612	4,732	Total corporate tax	4,675	4,691	(16)	(0.3)	8,669	
Other Income Tax								
1,679	1,043	Resident w/holding tax on interest income	1,019	951	68	7.2	1,515	
292	170	Resident w/holding tax on dividend income	226	223	3	1.3	382	
1,971	1,213	Total other income tax	1,245	1,174	71	6.0	1,897	
34,778	21,849	Total income tax	23,460	22,816	644	2.8	36,120	
Goods and Services Tax								
25,199	16,682	Gross goods and services tax	16,681	17,056	(375)	(2.2)	25,814	
(10,627)	(7,152)	Refunds	(6,663)	(7,077)	414	5.8	(10,512)	
14,572	9,530	Total goods and services tax	10,018	9,979	39	0.4	15,302	
Other Taxation								
1,045	691	Road user charges	706	737	(31)	(4.2)	1,114	
847	552	Petroleum fuels excise - domestic production	579	570	9	1.6	905	
656	440	Alcohol excise - domestic production	447	456	(9)	(2.0)	672	
244	216	Tobacco excise - domestic production	263	223	40	17.9	248	
631	408	Petroleum fuels excise - imports ¹	406	461	(55)	(11.9)	656	
241	169	Alcohol excise - imports ¹	172	163	9	5.5	230	
993	707	Tobacco excise - imports ¹	731	713	18	2.5	932	
173	120	Other customs duty	130	119	11	9.2	205	
216	148	Gaming duties	147	152	(5)	(3.3)	225	
175	115	Motor vehicle fees	118	112	6	5.4	179	
58	41	Approved issuer levy and cheque duty	29	33	(4)	(12.1)	50	
36	22	Energy resources levies	20	21	(1)	(4.8)	36	
5,315	3,629	Total other indirect taxation	3,748	3,760	(12)	(0.3)	5,452	
19,887	13,159	Total indirect taxation	13,766	13,739	27	0.2	20,754	
54,665	35,008	Total taxation revenue	37,226	36,555	671	1.8	56,874	
Other Sovereign Revenue (accrual)								
3,695	2,502	ACC levies	2,267	2,281	(14)	(0.6)	3,427	
326	230	Fire Service levies	233	230	3	1.3	325	
107	63	EQC levies	152	151	1	0.7	242	
1,002	575	Other miscellaneous items	747	781	(34)	(4.4)	1,134	
5,130	3,370	Total other sovereign revenue	3,399	3,443	(44)	(1.3)	5,128	
59,795	38,378	Total sovereign revenue	40,625	39,998	627	1.6	62,002	

1. Customs excise-equivalent duty

NOTES TO THE FINANCIAL STATEMENTS

Year 8 months to 30 Jun 2012		Year 8 months to 29 Feb 2012		Current Year Actual vs Forecast				Annual Forecast
Actual \$m	Actual \$m	Actual \$m	Actual \$m	Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
NOTE 2 (continued): Sovereign Receipts (Cash)								
Income Tax Receipts (cash)								
Individuals								
21,010	13,850	Source deductions	14,744	14,539	205	1.4		21,924
4,720	2,500	Other persons	2,750	2,692	58	2.2		4,944
(2,468)	(1,685)	Refunds	(1,475)	(1,489)	14	0.9		(2,212)
458	326	Fringe benefit tax	331	321	10	3.1		438
23,720	14,991	Total individuals	16,350	16,063	287	1.8		25,094
Corporate Tax								
8,792	5,224	Gross companies tax	5,218	5,310	(92)	(1.7)		8,660
(814)	(371)	Refunds	(384)	(392)	8	2.0		(665)
434	304	Non-resident withholding tax	308	250	58	23.2		395
4	4	Foreign-source dividend w/holding payments	-	-	-	-		-
8,416	5,161	Total corporate tax	5,142	5,168	(26)	(0.5)		8,390
Other Income Tax								
1,699	1,089	Resident w/holding tax on interest income	1,037	978	59	6.0		1,514
290	173	Resident w/holding tax on dividend income	238	227	11	4.8		382
1,989	1,262	Total other income tax	1,275	1,205	70	5.8		1,896
34,125	21,414	Total income tax	22,767	22,436	331	1.5		35,380
Goods and Services Tax								
24,574	16,469	Gross goods and services tax	16,360	16,522	(162)	(1.0)		24,997
(10,435)	(7,066)	Refunds	(6,674)	(6,875)	201	2.9		(10,012)
14,139	9,403	Total goods and services tax	9,686	9,647	39	0.4		14,985
Other Taxation								
1,048	694	Road user charges	704	737	(33)	(4.5)		1,114
845	574	Petroleum fuels excise - domestic production	589	588	1	0.2		905
654	450	Alcohol excise - domestic production	457	463	(6)	(1.3)		672
238	223	Tobacco excise - domestic production	277	226	51	22.6		248
2,057	1,452	Customs duty	1,503	1,470	33	2.2		2,023
216	148	Gaming duties	147	153	(6)	(3.9)		225
169	111	Motor vehicle fees	118	112	6	5.4		179
55	38	Approved issuer levy and cheque duty	29	34	(5)	(14.7)		50
36	22	Energy resources levies	20	21	(1)	(4.8)		36
5,318	3,712	Total other indirect taxation	3,844	3,804	40	1.1		5,452
19,457	13,115	Total indirect taxation	13,530	13,451	79	0.6		20,437
53,582	34,529	Total tax receipts collected	36,297	35,887	410	1.1		55,817
Other Sovereign Receipts (cash)								
3,693	2,590	ACC levies	2,485	2,495	(10)	(0.4)		3,424
326	230	Fire Service levies	233	230	3	1.3		325
134	63	EQC levies	191	176	15	8.5		277
737	519	Other miscellaneous items	482	514	(32)	(6.2)		668
4,890	3,402	Total other sovereign receipts	3,391	3,415	(24)	(0.7)		4,694
58,472	37,931	Total sovereign receipts	39,688	39,302	386	1.0		60,511

NOTES TO THE FINANCIAL STATEMENTS

Year 8 months to 30 Jun 2012		Year 8 months to 29 Feb 2012		Current Year Actual vs Forecast				
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 3: Interest Revenue and Dividends								
By type								
2,293	1,503	Interest revenue		1,557	1,710	(153)	(8.9)	2,676
470	274	Dividends		310	372	(62)	(16.7)	535
2,763	1,777	Total interest revenue and dividends		1,867	2,082	(215)	(10.3)	3,211
By source								
1,795	1,069	Core Crown		1,212	1,422	(210)	(14.8)	2,261
1,181	744	Crown entities		746	737	9	1.2	1,114
858	566	State-owned Enterprises		565	561	4	0.7	864
(1,071)	(602)	Inter-segment eliminations		(656)	(638)	(18)	(2.8)	(1,028)
2,763	1,777	Total interest revenue and dividends		1,867	2,082	(215)	(10.3)	3,211
NOTE 4: Transfer Payments and Subsidies								
9,584	6,296	New Zealand superannuation		6,719	6,718	(1)	-	10,228
2,082	1,374	Family tax credit		1,324	1,335	11	0.8	2,062
1,811	1,211	Domestic purposes benefit		1,171	1,171	-	-	1,751
1,325	884	Invalids benefit		884	880	(4)	(0.5)	1,323
1,195	802	Accommodation supplement		790	798	8	1.0	1,197
883	621	Unemployment benefit		569	582	13	2.2	836
775	517	Sickness benefit		523	523	-	-	784
567	343	In-work tax credit		329	325	(4)	(1.2)	541
644	375	Student allowances		364	369	5	1.4	623
580	384	Income related rents		411	409	(2)	(0.5)	614
401	269	Disability allowances		257	246	(11)	(4.5)	363
1,309	911	Other social assistance benefits		964	984	20	2.0	1,442
21,156	13,987	Total social assistance grants		14,305	14,340	35	0.2	21,764
Subsidies								
688	441	KiwiSaver		467	468	1	0.2	710
Other transfer payments								
510	277	Official development assistance		199	294	95	32.3	533
22,354	14,705	Total transfer payments and subsidies		14,971	15,102	131	0.9	23,007
NOTE 5: Personnel Expenses								
5,915	3,859	Core Crown		3,936	3,954	18	0.5	6,067
10,754	7,095	Crown entities		7,326	7,377	51	0.7	11,100
2,819	1,851	State-owned Enterprises		1,961	1,888	(73)	(3.9)	2,827
(13)	(7)	Inter-segment eliminations		(8)	(7)	1	14.3	(11)
19,475	12,798	Total personnel expenses		13,215	13,212	(3)	-	19,983
NOTE 6: Operating Expenses								
By type								
6,350	3,494	Depreciation and amortisation		2,966	2,917	(49)	(1.7)	4,531
35,678	22,417	Other operating expenses		22,465	22,765	300	1.3	37,455
-	-	Forecast new operating spending		-	-	-	-	317
-	-	Top-down expense adjustment		-	(403)	(403)	(100.0)	(1,150)
42,028	25,911	Total operating expenses		25,431	25,279	(152)	(0.6)	41,153
By source								
37,278	24,179	Core Crown		23,689	23,958	269	1.1	39,338
17,897	11,756	Crown entities		11,905	11,773	(132)	(1.1)	18,792
13,174	7,325	State-owned Enterprises		7,459	7,133	(326)	(4.6)	10,272
(26,321)	(17,349)	Inter-segment eliminations		(17,622)	(17,585)	37	0.2	(27,249)
42,028	25,911	Total operating expenses		25,431	25,279	(152)	(0.6)	41,153

NOTES TO THE FINANCIAL STATEMENTS

Year 8 months to 30 Jun 2012 Actual \$m		to 29 Feb 2012 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 7: Interest Expenses						
		<i>By type</i>						
4,223	2,675	Interest on financial liabilities		2,847	2,871	24	0.8	4,361
67	11	Interest unwind on provisions		28	33	5	15.2	49
4,290	2,686	Total interest expenses		2,875	2,904	29	1.0	4,410
		<i>By source</i>						
3,511	2,397	Core Crown		2,431	2,412	(19)	(0.8)	3,579
246	166	Crown entities		159	162	3	1.9	245
1,268	717	State-owned Enterprises		751	752	1	0.1	1,181
(735)	(594)	Inter-segment eliminations		(466)	(422)	44	10.4	(595)
4,290	2,686	Total interest expenses		2,875	2,904	29	1.0	4,410
		NOTE 8: Insurance Expenses						
		<i>By entity</i>						
3,010	1,903	ACC		2,003	2,095	92	4.4	3,388
1,073	945	EQC		111	135	24	17.8	101
586	251	Southern Response (formerly AMI Insurance)		(5)	(72)	(67)	(93.1)	(108)
20	10	Other insurance expenses		15	9	(6)	(66.7)	17
(113)	-	Inter-segment eliminations		(14)	(24)	(10)	(41.7)	(24)
4,576	3,109	Total insurance expenses		2,110	2,143	33	1.5	3,374
		NOTE 9: Gains and Losses on Financial Instruments						
		<i>By source</i>						
526	367	Core Crown		3,512	2,030	1,482	73.0	2,573
930	342	Crown entities		1,353	676	677	100.1	789
9	(208)	State-owned Enterprises		76	(27)	103	381.5	92
(773)	(517)	Inter-segment eliminations		265	(95)	360	378.9	(153)
692	(16)	Net gains/(losses) on financial instruments		5,206	2,584	2,622	101.5	3,301
		NOTE 10: Gains and Losses on Non-Financial Instruments						
		<i>By type</i>						
(3,896)	(1,939)	Actuarial gains/(losses) on GSF liability ¹		190	190	-	-	190
(2,942)	(1,626)	Actuarial gains/(losses) on ACC liability ²		1,557	76	1,481	-	343
312	135	Other		79	115	(36)	(31.3)	35
(6,526)	(3,430)	Net gains/(losses) on non-financial instruments		1,826	381	1,445	379.3	568
		<i>By source</i>						
(3,790)	(1,861)	Core Crown		344	330	14	4.2	255
(2,955)	(1,688)	Crown entities		1,492	55	1,437	-	314
220	119	State-owned Enterprises		(11)	(5)	(6)	(120.0)	-
(1)	-	Inter-segment eliminations		1	1	-	-	(1)
(6,526)	(3,430)	Net gains/(losses) on non-financial instruments		1,826	381	1,445	379.3	568

1. The most recent GSF valuation is as at 30 September 2012.

2. The most recent ACC valuation is as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 29 Feb 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Operating Balance							
By source							
(11,671)	(8,195)	Core Crown	(323)	(2,681)	2,358	88.0	(6,159)
(641)	(221)	Crown entities	4,196	2,067	2,129	103.0	2,520
(1,423)	287	State-owned Enterprises	433	632	(199)	(31.5)	1,025
(1,162)	(711)	Inter-segment eliminations	(18)	(499)	481	96.4	(661)
(14,897)	(8,840)	Total operating balance	4,288	(481)	4,769	-	(3,275)
NOTE 12: Financial Assets and Sovereign Receivables							
10,686	14,179	Cash and cash equivalents	15,459	12,984	2,475	19.1	13,952
7,257	6,571	Tax receivables	6,966	7,175	(209)	(2.9)	7,328
13,699	12,249	Trade and other receivables	11,035	9,722	1,313	13.5	10,299
8,291	7,833	Student loans	8,649	8,653	(4)	-	8,813
12,445	12,230	Kiwibank mortgages	12,968	13,058	(90)	(0.7)	13,433
2,422	1,911	Long-term deposits	2,697	1,778	919	51.7	1,388
2,249	2,130	IMF financial assets	2,149	2,368	(219)	(9.2)	2,381
1,030	1,107	Other advances ¹	2,321	1,312	1,009	76.9	1,152
14,385	14,175	Share investments	16,127	15,864	263	1.7	16,302
5,032	5,838	Derivatives in gain	5,151	4,695	456	9.7	3,899
38,682	34,374	Other marketable securities	38,599	37,931	668	1.8	31,731
116,178	112,597	Total financial assets and sovereign receivables	122,121	115,540	6,581	5.7	110,678
Financial assets by entity							
26,062	21,552	NZDMO	26,820	26,541	279	1.1	16,482
17,573	20,605	Reserve Bank of New Zealand	21,507	18,113	3,394	18.7	17,964
18,703	19,263	NZ Superannuation Fund	21,919	21,117	802	3.8	21,491
20,567	19,499	Other core Crown	21,787	20,444	1,343	6.6	20,237
(7,924)	(8,048)	Intra-segment eliminations	(13,094)	(10,237)	(2,857)	(27.9)	(6,435)
74,981	72,871	Total core Crown segment	78,939	75,978	2,961	3.9	69,739
25,340	22,993	ACC portfolio	28,145	26,397	1,748	7	28,871
7,252	7,755	EQC portfolio	6,246	5,502	744	14	4,256
11,168	8,949	Other Crown entities	10,852	10,085	767	8	9,691
(3,685)	(3,605)	Intra-segment eliminations	(3,707)	(3,725)	18	0.5	(3,693)
40,075	36,092	Total Crown entities segment	41,536	38,259	3,277	8.6	39,125
19,186	20,908	Total State-owned enterprises segment	20,509	19,386	1,123	5.8	20,053
(18,064)	(17,274)	Inter-segment eliminations	(18,863)	(18,083)	(780)	(4.3)	(18,239)
116,178	112,597	Total financial assets	122,121	115,540	6,581	5.7	110,678

1. Other advances includes finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 29 Feb 2012 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 13: Property, Plant and Equipment							
Net Carrying Value							
By class of asset:							
33,626	36,069	Land (valuation) ¹	33,309	33,675	(366)	(1.1)	34,159
25,046	24,300	Buildings (valuation)	24,833	25,240	(407)	(1.6)	25,306
17,546	17,200	State highways (valuation) - excluding land	17,861	17,951	(90)	(0.5)	18,253
14,400	14,701	Electricity generation assets (valuation)	13,771	14,680	(909)	(6.2)	14,810
3,476	3,062	Electricity distribution network (cost)	3,742	3,916	(174)	(4.4)	3,906
3,220	3,259	Specialist military equipment (valuation)	3,123	3,205	(82)	(2.6)	3,148
2,514	2,461	Specified cultural and heritage assets (valuation)	2,494	2,498	(4)	(0.2)	2,481
2,250	2,171	Aircraft (excl military) (valuation)	2,283	2,360	(77)	(3.3)	2,273
856	7,287	Rail network (valuation) - excluding land	996	1,025	(29)	(2.8)	1,059
5,650	5,759	Other plant and equipment (cost)	5,420	5,875	(455)	(7.7)	6,324
108,584	116,269	Total net carrying value	107,832	110,425	(2,593)	(2.3)	111,719
By source:							
29,377	29,415	Core Crown	28,991	29,444	(453)	(1.5)	29,994
49,939	48,822	Crown entities	50,215	50,727	(512)	(1.0)	51,247
29,268	38,032	State-owned enterprises	28,626	30,254	(1,628)	(5.4)	30,478
-	-	Inter-segment eliminations	-	-	-	-	-
108,584	116,269	Total net carrying value	107,832	110,425	(2,593)	(2.3)	111,719
Land breakdown by usage¹							
8,744	8,405	Housing stock	8,713	8,763	(50)	(0.6)	8,756
8,353	8,353	State highway corridor land	8,353	8,353	-	-	8,503
5,454	5,685	Conservation estate	5,428	5,425	3	0.1	5,444
3,260	5,641	Rail network corridor land	3,256	3,260	(4)	(0.1)	3,260
2,726	2,714	Schools	2,702	2,707	(5)	(0.2)	2,743
1,471	1,548	Commercial (SOE) excluding rail	1,380	1,491	(111)	(7.4)	1,491
3,618	3,723	Other	3,477	3,676	(199)	(5.4)	3,962
33,626	36,069	Total land	33,309	33,675	(366)	(1.1)	34,159
1. Land relating to state highways, the rail network and conservation which had previously been included within the State highways, Rail network and specified cultural and heritage assets categories has been reclassified to the Land category.							
Schedule of movements							
Cost or valuation							
126,601	126,601	Opening balance	121,717	121,717	-	-	121,717
6,514	4,275	Additions	3,422	4,544	(1,122)	(24.7)	7,495
(941)	(304)	Disposals	(584)	(293)	(291)	(99.3)	(616)
(9,793)	36	Net revaluations	(66)	(9)	(57)	-	15
(664)	398	Other ²	(1,207)	9	(1,216)	-	73
121,717	131,006	Total cost or valuation	123,282	125,968	(2,686)	(2.1)	128,684
Accumulated depreciation and impairment							
11,747	11,747	Opening balance	13,133	13,133	-	-	13,133
(634)	(232)	Eliminated on disposal	(138)	(57)	(81)	(142.1)	(31)
(3,415)	(18)	Eliminated on revaluation	-	-	-	-	(1)
5,687	3,096	Depreciation expense and impairment losses	2,813	2,522	291	11.5	3,908
(252)	144	Other ²	(358)	(55)	(303)	-	(44)
13,133	14,737	Total accumulated depreciation and impairment	15,450	15,543	(93)	(0.6)	16,965
108,584	116,269	Total property, plant and equipment	107,832	110,425	(2,593)	(2.3)	111,719

2. Other mainly includes transfers to/from other asset categories including transfers to finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 29 Feb 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13 (continued): Property, Plant and Equipment							
Additions - by functional classification							
2,291	1,639	Transport and communications	1,229	1,385	(156)	(11.3)	2,128
2,036	1,070	Economic and industrial services	950	1,264	(314)	(24.8)	1,750
442	482	Education	287	409	(122)	(29.8)	827
627	355	Health	377	545	(168)	(30.8)	804
339	237	Defence	115	213	(98)	(46.0)	449
779	492	Other	464	728	(264)	(36.3)	1,537
6,514	4,275	Total additions	3,422	4,544	(1,122)	(24.7)	7,495
NOTE 14: NZ Superannuation Fund							
539	308	Revenue	341	422	(81)	(19.2)	642
160	185	Less current tax expense	736	460	(276)	(60.0)	602
132	59	Less other expenses ¹	83	114	31	27.2	182
(204)	39	Add gains/(losses)	3,126	1,665	1,461	87.7	2,110
43	103	Operating balance	2,648	1,513	1,135	75.0	1,968
18,652	18,652	Opening net worth	18,703	18,703	-	-	18,703
43	103	Operating balance	2,648	1,513	1,135	75.0	1,968
8	-	Other movements in reserves	1	10	(9)	(90.0)	19
18,703	18,755	Closing net worth	21,352	20,226	1,126	5.6	20,690
<i>comprising:</i>							
18,815	19,263	Financial assets	21,919	21,117	802	3.8	21,491
(1,317)	(1,645)	Financial liabilities	(1,754)	(2,068)	314	15.2	(1,964)
1,205	1,137	Net other assets	1,187	1,177	10	0.8	1,163
18,703	18,755	Closing net worth	21,352	20,226	1,126	5.6	20,690
Core Crown revenue (excl NZS Fund)							
60,565	38,420	Core Crown revenue	40,816	40,342	474	1.2	62,939
539	308	Less NZS Fund revenue	341	422	(81)	(19.2)	642
160	185	Add back NZS Fund intra-segment revenue	736	460	276	60.0	602
60,186	38,297	Core Crown revenue (excl NZS Fund)	41,211	40,380	831	2.1	62,899
OBEGAL excluding NZS Fund							
(9,240)	(5,532)	Total Crown OBEGAL	(3,012)	(3,568)	556	15.6	(7,340)
539	308	Less NZS Fund revenue	341	422	(81)	(19.2)	642
77	37	Add back NZS Fund external expenses	57	89	(32)	(36.0)	141
160	185	Add back NZS Fund tax	736	460	276	60.0	602
(9,542)	(5,618)	OBEGAL excluding NZS Fund	(2,560)	(3,441)	881	25.6	(7,239)

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

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2012 \$m	As at 29 Feb 2012 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Payables							
8,255	9,583	Accounts payable	10,506	8,168	(2,338)	(28.6)	8,990
3,349	2,694	Taxes repayable	2,665	2,899	234	8.1	3,433
11,604	12,277	Total payables	13,171	11,067	(2,104)	(19.0)	12,423
NOTE 16: Insurance liabilities							
30,648	27,318	ACC liability	28,147	29,672	1,525	5.1	31,598
8,877	9,335	EQC property damage liability	7,788	7,156	(632)	(8.8)	5,785
2,062	2,125	Southern Response (formerly AMI Insurance)	1,855	1,318	(537)	(40.7)	1,042
48	57	Other insurance liabilities	42	45	3	6.7	51
(449)	-	Inter-segment eliminations	(446)	(440)	6	1.4	(316)
41,186	38,835	Total insurance liabilities	37,386	37,751	365	1.0	38,160
NOTE 17: Provisions							
375	572	Provision for ETS Credits ¹	30	73	43	59.0	215
1,076	937	Provision for National Provident Fund guarantee	1,041	1,045	4	0.4	1,033
3,253	2,884	Provision for employee entitlements	2,950	3,040	90	3.0	3,239
		Provision for Canterbury Red Zone support					
745	596	package	884	1,026	142	13.8	316
530	-	Provision for Infrastructure costs	374	447	73	16.3	409
		Provision for weathertight services					
189	567	financial assistance package	186	194	8	4.1	156
1,338	1,135	Other provisions	825	791	(34)	(4.3)	1,933
7,506	6,691	Total provisions	6,290	6,616	326	4.9	7,301
1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 18: Changes in Net Worth							
18,188	18,188	Opening taxpayers funds	3,520	3,520	-	-	3,520
(14,897)	(8,840)	Operating balance excluding minority interest	4,288	(481)	4,769	-	(3,275)
-	-	Partial share sales in state-owned enterprises	-	-	-	-	175
229	137	Transfers from/(to) other reserves	135	29	106	365.5	66
3,520	9,485	Closing taxpayers funds	7,943	3,068	4,875	158.9	486
62,690	62,690	Opening revaluation reserve	56,001	56,001	-	-	56,001
(6,461)	3	Net revaluations	(49)	(29)	(20)	(69.0)	(16)
(228)	(138)	Transfers from/(to) other reserves	(135)	(31)	(104)	(335.5)	(70)
56,001	62,555	Closing revaluation reserve	55,817	55,941	(124)	(0.2)	55,915
(299)	(299)	Opening other reserves	(173)	(173)	-	-	(173)
126	134	Net movements	55	38	17	44.7	57
(173)	(165)	Closing other reserves	(118)	(135)	17	12.6	(116)

NOTES TO THE FINANCIAL STATEMENTS

Year 8 months to 30 Jun to 29 Feb		Current Year Actual vs Forecast					
2012	2012					Annual	
\$m	\$m	Actual	Forecast	Variance	%	Forecast	
		\$m	\$m	\$m		\$m	
NOTE 19: Core Crown residual cash							
Core Crown Cash Flows from Operations							
54,249	34,954	Tax receipts	36,988	36,596	392	1.1	56,962
670	466	Other sovereign receipts	443	474	(31)	(6.5)	653
1,431	861	Interest, profits and dividends	874	962	(88)	(9.1)	1,471
2,699	1,736	Sale of goods & services and other receipts	1,432	1,453	(21)	(1.4)	2,600
(22,854)	(15,615)	Transfer payments and subsidies	(15,486)	(15,662)	176	1.1	(23,077)
(40,036)	(26,885)	Personnel and operating costs	(27,443)	(27,473)	30	0.1	(42,767)
(3,369)	(1,785)	Finance costs	(1,855)	(1,843)	(12)	(0.7)	(3,778)
-	-	Forecast for future new operating spending	-	-	-	-	(317)
-	-	Top-down expense adjustment	-	403	(403)	(100.0)	1,150
(7,210)	(6,268)	Net core Crown operating cash flows	(5,047)	(5,090)	43	0.8	(7,103)
(1,262)	(852)	Net purchase of physical assets	(576)	(1,032)	456	44.2	(2,061)
(1,022)	(506)	Net increase in advances	(101)	(119)	18	15.1	(777)
(1,150)	(696)	Net purchase of investments	(1,066)	(1,123)	57	5.1	(62)
-	-	Forecast for future new capital spending	-	-	-	-	(179)
-	-	Top-down capital adjustment	-	140	(140)	(100.0)	400
(3,434)	(2,054)	Net Core Crown capital cash flows	(1,743)	(2,134)	391	18.3	(2,679)
(10,644)	(8,322)	Residual cash deficit	(6,790)	(7,224)	434	6.0	(9,782)
<i>The residual cash deficit is funded as follows:</i>							
Debt programme cash flows							
Market:							
15,146	9,943	Issue of government bonds	11,203	12,095	(892)	(7.4)	15,799
(7,602)	(7,602)	Repayment of government bonds	-	-	-	-	(9,982)
2,139	1,519	Net issue/(repayment) of short-term borrowing ¹	(3,084)	(4,276)	1,192	27.9	(4,501)
9,683	3,860	Total market debt cash flows	8,119	7,819	300	3.8	1,316
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(1,501)	(1,501)	Repayment of government bonds	-	-	-	-	(499)
430	(50)	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
(1,071)	(1,551)	Total non-market debt cash flows	-	-	-	-	(499)
8,612	2,309	Total debt programme cash flows	8,119	7,819	300	3.8	817
Other borrowing cash flows							
5,880	7,850	Net (repayment)/issue of other New Zealand dollar borrowing	2,526	1,141	1,385	121.4	3,684
(6,030)	(6,314)	Net (repayment)/issue of foreign currency borrowing	(578)	(65)	(513)	-	(2,318)
(150)	1,536	Total other borrowing cash flows	1,948	1,076	872	121.4	1,366
Investing cashflows							
Other net sale/(purchase) of marketable securities and deposits							
2,270	7,355		522	917	(395)	(43.1)	10,338
203	238	Issues of circulating currency	231	127	104	81.9	160
(291)	(3,116)	Decrease/(increase) in cash	(4,030)	(2,715)	(1,315)	(48.4)	(2,899)
2,182	4,477	Total investing cash flows	(3,277)	(1,671)	(1,606)	(96.1)	7,599
10,644	8,322	Residual cash deficit funding	6,790	7,224	(434)	(6.0)	9,782

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