

## Forecast Financial Statements

These forecasts have been prepared in accordance with the Public Finance Act 1989.

They are based on the accounting policies and assumptions that follow. As with all such assumptions, there is a degree of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends. The Risks and Scenarios and Specific Fiscal Risks chapters discuss the risks to the fiscal forecast in more detail.

The forecasts have been prepared in accordance with the Statement of Responsibility and reflect the judgements and information known at the time they were prepared. They reflect all government decisions and circumstances communicated to 29 April 2014.

The finalisation dates and key assumptions that underpin the preparation of the Forecast Financial Statements are outlined in the Fiscal Outlook Chapter (pages 21 to 45).

# Statement of Accounting Policies

## Significant Accounting Policies

The Forecast Financial Statements have been prepared in accordance with the accounting policies that are expected to be used in the comparable audited actual financial statements of the Government. They comply with generally accepted accounting practice (GAAP) as required by the Public Finance Act 1989 and have been prepared in accordance with *Financial Reporting Standard 42: Prospective Financial Statements*.

All forecasts use the accrual basis of accounting. Forecasts have been prepared for the consolidated financial statements of the government reporting entity, which includes all entities controlled by the Government (as defined by applicable financial reporting standards).

The specific accounting policies are included within the 2014 *Budget Economic and Fiscal Update Additional Information* document which can be found on the Treasury's website at [www.treasury.govt.nz/budget/forecasts/befu2014](http://www.treasury.govt.nz/budget/forecasts/befu2014)

## Changes in Accounting Policies

All policies have been applied on a consistent basis during the forecast period. There have been no changes in accounting policies during the period.

## Forecast Policies

The Forecast Financial Statements have been prepared on the basis of the Treasury's best professional judgement. Actual financial results for the periods covered are likely to vary from the information presented in these forecasts. Factors that may lead to a material difference between information in these Forecast Financial Statements and the actual reported results in future years are set out in the Specific Fiscal Risks chapter on pages 63 to 83.

Key forecast assumptions are set out on pages 43 to 45.

## Government Reporting Entity as at 29 April 2014

These Forecast Financial Statements are for the government reporting entity as specified in Part 3 of the Public Finance Act 1989. This comprises Ministers of the Crown and the following entities (classified in the three institutional components used for segmental reporting):

### Core Crown segment

#### Departments

Canterbury Earthquake Recovery Authority  
 Crown Law Office  
 Department of Conservation  
 Department of Corrections  
 Department of Internal Affairs  
 Department of the Prime Minister and Cabinet  
 Education Review Office  
 Government Communications Security Bureau  
 Inland Revenue Department  
 Land Information New Zealand  
 Ministry for Culture and Heritage  
 Ministry for Primary Industries  
 Ministry for the Environment  
 Ministry of Business, Innovation and Employment  
 Ministry of Defence  
 Ministry of Education  
 Ministry of Foreign Affairs and Trade  
 Ministry of Health

Ministry of Justice  
 Ministry of Māori Development  
 Ministry of Pacific Island Affairs  
 Ministry of Social Development  
 Ministry of Transport  
 Ministry of Women's Affairs  
 New Zealand Customs Service  
 New Zealand Defence Force  
 New Zealand Police  
 New Zealand Security Intelligence Service  
 Office of the Clerk of the House of Representatives  
 Parliamentary Counsel Office  
 Parliamentary Service  
 Serious Fraud Office  
 State Services Commission  
 Statistics New Zealand  
 The Treasury

#### Offices of Parliament

Controller and Auditor-General  
 The Ombudsmen  
 Parliamentary Commissioner for the Environment

#### Others

New Zealand Superannuation Fund  
 Reserve Bank of New Zealand

### State-owned enterprises segment

Airways Corporation of New Zealand Limited  
 Animal Control Products Limited  
 AsureQuality Limited  
 Electricity Corporation of New Zealand Limited  
 Kiwirail Holdings Limited  
 Kordia Group Limited  
 Landcorp Farming Limited

Learning Media Limited (in liquidation)  
 Meteorological Service of New Zealand Limited  
 New Zealand Post Limited  
 New Zealand Railways Corporation  
 Quotable Value Limited  
 Solid Energy New Zealand Limited  
 Transpower New Zealand Limited

#### Mixed ownership model companies (Public Finance Act schedule 5 companies)

Genesis Energy Limited  
 Meridian Energy Limited  
 Mighty River Power Limited

#### Others

Air New Zealand Limited

**Crown entities segment**

Accident Compensation Corporation	New Zealand Blood Service
Arts Council of New Zealand Toi Aotearoa	New Zealand Film Commission
Broadcasting Commission	New Zealand Fire Service Commission
Broadcasting Standards Authority	New Zealand Historic Places Trust (Pouhere Taonga)
Callaghan Innovation	New Zealand Lotteries Commission
Careers New Zealand	New Zealand Productivity Commission
Children's Commissioner	New Zealand Qualifications Authority
Civil Aviation Authority of New Zealand	New Zealand Symphony Orchestra
Commerce Commission	New Zealand Teachers Council
Crown Irrigation Investments Limited	New Zealand Tourism Board
Crown Research Institutes (7)	New Zealand Trade and Enterprise
District Health Boards (20)	New Zealand Transport Agency
Drug Free Sport New Zealand	New Zealand Venture Investment Fund Limited
Earthquake Commission	New Zealand Walking Access Commission
Education New Zealand	Office of Film and Literature Classification
Electoral Commission	Pharmaceutical Management Agency
Electricity Authority	Privacy Commissioner
Energy Efficiency and Conservation Authority	Public Trust
Environmental Protection Authority	Radio New Zealand Limited
External Reporting Board	Real Estate Agents Authority
Families Commission	Retirement Commissioner
Financial Markets Authority	School Boards of Trustees (2,453)
Government Superannuation Fund Authority	Social Workers Registration Board
Guardians of New Zealand Superannuation	Sport and Recreation New Zealand
Health and Disability Commissioner	Standards Council
Health Promotion Agency	Takeovers Panel
Health Quality and Safety Commission	Te Reo Whakapuaki Irirangi (Māori Broadcasting Funding Agency)
Health Research Council of New Zealand	Te Taura Whiri i te Reo Māori (Māori Language Commission)
Housing New Zealand Corporation	Television New Zealand Limited
Human Rights Commission	Tertiary Education Commission
Independent Police Conduct Authority	Tertiary education institutions (29)
Law Commission	Testing Laboratory Registration Council
Maritime New Zealand	Transport Accident Investigation Commission
Museum of New Zealand Te Papa Tongarewa Board	WorkSafe New Zealand
New Zealand Antarctic Institute	
New Zealand Artificial Limb Service	

**Crown entities segment continued**

**Organisations listed in schedule 4 of the Public Finance Act 1989**

Agricultural and Marketing Research and Development Trust  
 Asia New Zealand Foundation  
 Fish and Game Councils (12)  
 Game Animal Council  
 Leadership Development Centre Trust  
 Māori Trustee  
 National Pacific Radio Trust  
 New Zealand Fish and Game Council  
 New Zealand Game Bird Habitat Trust Board  
 New Zealand Government Property Corporation  
 New Zealand Lottery Grants Board  
 Ngāi Tahu Ancillary Claims Trust  
 Pacific Co-operation Foundation  
 Pacific Island Business Development Trust  
 Reserves Boards (21)  
 Sentencing Council  
 Te Arika Trust

**Non-listed companies in which the Crown is majority or sole shareholder (Public Finance Act schedule 4A companies)**

Crown Asset Management Limited  
 Crown Fibre Holdings Limited  
 Fairway Resolution Limited  
 Health Benefits Limited  
 The Network for Learning Limited  
 Research and Education Advanced Network New Zealand Limited  
 Southern Response Earthquake Services Limited  
 Tāmaki Redevelopment Company Limited

*Subsidiaries of SOEs, Crown entities and other government entities are consolidated by their parents and not listed separately in this table.*

## Forecast Statement of Financial Performance

for the years ending 30 June

		2013	2014	2014	2015	2016	2017	2018
			Previous					
	Note	Actual \$m	Budget \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m
<b>Revenue</b>								
Taxation revenue	1	58,134	61,773	61,380	65,824	69,912	73,348	76,848
Other sovereign revenue	1	5,172	5,296	5,383	5,138	4,826	4,790	4,909
<b>Total revenue levied through the Crown's sovereign power</b>		<b>63,306</b>	<b>67,069</b>	<b>66,763</b>	<b>70,962</b>	<b>74,738</b>	<b>78,138</b>	<b>81,757</b>
Sales of goods and services		16,713	17,080	16,432	17,091	17,593	18,107	18,764
Interest revenue and dividends	2	2,939	3,588	3,160	3,672	3,982	4,636	5,132
Other revenue		3,697	3,867	3,622	3,842	4,055	4,110	4,085
<b>Total revenue earned through the Crown's operations</b>		<b>23,349</b>	<b>24,535</b>	<b>23,214</b>	<b>24,605</b>	<b>25,630</b>	<b>26,853</b>	<b>27,981</b>
<b>Total revenue (excluding gains)</b>		<b>86,655</b>	<b>91,604</b>	<b>89,977</b>	<b>95,567</b>	<b>100,368</b>	<b>104,991</b>	<b>109,738</b>
<b>Expenses</b>								
Transfer payments and subsidies	3	22,708	23,485	23,394	23,876	24,479	25,334	26,326
Personnel expenses	4	19,935	20,172	20,488	20,881	21,227	21,424	21,705
Depreciation and amortisation	5	4,812	4,640	4,644	4,882	5,048	5,151	5,213
Other operating expenses	5	36,163	37,608	36,527	37,520	37,497	37,327	37,567
Interest expenses	6	4,358	4,516	4,461	4,763	5,054	5,543	5,708
Insurance expenses	7	3,031	3,215	3,283	3,517	4,048	4,418	4,723
Forecast new operating spending	8	-	461	77	291	1,864	3,375	4,921
Top-down expense adjustment	8	-	(600)	(660)	(875)	(485)	(360)	(360)
<b>Total expenses (excluding losses)</b>		<b>91,007</b>	<b>93,497</b>	<b>92,214</b>	<b>94,855</b>	<b>98,732</b>	<b>102,212</b>	<b>105,803</b>
Minority interest share of operating balance before gains/losses <sup>1</sup>		(62)	(140)	(210)	(340)	(374)	(410)	(450)
<b>Operating balance before gains/(losses)</b>		<b>(4,414)</b>	<b>(2,033)</b>	<b>(2,447)</b>	<b>372</b>	<b>1,262</b>	<b>2,369</b>	<b>3,485</b>
Net gains/(losses) on financial instruments	9	7,270	1,748	3,604	2,583	2,728	2,837	3,013
Net gains/(losses) on non-financial instruments	10	3,674	443	1,557	(107)	(109)	(73)	(74)
<b>Total gains/(losses)</b>		<b>10,944</b>	<b>2,191</b>	<b>5,161</b>	<b>2,476</b>	<b>2,619</b>	<b>2,764</b>	<b>2,939</b>
Net surplus from associates and joint ventures		395	200	259	254	255	255	256
<b>Operating balance</b>	11	<b>6,925</b>	<b>358</b>	<b>2,973</b>	<b>3,102</b>	<b>4,136</b>	<b>5,388</b>	<b>6,680</b>

1. Minority interests include those who recently purchased shares in the Government Share Offer Programme as well as the pre-existing minority interests in Air New Zealand Limited, and the minority interests held in the Crown Fibre Holdings Group and Solid Energy.

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

## Forecast Analysis of Expenses by Functional Classification

for the years ending 30 June

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total Crown expenses</b>							
<b>By functional classification</b>							
Social security and welfare	26,268	27,510	27,373	28,125	28,967	30,062	31,279
GSF pension expenses	286	283	300	409	436	464	493
Health	13,856	14,433	14,382	14,741	14,668	14,616	14,598
Education	13,366	13,180	13,180	13,571	13,774	13,833	13,909
Core government services	3,960	4,201	4,351	4,462	4,549	4,414	4,331
Law and order	3,670	3,804	3,811	3,750	3,788	3,764	3,767
Defence	1,766	1,893	1,818	1,936	1,975	1,950	1,947
Transport and communications	9,052	9,036	9,212	9,427	9,558	9,692	9,965
Economic and industrial services	8,375	8,098	7,538	7,924	8,066	8,348	8,797
Primary services	1,579	1,892	1,759	1,788	1,757	1,733	1,582
Heritage, culture and recreation	2,351	2,532	2,360	2,348	2,431	2,470	2,523
Housing and community development	989	1,057	1,109	1,141	1,180	1,187	1,220
Environmental protection	528	473	536	511	513	492	495
Other	603	728	607	543	637	629	628
Finance costs	4,358	4,516	4,461	4,763	5,054	5,543	5,708
Forecast new operating spending	-	461	77	291	1,864	3,375	4,921
Top-down expense adjustment	-	(600)	(660)	(875)	(485)	(360)	(360)
<b>Total Crown expenses excluding losses</b>	<b>91,007</b>	<b>93,497</b>	<b>92,214</b>	<b>94,855</b>	<b>98,732</b>	<b>102,212</b>	<b>105,803</b>

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

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Core Crown expenses</b>							
<b>By functional classification</b>							
Social security and welfare	22,741	23,595	23,329	23,954	24,377	25,186	26,137
GSF pension expenses	278	274	282	395	423	450	479
Health	14,498	14,950	14,889	15,065	15,132	15,191	15,274
Education	12,504	12,389	12,411	12,827	12,974	13,035	13,109
Core government services	4,294	4,637	4,792	4,816	4,910	4,761	4,664
Law and order	3,456	3,561	3,575	3,486	3,523	3,496	3,497
Defence	1,804	1,933	1,867	1,984	2,023	1,998	1,996
Transport and communications	2,255	2,162	2,241	2,217	2,176	2,240	2,308
Economic and industrial services	1,978	2,152	2,100	2,215	2,241	2,246	2,299
Primary services	659	818	716	700	638	605	603
Heritage, culture and recreation	804	854	838	770	778	753	744
Housing and community development	283	335	377	326	280	224	220
Environmental protection	530	496	534	510	511	491	494
Other	603	728	607	543	637	629	628
Finance costs	3,619	3,622	3,641	3,883	3,978	4,354	4,440
Forecast new operating spending	-	461	77	291	1,864	3,375	4,921
Top-down expense adjustment	-	(600)	(660)	(875)	(485)	(360)	(360)
<b>Total core Crown expenses excluding losses</b>	<b>70,306</b>	<b>72,367</b>	<b>71,616</b>	<b>73,107</b>	<b>75,980</b>	<b>78,674</b>	<b>81,453</b>

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

## Forecast Statement of Comprehensive Income

for the years ending 30 June

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Operating balance (including minority interest)</b>	<b>7,019</b>	<b>498</b>	<b>3,216</b>	<b>3,467</b>	<b>4,530</b>	<b>5,816</b>	<b>7,148</b>
<b>Other comprehensive income</b>							
Revaluation of physical assets	1,367	-	(351)	-	-	-	-
Net change in hedging instruments entered into for cash flow hedges	280	(21)	(102)	(3)	5	8	2
Foreign currency translation differences for foreign operations	-	39	(7)	4	-	-	-
Valuation gains/(losses) on investments available for sale taken to reserves	36	8	(13)	10	10	12	13
Other movements	7	(38)	3	(30)	23	31	40
<b>Total other comprehensive income</b>	<b>1,690</b>	<b>(12)</b>	<b>(470)</b>	<b>(19)</b>	<b>38</b>	<b>51</b>	<b>55</b>
<b>Total comprehensive income</b>	<b>8,709</b>	<b>486</b>	<b>2,746</b>	<b>3,448</b>	<b>4,568</b>	<b>5,867</b>	<b>7,203</b>
<b>Attributable to:</b>							
- minority interest	153	140	243	365	394	428	468
- the Crown	8,556	346	2,503	3,083	4,174	5,439	6,735
<b>Total comprehensive income</b>	<b>8,709</b>	<b>486</b>	<b>2,746</b>	<b>3,448</b>	<b>4,568</b>	<b>5,867</b>	<b>7,203</b>

## Forecast Statement of Changes in Net Worth

for the years ending 30 June

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening net worth</b>	<b>59,780</b>	<b>63,270</b>	<b>70,011</b>	<b>75,467</b>	<b>78,633</b>	<b>82,838</b>	<b>88,314</b>
Operating balance	7,019	498	3,216	3,467	4,530	5,816	7,148
Net revaluations	1,367	-	(351)	-	-	-	-
Transfers to/(from) reserves	260	(59)	(119)	10	26	39	43
(Gains)/losses transferred to the Statement of Financial Performance	(10)	-	(3)	3	2	-	(1)
Other movements	73	47	3	(32)	10	12	13
<b>Comprehensive income attributable to the Crown</b>	<b>8,709</b>	<b>486</b>	<b>2,746</b>	<b>3,448</b>	<b>4,568</b>	<b>5,867</b>	<b>7,203</b>
Gain/(loss) on Government share offers	167	175	(542)	-	-	-	-
Increase in minority interest from Government share offers	1,371	1,325	3,300	-	-	-	-
Transactions with minority interest	(16)	(74)	(48)	(282)	(363)	(391)	(396)
<b>Closing net worth</b>	<b>70,011</b>	<b>65,182</b>	<b>75,467</b>	<b>78,633</b>	<b>82,838</b>	<b>88,314</b>	<b>95,121</b>

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



## Forecast Statement of Cash Flows

for the years ending 30 June

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Cash flows from operations</b>							
<b>Cash was provided from</b>							
Taxation receipts	56,413	60,695	60,442	64,913	68,831	72,357	75,787
Other sovereign receipts	4,806	4,747	4,969	4,645	4,454	4,560	4,667
Sales of goods and services	16,651	17,175	16,460	17,113	17,626	18,151	18,867
Interest and dividend receipts	2,694	3,175	2,888	3,310	3,560	4,083	4,489
Other operating receipts	5,933	5,443	6,168	4,972	3,894	3,938	3,862
<b>Total cash provided from operations</b>	<b>86,497</b>	<b>91,235</b>	<b>90,927</b>	<b>94,953</b>	<b>98,365</b>	<b>103,089</b>	<b>107,672</b>
<b>Cash was disbursed to</b>							
Transfer payments and subsidies	22,780	23,877	23,800	24,020	24,496	25,319	26,297
Personnel and operating payments	58,450	62,622	60,717	63,953	59,698	59,688	60,903
Interest payments	4,369	4,629	4,412	4,728	4,778	5,226	5,378
Forecast new operating spending	-	461	77	291	1,864	3,375	4,921
Top-down expense adjustment	-	(600)	(660)	(875)	(485)	(360)	(360)
<b>Total cash disbursed to operations</b>	<b>85,599</b>	<b>90,989</b>	<b>88,346</b>	<b>92,117</b>	<b>90,351</b>	<b>93,248</b>	<b>97,139</b>
<b>Net cash flows from operations</b>	<b>898</b>	<b>246</b>	<b>2,581</b>	<b>2,836</b>	<b>8,014</b>	<b>9,841</b>	<b>10,533</b>
<b>Cash flows from investing activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Net purchase of physical assets	(5,169)	(7,234)	(6,787)	(7,832)	(6,807)	(6,157)	(5,648)
Net purchase of shares and other securities	6,342	(5,221)	(5,336)	4,339	(4,855)	(8,284)	2,005
Net purchase of intangible assets	(581)	(516)	(568)	(576)	(505)	(424)	(403)
Net repayment/(issues) of advances	(1,405)	(2,029)	(2,166)	(1,971)	(1,672)	(1,512)	(1,428)
Net acquisition of investments in associates	280	65	34	(46)	58	45	46
Government share offer programme <sup>1</sup>	1,547	1,500	2,216	598	-	-	-
Forecast new capital spending	-	(503)	(13)	(326)	(565)	(747)	(901)
Top-down capital adjustment	-	50	395	370	75	50	50
<b>Net cash flows from investing activities</b>	<b>1,014</b>	<b>(13,888)</b>	<b>(12,225)</b>	<b>(5,444)</b>	<b>(14,271)</b>	<b>(17,029)</b>	<b>(6,279)</b>
<b>Net cash flows from operating and investing activities</b>	<b>1,912</b>	<b>(13,642)</b>	<b>(9,644)</b>	<b>(2,608)</b>	<b>(6,257)</b>	<b>(7,188)</b>	<b>4,254</b>
<b>Cash flows from financing activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Issues of circulating currency	234	141	382	152	157	161	166
Net issue/(repayment) of government stock <sup>2</sup>	5,476	10,245	5,723	(759)	5,099	6,824	(4,487)
Net issue/(repayment) of foreign-currency borrowings	(2,926)	(519)	(52)	(838)	(641)	(37)	(576)
Net issue/(repayment) of other New Zealand dollar borrowings	(634)	2,647	251	3,808	2,140	1,117	1,674
Dividends paid to minority interests <sup>3</sup>	(20)	(120)	(246)	(365)	(401)	(416)	(435)
<b>Net cash flows from financing activities</b>	<b>2,130</b>	<b>12,394</b>	<b>6,058</b>	<b>1,998</b>	<b>6,354</b>	<b>7,649</b>	<b>(3,658)</b>
<b>Net movement in cash</b>	<b>4,042</b>	<b>(1,248)</b>	<b>(3,586)</b>	<b>(610)</b>	<b>97</b>	<b>461</b>	<b>596</b>
<b>Opening cash balance</b>	<b>10,686</b>	<b>16,492</b>	<b>14,924</b>	<b>11,108</b>	<b>10,498</b>	<b>10,595</b>	<b>11,056</b>
Foreign-exchange gains/(losses) on opening cash	196	-	(230)	-	-	-	-
<b>Closing cash balance</b>	<b>14,924</b>	<b>15,244</b>	<b>11,108</b>	<b>10,498</b>	<b>10,595</b>	<b>11,056</b>	<b>11,652</b>

1. Excludes purchases by ACC and NZSF.

2. Further information on the proceeds and repayments of government stock ("domestic bonds") is available in note 22.

3. Minority interests include those who recently purchased shares in the Government Share Offer Programme as well as the pre-existing minority interests in Air New Zealand Limited, and the minority interests held in the Crown Fibre Holdings Group and Solid Energy.

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

## Forecast Statement of Cash Flows (continued)

for the years ending 30 June

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>Reconciliation between the net cash flows from operations and the operating balance</b>							
<b>Net cash flows from operations</b>	<b>898</b>	<b>246</b>	<b>2,581</b>	<b>2,836</b>	<b>8,014</b>	<b>9,841</b>	<b>10,533</b>
<i>Items included in the operating balance but not in net cash flows from operations</i>							
<b>Gains/(losses)</b>							
Net gains/(losses) on financial instruments	7,270	1,748	3,604	2,583	2,728	2,837	3,013
Net gains/(losses) on non-financial instruments	3,674	443	1,557	(107)	(109)	(73)	(74)
<b>Total gains/(losses)</b>	<b>10,944</b>	<b>2,191</b>	<b>5,161</b>	<b>2,476</b>	<b>2,619</b>	<b>2,764</b>	<b>2,939</b>
<b>Other non-cash items in operating balance</b>							
Depreciation and amortisation	(4,812)	(4,640)	(4,644)	(4,882)	(5,048)	(5,151)	(5,213)
Write-down on initial recognition of financial assets	(684)	(723)	(843)	(838)	(866)	(885)	(895)
Impairment on financial assets (excl. receivables)	(497)	23	(18)	(128)	(131)	(134)	(137)
Decrease/(increase) in defined benefit retirement plan liabilities	385	461	458	353	338	322	304
Decrease/(increase) in insurance liabilities	1,106	2,517	1,730	3,629	(801)	(1,392)	(1,638)
Other	331	201	47	(86)	(119)	(152)	(193)
<b>Total other non-cash items</b>	<b>(4,171)</b>	<b>(2,161)</b>	<b>(3,270)</b>	<b>(1,952)</b>	<b>(6,627)</b>	<b>(7,392)</b>	<b>(7,772)</b>
<b>Movements in working capital</b>							
Increase/(decrease) in receivables	(1,302)	(1,119)	(1,346)	(803)	120	453	648
Increase/(decrease) in accrued interest	257	526	222	326	147	235	313
Increase/(decrease) in inventories	(94)	73	18	(4)	25	8	(51)
Increase/(decrease) in prepayments	32	(29)	(24)	(27)	2	6	(2)
Decrease/(increase) in deferred revenue	(2)	26	(87)	(20)	(19)	(14)	(64)
Decrease/(increase) in payables/provisions	363	605	(282)	270	(145)	(513)	136
<b>Total movements in working capital</b>	<b>(746)</b>	<b>82</b>	<b>(1,499)</b>	<b>(258)</b>	<b>130</b>	<b>175</b>	<b>980</b>
<b>Operating balance</b>	<b>6,925</b>	<b>358</b>	<b>2,973</b>	<b>3,102</b>	<b>4,136</b>	<b>5,388</b>	<b>6,680</b>

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

## Forecast Statement of Financial Position

as at 30 June

		2013	2014	2014	2015	2016	2017	2018
	Note	Actual \$m	Previous Budget \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m
<b>Assets</b>								
Cash and cash equivalents	12	14,924	15,244	11,108	10,498	10,595	11,056	11,652
Receivables	12	19,883	18,070	17,873	16,610	16,757	17,244	17,933
Marketable securities, deposits and derivatives in gain	12	44,000	44,713	47,870	42,731	47,323	55,603	53,641
Share investments	12	17,359	18,176	19,672	21,234	22,743	24,412	26,209
Advances	12	22,613	25,312	24,611	26,626	28,655	30,343	31,949
Inventory		1,140	1,321	1,158	1,155	1,180	1,188	1,137
Other assets		2,295	2,061	2,267	2,144	2,167	2,182	2,192
Property, plant and equipment	14	109,833	112,627	112,264	115,873	118,485	120,399	121,969
Equity accounted investments <sup>1</sup>		9,593	9,642	10,021	10,326	10,530	10,713	10,895
Intangible assets and goodwill	15	2,776	2,837	2,841	2,934	2,970	2,900	2,870
Forecast for new capital spending	8	-	505	13	339	904	1,651	2,551
Top-down capital adjustment	8	-	(330)	(395)	(765)	(840)	(890)	(940)
<b>Total assets</b>		<b>244,416</b>	<b>250,178</b>	<b>249,303</b>	<b>249,705</b>	<b>261,469</b>	<b>276,801</b>	<b>282,058</b>
<b>Liabilities</b>								
Issued currency		4,691	4,897	5,072	5,224	5,381	5,543	5,709
Payables	17	11,160	12,360	11,952	11,874	12,676	13,629	14,288
Deferred revenue		1,714	1,553	1,802	1,821	1,840	1,854	1,918
Borrowings		100,087	112,201	103,058	104,390	110,727	118,421	114,698
Insurance liabilities	18	37,712	35,902	34,900	31,272	32,072	33,464	35,102
Retirement plan liabilities	19	11,903	11,766	10,732	10,380	10,042	9,719	9,416
Provisions	20	7,138	6,317	6,320	6,111	5,893	5,857	5,806
<b>Total liabilities</b>		<b>174,405</b>	<b>184,996</b>	<b>173,836</b>	<b>171,072</b>	<b>178,631</b>	<b>188,487</b>	<b>186,937</b>
<b>Total assets less total liabilities</b>		<b>70,011</b>	<b>65,182</b>	<b>75,467</b>	<b>78,633</b>	<b>82,838</b>	<b>88,314</b>	<b>95,121</b>
<b>Net worth</b>								
Taxpayers' funds		10,862	6,230	13,344	16,601	21,010	26,603	33,489
Property, plant and equipment revaluation reserve		57,068	55,831	56,648	56,509	56,259	56,085	55,919
Other reserves		141	(64)	40	5	20	40	55
<b>Total net worth attributable to the Crown</b>		<b>68,071</b>	<b>61,997</b>	<b>70,032</b>	<b>73,115</b>	<b>77,289</b>	<b>82,728</b>	<b>89,463</b>
Net worth attributable to minority interest		1,940	3,185	5,435	5,518	5,549	5,586	5,658
<b>Total net worth</b>	21	<b>70,011</b>	<b>65,182</b>	<b>75,467</b>	<b>78,633</b>	<b>82,838</b>	<b>88,314</b>	<b>95,121</b>

1. Tertiary education institutions constitute most equity accounted investments.

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

## Forecast Statement of Borrowings

as at 30 June

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>Borrowings</b>							
Government bonds	57,377	68,469	60,499	58,855	63,426	69,678	64,664
Treasury bills	4,084	3,541	3,087	3,688	3,561	3,560	3,555
Government retail stock	199	204	190	190	190	190	190
Settlement deposits with Reserve Bank	7,575	7,183	6,849	6,849	6,849	6,849	6,849
Derivatives in loss	3,188	1,854	2,099	1,890	1,775	1,744	1,564
Finance lease liabilities	1,454	1,475	1,574	1,994	2,132	2,137	2,175
Other borrowings	26,210	29,475	28,760	30,924	32,794	34,263	35,701
<b>Total borrowings</b>	<b>100,087</b>	<b>112,201</b>	<b>103,058</b>	<b>104,390</b>	<b>110,727</b>	<b>118,421</b>	<b>114,698</b>
Total sovereign-guaranteed debt	75,684	84,580	76,653	75,602	79,940	86,132	80,971
Total non-sovereign-guaranteed debt	24,403	27,621	26,405	28,788	30,787	32,289	33,727
<b>Total borrowings</b>	<b>100,087</b>	<b>112,201</b>	<b>103,058</b>	<b>104,390</b>	<b>110,727</b>	<b>118,421</b>	<b>114,698</b>
<b>Net debt:</b>							
Core Crown borrowings <sup>1</sup>	84,873	94,504	88,442	86,246	91,216	98,132	93,740
Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(587)	(1,027)	(640)	(767)	(898)	(939)	(941)
<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>84,286</b>	<b>93,477</b>	<b>87,802</b>	<b>85,479</b>	<b>90,318</b>	<b>97,193</b>	<b>92,799</b>
Less core Crown financial assets <sup>3</sup>	62,984	65,786	66,764	63,248	68,868	77,954	76,562
<b>Net core Crown debt</b>	<b>21,302</b>	<b>27,691</b>	<b>21,038</b>	<b>22,231</b>	<b>21,450</b>	<b>19,239</b>	<b>16,237</b>
Core Crown advances	13,126	14,375	13,786	15,056	15,512	15,759	15,898
<b>Net core Crown debt (incl. NZS Fund)<sup>4</sup></b>	<b>34,428</b>	<b>42,066</b>	<b>34,824</b>	<b>37,287</b>	<b>36,962</b>	<b>34,998</b>	<b>32,135</b>
Add back NZS Fund holdings of core Crown financial assets and NZS Fund financial assets <sup>5</sup>	21,407	22,699	24,597	26,280	28,359	30,486	32,732
<b>Net core Crown debt (excl. NZS Fund and advances)<sup>6</sup></b>	<b>55,835</b>	<b>64,765</b>	<b>59,421</b>	<b>63,567</b>	<b>65,321</b>	<b>65,484</b>	<b>64,867</b>
<b>Gross debt:</b>							
Gross sovereign-issued debt <sup>2</sup>	84,286	93,477	87,802	85,479	90,318	97,193	92,799
Less Reserve Bank settlement cash and bank bills	(7,902)	(7,391)	(7,245)	(7,245)	(7,245)	(7,245)	(7,245)
Add back changes to DMO borrowing owing to settlement cash <sup>7</sup>	1,600	1,600	1,600	1,600	1,600	1,600	1,600
<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and bank bills<sup>4</sup></b>	<b>77,984</b>	<b>87,686</b>	<b>82,157</b>	<b>79,834</b>	<b>84,673</b>	<b>91,548</b>	<b>87,154</b>

### Notes on borrowings

Total borrowings can be split into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that borrowings by SOEs and Crown entities are not explicitly guaranteed by the Crown. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

1. Core Crown borrowings in this instance include unsettled purchases of securities (classified as accounts payable in the Statement of Financial Position).
2. Gross sovereign-issued debt (GSID) represents debt issued by the sovereign (the core Crown) and includes any government stock held by the other Crown reporting entities.
3. Core Crown financial assets exclude receivables.
4. 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.
5. 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.
6. Net core Crown debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
7. The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the NZDMO 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 Actual Commitments

as at 31 March 2014

	As at 31 Mar 2014 \$m	As at 30 June 2013 \$m
<b>Capital commitments</b>		
Specialist military equipment	422	549
Land and buildings	961	717
Other property, plant and equipment	5,126	5,478
Other capital commitments	898	790
Tertiary education institutions	169	169
<b>Total capital commitments</b>	<b>7,576</b>	<b>7,703</b>
<b>Operating commitments</b>		
Non-cancellable accommodation leases	2,626	2,792
Other non-cancellable leases	2,550	2,735
Tertiary education institutions	466	466
<b>Total operating commitments</b>	<b>5,642</b>	<b>5,993</b>
<b>Total commitments</b>	<b>13,218</b>	<b>13,696</b>
<b>Total commitments by segment</b>		
Core Crown	3,722	4,226
Crown entities	5,344	5,296
State-owned enterprises	5,006	5,078
Inter-segment eliminations	(854)	(904)
<b>Total commitments</b>	<b>13,218</b>	<b>13,696</b>

## Statement of Actual Contingent Liabilities and Assets

as at 31 March 2014

	As at 31 Mar 2014 \$m	As at 30 June 2013 \$m
<b>Quantifiable contingent liabilities</b>		
Guarantees and indemnities	158	225
Uncalled capital	5,738	6,286
Legal proceedings and disputes	656	707
Other contingent liabilities	490	432
<b>Total quantifiable contingent liabilities</b>	<b>7,042</b>	<b>7,650</b>
<b>Total quantifiable contingent liabilities by segment</b>		
Core Crown	6,685	7,350
Crown entities	43	35
State-owned enterprises	314	265
Inter-segment eliminations	-	-
<b>Total quantifiable contingent liabilities</b>	<b>7,042</b>	<b>7,650</b>
<b>Quantifiable contingent assets by segment</b>		
Core Crown	164	245
Crown entities	4	4
State-owned enterprises	-	21
<b>Total quantifiable contingent assets</b>	<b>168</b>	<b>270</b>

More information on contingent liabilities (quantified and unquantified) is outlined in the Specific Fiscal Risks chapter.

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

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
<b>NOTE 1: Sovereign Revenue (Accrual)</b>							
<b>Taxation revenue (accrual)</b>							
<b>Individuals</b>							
Source deductions	22,330	23,709	23,811	25,224	26,627	28,175	29,849
Other persons	5,210	5,083	5,161	5,428	5,681	5,955	6,106
Refunds	(1,644)	(1,488)	(1,531)	(1,395)	(1,520)	(1,609)	(1,635)
Fringe benefit tax	480	477	487	512	533	556	581
<b>Total individuals</b>	<b>26,376</b>	<b>27,781</b>	<b>27,928</b>	<b>29,769</b>	<b>31,321</b>	<b>33,077</b>	<b>34,901</b>
<b>Corporate tax</b>							
Gross companies tax	8,747	9,240	9,195	9,555	9,956	10,220	10,450
Refunds	(151)	(197)	(195)	(207)	(233)	(240)	(248)
Non-resident withholding tax	420	447	421	481	528	551	569
Foreign-source dividend w/holding payments	2	-	2	2	2	2	2
<b>Total corporate tax</b>	<b>9,018</b>	<b>9,490</b>	<b>9,423</b>	<b>9,831</b>	<b>10,253</b>	<b>10,533</b>	<b>10,773</b>
<b>Other direct income tax</b>							
Resident w/holding tax on interest income	1,631	1,671	1,642	2,007	2,638	3,022	3,381
Resident w/holding tax on dividend income	516	607	472	495	516	534	545
<b>Total other direct income tax</b>	<b>2,147</b>	<b>2,278</b>	<b>2,114</b>	<b>2,502</b>	<b>3,154</b>	<b>3,556</b>	<b>3,926</b>
<b>Total direct income tax</b>	<b>37,541</b>	<b>39,549</b>	<b>39,465</b>	<b>42,102</b>	<b>44,728</b>	<b>47,166</b>	<b>49,600</b>
<b>Goods and services tax</b>							
Gross goods and services tax	25,125	27,220	27,364	29,392	30,722	32,241	34,410
Refunds	(9,920)	(10,695)	(11,079)	(11,630)	(11,832)	(12,568)	(13,807)
<b>Total goods and services tax</b>	<b>15,205</b>	<b>16,525</b>	<b>16,285</b>	<b>17,762</b>	<b>18,890</b>	<b>19,673</b>	<b>20,603</b>
<b>Other indirect taxation</b>							
Road user charges	1,066	1,164	1,162	1,268	1,366	1,425	1,473
Petroleum fuels excise – domestic production	855	931	848	936	1,088	1,214	1,246
Alcohol excise – domestic production	663	678	655	681	707	738	770
Tobacco excise – domestic production	281	277	274	286	297	309	308
Petroleum fuels excise – imports <sup>1</sup>	674	659	746	766	725	654	671
Alcohol excise – imports <sup>1</sup>	250	267	246	255	265	276	288
Tobacco excise – imports <sup>1</sup>	954	1,043	1,029	1,108	1,186	1,235	1,232
Other customs duty	178	172	169	155	147	139	132
Gaming duties	214	223	211	209	210	210	211
Motor vehicle fees	174	187	186	195	202	208	213
Approved issuer levy and cheque duty	45	62	68	65	65	65	65
Energy resources levies	34	36	36	36	36	36	36
<b>Total other indirect taxation</b>	<b>5,388</b>	<b>5,699</b>	<b>5,630</b>	<b>5,960</b>	<b>6,294</b>	<b>6,509</b>	<b>6,645</b>
<b>Total indirect taxation</b>	<b>20,593</b>	<b>22,224</b>	<b>21,915</b>	<b>23,722</b>	<b>25,184</b>	<b>26,182</b>	<b>27,248</b>
<b>Total taxation revenue</b>	<b>58,134</b>	<b>61,773</b>	<b>61,380</b>	<b>65,824</b>	<b>69,912</b>	<b>73,348</b>	<b>76,848</b>
<b>Other sovereign revenue (accrual)</b>							
ACC levies	3,437	3,465	3,546	3,172	2,966	2,897	2,972
Fire Service levies	331	338	338	348	350	353	358
EQC levies	242	269	275	282	285	288	291
Child support	590	729	604	665	523	550	584
Court fines	168	173	173	173	173	173	173
Other miscellaneous items	404	322	447	498	529	529	531
<b>Total other sovereign revenue</b>	<b>5,172</b>	<b>5,296</b>	<b>5,383</b>	<b>5,138</b>	<b>4,826</b>	<b>4,790</b>	<b>4,909</b>
<b>Total sovereign revenue</b>	<b>63,306</b>	<b>67,069</b>	<b>66,763</b>	<b>70,962</b>	<b>74,738</b>	<b>78,138</b>	<b>81,757</b>

1. Customs excise-equivalent duty.

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
<b>NOTE 1 (continued): Sovereign Receipts (Cash)</b>							
<b>Taxation receipts (cash)</b>							
<b>Individuals</b>							
Source deductions	22,188	23,584	23,665	25,074	26,471	28,019	29,685
Other persons	5,194	5,549	5,655	5,964	6,184	6,429	6,632
Refunds	(2,251)	(2,222)	(2,149)	(2,211)	(2,321)	(2,372)	(2,472)
Fringe benefit tax	465	476	485	510	531	554	579
<b>Total individuals</b>	<b>25,596</b>	<b>27,387</b>	<b>27,656</b>	<b>29,337</b>	<b>30,865</b>	<b>32,630</b>	<b>34,424</b>
<b>Corporate tax</b>							
Gross companies tax	8,665	9,495	9,390	9,963	10,269	10,647	10,857
Refunds	(597)	(766)	(652)	(703)	(755)	(785)	(811)
Non-resident withholding tax	451	446	399	480	527	550	568
Foreign-source dividend w/holding payments	1	-	2	2	2	2	2
<b>Total corporate tax</b>	<b>8,520</b>	<b>9,175</b>	<b>9,139</b>	<b>9,742</b>	<b>10,043</b>	<b>10,414</b>	<b>10,616</b>
<b>Other direct income tax</b>							
Resident w/holding tax on interest income	1,635	1,670	1,641	2,005	2,636	3,020	3,379
Resident w/holding tax on dividend income	516	607	471	495	516	534	545
<b>Total other direct income tax</b>	<b>2,151</b>	<b>2,277</b>	<b>2,112</b>	<b>2,500</b>	<b>3,152</b>	<b>3,554</b>	<b>3,924</b>
<b>Total direct income tax</b>	<b>36,267</b>	<b>38,839</b>	<b>38,907</b>	<b>41,579</b>	<b>44,060</b>	<b>46,598</b>	<b>48,964</b>
<b>Goods and services tax</b>							
Gross goods and services tax	24,539	26,352	26,537	28,504	29,809	31,318	33,485
Refunds	(9,783)	(10,195)	(10,629)	(11,130)	(11,332)	(12,068)	(13,307)
<b>Total goods and services tax</b>	<b>14,756</b>	<b>16,157</b>	<b>15,908</b>	<b>17,374</b>	<b>18,477</b>	<b>19,250</b>	<b>20,178</b>
<b>Other indirect taxation</b>							
Road user charges	1,064	1,164	1,162	1,268	1,366	1,425	1,473
Petroleum fuels excise – domestic production	865	931	848	936	1,088	1,214	1,246
Alcohol excise – domestic production	666	678	655	681	707	738	770
Tobacco excise – domestic production	287	277	274	286	297	309	308
Customs duty	2,035	2,141	2,190	2,284	2,323	2,304	2,323
Gaming duties	216	223	208	209	210	210	211
Motor vehicle fees	179	187	186	195	202	208	213
Approved issuer levy and cheque duty	44	62	68	65	65	65	65
Energy resources levies	34	36	36	36	36	36	36
<b>Total other indirect taxation</b>	<b>5,390</b>	<b>5,699</b>	<b>5,627</b>	<b>5,960</b>	<b>6,294</b>	<b>6,509</b>	<b>6,645</b>
<b>Total indirect taxation</b>	<b>20,146</b>	<b>21,856</b>	<b>21,535</b>	<b>23,334</b>	<b>24,771</b>	<b>25,759</b>	<b>26,823</b>
<b>Total taxation receipts</b>	<b>56,413</b>	<b>60,695</b>	<b>60,442</b>	<b>64,913</b>	<b>68,831</b>	<b>72,357</b>	<b>75,787</b>
<b>Other sovereign receipts (cash)</b>							
ACC levies	3,524	3,438	3,550	3,174	2,959	3,049	3,133
Fire Service levies	331	338	338	348	350	353	358
EQC levies	274	267	278	282	285	287	290
Child support	230	237	227	252	267	278	293
Court fines	159	148	148	137	137	137	137
Other miscellaneous items	288	319	428	452	456	456	456
<b>Total other sovereign receipts</b>	<b>4,806</b>	<b>4,747</b>	<b>4,969</b>	<b>4,645</b>	<b>4,454</b>	<b>4,560</b>	<b>4,667</b>
<b>Total sovereign receipts</b>	<b>61,219</b>	<b>65,442</b>	<b>65,411</b>	<b>69,558</b>	<b>73,285</b>	<b>76,917</b>	<b>80,454</b>

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

### NOTE 2: Interest revenue and dividends

#### By type

Interest revenue	2,382	3,006	2,555	3,101	3,367	3,984	4,443
Dividends	557	582	605	571	615	652	689
<b>Total interest revenue and dividends</b>	<b>2,939</b>	<b>3,588</b>	<b>3,160</b>	<b>3,672</b>	<b>3,982</b>	<b>4,636</b>	<b>5,132</b>

#### By source

Core Crown	2,104	2,639	2,304	2,492	2,717	3,226	3,581
Crown entities	1,270	1,242	1,156	1,277	1,308	1,364	1,455
State-owned enterprises	856	878	885	1,006	1,167	1,317	1,477
Inter-segment eliminations	(1,291)	(1,171)	(1,185)	(1,103)	(1,210)	(1,271)	(1,381)
<b>Total interest revenue and dividends</b>	<b>2,939</b>	<b>3,588</b>	<b>3,160</b>	<b>3,672</b>	<b>3,982</b>	<b>4,636</b>	<b>5,132</b>

### NOTE 3: Transfer payments and subsidies

New Zealand Superannuation	10,235	10,894	10,903	11,590	12,242	12,885	13,643
Jobseeker Support and Emergency Benefit	-	1,773	1,693	1,648	1,556	1,538	1,569
Supported Living Payment	-	1,392	1,422	1,518	1,538	1,560	1,591
Sole Parent Support	-	1,288	1,225	1,243	1,249	1,263	1,285
Domestic Purposes Benefit	1,738	67	63	-	-	-	-
Invalid's Benefit	1,330	53	52	-	-	-	-
Sickness Benefit	782	32	29	-	-	-	-
Unemployment Benefit	812	29	29	-	-	-	-
Family tax credit	2,018	2,038	1,976	1,934	1,912	1,982	1,951
Other working for families tax credits	575	539	556	527	527	522	515
Accommodation Assistance	1,177	1,191	1,149	1,141	1,129	1,129	1,145
Income related rents	611	662	670	718	775	825	879
Disability assistance	384	380	379	373	374	375	378
Student allowances	596	574	542	531	534	540	546
Other social assistance benefits	1,290	1,316	1,354	1,293	1,294	1,295	1,348
<b>Total social assistance grants</b>	<b>21,548</b>	<b>22,228</b>	<b>22,042</b>	<b>22,516</b>	<b>23,130</b>	<b>23,914</b>	<b>24,850</b>
<b>Subsidies</b>							
KiwiSaver subsidies	723	748	822	827	807	847	890
<b>Other transfer payments</b>							
Official development assistance	437	509	530	533	542	573	586
<b>Total transfer payments and subsidies</b>	<b>22,708</b>	<b>23,485</b>	<b>23,394</b>	<b>23,876</b>	<b>24,479</b>	<b>25,334</b>	<b>26,326</b>

From 15 July 2013 the benefit categories Domestic Purposes Benefit, Invalid's Benefit, Unemployment and Emergency Benefit and Sickness Benefit, as well as Widow's Benefit, were replaced by new benefit categories. These categories are Jobseeker Support and Emergency Benefit, Supported Living Payment and Sole Parent Support.

### NOTE 4: Personnel expenses

#### By source

Core Crown	6,037	6,066	6,253	6,361	6,450	6,478	6,524
Crown entities	10,966	11,198	11,302	11,607	11,821	11,964	12,114
State-owned enterprises	2,949	2,919	2,940	2,923	2,967	2,993	3,078
Inter-segment eliminations	(17)	(11)	(7)	(10)	(11)	(11)	(11)
<b>Total personnel expenses</b>	<b>19,935</b>	<b>20,172</b>	<b>20,488</b>	<b>20,881</b>	<b>21,227</b>	<b>21,424</b>	<b>21,705</b>

### NOTE 5: Depreciation, amortisation and other operating expenses

#### Other operating expenses by source

Core Crown	36,565	37,811	37,474	38,038	38,128	37,901	37,995
Crown entities	17,065	17,458	17,580	17,759	17,927	17,836	17,720
State-owned enterprises	9,689	9,743	9,154	9,556	9,789	10,123	10,539
Inter-segment eliminations	(27,156)	(27,404)	(27,681)	(27,833)	(28,347)	(28,533)	(28,687)
<b>Total other operating expenses</b>	<b>36,163</b>	<b>37,608</b>	<b>36,527</b>	<b>37,520</b>	<b>37,497</b>	<b>37,327</b>	<b>37,567</b>

#### Depreciation and amortisation by source

Core Crown	1,378	1,522	1,435	1,533	1,567	1,592	1,604
Crown entities	1,583	1,642	1,656	1,710	1,792	1,821	1,822
State-owned enterprises	1,851	1,476	1,553	1,639	1,689	1,738	1,787
Inter-segment eliminations	-	-	-	-	-	-	-
<b>Total depreciation and amortisation</b>	<b>4,812</b>	<b>4,640</b>	<b>4,644</b>	<b>4,882</b>	<b>5,048</b>	<b>5,151</b>	<b>5,213</b>



## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
		\$m					

### NOTE 6: Interest expenses

#### By type

Interest on financial liabilities	4,312	4,465	4,416	4,721	5,020	5,501	5,669
Interest unwind on provisions	46	51	45	42	34	42	39
<b>Total interest expenses</b>	<b>4,358</b>	<b>4,516</b>	<b>4,461</b>	<b>4,763</b>	<b>5,054</b>	<b>5,543</b>	<b>5,708</b>

#### By source

Core Crown	3,620	3,622	3,641	3,883	3,978	4,354	4,440
Crown entities	235	239	224	237	236	245	250
State-owned enterprises	1,248	1,279	1,173	1,295	1,433	1,568	1,696
Inter-segment eliminations	(745)	(624)	(577)	(652)	(593)	(624)	(678)
<b>Total interest expenses</b>	<b>4,358</b>	<b>4,516</b>	<b>4,461</b>	<b>4,763</b>	<b>5,054</b>	<b>5,543</b>	<b>5,708</b>

### NOTE 7: Insurance expenses

#### By entity

ACC	3,133	3,315	3,461	3,561	3,936	4,213	4,496
EQC	(103)	(19)	(252)	34	142	218	224
Southern Response	(22)	(95)	61	(89)	(42)	(24)	(8)
Other (incl. inter-segment eliminations)	23	14	13	11	12	11	11
<b>Total insurance expenses</b>	<b>3,031</b>	<b>3,215</b>	<b>3,283</b>	<b>3,517</b>	<b>4,048</b>	<b>4,418</b>	<b>4,723</b>

### NOTE 8: Forecast new spending and top-down expense adjustment

	2014	2015	2016	2017	2018
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Forecast new operating spending</b>					
Unallocated contingencies	77	291	364	345	330
Forecast new spending for Budget 2015	-	-	1,500	1,500	1,500
Forecast new spending for Budget 2016	-	-	-	1,530	1,530
Forecast new spending for Budget 2017	-	-	-	-	1,561
<b>Total forecast new operating spending</b>	<b>77</b>	<b>291</b>	<b>1,864</b>	<b>3,375</b>	<b>4,921</b>
<b>Operating top-down adjustment</b>	<b>(660)</b>	<b>(875)</b>	<b>(485)</b>	<b>(360)</b>	<b>(360)</b>

Unallocated contingencies represent expenses included in Budget 2014 and previous Budgets that has yet to be allocated. Forecast new spending indicates the expected spending increases from future Budgets.

	2014	2015	2016	2017	2018	Post-2018	Total
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Forecast new capital spending (annual)</b>							
Unallocated contingencies	13	226	165	97	-	-	501
Forecast new spending for Budget 2015	-	100	300	250	250	-	900
Forecast new spending for Budget 2016	-	-	100	300	250	250	900
Forecast new spending for Budget 2017	-	-	-	100	300	518	918
Forecast new spending for Budget 2018	-	-	-	-	100	836	936
<b>Total forecast new capital spending</b>	<b>13</b>	<b>326</b>	<b>565</b>	<b>747</b>	<b>900</b>	<b>1,604</b>	<b>4,155</b>
<b>Forecast new capital spending (cumulative)</b>	<b>13</b>	<b>339</b>	<b>904</b>	<b>1,651</b>	<b>2,551</b>		
<b>Capital top-down adjustment (cumulative)</b>	<b>(395)</b>	<b>(765)</b>	<b>(840)</b>	<b>(890)</b>	<b>(940)</b>		

Unallocated contingencies represent capital spending from Budget 2014 and previous Budgets that has yet to be allocated. Forecast new spending indicates the expected capital spending increases from future Budgets, which will be mostly funded from the Future Investment Fund.

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
<b>NOTE 9: Gains and losses on financial instruments</b>							
<i>By source</i>							
Core Crown	5,081	1,663	3,301	2,378	2,473	2,521	2,613
Crown entities	1,192	252	342	373	435	512	600
State-owned enterprises	354	11	88	52	49	39	44
Inter-segment eliminations	643	(178)	(127)	(220)	(229)	(235)	(244)
<b>Net gains/(losses) on financial instruments</b>	<b>7,270</b>	<b>1,748</b>	<b>3,604</b>	<b>2,583</b>	<b>2,728</b>	<b>2,837</b>	<b>3,013</b>
<b>NOTE 10: Gains and losses on non-financial instruments</b>							
<i>By type</i>							
Actuarial gains/(losses) on GSF liability	1,251	-	713	-	-	-	-
Actuarial gains/(losses) on ACC outstanding claims	2,369	498	1,082	-	-	-	-
Other	86	(55)	(205)	(82)	(89)	(55)	(56)
Minority interest share of net gains/losses	(32)	-	(33)	(25)	(20)	(18)	(18)
<b>Net gains/(losses) on non-financial instruments</b>	<b>3,674</b>	<b>443</b>	<b>1,557</b>	<b>(107)</b>	<b>(109)</b>	<b>(73)</b>	<b>(74)</b>
<i>By source</i>							
Core Crown	1,298	(2)	557	(13)	(36)	(1)	(1)
Crown entities	2,309	446	1,034	(69)	(53)	(54)	(55)
State-owned enterprises	68	(1)	(6)	(45)	(40)	(28)	(28)
Inter-segment eliminations	(1)	-	(28)	20	20	10	10
<b>Net gains/(losses) on non-financial instruments</b>	<b>3,674</b>	<b>443</b>	<b>1,557</b>	<b>(107)</b>	<b>(109)</b>	<b>(73)</b>	<b>(74)</b>
<b>NOTE 11: Operating balance</b>							
<i>By source</i>							
Core Crown	371	(2,249)	109	1,871	3,395	4,753	5,901
Crown entities	5,877	2,646	2,993	1,357	848	711	860
State-owned enterprises	614	732	654	593	764	823	880
Inter-segment eliminations	63	(771)	(783)	(719)	(871)	(899)	(961)
<b>Total operating balance</b>	<b>6,925</b>	<b>358</b>	<b>2,973</b>	<b>3,102</b>	<b>4,136</b>	<b>5,388</b>	<b>6,680</b>
<b>NOTE 12: Financial assets</b>							
Cash and cash equivalents	14,924	15,244	11,108	10,498	10,595	11,056	11,652
Tax receivables	8,184	7,831	8,555	8,664	9,206	9,711	10,498
Trade and other receivables	11,699	10,239	9,318	7,946	7,551	7,533	7,435
Student loans (refer note 13)	8,288	8,989	8,752	9,024	9,287	9,513	9,695
Kiwibank mortgages	13,202	14,544	14,784	16,361	18,152	19,652	21,152
Long-term deposits	3,588	2,089	2,407	1,986	1,886	1,913	2,090
IMF financial assets	2,291	2,404	2,507	2,557	2,574	2,598	2,623
Other advances	1,123	1,779	1,075	1,241	1,216	1,178	1,102
Share investments	17,359	18,176	19,672	21,234	22,743	24,412	26,209
Derivatives in gain	3,775	3,906	3,194	2,797	2,507	2,346	2,224
Other marketable securities	34,346	36,314	39,762	35,391	40,356	48,746	46,704
<b>Total financial assets</b>	<b>118,779</b>	<b>121,515</b>	<b>121,134</b>	<b>117,699</b>	<b>126,073</b>	<b>138,658</b>	<b>141,384</b>
<b>Financial assets by entity</b>							
NZDMO	17,799	20,153	19,405	13,555	16,823	23,539	19,583
Reserve Bank of New Zealand	19,342	18,228	18,481	18,657	19,127	19,714	19,296
NZS Fund	23,419	23,891	25,698	27,419	29,393	31,515	33,801
Other core Crown	22,339	20,464	22,419	21,202	21,450	21,753	22,391
Intra-segment eliminations	(7,788)	(6,691)	(7,733)	(6,318)	(6,097)	(6,202)	(5,332)
<b>Total core Crown segment</b>	<b>75,111</b>	<b>76,045</b>	<b>78,270</b>	<b>74,515</b>	<b>80,696</b>	<b>90,319</b>	<b>89,739</b>
ACC portfolio	28,243	32,161	30,632	32,539	34,303	36,263	38,380
EQC portfolio	5,401	2,597	3,237	102	58	57	59
Other Crown entities	9,075	9,735	8,722	7,852	7,075	7,071	7,213
Intra-segment eliminations	(1,422)	(3,625)	(1,764)	(1,777)	(1,820)	(1,862)	(1,904)
<b>Total Crown entities segment</b>	<b>41,297</b>	<b>40,868</b>	<b>40,827</b>	<b>38,716</b>	<b>39,616</b>	<b>41,529</b>	<b>43,748</b>
<b>Total state-owned enterprises segment</b>	<b>20,058</b>	<b>22,141</b>	<b>21,541</b>	<b>23,459</b>	<b>25,460</b>	<b>27,205</b>	<b>29,121</b>
Inter-segment eliminations	(17,687)	(17,539)	(19,504)	(18,991)	(19,699)	(20,395)	(21,224)
<b>Total financial assets</b>	<b>118,779</b>	<b>121,515</b>	<b>121,134</b>	<b>117,699</b>	<b>126,073</b>	<b>138,658</b>	<b>141,384</b>

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	2014 Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 13: Student loans</b>							
Nominal value (including accrued interest)	13,562	14,144	14,209	14,790	15,377	15,952	16,484
Opening book value	8,291	8,528	8,288	8,752	9,024	9,287	9,513
Amount borrowed in current year	1,481	1,632	1,545	1,586	1,645	1,701	1,732
Less initial write-down to fair value	(536)	(537)	(644)	(668)	(693)	(716)	(729)
Repayments made during the year	(1,054)	(1,135)	(1,050)	(1,158)	(1,219)	(1,304)	(1,379)
Interest unwind	590	600	572	601	618	634	647
(Impairment)/reversal of impairment	(484)	(110)	30	(100)	(100)	(100)	(100)
Other movements	-	11	11	11	12	11	11
<b>Closing book value</b>	<b>8,288</b>	<b>8,989</b>	<b>8,752</b>	<b>9,024</b>	<b>9,287</b>	<b>9,513</b>	<b>9,695</b>
<b>NOTE 14: Property, plant and equipment</b>							
<i>By class of asset</i>							
<b>Net carrying value</b>							
Land (valuation)	34,453	34,759	34,934	35,030	34,887	34,990	34,996
Buildings (valuation)	25,784	25,312	25,969	27,365	28,393	29,008	29,542
State highways (valuation)	17,930	18,918	18,875	19,797	20,809	21,839	22,907
Electricity generation assets (valuation)	13,555	14,104	13,660	13,529	13,345	13,172	12,990
Electricity distribution network (cost)	3,865	4,273	4,167	4,261	4,365	4,487	4,544
Specialist military equipment (valuation)	3,094	3,330	2,854	3,080	3,268	3,373	3,338
Specified cultural and heritage assets (valuation)	2,617	2,502	2,677	2,679	2,704	2,726	2,736
Aircraft (excluding military) (valuation)	2,296	2,498	2,639	3,269	3,774	3,983	4,107
Rail network (valuation)	1,035	1,012	1,134	1,372	1,401	1,447	1,480
Other plant and equipment (cost)	5,204	5,919	5,355	5,491	5,539	5,374	5,329
<b>Total property, plant and equipment</b>	<b>109,833</b>	<b>112,627</b>	<b>112,264</b>	<b>115,873</b>	<b>118,485</b>	<b>120,399</b>	<b>121,969</b>
<i>By source</i>							
Core Crown	29,507	30,565	29,971	31,334	31,986	32,595	32,886
Crown entities	51,823	52,207	53,043	54,618	56,327	57,628	59,039
State-owned enterprises	28,503	29,855	29,250	29,921	30,172	30,176	30,044
Inter-segment eliminations	-	-	-	-	-	-	-
<b>Total property, plant and equipment</b>	<b>109,833</b>	<b>112,627</b>	<b>112,264</b>	<b>115,873</b>	<b>118,485</b>	<b>120,399</b>	<b>121,969</b>
<i>Land breakdown by usage</i>							
Housing	9,580	8,750	9,582	9,410	9,149	8,943	8,730
State highway corridor land	8,003	8,653	8,153	8,303	8,453	8,603	8,753
Conservation land	5,364	5,460	5,373	5,385	5,407	5,417	5,417
Rail network	3,256	3,418	3,252	3,232	3,212	3,202	3,192
Schools	2,887	2,724	2,880	2,875	2,870	2,865	2,860
Commercial (SOEs) excluding Rail	1,374	1,520	1,491	1,491	1,509	1,624	1,669
Other	3,989	4,234	4,203	4,334	4,287	4,336	4,375
<b>Total land</b>	<b>34,453</b>	<b>34,759</b>	<b>34,934</b>	<b>35,030</b>	<b>34,887</b>	<b>34,990</b>	<b>34,996</b>

## Notes to the Forecast Financial Statements

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>NOTE 14 (continued): Property, plant and equipment</b>							
<b>Schedule of movements</b>							
Cost or valuation							
Opening balance	121,717	126,589	122,796	129,107	136,883	143,769	150,056
Additions (refer below for further breakdown)	5,779	7,830	7,318	8,678	7,957	7,133	6,791
Disposals	(1,471)	(598)	(639)	(865)	(1,061)	(858)	(763)
Net revaluations	(2,047)	-	(363)	-	-	-	-
Other <sup>1</sup>	(1,182)	(56)	(5)	(37)	(10)	12	(24)
<b>Total cost or valuation</b>	<b>122,796</b>	<b>133,765</b>	<b>129,107</b>	<b>136,883</b>	<b>143,769</b>	<b>150,056</b>	<b>156,060</b>
Accumulated depreciation and impairment							
Opening balance	13,133	17,255	12,963	16,843	21,010	25,284	29,657
Eliminated on disposal	(659)	(42)	(98)	(52)	(52)	(52)	(50)
Eliminated on revaluation	(3,587)	-	(69)	-	-	-	-
Impairment losses charged to operating balance	473	-	-	-	-	-	-
Depreciation expense	3,697	4,011	4,025	4,224	4,329	4,429	4,521
Other <sup>1</sup>	(94)	(86)	22	(5)	(3)	(4)	(37)
<b>Total accumulated depreciation and impairment</b>	<b>12,963</b>	<b>21,138</b>	<b>16,843</b>	<b>21,010</b>	<b>25,284</b>	<b>29,657</b>	<b>34,091</b>
<b>Total property, plant and equipment</b>	<b>109,833</b>	<b>112,627</b>	<b>112,264</b>	<b>115,873</b>	<b>118,485</b>	<b>120,399</b>	<b>121,969</b>

1. Other mainly includes transfers to/from other asset categories.

### Additions – by functional classification

Transport	2,041	2,579	2,625	3,235	2,945	2,659	2,581
Economic	1,521	1,338	1,147	717	682	739	734
Education	472	862	757	895	959	880	720
Health	578	636	572	803	700	576	800
Defence	201	548	413	619	613	561	439
Other	966	1,867	1,804	2,409	2,058	1,718	1,517
<b>Total additions to property, plant and equipment<sup>2</sup></b>	<b>5,779</b>	<b>7,830</b>	<b>7,318</b>	<b>8,678</b>	<b>7,957</b>	<b>7,133</b>	<b>6,791</b>

2. These additions do not include any purchases which may result from the allocation of the forecast for new capital spending (separately disclosed in the Statement of Financial Position).

### NOTE 15: Intangible assets and goodwill

#### By type

Net Kyoto position	53	3	31	37	37	37	37
Goodwill	655	744	650	650	650	650	650
Other intangible assets	2,068	2,090	2,160	2,247	2,283	2,213	2,183
<b>Total intangible assets and goodwill</b>	<b>2,776</b>	<b>2,837</b>	<b>2,841</b>	<b>2,934</b>	<b>2,970</b>	<b>2,900</b>	<b>2,870</b>

#### By source

Core Crown	1,041	1,175	1,136	1,182	1,196	1,197	1,205
Crown entities	573	534	498	587	603	537	499
State-owned enterprises	1,162	1,128	1,207	1,165	1,171	1,166	1,166
Inter-segment eliminations	-	-	-	-	-	-	-
<b>Total intangible assets and goodwill</b>	<b>2,776</b>	<b>2,837</b>	<b>2,841</b>	<b>2,934</b>	<b>2,970</b>	<b>2,900</b>	<b>2,870</b>

#### Net Kyoto position

The New Zealand Government has committed under the Kyoto Protocol to ensuring that New Zealand's average net emissions of greenhouse gases from 2008 to 2012 (the first commitment period of the Kyoto Protocol, or CP1) are reduced to gross 1990 emission levels, or to take responsibility for the difference. New Zealand can meet its commitment through emissions reductions and use of the Kyoto Protocol flexibility mechanisms such as Joint Implementation, the Clean Development Mechanism, and offsetting increased emissions against carbon removed by forests.

To assist New Zealand in meeting its Kyoto Protocol commitments, an Emissions Trading Scheme (ETS) was established (refer note 20). These two initiatives should be looked at together when understanding New Zealand's international climate change obligations.

The latest Net Position estimate can be found on the Ministry for the Environment's website:  
[www.mfe.govt.nz/issues/climate/greenhouse-gas-emissions/net-position](http://www.mfe.govt.nz/issues/climate/greenhouse-gas-emissions/net-position)

## Notes to the Forecast Financial Statements

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>NOTE 16: NZS Fund</b>							
Revenue	595	777	707	685	757	832	913
Less current tax expense	983	478	832	585	631	681	735
Less other expenses	165	148	141	157	184	209	235
Add gains/(losses)	4,374	1,358	2,872	1,914	2,054	2,205	2,367
<b>Operating balance</b>	<b>3,821</b>	<b>1,509</b>	<b>2,606</b>	<b>1,857</b>	<b>1,996</b>	<b>2,147</b>	<b>2,310</b>
Opening net worth	18,703	21,752	22,549	25,157	27,033	29,056	31,238
Operating balance	3,821	1,509	2,606	1,857	1,996	2,147	2,310
Other movements in reserves	25	22	2	19	27	35	44
<b>Closing net worth</b>	<b>22,549</b>	<b>23,283</b>	<b>25,157</b>	<b>27,033</b>	<b>29,056</b>	<b>31,238</b>	<b>33,592</b>
<b>Comprising:</b>							
Financial assets	23,419	23,891	25,698	27,419	29,393	31,515	33,801
Financial liabilities	(2,055)	(1,714)	(1,636)	(1,557)	(1,599)	(1,646)	(1,699)
Net other assets	1,185	1,106	1,095	1,171	1,262	1,369	1,490
<b>Closing net worth</b>	<b>22,549</b>	<b>23,283</b>	<b>25,157</b>	<b>27,033</b>	<b>29,056</b>	<b>31,238</b>	<b>33,592</b>

### NOTE 17: Payables

#### By type

Accounts payable	7,616	8,403	7,756	7,439	7,627	7,893	7,633
Taxes repayable	3,544	3,957	4,196	4,435	5,049	5,736	6,655
<b>Total payables</b>	<b>11,160</b>	<b>12,360</b>	<b>11,952</b>	<b>11,874</b>	<b>12,676</b>	<b>13,629</b>	<b>14,288</b>

#### By source

Core Crown	7,873	6,860	7,682	7,856	8,791	9,696	10,176
Crown entities	4,996	5,929	5,584	5,270	4,981	4,884	4,941
State-owned enterprises	4,877	5,663	5,003	5,146	5,301	5,426	5,534
Inter-segment eliminations	(6,586)	(6,092)	(6,317)	(6,398)	(6,397)	(6,377)	(6,363)
<b>Total payables</b>	<b>11,160</b>	<b>12,360</b>	<b>11,952</b>	<b>11,874</b>	<b>12,676</b>	<b>13,629</b>	<b>14,288</b>

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

### NOTE 18: Insurance liabilities

#### By entity

ACC	29,446	31,423	29,209	30,383	31,663	33,202	34,859
EQC	6,869	3,743	4,308	364	184	178	178
Southern Response	1,744	698	1,327	466	165	21	-
Other (incl. inter-segment eliminations)	(347)	38	56	59	60	63	65
<b>Total insurance liabilities</b>	<b>37,712</b>	<b>35,902</b>	<b>34,900</b>	<b>31,272</b>	<b>32,072</b>	<b>33,464</b>	<b>35,102</b>

#### ACC liability

##### Levy reductions

The forecast includes a reduction in levy rates for the 2015/16 levy year. The amounts factored in for the 2015/16 levy year are based on a best estimate of the likely outcome, which may differ from ACC's consultation document and the final outcome.

##### Calculation information

PwC NZ has prepared an independent actuarial estimate of the ACC outstanding claims liability as at 31 December 2013. This estimate includes the expected future payments relating to accidents that occurred prior to balance date (whether or not the associated claims have been reported to, or accepted by, ACC) and also the expected future administrative expenses of managing these claims. The assumptions underpinning this valuation form the basis of the five-year forecast of the outstanding claims liability.

The key economic variables that impact on changes to the valuation are the long-term Labour Cost Index (LCI), average weekly earnings and the discount rate. Discount rates were derived from the yield curve for New Zealand Government bonds. For these forecast statements, the claims liability has been updated for the latest discount rates as at 31 March 2014. The equivalent single effective discount rate, taking into account ACC's projected future cash flow patterns, is 5.15% and allows for a long-term discount rate of 5.5% from 2035.

Other key variables in each valuation are the forecast increases in claim costs over and above the economic variables above, and the assumed rate at which long-term claimants will leave the scheme over the period. This assessment is largely based on scheme history.

##### Presentation approach

ACC has available to it a portfolio of assets that offset the claims liability. The assets (less cross-holdings of NZ Government stock) are included as assets in the Statement of Financial Position.

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

#### Gross ACC liability

Opening gross liability	30,648	30,767	29,446	29,209	30,383	31,663	33,202
Net change	(1,202)	656	(237)	1,174	1,280	1,539	1,657
Closing gross liability	<b>29,446</b>	<b>31,423</b>	<b>29,209</b>	<b>30,383</b>	<b>31,663</b>	<b>33,202</b>	<b>34,859</b>

#### Less net assets available to ACC

Opening net asset value	23,466	27,486	27,193	29,309	31,351	33,137	35,054
Net change	3,727	2,503	2,116	2,042	1,786	1,917	2,102
Closing net asset value	<b>27,193</b>	<b>29,989</b>	<b>29,309</b>	<b>31,351</b>	<b>33,137</b>	<b>35,054</b>	<b>37,156</b>

#### Net ACC reserves (net liability)

Opening reserves position	(7,182)	(3,281)	(2,253)	100	968	1,474	1,852
Net change	4,929	1,847	2,353	868	506	378	445
Closing reserves position (net liability)/net asset	<b>(2,253)</b>	<b>(1,434)</b>	<b>100</b>	<b>968</b>	<b>1,474</b>	<b>1,852</b>	<b>2,297</b>

## Notes to the Forecast Financial Statements

### NOTE 18 (continued): Insurance liabilities

#### EQC liability

##### Calculation information

Melville Jessup Weaver prepared an independent actuarial estimate of the EQC outstanding claims liability at 31 December 2013 by estimating the projected ultimate claims costs then deducting the payments made in relation to those claims on or before that date. Each component of the claims liability was split into separate groups depending upon the Canterbury earthquake event grouping or other "business as usual" claims. These event groups were further split into sub-claim valuation groups being land claims, building claims or contents claims. The assumptions underpinning the 31 December 2013 valuation form the basis of the five-year forecast of the outstanding claims liability.

Critical assumptions used in projecting the ultimate costs include apportionment of costs across earthquake events, the profile of claims settlement, claims inflation rate per annum, risk margins and claims handling costs.

There is a high level of uncertainty associated with the valuation of the outstanding claims liability, reinsurance recoveries and unexpired risk liability. Some of the key uncertainties are: cost apportionment across events; the potential for construction cost to exceed expectations; land damage estimates; reinsurance recoveries and profile of claims settlement.

The actual claims outcome may differ from the one currently forecast.

##### Presentation approach

EQC reinsurance recoveries are included in receivables in the Statement of Financial Position.

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m
		\$m					
<b>EQC liability</b>							
Opening gross liability	8,877	7,114	6,869	4,308	364	184	178
Net change	(2,008)	(3,371)	(2,561)	(3,944)	(180)	(6)	-
Closing gross liability	<b>6,869</b>	<b>3,743</b>	<b>4,308</b>	<b>364</b>	<b>184</b>	<b>178</b>	<b>178</b>
<b>Less reinsurance receivable</b>							
Opening reinsurance receivable	4,066	2,616	2,623	1,161	50	3	-
Net change	(1,443)	(1,238)	(1,462)	(1,111)	(47)	(3)	-
Closing reinsurance receivable	<b>2,623</b>	<b>1,378</b>	<b>1,161</b>	<b>50</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Net EQC liability</b>							
Opening net position	(4,811)	(4,498)	(4,246)	(3,147)	(314)	(181)	(178)
Net change	565	2,133	1,099	2,833	133	3	-
Closing net position (net liability)	<b>(4,246)</b>	<b>(2,365)</b>	<b>(3,147)</b>	<b>(314)</b>	<b>(181)</b>	<b>(178)</b>	<b>(178)</b>

## Notes to the Forecast Financial Statements

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>NOTE 19: Retirement plan liabilities</b>							
Government Superannuation Fund	11,908	11,767	10,738	10,385	10,047	9,725	9,421
Other funds	(5)	(1)	(6)	(5)	(5)	(6)	(5)
<b>Total retirement plan liabilities</b>	<b>11,903</b>	<b>11,766</b>	<b>10,732</b>	<b>10,380</b>	<b>10,042</b>	<b>9,719</b>	<b>9,416</b>

The net liability of the Government Superannuation Fund (GSF) was calculated by GSF's actuary as at 28 February 2014. The liability arises from closed schemes for past and present public sector employees as set out in the Government Superannuation Fund Act 1956. A Projected Unit Credit method was used to calculate the liability as at 28 February 2014, based on membership data as at 30 June 2013 with adjustments for cash flows to 28 February 2014. The funding method requires the benefits payable from GSF in respect of past service to be calculated and then discounted back to the valuation date.

For these Forecast Financial Statements, the net GSF liability was updated for the latest discount rates derived from the market yield curve for New Zealand Government bonds as at 28 February 2014.

Other principal long-term financial assumptions were an inflation rate, as measured by the Consumers Price Index, of 1.9% for the year to 28 February 2015, 2.3% for the two years to 28 February 2017, 2.4% for the two years to 28 February 2019 and increasing to 2.5% for all years after that. In addition an annual salary growth rate, before any promotional effects, of 3% (unchanged from 30 June 2013).

The 2013/14 projected decrease in the net GSF liability is \$1,170 million, reflecting a decrease in the GSF liability of \$930 million and an increase in the GSF net assets of \$240 million.

The decrease in the GSF liability of \$930 million includes an actuarial gain between 1 July 2013 and 28 February 2014, of \$550 million, owing to movements in the discount rates. The remaining \$380 million reduction is owing to lower than expected benefits paid to members (reduces the liability), offset by current service cost and interest unwind (increases the liability).

The increase in the value of the net assets of GSF of \$240 million includes a gain of \$163 million reflecting the updated market value of assets at 28 February 2014. The balance of \$77 million is the total of the expected investment returns and contributions received, offset by the benefits paid to members.

The changes in the projected net GSF liability from 2013/14 onwards reflect the net of the expected current service cost, interest cost, investment returns and contributions.

	2013 Actual \$m	2014 Previous Budget \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m	2017 Forecast \$m	2018 Forecast \$m
<b>GSF liability</b>							
Opening GSF liability	16,557	15,504	15,290	14,360	14,061	13,774	13,499
Net projected change	(1,267)	(395)	(930)	(299)	(287)	(275)	(260)
Closing GSF liability	<b>15,290</b>	<b>15,109</b>	<b>14,360</b>	<b>14,061</b>	<b>13,774</b>	<b>13,499</b>	<b>13,239</b>
<b>Less net assets available to GSF</b>							
Opening net asset value	3,018	3,276	3,382	3,622	3,676	3,727	3,774
Investment valuation changes	493	177	346	195	198	201	203
Contribution and other income less pension payments	(129)	(111)	(106)	(141)	(147)	(154)	(159)
Closing net asset value	<b>3,382</b>	<b>3,342</b>	<b>3,622</b>	<b>3,676</b>	<b>3,727</b>	<b>3,774</b>	<b>3,818</b>
<b>Net GSF liability</b>							
Opening unfunded liability	13,539	12,228	11,908	10,738	10,385	10,047	9,725
Net projected change	(1,631)	(461)	(1,170)	(353)	(338)	(322)	(304)
Closing unfunded liability	<b>11,908</b>	<b>11,767</b>	<b>10,738</b>	<b>10,385</b>	<b>10,047</b>	<b>9,725</b>	<b>9,421</b>



## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

### NOTE 20: Provisions

Provision for employee entitlements	3,374	3,233	3,181	3,174	3,181	3,197	3,204
Provision for ETS credits	179	-	351	362	342	324	304
Provision for National Provident Fund guarantee	977	987	987	942	901	864	827
Provision for Canterbury Red Zone support package	222	-	-	-	-	-	-
Provision for infrastructure costs	769	837	391	201	-	-	-
Provision for weathertight services financial assistance package	123	62	123	123	123	123	123
Other provisions	1,494	1,198	1,287	1,309	1,346	1,349	1,348
<b>Total provisions</b>	<b>7,138</b>	<b>6,317</b>	<b>6,320</b>	<b>6,111</b>	<b>5,893</b>	<b>5,857</b>	<b>5,806</b>

### By source

Core Crown	4,492	3,905	3,776	3,562	3,160	3,018	2,978
Crown entities	1,979	1,907	1,988	2,017	2,032	2,037	2,011
State-owned enterprises	1,151	963	1,013	1,016	1,029	1,019	1,047
Inter-segment eliminations	(484)	(458)	(457)	(484)	(328)	(217)	(230)
<b>Total provisions</b>	<b>7,138</b>	<b>6,317</b>	<b>6,320</b>	<b>6,111</b>	<b>5,893</b>	<b>5,857</b>	<b>5,806</b>

### Provision for ETS credits

The Emissions Trading Scheme (ETS) was established to assist New Zealand in meeting its international climate change obligations and to reduce New Zealand's net emissions of greenhouse gases to below business-as-usual levels. The ETS creates a limited number of tradable New Zealand Units (NZUs) which the Government can allocate. Emitters can also surrender Kyoto compliant units to meet their obligations.

The allocation of NZUs creates a provision if allocated for free; the provision is reduced, and revenue recognised, as NZUs and Kyoto compliant units are surrendered to the Crown by emitters. The Kyoto compliant units collected through the ETS are recognised as revenue and as part of the net Kyoto Protocol position.

The prices for NZUs and Kyoto compliant units used to calculate the ETS provision are assumed to remain constant over the forecast period and are based on market prices during February 2014.

The ETS impact on the fiscal forecast is as follows:

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	40	5	19	46	73	72	74
Expenses	(55)	(4)	(51)	(51)	(53)	(54)	(55)
Kyoto compliant units surrender expense	(24)	-	(12)	(6)	-	-	-
Gains/(losses)	235	-	(128)	-	-	-	-
<b>Operating balance</b>	<b>196</b>	<b>1</b>	<b>(172)</b>	<b>(11)</b>	<b>20</b>	<b>18</b>	<b>19</b>

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 21: Net worth</b>							
Taxpayers' funds	10,862	6,230	13,344	16,601	21,010	26,603	33,489
Property, plant and equipment revaluation reserve	57,068	55,831	56,648	56,509	56,259	56,085	55,919
Investment revaluation reserve	107	84	94	104	114	126	139
Cash flow hedge reserve	58	(142)	(44)	(47)	(42)	(34)	(32)
Foreign currency translation reserve	(49)	(6)	(56)	(52)	(52)	(52)	(52)
Share based payment reserve	25	-	46	-	-	-	-
Net worth attributable to minority interests	1,940	3,185	5,435	5,518	5,549	5,586	5,658
<b>Total net worth</b>	<b>70,011</b>	<b>65,182</b>	<b>75,467</b>	<b>78,633</b>	<b>82,838</b>	<b>88,314</b>	<b>95,121</b>
<b>Taxpayers' funds</b>							
Opening taxpayers' funds	3,520	5,601	10,862	13,344	16,601	21,010	26,603
Operating balance excluding minority interest	6,925	358	2,973	3,102	4,136	5,388	6,680
Government share offers in SOEs	167	175	(542)	-	-	-	-
Transfers from/(to) other reserves	250	96	51	155	273	205	206
<b>Closing taxpayers' funds</b>	<b>10,862</b>	<b>6,230</b>	<b>13,344</b>	<b>16,601</b>	<b>21,010</b>	<b>26,603</b>	<b>33,489</b>
<b>Property, plant and equipment revaluation reserve</b>							
Opening revaluation reserve	56,001	55,965	57,068	56,648	56,509	56,259	56,085
Net revaluations	1,335	-	(351)	-	-	-	-
Transfers from/(to) other reserves	(268)	(134)	(69)	(139)	(250)	(174)	(166)
<b>Closing property, plant and equipment revaluation reserve</b>	<b>57,068</b>	<b>55,831</b>	<b>56,648</b>	<b>56,509</b>	<b>56,259</b>	<b>56,085</b>	<b>55,919</b>

## Notes to the Forecast Financial Statements

	2013	2014	2014	2015	2016	2017	2018
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 22: Core Crown residual cash</b>							
<b>Core Crown cash flows from operations</b>							
Tax receipts	57,808	62,056	61,892	66,030	70,099	73,731	77,261
Other sovereign receipts	651	644	732	771	789	801	815
Interest, profits and dividends	1,553	1,660	1,546	1,737	1,838	2,204	2,441
Sale of goods and services and other receipts	2,385	2,641	2,917	2,307	2,309	2,231	2,117
Transfer payments and subsidies	(22,780)	(23,877)	(23,800)	(24,021)	(24,496)	(25,319)	(26,297)
Personnel and operating costs	(40,412)	(42,800)	(42,417)	(42,419)	(42,449)	(41,967)	(42,703)
Finance costs	(3,729)	(3,680)	(3,664)	(3,884)	(3,758)	(4,069)	(4,114)
Forecast for future new operating spending	-	(461)	(77)	(291)	(1,864)	(3,375)	(4,921)
Top-down expense adjustment	-	600	660	875	485	360	360
<b>Net core Crown operating cash flows</b>	<b>(4,524)</b>	<b>(3,217)</b>	<b>(2,211)</b>	<b>1,105</b>	<b>2,953</b>	<b>4,597</b>	<b>4,959</b>
<b>Core Crown capital cash flows</b>							
Net purchase of physical assets	(1,231)	(2,560)	(2,370)	(2,600)	(2,129)	(2,132)	(1,836)
Net increase in advances	(342)	(990)	(877)	(1,423)	(608)	(407)	(287)
Net purchase of investments	(1,308)	(1,166)	(1,153)	(2,060)	(1,492)	(1,411)	(1,275)
Government share offer programme	1,663	1,500	2,315	628	-	-	-
Forecast for future new capital spending	-	(503)	(13)	(326)	(565)	(747)	(901)
Top-down capital adjustment	-	50	395	370	75	50	50
<b>Net core Crown capital cash flows</b>	<b>(1,218)</b>	<b>(3,669)</b>	<b>(1,703)</b>	<b>(5,411)</b>	<b>(4,719)</b>	<b>(4,647)</b>	<b>(4,249)</b>
<b>Residual cash (deficit)/surplus</b>	<b>(5,742)</b>	<b>(6,886)</b>	<b>(3,914)</b>	<b>(4,306)</b>	<b>(1,766)</b>	<b>(50)</b>	<b>710</b>
<i>The residual cash (deficit)/surplus is funded or invested as follows:</i>							
<b>Debt programme cash flows</b>							
Market:							
Issue of government bonds	15,458	10,245	7,769	8,046	6,915	6,824	6,825
Repayment of government bonds	(9,982)	-	(2,046)	(8,805)	(1,816)	-	(11,312)
Net issue/(repayment) of short-term borrowing <sup>1</sup>	(5,404)	90	(795)	720	-	-	-
<b>Total market debt cash flows</b>	<b>72</b>	<b>10,335</b>	<b>4,928</b>	<b>(39)</b>	<b>5,099</b>	<b>6,824</b>	<b>(4,487)</b>
Non-market:							
Issue of government bonds	-	-	-	-	-	-	-
Repayment of government bonds	(499)	(757)	-	(1,427)	-	-	-
Net issue/(repayment) of short-term borrowing	100	(219)	-	(500)	(80)	-	-
<b>Total non-market debt cash flows</b>	<b>(399)</b>	<b>(976)</b>	<b>-</b>	<b>(1,927)</b>	<b>(80)</b>	<b>-</b>	<b>-</b>
<b>Total debt programme cash flows</b>	<b>(327)</b>	<b>9,359</b>	<b>4,928</b>	<b>(1,966)</b>	<b>5,019</b>	<b>6,824</b>	<b>(4,487)</b>
<b>Other borrowing cash flows</b>							
Net (repayment)/issue of other New Zealand dollar borrowing	4,494	724	(440)	1,136	761	58	710
Net (repayment)/issue of foreign currency borrowing	(3,047)	(512)	(118)	(842)	(639)	(35)	(574)
<b>Total other borrowing cash flows</b>	<b>1,447</b>	<b>212</b>	<b>(558)</b>	<b>294</b>	<b>122</b>	<b>23</b>	<b>136</b>
<b>Investing cash flows</b>							
Net sale/(purchase) of marketable securities and deposits	5,699	(2,826)	(2,644)	5,830	(3,527)	(6,952)	3,480
Issues of circulating currency	234	141	382	152	157	161	166
Decrease/(increase) in cash	(1,311)	-	1,806	(4)	(5)	(6)	(5)
<b>Total investing cash flows</b>	<b>4,622</b>	<b>(2,685)</b>	<b>(456)</b>	<b>5,978</b>	<b>(3,375)</b>	<b>(6,797)</b>	<b>3,641</b>
<b>Residual cash deficit/(surplus) funding or investing</b>	<b>5,742</b>	<b>6,886</b>	<b>3,914</b>	<b>4,306</b>	<b>1,766</b>	<b>50</b>	<b>(710)</b>

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

## Forecast Statement of Segments

	Core Crown	Crown entities	State-Owned Enterprises	Inter-segment eliminations	Total Crown
	2013	2013	2013	2013	2013
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance for the year ended 30 June 2013</b>					
<b>Revenue</b>					
Taxation revenue	58,651	-	-	(517)	58,134
Other sovereign revenue	1,133	5,295	-	(1,256)	5,172
Revenue from core Crown funding	-	24,096	268	(24,364)	-
Sales of goods and services	1,461	1,856	14,002	(606)	16,713
Interest revenue and dividends	2,104	1,270	856	(1,291)	2,939
Other revenue	800	2,547	810	(460)	3,697
<b>Total revenue (excluding gains)</b>	<b>64,149</b>	<b>35,064</b>	<b>15,936</b>	<b>(28,494)</b>	<b>86,655</b>
<b>Expenses</b>					
Social assistance and official development assistance	22,709	-	-	(1)	22,708
Personnel expenses	6,037	10,966	2,949	(17)	19,935
Other operating expenses	37,943	18,648	11,540	(27,156)	40,975
Interest expenses	3,620	235	1,248	(745)	4,358
Insurance expenses	1	3,011	15	4	3,031
Forecast for future new spending and top-down adjustment	-	-	-	-	-
<b>Total expenses (excluding losses)</b>	<b>70,310</b>	<b>32,860</b>	<b>15,752</b>	<b>(27,915)</b>	<b>91,007</b>
Minority interest share of operating balance before gains/losses	-	10	(75)	3	(62)
<b>Operating balance before gains/(losses)</b>	<b>(6,161)</b>	<b>2,214</b>	<b>109</b>	<b>(576)</b>	<b>(4,414)</b>
Total gains/(losses)	6,379	3,501	422	642	10,944
Net surplus/(deficit) from associates and joint ventures	153	162	83	(3)	395
<b>Operating balance</b>	<b>371</b>	<b>5,877</b>	<b>614</b>	<b>63</b>	<b>6,925</b>
<b>Expenses by functional classification</b>					
Social security and welfare	22,741	4,151	-	(624)	26,268
Health	14,498	12,236	-	(12,878)	13,856
Education	12,504	9,594	19	(8,751)	13,366
Transport and communications	2,255	2,250	6,891	(2,344)	9,052
Other	14,692	4,394	7,594	(2,573)	24,107
Finance costs	3,620	235	1,248	(745)	4,358
Forecast for future new spending and top-down adjustment	-	-	-	-	-
<b>Total Crown expenses (excluding losses)</b>	<b>70,310</b>	<b>32,860</b>	<b>15,752</b>	<b>(27,915)</b>	<b>91,007</b>
<b>Statement of Financial Position as at 30 June 2013</b>					
<b>Assets</b>					
Cash and cash equivalents	11,047	2,933	1,594	(650)	14,924
Receivables	11,924	8,369	2,037	(2,447)	19,883
Other financial assets	52,140	29,995	16,427	(14,590)	83,972
Property, plant and equipment	29,507	51,823	28,503	-	109,833
Equity accounted investments	32,611	8,151	187	(31,356)	9,593
Intangible assets and goodwill	1,041	573	1,162	-	2,776
Inventory and other assets	1,605	560	1,301	(31)	3,435
Forecast for new capital spending and top-down adjustment	-	-	-	-	-
<b>Total assets</b>	<b>139,875</b>	<b>102,404</b>	<b>51,211</b>	<b>(49,074)</b>	<b>244,416</b>
<b>Liabilities</b>					
Borrowings	84,870	5,251	24,839	(14,873)	100,087
Other liabilities	29,392	45,261	7,226	(7,561)	74,318
<b>Total liabilities</b>	<b>114,262</b>	<b>50,512</b>	<b>32,065</b>	<b>(22,434)</b>	<b>174,405</b>
<b>Total assets less total liabilities</b>	<b>25,613</b>	<b>51,892</b>	<b>19,146</b>	<b>(26,640)</b>	<b>70,011</b>
<b>Net worth</b>					
Taxpayers' funds	8,274	24,213	8,382	(30,007)	10,862
Reserves	15,840	27,638	10,192	3,539	57,209
Net worth attributable to minority interest	1,499	41	572	(172)	1,940
<b>Total net worth</b>	<b>25,613</b>	<b>51,892</b>	<b>19,146</b>	<b>(26,640)</b>	<b>70,011</b>

## Forecast Statement of Segments (continued)

	Core Crown 2014 Forecast \$m	Crown entities 2014 Forecast \$m	State-Owned Enterprises 2014 Forecast \$m	Inter-segment eliminations 2014 Forecast \$m	Total Crown 2014 Forecast \$m
<b>Statement of Financial Performance for the year ended 30 June 2014</b>					
<b>Revenue</b>					
Taxation revenue	61,896	-	-	(516)	61,380
Other sovereign revenue	1,153	5,319	-	(1,089)	5,383
Revenue from core Crown funding	-	24,812	207	(25,019)	-
Sales of goods and services	1,513	1,904	13,596	(581)	16,432
Interest revenue and dividends	2,304	1,156	885	(1,185)	3,160
Other revenue	909	2,284	964	(535)	3,622
<b>Total revenue (excluding gains)</b>	<b>67,775</b>	<b>35,475</b>	<b>15,652</b>	<b>(28,925)</b>	<b>89,977</b>
<b>Expenses</b>					
Social assistance and official development assistance	23,394	-	-	-	23,394
Personnel expenses	6,253	11,302	2,940	(7)	20,488
Other operating expenses	38,909	19,236	10,707	(27,681)	41,171
Interest expenses	3,641	224	1,173	(577)	4,461
Insurance expenses	2	3,274	8	(1)	3,283
Forecast for future new spending and top-down adjustment	(583)	-	-	-	(583)
<b>Total expenses (excluding losses)</b>	<b>71,616</b>	<b>34,036</b>	<b>14,828</b>	<b>(28,266)</b>	<b>92,214</b>
Minority interest share of operating balance before gains/losses	-	16	(226)	-	(210)
<b>Operating balance before gains/(losses)</b>	<b>(3,841)</b>	<b>1,455</b>	<b>598</b>	<b>(659)</b>	<b>(2,447)</b>
Total gains/(losses)	3,858	1,376	82	(155)	5,161
Net surplus/(deficit) from associates and joint ventures	92	162	(26)	31	259
<b>Operating balance</b>	<b>109</b>	<b>2,993</b>	<b>654</b>	<b>(783)</b>	<b>2,973</b>
<b>Expenses by functional classification</b>					
Social security and welfare	23,329	4,583	-	(539)	27,373
Health	14,889	12,636	-	(13,143)	14,382
Education	12,411	9,668	9	(8,908)	13,180
Transport and communications	2,241	2,431	6,925	(2,385)	9,212
Other	15,688	4,494	6,721	(2,714)	24,189
Finance costs	3,641	224	1,173	(577)	4,461
Forecast for future new spending and top-down adjustment	(583)	-	-	-	(583)
<b>Total Crown expenses (excluding losses)</b>	<b>71,616</b>	<b>34,036</b>	<b>14,828</b>	<b>(28,266)</b>	<b>92,214</b>
<b>Statement of Financial Position as at 30 June 2014</b>					
<b>Assets</b>					
Cash and cash equivalents	7,746	2,798	1,229	(665)	11,108
Receivables	11,507	6,035	2,077	(1,746)	17,873
Other financial assets	59,017	31,994	18,235	(17,093)	92,153
Property, plant and equipment	29,971	53,043	29,250	-	112,264
Equity accounted investments	32,764	8,479	348	(31,570)	10,021
Intangible assets and goodwill	1,136	498	1,207	-	2,841
Inventory and other assets	1,697	602	1,164	(38)	3,425
Forecast for new capital spending and top-down adjustment	(382)	-	-	-	(382)
<b>Total assets</b>	<b>143,456</b>	<b>103,449</b>	<b>53,510</b>	<b>(51,112)</b>	<b>249,303</b>
<b>Liabilities</b>					
Borrowings	88,438	5,107	26,916	(17,403)	103,058
Other liabilities	27,585	42,651	7,332	(6,790)	70,778
<b>Total liabilities</b>	<b>116,023</b>	<b>47,758</b>	<b>34,248</b>	<b>(24,193)</b>	<b>173,836</b>
<b>Total assets less total liabilities</b>	<b>27,433</b>	<b>55,691</b>	<b>19,262</b>	<b>(26,919)</b>	<b>75,467</b>
<b>Net worth</b>					
Taxpayers' funds	11,835	28,081	3,540	(30,112)	13,344
Reserves	15,598	27,544	10,065	3,481	56,688
Net worth attributable to minority interest	-	66	5,657	(288)	5,435
<b>Total net worth</b>	<b>27,433</b>	<b>55,691</b>	<b>19,262</b>	<b>(26,919)</b>	<b>75,467</b>

## Forecast Statement of Segments (continued)

	Core Crown	Crown entities	State-Owned Enterprises	Inter-segment eliminations	Total Crown
	2015	2015	2015	2015	2015
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance</b>					
<b>for the year ended 30 June 2015</b>					
<b>Revenue</b>					
Taxation revenue	66,442	-	-	(618)	65,824
Other sovereign revenue	1,265	4,924	-	(1,051)	5,138
Revenue from core Crown funding	-	25,016	123	(25,139)	-
Sales of goods and services	1,435	1,981	14,251	(576)	17,091
Interest revenue and dividends	2,492	1,277	1,006	(1,103)	3,672
Other revenue	903	2,491	977	(529)	3,842
<b>Total revenue (excluding gains)</b>	<b>72,537</b>	<b>35,689</b>	<b>16,357</b>	<b>(29,016)</b>	<b>95,567</b>
<b>Expenses</b>					
Social assistance and official development assistance	23,876	-	-	-	23,876
Personnel expenses	6,361	11,607	2,923	(10)	20,881
Other operating expenses	39,571	19,469	11,195	(27,833)	42,402
Interest expenses	3,883	237	1,295	(652)	4,763
Insurance expenses	(1)	3,508	8	2	3,517
Forecast for future new spending and top-down adjustment	(584)	-	-	-	(584)
<b>Total expenses (excluding losses)</b>	<b>73,106</b>	<b>34,821</b>	<b>15,421</b>	<b>(28,493)</b>	<b>94,855</b>
Minority interest share of operating balance before gains/losses	-	17	(357)	-	(340)
<b>Operating balance before gains/(losses)</b>	<b>(569)</b>	<b>885</b>	<b>579</b>	<b>(523)</b>	<b>372</b>
Total gains/(losses)	2,365	304	7	(200)	2,476
Net surplus/(deficit) from associates and joint ventures	75	168	7	4	254
<b>Operating balance</b>	<b>1,871</b>	<b>1,357</b>	<b>593</b>	<b>(719)</b>	<b>3,102</b>
<b>Expenses by functional classification</b>					
Social security and welfare	23,954	4,699	-	(528)	28,125
Health	15,065	12,781	-	(13,105)	14,741
Education	12,827	9,903	9	(9,168)	13,571
Transport and communications	2,217	2,443	7,083	(2,316)	9,427
Other	15,744	4,758	7,034	(2,724)	24,812
Finance costs	3,883	237	1,295	(652)	4,763
Forecast for future new spending and top-down adjustment	(584)	-	-	-	(584)
<b>Total Crown expenses (excluding losses)</b>	<b>73,106</b>	<b>34,821</b>	<b>15,421</b>	<b>(28,493)</b>	<b>94,855</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2015</b>					
<b>Assets</b>					
Cash and cash equivalents	7,801	2,094	1,248	(645)	10,498
Receivables	11,266	5,086	2,160	(1,902)	16,610
Other financial assets	55,448	31,536	20,051	(16,444)	90,591
Property, plant and equipment	31,334	54,618	29,921	-	115,873
Equity accounted investments	34,814	8,771	352	(33,611)	10,326
Intangible assets and goodwill	1,182	587	1,165	-	2,934
Inventory and other assets	1,454	631	1,249	(35)	3,299
Forecast for new capital spending and top-down adjustment	(426)	-	-	-	(426)
<b>Total assets</b>	<b>142,873</b>	<b>103,323</b>	<b>56,146</b>	<b>(52,637)</b>	<b>249,705</b>
<b>Liabilities</b>					
Borrowings	86,243	5,779	29,180	(16,812)	104,390
Other liabilities	27,316	38,737	7,527	(6,898)	66,682
<b>Total liabilities</b>	<b>113,559</b>	<b>44,516</b>	<b>36,707</b>	<b>(23,710)</b>	<b>171,072</b>
<b>Total assets less total liabilities</b>	<b>29,314</b>	<b>58,807</b>	<b>19,439</b>	<b>(28,927)</b>	<b>78,633</b>
<b>Net worth</b>					
Taxpayers' funds	13,743	31,329	3,651	(32,122)	16,601
Reserves	15,571	27,397	10,063	3,483	56,514
Net worth attributable to minority interest	-	81	5,725	(288)	5,518
<b>Total net worth</b>	<b>29,314</b>	<b>58,807</b>	<b>19,439</b>	<b>(28,927)</b>	<b>78,633</b>

## Forecast Statement of Segments (continued)

	Core Crown 2016 Forecast \$m	Crown entities 2016 Forecast \$m	State-Owned Enterprises 2016 Forecast \$m	Inter-segment eliminations 2016 Forecast \$m	Total Crown 2016 Forecast \$m
<b>Statement of Financial Performance for the year ended 30 June 2016</b>					
<b>Revenue</b>					
Taxation revenue	70,594	-	-	(682)	69,912
Other sovereign revenue	1,154	4,830	-	(1,158)	4,826
Revenue from core Crown funding	-	25,256	111	(25,367)	-
Sales of goods and services	1,411	2,052	14,714	(584)	17,593
Interest revenue and dividends	2,717	1,308	1,167	(1,210)	3,982
Other revenue	987	2,654	1,031	(617)	4,055
<b>Total revenue (excluding gains)</b>	<b>76,863</b>	<b>36,100</b>	<b>17,023</b>	<b>(29,618)</b>	<b>100,368</b>
<b>Expenses</b>					
Social assistance and official development assistance	24,479	-	-	-	24,479
Personnel expenses	6,450	11,821	2,967	(11)	21,227
Other operating expenses	39,695	19,719	11,478	(28,347)	42,545
Interest expenses	3,978	236	1,433	(593)	5,054
Insurance expenses	(2)	4,039	8	3	4,048
Forecast for future new spending and top-down adjustment	1,379	-	-	-	1,379
<b>Total expenses (excluding losses)</b>	<b>75,979</b>	<b>35,815</b>	<b>15,886</b>	<b>(28,948)</b>	<b>98,732</b>
Minority interest share of operating balance before gains/losses	-	14	(388)	-	(374)
<b>Operating balance before gains/(losses)</b>	<b>884</b>	<b>299</b>	<b>749</b>	<b>(670)</b>	<b>1,262</b>
Total gains/(losses)	2,437	382	9	(209)	2,619
Net surplus/(deficit) from associates and joint ventures	74	167	6	8	255
<b>Operating balance</b>	<b>3,395</b>	<b>848</b>	<b>764</b>	<b>(871)</b>	<b>4,136</b>
<b>Expenses by functional classification</b>					
Social security and welfare	24,377	5,130	-	(540)	28,967
Health	15,132	12,798	-	(13,262)	14,668
Education	12,974	10,072	9	(9,281)	13,774
Transport and communications	2,176	2,520	7,288	(2,426)	9,558
Other	15,963	5,059	7,156	(2,846)	25,332
Finance costs	3,978	236	1,433	(593)	5,054
Forecast for future new spending and top-down adjustment	1,379	-	-	-	1,379
<b>Total Crown expenses (excluding losses)</b>	<b>75,979</b>	<b>35,815</b>	<b>15,886</b>	<b>(28,948)</b>	<b>98,732</b>
<b>Statement of Financial Position as at 30 June 2016</b>					
<b>Assets</b>					
Cash and cash equivalents	8,126	1,963	1,149	(643)	10,595
Receivables	11,830	4,426	2,275	(1,774)	16,757
Other financial assets	60,740	33,227	22,036	(17,282)	98,721
Property, plant and equipment	31,986	56,327	30,172	-	118,485
Equity accounted investments	36,120	8,964	354	(34,908)	10,530
Intangible assets and goodwill	1,196	603	1,171	-	2,970
Inventory and other assets	1,519	600	1,262	(34)	3,347
Forecast for new capital spending and top-down adjustment	64	-	-	-	64
<b>Total assets</b>	<b>151,581</b>	<b>106,110</b>	<b>58,419</b>	<b>(54,641)</b>	<b>261,469</b>
<b>Liabilities</b>					
Borrowings	91,214	5,980	31,188	(17,655)	110,727
Other liabilities	27,640	39,264	7,742	(6,742)	67,904
<b>Total liabilities</b>	<b>118,854</b>	<b>45,244</b>	<b>38,930</b>	<b>(24,397)</b>	<b>178,631</b>
<b>Total assets less total liabilities</b>	<b>32,727</b>	<b>60,866</b>	<b>19,489</b>	<b>(30,244)</b>	<b>82,838</b>
<b>Net worth</b>					
Taxpayers' funds	17,128	33,639	3,684	(33,441)	21,010
Reserves	15,599	27,127	10,068	3,485	56,279
Net worth attributable to minority interest	-	100	5,737	(288)	5,549
<b>Total net worth</b>	<b>32,727</b>	<b>60,866</b>	<b>19,489</b>	<b>(30,244)</b>	<b>82,838</b>

## Forecast Statement of Segments (continued)

	Core Crown 2017 Forecast \$m	Crown entities 2017 Forecast \$m	State-Owned Enterprises 2017 Forecast \$m	Inter-segment eliminations 2017 Forecast \$m	Total Crown 2017 Forecast \$m
<b>Statement of Financial Performance for the year ended 30 June 2017</b>					
<b>Revenue</b>					
Taxation revenue	74,082	-	-	(734)	73,348
Other sovereign revenue	1,181	4,872	-	(1,263)	4,790
Revenue from core Crown funding	-	25,342	110	(25,452)	-
Sales of goods and services	1,408	2,136	15,156	(593)	18,107
Interest revenue and dividends	3,226	1,364	1,317	(1,271)	4,636
Other revenue	932	2,640	1,069	(531)	4,110
<b>Total revenue (excluding gains)</b>	<b>80,829</b>	<b>36,354</b>	<b>17,652</b>	<b>(29,844)</b>	<b>104,991</b>
<b>Expenses</b>					
Social assistance and official development assistance	25,334	-	-	-	25,334
Personnel expenses	6,478	11,964	2,993	(11)	21,424
Other operating expenses	39,493	19,657	11,861	(28,533)	42,478
Interest expenses	4,354	245	1,568	(624)	5,543
Insurance expenses	1	4,409	8	-	4,418
Forecast for future new spending and top-down adjustment	3,015	-	-	-	3,015
<b>Total expenses (excluding losses)</b>	<b>78,675</b>	<b>36,275</b>	<b>16,430</b>	<b>(29,168)</b>	<b>102,212</b>
Minority interest share of operating balance before gains/losses	-	6	(416)	-	(410)
<b>Operating balance before gains/(losses)</b>	<b>2,154</b>	<b>85</b>	<b>806</b>	<b>(676)</b>	<b>2,369</b>
Total gains/(losses)	2,520	458	11	(225)	2,764
Net surplus/(deficit) from associates and joint ventures	79	168	6	2	255
<b>Operating balance</b>	<b>4,753</b>	<b>711</b>	<b>823</b>	<b>(899)</b>	<b>5,388</b>
<b>Expenses by functional classification</b>					
Social security and welfare	25,186	5,426	-	(550)	30,062
Health	15,191	12,774	-	(13,349)	14,616
Education	13,035	10,082	9	(9,293)	13,833
Transport and communications	2,240	2,525	7,448	(2,521)	9,692
Other	15,654	5,223	7,405	(2,831)	25,451
Finance costs	4,354	245	1,568	(624)	5,543
Forecast for future new spending and top-down adjustment	3,015	-	-	-	3,015
<b>Total Crown expenses (excluding losses)</b>	<b>78,675</b>	<b>36,275</b>	<b>16,430</b>	<b>(29,168)</b>	<b>102,212</b>
<b>Statement of Financial Position as at 30 June 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	8,462	1,986	1,252	(644)	11,056
Receivables	12,362	4,221	2,339	(1,678)	17,244
Other financial assets	69,495	35,322	23,614	(18,073)	110,358
Property, plant and equipment	32,595	57,628	30,176	-	120,399
Equity accounted investments	37,430	9,134	359	(36,210)	10,713
Intangible assets and goodwill	1,197	537	1,166	-	2,900
Inventory and other assets	1,550	589	1,266	(35)	3,370
Forecast for new capital spending and top-down adjustment	761	-	-	-	761
<b>Total assets</b>	<b>163,852</b>	<b>109,417</b>	<b>60,172</b>	<b>(56,640)</b>	<b>276,801</b>
<b>Liabilities</b>					
Borrowings	98,129	6,057	32,691	(18,456)	118,421
Other liabilities	28,216	40,563	7,898	(6,611)	70,066
<b>Total liabilities</b>	<b>126,345</b>	<b>46,620</b>	<b>40,589</b>	<b>(25,067)</b>	<b>188,487</b>
<b>Total assets less total liabilities</b>	<b>37,507</b>	<b>62,797</b>	<b>19,583</b>	<b>(31,573)</b>	<b>88,314</b>
<b>Net worth</b>					
Taxpayers' funds	21,870	35,753	3,751	(34,771)	26,603
Reserves	15,637	26,930	10,072	3,486	56,125
Net worth attributable to minority interest	-	114	5,760	(288)	5,586
<b>Total net worth</b>	<b>37,507</b>	<b>62,797</b>	<b>19,583</b>	<b>(31,573)</b>	<b>88,314</b>



## Forecast Statement of Segments (continued)

	Core Crown 2018 Forecast \$m	Crown entities 2018 Forecast \$m	State-Owned Enterprises 2018 Forecast \$m	Inter-segment eliminations 2018 Forecast \$m	Total Crown 2018 Forecast \$m
<b>Statement of Financial Performance for the year ended 30 June 2018</b>					
<b>Revenue</b>					
Taxation revenue	77,636	-	-	(788)	76,848
Other sovereign revenue	1,217	5,053	-	(1,361)	4,909
Revenue from core Crown funding	-	25,500	110	(25,610)	-
Sales of goods and services	1,435	2,222	15,705	(598)	18,764
Interest revenue and dividends	3,581	1,455	1,477	(1,381)	5,132
Other revenue	793	2,539	1,117	(364)	4,085
<b>Total revenue (excluding gains)</b>	<b>84,662</b>	<b>36,769</b>	<b>18,409</b>	<b>(30,102)</b>	<b>109,738</b>
<b>Expenses</b>					
Social assistance and official development assistance	26,326	-	-	-	26,326
Personnel expenses	6,524	12,114	3,078	(11)	21,705
Other operating expenses	39,599	19,542	12,326	(28,687)	42,780
Interest expenses	4,440	250	1,696	(678)	5,708
Insurance expenses	3	4,714	9	(3)	4,723
Forecast for future new spending and top-down adjustment	4,561	-	-	-	4,561
<b>Total expenses (excluding losses)</b>	<b>81,453</b>	<b>36,620</b>	<b>17,109</b>	<b>(29,379)</b>	<b>105,803</b>
Minority interest share of operating balance before gains/losses	-	(3)	(447)	-	(450)
<b>Operating balance before gains/(losses)</b>	<b>3,209</b>	<b>146</b>	<b>853</b>	<b>(723)</b>	<b>3,485</b>
Total gains/(losses)	2,612	545	16	(234)	2,939
Net surplus/(deficit) from associates and joint ventures	80	169	11	(4)	256
<b>Operating balance</b>	<b>5,901</b>	<b>860</b>	<b>880</b>	<b>(961)</b>	<b>6,680</b>
<b>Expenses by functional classification</b>					
Social security and welfare	26,137	5,705	-	(563)	31,279
Health	15,274	12,825	-	(13,501)	14,598
Education	13,109	10,103	9	(9,312)	13,909
Transport and communications	2,308	2,551	7,723	(2,617)	9,965
Other	15,624	5,186	7,681	(2,708)	25,783
Finance costs	4,440	250	1,696	(678)	5,708
Forecast for future new spending and top-down adjustment	4,561	-	-	-	4,561
<b>Total Crown expenses (excluding losses)</b>	<b>81,453</b>	<b>36,620</b>	<b>17,109</b>	<b>(29,379)</b>	<b>105,803</b>
<b>Statement of Financial Position as at 30 June 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	8,812	1,960	1,526	(646)	11,652
Receivables	13,176	4,049	2,392	(1,684)	17,933
Other financial assets	67,751	37,739	25,203	(18,894)	111,799
Property, plant and equipment	32,886	59,039	30,044	-	121,969
Equity accounted investments	38,710	9,303	363	(37,481)	10,895
Intangible assets and goodwill	1,205	499	1,166	-	2,870
Inventory and other assets	1,546	590	1,229	(36)	3,329
Forecast for new capital spending and top-down adjustment	1,611	-	-	-	1,611
<b>Total assets</b>	<b>165,697</b>	<b>113,179</b>	<b>61,923</b>	<b>(58,741)</b>	<b>282,058</b>
<b>Liabilities</b>					
Borrowings	93,738	6,096	34,132	(19,268)	114,698
Other liabilities	28,518	42,232	8,097	(6,608)	72,239
<b>Total liabilities</b>	<b>122,256</b>	<b>48,328</b>	<b>42,229</b>	<b>(25,876)</b>	<b>186,937</b>
<b>Total assets less total liabilities</b>	<b>43,441</b>	<b>64,851</b>	<b>19,694</b>	<b>(32,865)</b>	<b>95,121</b>
<b>Net worth</b>					
Taxpayers' funds	27,759	37,967	3,825	(36,062)	33,489
Reserves	15,682	26,732	10,075	3,485	55,974
Net worth attributable to minority interest	-	152	5,794	(288)	5,658
<b>Total net worth</b>	<b>43,441</b>	<b>64,851</b>	<b>19,694</b>	<b>(32,865)</b>	<b>95,121</b>