

Financial Statements of the Government of New Zealand

For the Nine Months Ended
31 March 2015



Prepared by the Treasury
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New Zealand Government

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COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the nine months ended 31 March 2015 and its financial position as at that date.

The March results are reported against forecasts based on the 2014 *Half Year Economic and Fiscal Update (HYEFU)*, published on 16 December 2014.

At a Glance

Table 1 – Key indicators for the nine months ended 31 March 2015 compared to *HYEFU*

	Year to date				Full Year
	March 2015	March 2015 HYEFU	Variance to HYEFU	Variance to HYEFU	June 2015 HYEFU
\$ million	Actual ¹	Forecast ¹	\$m	%	Forecast ²
Core Crown					
Core Crown tax revenue	48,175	47,331	844	1.8	65,626
Core Crown revenue	52,495	51,525	970	1.9	71,466
Core Crown expenses	53,732	53,859	127	0.2	73,018
Core Crown residual cash	(3,419)	(4,731)	1,312	27.7	(4,009)
Gross debt ³	88,155	83,748	(4,407)	(5.3)	80,289
<i>as a percentage of GDP</i>	37.1%	35.2%			33.6%
Net debt ⁴	63,036	64,766	1,730	2.7	63,494
<i>as a percentage of GDP</i>	26.5%	27.2%			26.5%
Total Crown					
Operating balance before gains and losses	(358)	(1,214)	856	70.5	(572)
Operating balance	(1,298)	607	(1,905)	(313.8)	1,900
Net worth attributable to the Crown	74,211	76,118	(1,907)	(2.5)	77,376

1 Using GDP for the year ended 31 December 2014 of \$237,924 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2015 of \$239,188 million (Source: Treasury).

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

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

Results for the nine months ended 31 March 2015

The total Crown's **operating balance before gains and losses (OBEGAL)** was a deficit of \$358 million in the nine-month period, \$856 million stronger than forecast, reflecting higher than forecast tax revenue and lower than anticipated core Crown expenses.

Core Crown tax revenue, at \$48.2 billion, was 1.8% or \$844 million above forecast. Around half of this tax variance is expected to reverse by 30 June. This variance was mainly due to higher-than-expected corporate tax (\$545 million) and other individuals tax (\$357 million). Partially offsetting these, GST was \$201 million lower than forecast.

Core Crown expenses, at \$53.7 billion, were \$127 million (0.2%) lower than forecast. This variance was spread over a number of departments.

Net losses on non-financial instruments were \$4.6 billion higher than forecast, mainly due to actuarial losses on the liabilities of ACC and the Government Superannuation Fund, mostly reflecting lower interest rates. Partially offsetting these losses, net gains on financial instruments were \$1.5 billion higher than forecast largely due to favourable market movements.

When gains and losses are combined with the OBEGAL result, the **operating balance** was a deficit of \$1.3 billion (\$1.9 billion weaker than forecast).

The **core Crown residual cash** position, at deficit of \$3.4 billion, was \$1.3 billion stronger than forecast, mainly due to core Crown tax receipts tracking above forecast (\$670 million) and capital payments being \$374 million less than forecast. **Net debt**, at \$63.0 billion, (equivalent to 26.5% of GDP) was \$1.7 billion lower than forecast, largely reflecting the residual cash result.

Gross debt at \$88.2 billion (37.1% of GDP) was \$4.4 billion higher than forecast and was mostly matched by an increase in financial assets.

At 31 March, total Crown assets were valued at \$264.4 billion and liabilities were \$184.9 billion while the Crown's share of **net worth** stood at \$74.2 billion.

Further analysis of the March results follows.

ANALYSIS

Table 2 – Key indicator variances for the nine months ended 31 March 2015 compared to *HYEFU*:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$970 million higher than forecast	<p>Core Crown revenue was higher than forecast mainly due to core Crown tax revenue being \$844m higher than expected across the following tax types:</p> <ul style="list-style-type: none"> • Corporate tax was \$545m (9.0%) above forecast, with both provisional and terminal tax being above forecast. About \$300m of this variance appears to be timing in nature and is expected to reverse out through the June quarter. • Other individuals tax was \$357m (10.4%) above forecast largely due to higher-than-forecast provisional tax payments reflecting stronger profitability, mostly amongst non-farm taxpayers. • Customs and excise duties were \$129m (4.0%) above forecast mainly owing to tobacco excise being above forecast. • GST was \$201m (1.6%) below forecast, mainly due to weaker growth in nominal consumption than was forecast at <i>HYEFU</i>, with the remainder (around \$60m) attributable to larger-than-forecast earthquake-related refunds. <p>In addition to higher tax revenue, core Crown dividend revenue was \$236m higher than forecast mainly due to the timing of dividends from SOEs (which has no impact on total OBEGAL).</p>
Core Crown expenses	\$127 million lower than forecast	<p>Core Crown expenses at \$53.7b were \$127m lower than forecast. Excluding the top-down expense adjustment of \$523m, underlying expenses were \$650m lower than expected, spread across a number of departments. The largest favourable variances related to treaty expenses due to ongoing negotiations and lower than expected education-related expenses, partially offset by student loan asset impairments.</p>
Core Crown residual cash deficit	\$1,312 million lower than forecast	<p>The residual cash deficit was \$1.3b lower than forecast largely due to the following:</p> <ul style="list-style-type: none"> • Core Crown tax receipts were tracking \$670m above forecast, largely following the tax revenue trend, with the exception of GST. GST receipts were \$96m above forecast, whereas GST revenue was \$201m below forecast (indicating some lag in the cash receipts). • Capital payments were \$374m below forecast largely relating to delays in capital projects; in particular Canterbury and defence projects.
Gross debt	(\$4,407 million) higher than forecast	<p>Gross debt at \$88.2b (37.1% of GDP) was \$4.4b higher than forecast. This variance was mainly attributable to increased borrowings and short term trading positions. The increased debt was largely held in financial assets so has no flow on impact to net debt.</p>
Net debt	\$1,730 million lower than forecast	<p>Net debt was \$63.0b, or 26.5% of GDP, \$1.7b lower than forecast. This variance was largely due to the lower than expected residual cash deficit explained earlier. Additionally, \$399m was due to greater public demand for currency in circulation than had been forecast.</p>

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

Item/indicator	Variance ¹	Key drivers
Total Crown		
Operating balance before gains and losses deficit	\$856 million lower than forecast	<p>The OBEGAL deficit at \$358m was \$856m lower than forecast.</p> <p>The key drivers of the OBEGAL variance were higher core Crown revenue and lower core Crown expenses as previously discussed. Partly offsetting this favourable result, Southern Response recorded higher than forecast insurance expenses (\$263m) due to an updated valuation of its claims liability.</p>
Operating balance	(\$1,905 million) lower than forecast	<p>The operating balance was in deficit by \$1.3b and below forecast by \$1.9b.</p> <p>In addition to the favourable OBEGAL result, the University of Canterbury settled its insurance claims arising from the Canterbury earthquakes, positively impacting the operating balance by \$330 million.</p> <p>More than offsetting these favourable results, net gains were tracking \$3.1b below forecast. The variance in net gains was mainly due to actuarial losses on the ACC and Government Superannuation Fund (GSF) liabilities (\$2.7b and \$1.6b respectively), partially offset by \$1.5b higher than forecast net gains on financial instruments largely due to favourable market, interest and FX movements.</p>
Net worth attributable to the Crown	(\$1,907 million) lower than forecast	Net worth was \$74.2b, \$1.9b lower than forecast mainly due to a lower-than-forecast operating balance as explained above.

Table 3 – Fiscal strategy and financial results

		31 Mar 2015	31 Mar 2015			Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	Variance ² %		
Fiscal Strategy	Financial Results						
		Ref					
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	27.0%	26.5%		27.4%	
	Core Crown taxation revenue ...		48,175	47,331	844	1.8	65,626
	... combined with other core Crown revenue ...		4,320	4,194	126	3.0	5,840
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP	... fund core Crown expenses...		(53,732)	(53,859)	127	0.2	(73,018)
	... and with SOE and Crown entity results and core Crown gains and losses...		(61)	2,941	(3,002)	(102.1)	3,452
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	... result in an operating surplus or deficit...		(1,298)	607	(1,905)	(313.8)	1,900
	...with income in SOEs, CEs and the NZS Fund retained...		(730)	(3,803)	3,073	80.8	(4,615)
	... and some items do not impact cash ...		1,682	1,912	(230)	(12.0)	2,755
	... leaving operating cash flows to ...		(346)	(1,284)	938	73.1	40
	... meet the capital expenditure budget ...		(1,470)	(1,648)	178	10.8	(2,126)
	... make advances (e.g. to students and DHBs)...		(1,603)	(1,799)	196	10.9	(2,551)
	... and receive proceeds from government share offers		-	-	-	-	628
	With the residual cash ...		(3,419)	(4,731)	1,312	27.7	(4,009)
Debt Manage total debt at prudent levels ensuring net debt is reduced to a level no higher than 20% of GDP by 2020. Beyond 2020, maintain net debt within a range of around 10% to 20% of GDP over the economic cycle	... when combined with opening net debt ...		59,931	59,931	-	-	59,931
	... and fair value movements and other changes in financial assets and financial liabilities ...		(314)	104	418	403.6	(446)
	... results in a closing net debt ...		63,036	64,766	1,730	2.7	63,494
	... and as a % of GDP		26.5%	27.2%			26.5%

1 GDP for the nine months ended 31 March 2015 (actual and forecast) is the actual data for the year ended 31 December 2014 (Source: Statistics New Zealand) pro-rated for nine months.

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

YEAR - ON - YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	March 2015 Actual \$m	March 2014 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown Revenue				
Taxation revenue	48,175	44,493	3,682	8.3
Other revenue	4,320	4,509	(189)	(4.2)
Total core Crown revenue	52,495	49,002	3,493	7.1
Core Crown Expenses				
Social security and welfare	17,690	17,126	564	3.3
GSF pension expenses	257	191	66	34.6
Health	11,228	11,030	198	1.8
Education	9,591	9,085	506	5.6
Core government services	2,997	3,015	(18)	(0.6)
Law and order	2,623	2,576	47	1.8
Defence	1,419	1,368	51	3.7
Transport and communications	1,480	1,487	(7)	(0.5)
Economic and industrial services	1,638	1,543	95	6.2
Primary services	487	494	(7)	(1.4)
Heritage, culture and recreation	593	584	9	1.5
Environmental protection	501	344	157	45.6
Housing and community development	253	271	(18)	(6.6)
Other	87	238	(151)	(63.4)
Finance costs	2,888	2,690	198	7.4
Total core Crown expenses	53,732	52,042	1,690	3.2
Net surplus of SOE/CE's (and inter-segment eliminations)	879	1,376	(497)	(36.1)
OBEGAL	(358)	(1,664)	1,306	78.5
Total gains/(losses)	(1,493)	4,808	(6,301)	(131.1)
Other operating items	553	188	365	194.1
Operating balance	(1,298)	3,332	(4,630)	(139.0)
Core Crown residual cash	(3,419)	(4,937)	1,518	30.7
Debt indicators				
Gross debt²	88,155	84,034	4,121	4.9
Net debt³	63,036	61,178	1,858	3.0

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

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

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

Revenue and Expenses

Core Crown taxation revenue for the nine months ended 31 March 2015 increased by \$3,682 million (8.3%) on the same period last year. Improving macroeconomic conditions have led to growth in corporate tax (15.4%), other individuals tax (14.4%) and other direct taxes (10.9%).

Total **core Crown expenses** increased by 3.2% on the same period last year. The main increases relate to the following:

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Social security and welfare	+ \$564 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Education	+ \$506 million	Funding provided in the 2014 Budget to maintain and improve existing service levels and the impairment of student loan assets.
Finance costs	+ \$198 million	A direct result of the increased debt levels currently held.
Health	+ \$198 million	Funding provided in the 2014 Budget to maintain and improve existing service levels.
Environmental protection	+ \$157 million	\$103 million of this relates to the Crown's signing of the Deed of Indemnity with Solid Energy.
Other functional class	+ \$67 million	
Total	\$1,690 million	

Gains/Losses

Total net losses were \$1,493 million in the nine months to March 2015, compared to gains of \$4,808 million in the previous year due largely to the actuarial losses on the ACC and GSF liability in the current period.

Debt

Gross debt has increased by \$4,121 million or 4.9% from March 2014. **Net debt** has increased by \$1,858 million or 3.0% over the same time, largely owing to continued cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the nine months ended 31 March 2015

Year to 30 Jun 2014	9 months to 31 Mar 2014		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
60,879	44,039	Taxation revenue	2	47,663	46,910	753	1.6	65,041
5,450	4,063	Other sovereign revenue	2	3,953	3,790	163	4.3	5,103
66,329	48,102	Total Revenue Levied through the Crown's Sovereign Power		51,616	50,700	916	1.8	70,144
16,472	12,234	Sales of goods and services		12,374	12,314	60	0.5	16,645
3,175	2,324	Interest revenue and dividends	3	2,550	2,642	(92)	(3.5)	3,709
3,420	2,748	Other revenue		2,752	2,832	(80)	(2.8)	3,802
23,067	17,306	Total revenue earned through the Crown's operations		17,676	17,788	(112)	(0.6)	24,156
89,396	65,408	Total revenue (excluding gains)		69,292	68,488	804	1.2	94,300
		Expenses						
23,360	17,312	Transfer payments and subsidies	4	17,601	17,712	111	0.6	23,890
20,484	15,166	Personnel expenses	5	15,715	15,702	(13)	(0.1)	21,058
4,872	3,248	Depreciation and amortisation	6	3,472	3,461	(11)	(0.3)	4,844
35,553	25,872	Other operating expenses	7	26,419	27,098	679	2.5	37,209
4,400	3,344	Finance costs	8	3,403	3,526	123	3.5	4,665
3,501	2,130	Insurance expenses	9	2,746	2,445	(301)	(12.3)	3,678
-	-	Forecast new operating spending		-	-	-	-	123
-	-	Top-down expense adjustment		-	(523)	(523)	(100.0)	(950)
92,170	67,072	Total expenses (excluding losses)		69,356	69,421	65	0.1	94,517
(159)	-	Minority interests share of operating balance before gains/(losses)		(294)	(281)	(13)	(4.6)	(355)
(2,933)	(1,664)	Operating balance before gains/(losses) (excluding minority interests)		(358)	(1,214)	856	70.5	(572)
4,841	3,231	Net gains/(losses) on financial instruments	10	4,868	3,335	1,533	46.0	3,938
540	1,577	Net gains/(losses) on non-financial instruments	11	(6,361)	(1,747)	(4,614)	(264.1)	(1,782)
5,381	4,808	Total gains/(losses)		(1,493)	1,588	(3,081)	(194.0)	2,156
360	188	Net surplus/(deficit) from associates and joint ventures		553	233	320	137.3	316
2,808	3,332	Operating balance (excluding minority interests)		(1,298)	607	(1,905)	(313.8)	1,900

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the nine months ended 31 March 2015

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
27,266	19,920	Social security and welfare	20,732	20,704	(28)	(0.1)	28,200
295	199	GSF pension expenses	267	282	15	5.3	376
14,344	10,590	Health	10,992	11,024	32	0.3	14,828
13,064	9,712	Education	10,174	10,084	(90)	(0.9)	13,595
4,104	2,758	Core government services	2,746	3,021	275	9.1	4,483
3,730	2,737	Law and order	2,811	2,858	47	1.6	3,857
1,776	1,341	Defence	1,383	1,393	10	0.7	1,928
9,137	6,494	Transport and communications	6,522	6,786	264	3.9	9,545
7,767	5,568	Economic and industrial services	6,111	5,669	(442)	(7.8)	7,703
2,372	1,721	Heritage, culture and recreation	1,634	1,725	91	5.3	2,293
1,703	1,264	Primary services	1,307	1,350	43	3.2	1,888
1,095	843	Housing and community development	787	891	104	11.7	1,152
538	343	Environmental protection	400	398	(2)	(0.5)	563
579	238	Other	87	233	146	62.7	268
4,400	3,344	Finance costs	3,403	3,526	123	3.5	4,665
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(523)	(523)	(100.0)	(950)
92,170	67,072	Total Crown expenses excluding losses	69,356	69,421	65	0.1	94,517

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

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
23,281	17,126	Social security and welfare	17,690	17,832	142	0.8	23,917
282	191	GSF pension expenses	257	270	13	4.8	360
14,898	11,030	Health	11,228	11,262	34	0.3	15,110
12,300	9,085	Education	9,591	9,481	(110)	(1.2)	12,861
4,502	3,015	Core government services	2,997	3,291	294	8.9	4,839
3,501	2,576	Law and order	2,623	2,659	36	1.4	3,595
1,811	1,368	Defence	1,419	1,430	11	0.8	1,977
2,237	1,487	Transport and communications	1,480	1,498	18	1.2	2,297
2,058	1,543	Economic and industrial services	1,638	1,661	23	1.4	2,239
842	584	Heritage, culture and recreation	593	607	14	2.3	781
676	494	Primary services	487	499	12	2.4	754
347	271	Housing and community development	253	267	14	5.2	372
533	344	Environmental protection	501	495	(6)	(1.2)	659
579	238	Other	87	233	146	62.7	268
3,620	2,690	Finance costs	2,888	2,897	9	0.3	3,816
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(523)	(523)	(100.0)	(950)
71,467	52,042	Core Crown expenses excluding losses	53,732	53,859	127	0.2	73,018

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the nine months ended 31 March 2015

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
2,946	3,332	Operating Balance (including minority interest)	(989)	924	(1,913)	(207.0)	2,291
		Other comprehensive revenue and expense					
5,395	(344)	Revaluation of physical assets	(10)	(26)	16	61.5	(9)
(34)	(68)	Net change in hedging instruments entered into for cash flow hedges	(54)	(83)	29	34.9	(50)
(51)	(33)	Foreign currency translation differences for foreign operations	5	12	(7)	(58.3)	11
(36)	(94)	Valuation gains/(losses) on investments available for sale taken to reserves	20	26	(6)	(23.1)	19
1	-	Other movements	(5)	(4)	(1)	(25.0)	(13)
5,275	(539)	Total other comprehensive revenue and expense	(44)	(75)	31	41.3	(42)
8,221	2,793	Total comprehensive revenue and expense	(1,033)	849	(1,882)	(221.7)	2,249
		Attributable to:					
147	-	- minority interest	324	299	25	8.4	441
8,074	2,793	- the Crown	(1,357)	550	(1,907)	(346.7)	1,808
8,221	2,793	Total comprehensive revenue and expense	(1,033)	849	(1,882)	(221.7)	2,249

STATEMENT OF CHANGES IN NET WORTH

for the nine months ended 31 March 2015

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
70,011	70,011	Opening net worth	80,779	80,779	-	-	80,779
2,946	3,332	Operating balance (including minority interest)	(989)	924	(1,913)	(207.0)	2,291
5,395	(344)	Net revaluations	(10)	(26)	16	61.5	(9)
(2)	(168)	Transfers to/(from) reserves (Gains)/losses transferred to the	(37)	(65)	28	43.1	38
(43)	(1)	Statement of Financial Performance	-	(8)	8	100.0	(7)
(75)	(26)	Other movements	3	24	(21)	(87.5)	(64)
8,221	2,793	Total comprehensive revenue and expense	(1,033)	849	(1,882)	(221.7)	2,249
(577)	(361)	Gain/(loss) on Government share offers in SOEs	-	-	-	-	-
3,308	2,423	Increase in minority interest from Government share offers	-	-	-	-	-
(184)	102	Transactions with minority interests	(237)	(290)	53	18.3	(468)
80,779	74,968	Closing net worth	79,509	81,338	(1,829)	(2.2)	82,560

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

STATEMENT OF CASH FLOWS

for the nine months ended 31 March 2015

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Cash Flows from Operations					
		Cash was provided from					
59,853	42,954	Taxation receipts	46,714	46,015	699	1.5	64,129
4,974	3,839	Other sovereign receipts	3,841	3,576	265	7.4	4,673
16,608	12,023	Sales of goods and services	12,667	12,633	34	0.3	16,759
2,945	2,125	Interest and dividends receipts	2,388	2,306	82	3.6	3,660
5,737	4,709	Other operating receipts	3,055	3,301	(246)	(7.5)	4,535
90,117	65,650	Total cash provided from operations	68,665	67,831	834	1.2	93,756
		Cash was disbursed to					
23,447	17,630	Transfer payments and subsidies	17,621	17,738	117	0.7	24,015
59,891	45,211	Personnel and operating payments	45,842	47,391	1,549	3.3	62,143
4,312	2,781	Interest payments	3,001	3,244	243	7.5	4,964
-	-	Forecast new operating spending	-	-	-	-	123
-	-	Top-down expense adjustment	-	(523)	(523)	(100.0)	(950)
87,650	65,622	Total cash disbursed to operations	66,464	67,850	1,386	2.0	90,295
2,467	28	Net cash flows from operations	2,201	(19)	2,220	-	3,461
		Cash Flows from Investing Activities					
		Cash was provided from/(disbursed to)					
(5,503)	(3,993)	Net (purchase)/sale of physical assets	(4,228)	(5,024)	796	15.8	(7,767)
(5,725)	(4,183)	Net (purchase)/sale of shares and other securities	(1,891)	30	(1,921)	-	3,747
(658)	(446)	Net (purchase)/sale of intangible assets	(404)	(441)	37	8.4	(385)
(1,529)	(1,247)	Net (issue)/repayment of advances	(1,350)	(1,870)	520	27.8	(2,043)
73	108	Net acquisition of investments in associates	97	(44)	141	320.5	(42)
-	-	Forecast new capital spending	-	-	-	-	(113)
-	-	Top-down capital adjustment	-	317	(317)	(100.0)	575
(13,342)	(9,761)	Net cash flows from investing activities	(7,776)	(7,032)	(744)	(10.6)	(6,028)
(10,875)	(9,733)	Net cash flows from operating and investing activities	(5,575)	(7,051)	1,476	20.9	(2,567)
		Cash Flows from Financing Activities					
		Cash was provided from/(disbursed to)					
274	325	Issues of circulating currency	554	155	399	257.4	130
2,186	1,498	Net proceeds from Government share offer programme	-	-	-	-	598
5,520	6,318	Net issue/(repayment) of Government bonds	5,240	5,371	(131)	(2.4)	(547)
1,442	583	Net issue/(repayment) of foreign currency borrowing	(1,444)	(772)	(672)	(87.0)	(1,447)
(832)	(889)	Net issue/(repayment) of other New Zealand dollar borrowing	3,788	1,693	2,095	123.7	3,126
(166)	-	Dividends paid to minority interests	(359)	(304)	(55)	(18)	(398)
8,424	7,835	Net cash flows from financing activities	7,779	6,143	1,636	26.6	1,462
(2,451)	(1,898)	Net movement in cash	2,204	(908)	3,112	342.7	(1,105)
14,924	14,924	Opening cash balance	11,888	11,888	-	-	11,888
(585)	(557)	Foreign-exchange gains/(losses) on opening cash	493	373	120	32.2	383
11,888	12,469	Closing cash balance	14,585	11,353	3,232	28.5	11,166

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the nine months ended 31 March 2015

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
2,467	28	Net Cash Flows from Operations	2,201	(19)	2,220	-	3,461
		<i>Items included in the operating balance but not in net cash flows from operations</i>					
		Gains/(losses)					
4,841	3,231	Net gains/(losses) on financial instruments	4,868	3,335	1,533	46.0	3,938
540	1,577	Net gains/(losses) on non-financial instruments	(6,361)	(1,747)	(4,614)	(264.1)	(1,782)
5,381	4,808	Total gains/(losses)	(1,493)	1,588	(3,081)	(194.0)	2,156
Other Non-cash Items in Operating Balance							
(4,872)	(3,248)	Depreciation and amortisation	(3,472)	(3,461)	(11)	(0.3)	(4,844)
(789)	(660)	Write-down on initial recognition of financial assets	(581)	(614)	33	5.4	(786)
(47)	(7)	Impairment of financial assets (excluding receivables)	(281)	(18)	(263)	-	(125)
442	355	Decrease/(increase) in defined benefit retirement plan liabilities	286	305	(19)	(6.2)	399
1,409	3,197	Decrease/(increase) in insurance liabilities	2,396	2,895	(499)	(17.2)	968
202	189	Other	260	(46)	306	-	(39)
(3,655)	(174)	Total other non-cash Items	(1,392)	(939)	(453)	(48.2)	(4,427)
Movements in Working Capital							
(1,553)	(2,901)	Increase/(decrease) in receivables	(2,449)	(2,046)	(403)	(19.7)	385
143	(363)	Increase/(decrease) in accrued interest	(241)	55	(296)	-	349
(41)	(51)	Increase/(decrease) in inventories	10	33	(23)	(69.7)	3
39	403	Increase/(decrease) in prepayments	381	395	(14)	(3.5)	(64)
(248)	28	Decrease/(increase) in deferred revenue	(100)	123	(223)	(181.3)	12
275	1,554	Decrease/(increase) in payables/provisions	1,785	1,417	368	26.0	25
(1,385)	(1,330)	Total movements in working capital	(614)	(23)	(591)	-	710
2,808	3,332	Operating balance (excluding minority interests)	(1,298)	607	(1,905)	(313.8)	1,900

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

As at 30 Jun 2014 Actual \$m	As at 31 Mar 2014 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Assets								
11,888	12,469	Cash and cash equivalents	13	14,585	11,353	3,232	28.5	11,166
17,480	16,337	Receivables	13	15,962	15,660	302	1.9	17,602
		Marketable securities, deposits and						
48,457	46,161	derivatives in gain	13	47,926	47,211	715	1.5	45,459
20,596	20,107	Share investments	13	23,937	22,248	1,689	7.6	22,718
24,756	24,017	Advances	13	26,368	26,175	193	0.7	26,428
1,099	1,089	Inventory		1,109	1,133	(24)	(2.1)	1,102
2,510	2,883	Other assets		2,880	2,908	(28)	(1.0)	2,279
116,306	110,768	Property, plant and equipment	14	117,975	118,676	(701)	(0.6)	120,046
10,071	9,757	Equity accounted investments ¹		10,682	10,448	234	2.2	10,519
2,920	2,862	Intangible assets and goodwill	15	2,982	2,989	(7)	(0.2)	3,066
-	-	Forecast for new capital spending		-	-	-	-	113
-	-	Top-down capital adjustment		-	(317)	317	100.0	(575)
256,083	246,450	Total assets		264,406	258,484	5,922	2.3	259,923
Liabilities								
4,964	5,015	Issued currency		5,519	5,119	(400)	(7.8)	5,153
11,294	10,271	Payables	17	9,181	11,043	1,862	16.9	12,319
1,962	1,686	Deferred revenue		2,062	1,840	(222)	(12.1)	1,950
103,419	104,086	Borrowings		111,334	107,755	(3,579)	(3.3)	104,442
35,825	33,430	Insurance liabilities	18	37,482	34,246	(3,236)	(9.4)	36,173
10,885	10,835	Retirement plan liabilities		12,648	10,985	(1,663)	(15.1)	10,891
6,955	6,159	Provisions	19	6,671	6,158	(513)	(8.3)	6,435
175,304	171,482	Total liabilities		184,897	177,146	(7,751)	(4.4)	177,363
80,779	74,968	Total assets less total liabilities		79,509	81,338	(1,829)	(2.2)	82,560
Net Worth								
13,300	13,918	Taxpayers' funds	20	12,094	13,967	(1,873)	(13.4)	15,271
62,225	56,665	Property, plant and equipment revaluation reserve	20	62,164	62,197	(33)	(0.1)	62,153
43	(80)	Other reserves	20	(47)	(46)	(1)	(2.2)	(48)
75,568	70,503	Total net worth attributable to the Crown		74,211	76,118	(1,907)	(2.5)	77,376
		Net worth attributable to minority interest	20	5,298	5,220	78	1.5	5,184
80,779	74,968	Total net worth		79,509	81,338	(1,829)	(2.2)	82,560

1. Tertiary education institutions constitute most equity accounted investments.

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

STATEMENT OF BORROWINGS

as at 31 March 2015

As at 30 Jun 2014 Actual \$m	As at 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
60,337	62,236	Government bonds ¹	63,033	62,248	(785)	(1.3)	58,375
3,147	3,240	Treasury bills	5,657	3,825	(1,832)	(47.9)	4,129
183	187	Government retail stock	179	181	2	1.1	181
7,758	6,349	Settlement deposits with Reserve Bank	7,527	7,695	168	2.2	7,695
2,245	2,561	Derivatives in loss	2,994	2,833	(161)	(5.7)	2,680
1,501	1,505	Finance lease liabilities	1,900	1,846	(54)	(2.9)	1,991
28,248	28,008	Other borrowings	30,044	29,127	(917)	(3.1)	29,391
103,419	104,086	Total borrowings	111,334	107,755	(3,579)	(3.3)	104,442
77,461	78,444	Sovereign-guaranteed debt	83,336	79,419	(3,917)	(4.9)	75,862
25,958	25,642	Non sovereign-guaranteed debt	27,998	28,336	338	1.2	28,580
103,419	104,086	Total borrowings	111,334	107,755	(3,579)	(3.3)	104,442
		Net Debt:					
89,090	89,665	Core Crown borrowings ²	95,717	91,059	(4,658)	(5.1)	87,604
(622)	(520)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,159)	(843)	316	37.5	(847)
88,468	89,145	Gross sovereign-issued debt³	94,558	90,216	(4,342)	(4.8)	86,757
68,047	65,850	Less core Crown financial assets ⁴	74,332	67,366	6,966	10.3	65,846
20,421	23,295	Net core Crown debt	20,226	22,850	2,624	11.5	20,911
13,753	13,644	Add back core Crown advances	14,186	14,398	212	1.5	14,502
34,174	36,939	Net core Crown debt (incl NZS Fund)⁵	34,412	37,248	2,836	7.6	35,413
25,757	24,239	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	28,624	27,518	(1,106)	(4.0)	28,081
59,931	61,178	Net core Crown debt (excl NZS Fund and advances)⁷	63,036	64,766	1,730	2.7	63,494
		Gross Debt:					
88,468	89,145	Gross sovereign-issued debt ³	94,558	90,216	(4,342)	(4.8)	86,757
(8,112)	(6,711)	Less Reserve Bank settlement cash and Reserve Bank bills	(8,003)	(8,068)	(65)	(0.8)	(8,068)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
81,956	84,034	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	88,155	83,748	(4,407)	(5.3)	80,289

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.

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

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

STATEMENT OF COMMITMENTS

as at 31 March 2015

	As at 31 Mar 2015 \$m	As at 30 Jun 2014 \$m	As at 31 Mar 2014 \$m
Capital Commitments			
Specialist military equipment	479	732	422
Land and buildings	1,182	878	961
Other property, plant and equipment	5,513	5,307	5,126
Other capital commitments	842	919	898
Tertiary Education Institutions	201	201	169
Total capital commitments	8,217	8,037	7,576
Operating Commitments			
Non-cancellable accommodation leases	2,838	3,059	2,626
Other non-cancellable leases	2,388	2,340	2,550
Tertiary Education Institutions	494	494	466
Total operating commitments	5,720	5,893	5,642
Total commitments	13,937	13,930	13,218
Total Commitments by Segment			
Core Crown	4,366	4,916	3,722
Crown entities	5,368	5,465	5,344
State-owned Enterprises	5,025	4,847	5,006
Inter-segment eliminations	(822)	(1,298)	(854)
Total commitments	13,937	13,930	13,218

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 March 2015

	As at 31 Mar 2015 \$m	As at 30 Jun 2014 \$m	As at 31 Mar 2014 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	223	222	158
Uncalled capital	6,089	5,662	5,738
Legal proceedings and disputes	459	604	656
Other contingent liabilities	376	357	490
Total quantifiable contingent liabilities	7,147	6,845	7,042
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,881	6,568	6,685
Crown entities	47	44	43
State-owned Enterprises	219	233	314
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,147	6,845	7,042
Quantifiable Contingent Assets			
Core Crown	141	129	164
Crown entities	3	4	4
State owned enterprises	12	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	156	133	168

A list of unquantifiable contingent liabilities is included on the Treasury's website
<http://www.treasury.govt.nz/budget/forecasts/hyefu2014/041.htm>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies

Reporting Entity

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

- Ministers of the Crown
- Government Departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- State-Owned Enterprises (SOEs)
- Crown Entities (excluding Tertiary Education Institutions)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989
- Organisations listed in Schedule 6 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 91 - 93 of the *2014 Half Year Economic and Fiscal Update* released on 16 December 2014.

With the exception of the 30 June 2014 comparative figures, all actual, forecast and comparative figures presented in these financial statements are unaudited.

Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards), including PBE *IAS 34 Interim Financial Reporting*. The Government reporting entity is a public benefit entity. Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

These financial statements are prepared in accordance with PBE Standards. There were no material adjustments as a result of transitioning to PBE standards.

The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and equity investments held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis.

Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:
<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2015.

The accounting policies underlying the preparation of forecasts are the same as the specific accounting policies set out above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies (continued)

Comparative Figures

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

Variance Percentages

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

Judgements and Estimates

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

A further area of uncertainty relates to the estimation of the claims and provisions arising from the Canterbury earthquakes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue (Accrual)							
Taxation Revenue (accrual)							
Individuals							
23,738	17,602	Source deductions	18,738	18,724	14	0.1	25,034
5,216	3,826	Other persons	4,268	3,919	349	8.9	5,347
(1,573)	(879)	Refunds	(862)	(856)	(6)	(0.7)	(1,517)
489	376	Fringe benefit tax	394	379	15	4.0	505
27,870	20,925	Total individuals	22,538	22,166	372	1.7	29,369
Corporate Tax							
9,020	5,163	Gross companies tax	5,938	5,540	398	7.2	9,840
(192)	(130)	Refunds	(95)	(131)	36	27.5	(198)
428	283	Non-resident withholding tax	302	288	14	4.9	467
8	8	Foreign-source dividend w/holding payments	(4)	(5)	1	20.0	(3)
9,264	5,324	Total corporate tax	6,141	5,692	449	7.9	10,106
Other Direct Income Tax							
1,644	1,227	Resident w/holding tax on interest income	1,330	1,360	(30)	(2.2)	1,813
446	282	Resident w/holding tax on dividend income	344	328	16	4.9	494
2,090	1,509	Total other direct income tax	1,674	1,688	(14)	(0.8)	2,307
39,224	27,758	Total income tax	30,353	29,546	807	2.7	41,782
Goods and Services Tax							
27,208	20,240	Gross goods and services tax	20,942	21,428	(486)	(2.3)	28,799
(11,191)	(8,281)	Refunds	(8,301)	(8,587)	286	3.3	(11,428)
16,017	11,959	Total goods and services tax	12,641	12,841	(200)	(1.6)	17,371
Other Indirect Taxation							
1,205	902	Road user charges	971	952	19	2.0	1,246
1,612	1,191	Petroleum fuels excise ¹	1,243	1,248	(5)	(0.4)	1,709
892	677	Alcohol excise ¹	700	705	(5)	(0.7)	923
1,272	1,061	Tobacco excise ¹	1,260	1,130	130	11.5	1,358
172	133	Other customs duty	131	122	9	7.4	157
211	158	Gaming duties	163	159	4	2.5	213
187	139	Motor vehicle fees	139	149	(10)	(6.7)	199
52	40	Approved issuer levy and cheque duty	37	35	2	5.7	50
35	21	Energy resources levies	25	23	2	8.7	33
5,638	4,322	Total other indirect taxation	4,669	4,523	146	3.2	5,888
21,655	16,281	Total indirect taxation	17,310	17,364	(54)	(0.3)	23,259
60,879	44,039	Total taxation revenue	47,663	46,910	753	1.6	65,041
Other Sovereign Revenue (accrual)							
3,600	2,751	ACC levies	2,525	2,395	130	5.4	3,195
339	257	Fire Service levies	273	268	5	1.9	350
274	205	EQC levies	211	212	(1)	(0.5)	282
545	432	Child support	384	442	(58)	(13.1)	582
179	130	Court fines	133	133	-	-	173
513	288	Other miscellaneous items	427	340	87	25.6	521
5,450	4,063	Total other sovereign revenue	3,953	3,790	163	4.3	5,103
66,329	48,102	Total sovereign revenue	51,616	50,700	916	1.8	70,144

1. Includes excise on domestic production and excise-equivalent duties on imports.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2 (continued): Sovereign Receipts (Cash)							
Taxation Receipts (cash)							
Individuals							
23,621	17,577	Source deductions	18,635	18,571	64	0.3	24,886
5,466	3,235	Other persons	3,569	3,470	99	2.9	5,900
(2,276)	(1,582)	Refunds	(1,561)	(1,616)	55	3.4	(2,293)
482	346	Fringe benefit tax	359	362	(3)	(0.8)	503
27,293	19,576	Total individuals	21,002	20,787	215	1.0	28,996
Corporate Tax							
9,374	6,572	Gross companies tax	7,344	7,255	89	1.2	10,083
(563)	(419)	Refunds	(406)	(460)	54	11.7	(639)
405	262	Non-resident withholding tax	354	327	27	8.3	491
-	-	Foreign-source dividend w/holding payments	(6)	(5)	(1)	(20.0)	(3)
9,216	6,415	Total corporate tax	7,286	7,117	169	2.4	9,932
Other Direct Income Tax							
1,629	1,156	Resident w/holding tax on interest income	1,280	1,290	(10)	(0.8)	1,811
449	287	Resident w/holding tax on dividend income	351	335	16	4.8	494
2,078	1,443	Total other direct income tax	1,631	1,625	6	0.4	2,305
38,587	27,434	Total income tax	29,919	29,529	390	1.3	41,233
Goods and Services Tax							
26,596	19,348	Gross goods and services tax	20,325	20,253	72	0.4	27,934
(10,948)	(8,161)	Refunds	(8,302)	(8,360)	58	0.7	(10,928)
15,648	11,187	Total goods and services tax	12,023	11,893	130	1.1	17,006
Other Indirect Taxation							
1,187	874	Road user charges	969	952	17	1.8	1,246
1,780	1,384	Excise duties	1,519	1,466	53	3.6	1,899
2,179	1,717	Customs duty	1,932	1,808	124	6.9	2,248
208	156	Gaming duties	162	159	3	1.9	213
178	140	Motor vehicle fees	131	149	(18)	(12.1)	199
51	41	Approved issuer levy and cheque duty	34	36	(2)	(5.6)	52
35	21	Energy resources levies	25	23	2	8.7	33
5,618	4,333	Total other indirect taxation	4,772	4,593	179	3.9	5,890
21,266	15,520	Total indirect taxation	16,795	16,486	309	1.9	22,896
59,853	42,954	Total tax receipts collected	46,714	46,015	699	1.5	64,129
Other Sovereign Receipts (cash)							
3,579	2,788	ACC levies	2,594	2,514	80	3.2	3,219
340	257	Fire Service levies	273	268	5	1.9	350
273	208	EQC levies	197	214	(17)	(7.9)	284
219	163	Child support	153	161	(8)	(5.0)	217
149	111	Court fines	111	103	8	7.8	137
414	312	Other miscellaneous items	513	316	197	62.3	466
4,974	3,839	Total other sovereign receipts	3,841	3,576	265	7.4	4,673
64,827	46,793	Total sovereign receipts	50,555	49,591	964	1.9	68,802

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
<i>By type</i>							
2,516	1,847	Interest revenue	2,060	2,207	(147)	(6.7)	3,075
659	477	Dividends	490	435	55	12.6	634
3,175	2,324	Total interest revenue and dividends	2,550	2,642	(92)	(3.5)	3,709
<i>By source</i>							
2,295	1,817	Core Crown	1,854	1,765	89	5.0	2,372
1,249	841	Crown entities	1,071	963	108	11.2	1,465
879	658	State-owned Enterprises	796	780	16	2.1	1,072
(1,248)	(992)	Inter-segment eliminations	(1,171)	(866)	(305)	(35.2)	(1,200)
3,175	2,324	Total interest revenue and dividends	2,550	2,642	(92)	(3.5)	3,709
NOTE 4: Transfer Payments and Subsidies							
10,913	8,086	New Zealand superannuation	8,616	8,623	7	0.1	11,577
1,691	1,281	Jobseeker support and emergency benefit	1,288	1,286	(2)	(0.2)	1,679
1,422	1,047	Supported living payment	1,134	1,134	-	-	1,513
1,222	914	Sole parent support	898	895	(3)	(0.3)	1,187
1,965	1,434	Family tax credit	1,332	1,381	49	3.5	1,890
567	389	Other working for families tax credits	395	377	(18)	(4.8)	557
1,146	867	Accommodation assistance	851	854	3	0.4	1,132
660	490	Income related rents	526	528	2	0.4	718
379	285	Disability assistance	283	284	1	0.4	379
539	368	Student allowances	354	356	2	0.6	523
1,519	1,169	Other social assistance benefits	988	1,014	26	2.6	1,350
22,023	16,330	Total social assistance grants	16,665	16,732	67	0.4	22,505
<i>Subsidies</i>							
804	663	KiwiSaver	634	633	(1)	(0.2)	854
<i>Other transfer payments</i>							
533	319	Official development assistance	302	347	45	13.0	531
23,360	17,312	Total transfer payments and subsidies	17,601	17,712	111	0.6	23,890
NOTE 5: Personnel Expenses							
6,232	4,601	Core Crown	4,825	4,826	1	-	6,507
11,315	8,373	Crown entities	8,727	8,736	9	0.1	11,688
2,956	2,202	State-owned Enterprises	2,175	2,148	(27)	(1.3)	2,874
(19)	(10)	Inter-segment eliminations	(12)	(8)	4	50.0	(11)
20,484	15,166	Total personnel expenses	15,715	15,702	(13)	(0.1)	21,058
NOTE 6: Depreciation and Amortisation							
1,476	1,037	Core Crown	1,095	1,110	15	1.4	1,497
1,661	1,204	Crown entities	1,253	1,260	7	0.6	1,698
1,735	1,007	State-owned Enterprises	1,124	1,091	(33)	(3.0)	1,649
-	-	Inter-segment eliminations	-	-	-	-	-
4,872	3,248	Total depreciation and amortisation	3,472	3,461	(11)	(0.3)	4,844

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 7: Other Operating Expenses							
<i>By source</i>							
36,777	26,403	Core Crown	27,320	27,836	516	1.9	38,135
17,297	12,604	Crown entities	13,011	13,233	222	1.7	18,095
9,042	6,976	State-owned Enterprises	6,972	6,894	(78)	(1.1)	9,237
(27,563)	(20,111)	Inter-segment eliminations	(20,884)	(20,865)	19	0.1	(28,258)
35,553	25,872	Total operating expenses	26,419	27,098	679	2.5	37,209
NOTE 8: Finance Costs							
<i>By type</i>							
4,360	3,315	Interest on financial liabilities	3,374	3,476	102	2.9	4,615
40	29	Interest unwind on provisions	29	50	21	42.0	50
4,400	3,344	Total finance costs	3,403	3,526	123	3.5	4,665
<i>By source</i>							
3,620	2,690	Core Crown	2,888	2,897	9	0.3	3,816
219	165	Crown entities	165	168	3	1.8	224
1,161	857	State-owned Enterprises	955	966	11	1.1	1,348
(600)	(368)	Inter-segment eliminations	(605)	(505)	100	19.8	(723)
4,400	3,344	Total finance costs	3,403	3,526	123	3.5	4,665
NOTE 9: Insurance Expenses							
<i>By entity</i>							
3,484	2,405	ACC	2,621	2,458	(163)	(6.6)	3,675
(111)	(344)	EQC	(181)	(50)	131	262.0	(21)
87	62	Southern Response	292	28	(264)	-	12
41	7	Other insurance expenses	14	9	(5)	(55.6)	12
3,501	2,130	Total insurance expenses	2,746	2,445	(301)	(12.3)	3,678
NOTE 10: Net Gains and Losses on Financial Instruments							
<i>By source</i>							
4,045	2,774	Core Crown	3,643	2,532	1,111	43.9	3,140
702	274	Crown entities	2,600	994	1,606	161.6	994
182	100	State-owned Enterprises	(179)	(6)	(173)	-	3
(88)	83	Inter-segment eliminations	(1,196)	(185)	(1,011)	-	(199)
4,841	3,231	Net gains/(losses) on financial instruments	4,868	3,335	1,533	46.0	3,938

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	9 months to 31 Mar 2014 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Net Gains and Losses on Non-Financial Instruments							
<i>By type</i>							
577	713	Actuarial gains/(losses) on GSF liability ¹	(2,049)	(405)	(1,644)	(405.9)	(405)
479	1,084	Actuarial gains/(losses) on ACC liability ²	(4,053)	(1,316)	(2,737)	(208.0)	(1,316)
(516)	(220)	Other	(259)	(26)	(233)	-	(61)
540	1,577	Net gains/(losses) on non-financial instruments	(6,361)	(1,747)	(4,614)	(264.1)	(1,782)
<i>By source</i>							
220	505	Core Crown	(2,352)	(435)	(1,917)	(440.7)	(445)
477	1,082	Crown entities	(4,053)	(1,321)	(2,732)	(206.8)	(1,333)
(156)	(10)	State-owned Enterprises	43	9	34	377.8	(5)
(1)	-	Inter-segment eliminations	1	-	1	-	1
540	1,577	Net gains/(losses) on non-financial instruments	(6,361)	(1,747)	(4,614)	(264.1)	(1,782)
NOTE 12: Operating Balance (excluding Minority Interests)							
<i>By source</i>							
203	305	Core Crown	91	(190)	281	147.9	1,212
2,874	2,946	Crown entities	(29)	739	(768)	(103.9)	715
428	665	State-owned Enterprises	421	497	(76)	(15.3)	513
(697)	(584)	Inter-segment eliminations	(1,781)	(439)	(1,342)	(305.7)	(540)
2,808	3,332	Total operating balance	(1,298)	607	(1,905)	(313.8)	1,900

1. The most recent GSF valuation was as at 31 January 2015.

2. The most recent ACC valuation was as at 31 December 2014, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Mar 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13: Financial Assets and Sovereign Receivables							
11,888	12,469	Cash and cash equivalents	14,585	11,353	3,232	28.5	11,166
8,112	8,279	Tax receivables	8,074	8,354	(280)	(3.4)	8,917
9,368	8,058	Trade and other receivables	7,888	7,306	582	8.0	8,685
8,716	8,716	Student loans	8,883	9,086	(203)	(2.2)	8,990
14,630	14,343	Kiwibank mortgages	15,335	15,712	(377)	(2.4)	16,037
3,844	3,273	Long-term deposits	3,686	3,386	300	8.9	3,336
2,142	2,153	IMF financial assets	2,071	2,779	(708)	(25.5)	2,791
1,410	958	Other advances	2,150	1,377	773	56.1	1,401
20,596	20,107	Share investments	23,937	22,248	1,689	7.6	22,718
4,164	4,428	Derivatives in gain	4,024	2,909	1,115	38.3	2,813
38,307	36,307	Other marketable securities	38,145	38,137	8	-	36,519
123,177	119,091	Total financial assets and sovereign receivables	128,778	122,647	6,131	5.0	123,373
Financial Assets by Entity							
18,359	19,220	Debt Management Office	22,808	18,706	4,102	21.9	13,411
18,849	17,851	Reserve Bank of New Zealand	20,788	19,566	1,222	6.2	18,408
26,990	25,212	NZ Superannuation Fund	29,465	28,483	982	3.4	29,167
24,358	23,896	Other core Crown	24,246	24,369	(123)	(0.5)	24,346
(8,473)	(8,394)	Intra-segment eliminations	(11,502)	(11,830)	328	2.8	(7,439)
80,083	77,785	Total core Crown segment	85,805	79,294	6,511	8.2	77,893
30,897	28,795	ACC portfolio	32,643	31,528	1,115	3.5	32,616
3,605	3,986	EQC portfolio	2,667	2,139	528	24.7	1,431
9,806	8,958	Other Crown entities	9,014	8,648	366	4.2	10,042
(2,464)	(1,776)	Intra-segment eliminations	(2,484)	(2,488)	4	0.2	(2,315)
41,844	39,963	Total Crown entities segment	41,840	39,827	2,013	5.1	41,774
21,151	20,710	Total State-owned Enterprises segment	22,710	22,785	(75)	(0.3)	23,318
(19,901)	(19,367)	Inter-segment eliminations	(21,577)	(19,259)	(2,318)	(12.0)	(19,612)
123,177	119,091	Total financial assets and sovereign receivables	128,778	122,647	6,131	5.0	123,373

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Mar 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 14: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
37,138	34,390	Land	37,200	37,365	(165)	(0.4)	37,379
27,396	26,273	Buildings	27,674	27,932	(258)	(0.9)	28,528
19,709	18,729	State highways	20,360	20,397	(37)	(0.2)	21,102
13,941	13,523	Electricity generation assets	13,663	13,870	(207)	(1.5)	13,778
3,992	4,031	Electricity distribution network (cost)	3,997	4,076	(79)	(1.9)	4,130
2,891	2,226	Specialist military equipment	3,021	3,127	(106)	(3.4)	3,146
2,975	2,621	Specified cultural and heritage assets	2,981	2,986	(5)	(0.2)	3,073
2,287	2,446	Aircraft (excl military)	2,825	2,521	304	12.1	2,780
936	1,126	Rail network	1,085	1,047	38	3.6	1,089
5,041	5,403	Other plant and equipment (cost)	5,169	5,355	(186)	(3.5)	5,041
116,306	110,768	Total net carrying value	117,975	118,676	(701)	(0.6)	120,046
By source							
30,963	29,436	Core Crown	31,350	31,878	(528)	(1.7)	32,242
56,802	52,468	Crown entities	57,736	57,893	(157)	(0.3)	58,945
28,541	28,864	State-owned Enterprises	28,889	28,905	(16)	(0.1)	28,859
-	-	Inter-segment eliminations	-	-	-	-	-
116,306	110,768	Total net carrying value	117,975	118,676	(701)	(0.6)	120,046
Land breakdown by usage							
11,361	9,575	Housing stock	11,349	11,335	14	0.1	11,371
8,853	8,003	State highway corridor land	8,853	8,853	-	-	8,853
5,432	5,359	Conservation estate	5,358	5,418	(60)	(1.1)	5,439
3,256	3,257	Rail network corridor land	3,255	3,248	7	0.2	3,231
3,167	2,863	Schools	3,135	3,161	(26)	(0.8)	3,175
1,312	1,317	Commercial (SOE) excluding rail	1,341	1,321	20	1.5	1,327
3,757	4,016	Other	3,909	4,029	(120)	(3.0)	3,983
37,138	34,390	Total land	37,200	37,365	(165)	(0.4)	37,379
Schedule of Movements							
Cost or Valuation							
122,796	122,796	Opening balance	130,342	130,342	-	-	130,342
6,672	4,559	Additions (refer below)	5,207	5,820	(613)	(10.5)	8,663
(1,432)	(633)	Disposals	(586)	(347)	(239)	(68.9)	(656)
3,038	(256)	Net revaluations	(43)	(19)	(24)	(126.3)	(2)
(732)	(101)	Other	(48)	(45)	(3)	(6.7)	(45)
130,342	126,365	Total cost or valuation	134,872	135,751	(879)	(0.6)	138,302
Accumulated Depreciation and Impairment							
12,963	12,963	Opening balance	14,036	14,036	-	-	14,036
(813)	(259)	Eliminated on disposal	(200)	(96)	(104)	(108.3)	(62)
(2,133)	87	Eliminated on revaluation	(20)	-	(20)	-	-
4,151	2,784	Depreciation expense and impairment losses	2,937	2,962	(25)	(0.8)	4,192
(132)	22	Other	144	173	(29)	(16.8)	90
14,036	15,597	Total accumulated depreciation and impairment	16,897	17,075	(178)	(1.0)	18,256
116,306	110,768	Total property, plant and equipment	117,975	118,676	(701)	(0.6)	120,046
Additions - by functional classification							
2,363	1,599	Transport and communications	2,024	1,906	118	6.2	3,325
1,108	911	Economic and industrial services	471	541	(70)	(12.9)	759
529	352	Education	645	659	(14)	(2.1)	913
443	346	Health	392	585	(193)	(33.0)	762
386	249	Defence	399	514	(115)	(22.4)	626
1,843	1,102	Other	1,276	1,615	(339)	(21.0)	2,278
6,672	4,559	Total additions	5,207	5,820	(613)	(10.5)	8,663

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Mar 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Intangible Assets and Goodwill							
628	654	Goodwill	602	613	(11)	(1.8)	613
2,292	2,208	Other intangible assets	2,380	2,376	4	0.2	2,453
2,920	2,862	Total intangible assets and goodwill	2,982	2,989	(7)	(0.2)	3,066
<i>By source</i>							
1,184	1,138	Core Crown	1,224	1,238	(14)	(1.1)	1,281
542	541	Crown entities	542	564	(22)	(3.9)	612
1,194	1,183	State-owned Enterprises	1,216	1,187	29	2.4	1,173
-	-	Inter-segment eliminations	-	-	-	-	-
2,920	2,862	Total intangible assets and goodwill	2,982	2,989	(7)	(0.2)	3,066
NOTE 16: NZ Superannuation Fund							
767	559	Revenue	536	545	(9)	(1.7)	730
(1,074)	(840)	Less: current tax expense	(343)	(422)	(79)	(18.7)	(576)
(164)	(127)	Less: other expenses ¹	(106)	(110)	(4)	(3.6)	(151)
3,735	2,626	Add gains/(losses)	2,749	1,839	910	49.5	2,338
3,264	2,218	Operating balance	2,836	1,852	984	53.1	2,341
22,549	22,549	Opening net worth	25,809	25,809	-	-	25,809
3,264	2,218	Operating balance	2,836	1,852	984	53.1	2,341
(4)	(9)	Other movements in reserves	9	24	(15)	(62.5)	29
25,809	24,758	Closing net worth	28,654	27,685	969	3.5	28,179
<i>comprising:</i>							
26,990	25,212	Financial assets	29,465	28,483	982	3.4	29,167
(2,323)	(1,600)	Financial liabilities	(1,938)	(2,008)	70	3.5	(2,233)
1,142	1,146	Net other assets	1,127	1,210	(83)	(6.9)	1,245
25,809	24,758	Closing net worth	28,654	27,685	969	3.5	28,179
1. NZS Fund other expenses include deferred tax expense/(credits).							
NOTE 17: Payables							
7,626	7,151	Accounts payable	6,174	7,527	1,353	18.0	7,768
3,668	3,120	Taxes repayable	3,007	3,516	509	14.5	4,551
11,294	10,271	Total payables	9,181	11,043	1,862	16.9	12,319
<i>By source</i>							
7,800	6,409	Core Crown	6,467	7,455	988	13.3	8,370
5,382	5,249	Crown entities	4,525	5,253	728	13.9	5,449
4,832	5,011	State-owned Enterprises	4,693	4,834	141	2.9	5,067
(6,720)	(6,398)	Inter-segment eliminations	(6,504)	(6,499)	5	0.1	(6,567)
11,294	10,271	Total intangible assets and goodwill	9,181	11,043	1,862	16.9	12,319
NOTE 18: Insurance Liabilities							
29,948	27,233	ACC liability	33,016	30,208	(2,808)	(9.3)	32,472
4,747	5,004	EQC property damage liability	3,395	2,973	(422)	(14.2)	2,814
1,434	1,525	Southern Response	1,337	1,002	(335)	(33.4)	817
63	56	Other insurance liabilities	54	63	9	14.3	70
(367)	(388)	Inter-segment eliminations	(320)	-	320	-	-
35,825	33,430	Total insurance liabilities	37,482	34,246	(3,236)	(9.4)	36,173

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Mar 2014 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 19: Provisions							
3,444	3,085	Provision for employee entitlements	3,211	3,094	(117)	(3.8)	3,200
521	367	Provision for ETS Credits ¹	840	580	(260)	(44.8)	567
910	940	Provision for National Provident Fund guarantee	874	874	-	-	872
394	438	Provision for Infrastructure costs	274	255	(19)	(7.5)	204
		Provision for weathertight services					
92	119	financial assistance package	94	64	(30)	(46.9)	67
1,594	1,210	Other provisions	1,378	1,291	(87)	(6.7)	1,525
6,955	6,159	Total provisions	6,671	6,158	(513)	(8.3)	6,435
By source							
4,208	3,825	Core Crown	4,166	3,756	(410)	(10.9)	4,045
2,076	1,955	Crown entities	1,995	2,001	6	0.3	1,996
1,177	931	State-owned Enterprises	1,102	957	(145)	(15.2)	996
(506)	(552)	Inter-segment eliminations	(592)	(556)	36	6.5	(602)
6,955	6,159	Total provisions	6,671	6,158	(513)	(8.3)	6,435
1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 20: Changes in Net Worth							
13,300	13,918	Taxpayers' funds	12,094	13,967	(1,873)	(13.4)	15,271
62,225	56,665	Property, plant and equipment revaluation reserve	62,164	62,197	(33)	(0.1)	62,153
5,211	4,465	Net worth attributable to minority interests	5,298	5,220	78	1.5	5,184
43	(80)	Other reserves	(47)	(46)	(1)	(2.2)	(48)
80,779	74,968	Total net worth	79,509	81,338	(1,829)	(2.2)	82,560
10,862	10,862	Opening taxpayers funds	13,300	13,300	-	-	13,300
2,808	3,332	Operating balance excluding minority interests	(1,298)	607	(1,905)	(313.8)	1,900
		Gain/(loss) on Government share offers in					
(577)	(361)	state-owned enterprises	-	-	-	-	-
207	85	Transfers from/(to) other reserves	92	60	32	53.3	71
13,300	13,918	Closing taxpayers funds	12,094	13,967	(1,873)	(13.4)	15,271
		Opening property, plant and equipment					
57,068	57,068	revaluation reserve	62,225	62,225	-	-	62,225
5,386	(344)	Net revaluations	(10)	(8)	(2)	(25.0)	(21)
(229)	(59)	Transfers from/(to) other reserves	(51)	(20)	(31)	(155.0)	(51)
62,225	56,665	Closing property, plant and equipment revaluation reserve	62,164	62,197	(33)	(0.1)	62,153
		Opening net worth attributable to					
1,940	1,940	minority interests	5,211	5,211	-	-	5,211
3,271	2,525	Net movements	87	9	78	-	(27)
5,211	4,465	Closing net worth attributable to minority interests	5,298	5,220	78	1.5	5,184
141	141	Opening other reserves	43	43	-	-	43
(98)	(221)	Net movements	(90)	(89)	(1)	(1.1)	(91)
43	(80)	Closing other reserves	(47)	(46)	(1)	(2.2)	(48)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 \$m	9 months to 31 Mar 2014 \$m	Current Year Actual vs Forecast				Annual Forecast \$m	
		Actual \$m	Forecast \$m	Variance \$m	%		
NOTE 21: Core Crown Residual Cash							
Core Crown Cash Flows from Operations							
61,321	44,269	Tax receipts	47,891	47,221	670	1.4	65,447
747	580	Other sovereign receipts	760	556	204	36.7	788
1,627	1,262	Interest, profits and dividends	1,399	1,295	104	8.0	1,678
2,397	1,858	Sale of goods & services and other receipts	1,773	1,817	(44)	(2.4)	2,232
(23,447)	(17,630)	Transfer payments and subsidies	(17,621)	(17,738)	117	0.7	(24,015)
(41,989)	(31,700)	Personnel and operating costs	(32,081)	(32,509)	428	1.3	(43,011)
(3,642)	(2,233)	Interest payments	(2,467)	(2,449)	(18)	(0.7)	(3,906)
-	-	Forecast for future new operating spending	-	-	-	-	(123)
-	-	Top-down expense adjustment	-	523	(523)	(100.0)	950
(2,986)	(3,594)	Net core Crown operating cash flows	(346)	(1,284)	938	73.1	40
(1,867)	(1,344)	Net purchase of physical assets	(1,470)	(1,965)	495	25.2	(2,588)
(716)	(682)	Net increase in advances	(545)	(724)	179	24.7	(890)
(865)	(915)	Net purchase of investments	(1,058)	(1,075)	17	1.6	(1,661)
2,325	1,598	Net proceeds from partial share sales	-	-	-	-	628
-	-	Forecast for future new capital spending	-	-	-	-	(113)
-	-	Top-down capital adjustment	-	317	(317)	(100.0)	575
(1,123)	(1,343)	Net Core Crown capital cash flows	(3,073)	(3,447)	374	10.8	(4,049)
(4,109)	(4,937)	Residual cash deficit	(3,419)	(4,731)	1,312	27.7	(4,009)
<i>The residual cash deficit is funded as follows:</i>							
Debt Programme Cash Flows							
Market:							
7,716	6,466	Issue of government bonds	6,763	6,893	(130)	(1.9)	8,137
(2,196)	(148)	Repayment of government bonds	(1,523)	(1,523)	-	-	(8,684)
(935)	(815)	Net issue/(repayment) of short-term borrowing ¹	2,070	870	1,200	137.9	1,180
4,585	5,503	Total market debt cash flows	7,310	6,240	1,070	17.1	633
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	(193)	(639)	446	69.8	(760)
-	-	Net issue/(repayment) of short-term borrowing	(380)	(380)	-	-	(480)
-	-	Total non-market debt cash flows	(573)	(1,019)	446	43.8	(1,240)
4,585	5,503	Total debt programme cash flows	6,737	5,221	1,516	29.0	(607)
Other Borrowing Cash Flows							
(674)	(1,252)	Net (repayment)/issue of other New Zealand dollar borrowing	1,223	58	1,165	-	852
1,083	645	Net (repayment)/issue of foreign currency borrowing	(1,101)	(833)	(268)	(32.2)	(1,523)
409	(607)	Total other borrowing cash flows	122	(775)	897	(32.2)	(671)
Investing Cash Flows							
(1,510)	(855)	Other net sale/(purchase) of marketable securities and deposits	(1,561)	394	(1,955)	(495.6)	4,731
274	325	Issues of circulating currency	554	155	399	257.4	130
351	571	Decrease/(increase) in cash	(2,433)	(264)	(2,169)	-	426
(885)	41	Total investing cash flows	(3,440)	285	(3,725)	-	5,287
4,109	4,937	Residual cash deficit funding	3,419	4,731	(1,312)	(27.7)	4,009

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