

## **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 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 11 October 2011.

The key assumptions that underpin the preparation of the Forecast Financial Statements are outlined on pages 33 to 36.

## Statement of Accounting Policies

### Significant Accounting Policies

These 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.

These forecast financial statements 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 reproduced in full on the Treasury's website at <http://www.treasury.govt.nz/publications/guidance/reporting/accounting>.

### 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

These 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. 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 chapter on Fiscal Risks on pages 57 to 74.

Key forecast assumptions used are set out on pages 33 to 36.

## Government Reporting Entity as at 11 October 2011

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:

### Core Crown

#### Departments

Agriculture and Forestry	Land Information New Zealand
Building and Housing	Māori Development
Canterbury Earthquake Recovery Authority	New Zealand Customs Service
Conservation	New Zealand Defence Force
Corrections	New Zealand Police
Crown Law Office	New Zealand Security Intelligence Service
Culture and Heritage	Office of the Clerk of the House of Representatives
Defence	Pacific Island Affairs
Economic Development	Parliamentary Counsel Office
Education	Parliamentary Service
Education Review Office	Prime Minister and Cabinet
Environment	Science and Innovation
Foreign Affairs and Trade	Serious Fraud Office
Government Communications Security Bureau	Social Development
Health	State Services Commission
Inland Revenue	Statistics New Zealand
Internal Affairs	Transport
Justice	Treasury
Labour	Women's Affairs

#### 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

AMI Insurance Limited*	Mighty River Power Limited
Air New Zealand Limited*	New Zealand Post Limited
Airways Corporation of New Zealand Limited	New Zealand Railways Corporation
Animal Control Products Limited	Quotable Value Limited
AsureQuality Limited	Solid Energy New Zealand Limited
Electricity Corporation of New Zealand Limited	Terralink Limited (in liquidation)
Genesis Power Limited	Transpower New Zealand Limited
Kordia Group Limited	
Landcorp Farming Limited	<i>Subsidiaries of SOEs are consolidated by their parents and not listed separately in this table</i>
Learning Media Limited	<i>* included for disclosure purposes as if they were an SOE</i>
Meridian Energy Limited	
Meteorological Service of New Zealand Limited	

**Crown entities**

Accident Compensation Corporation	New Zealand Artificial Limb Board
Alcohol Advisory Council of New Zealand	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)
Career Services	New Zealand Lotteries Commission
Charities Commission	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 Health Financing Agency	New Zealand Tourism Board
Crown Research Institutes (8)	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
Electricity Authority	Office of Film and Literature Classification
Electoral Commission	Pharmaceutical Management Agency
Energy Efficiency and Conservation Authority	Privacy Commissioner
Environmental Protection Authority	Public Trust
External Reporting Board	Radio New Zealand Limited
Families Commission	Real Estate Agents Authority
Financial Markets Authority	Retirement Commissioner
Government Superannuation Fund Authority	School Boards of Trustees (2,481)
Guardians of New Zealand Superannuation	Social Workers Registration Board
Health and Disability Commissioner	Sport and Recreation New Zealand
Health Quality and Safety Commission	Standards Council
Health Research Council of New Zealand	Takeovers Panel
Health Sponsorship Council	Te Reo Whakapuaki Irirangi (Te Māngai Pāho)
Housing New Zealand Corporation	Te Taura Whiri i te Reo Māori (Māori Language Commission)
Human Rights Commission	Television New Zealand Limited
Independent Police Conduct Authority	Tertiary Education Commission
Law Commission	Tertiary education institutions (29)
Maritime Safety Authority of New Zealand	Testing Laboratory Registration Council
Mental Health Commission	Transport Accident Investigation Commission
Museum of New Zealand Te Papa Tongarewa Board	<i>Crown entity subsidiaries are consolidated by their parents and not listed separately in this table</i>
New Zealand Antarctic Institute	

**Organisations named or described in Schedule 4 of the Public Finance Act 1989**

Agriculture and Marketing Research and Development Trust	New Zealand Government Property Corporation
Asia New Zealand Foundation	New Zealand Lottery Grants Board
Crown Fibre Holdings Limited	Ngāi Tahu Ancillary Claims Trust
Dispute Resolution Services Limited	Pacific Co-operation Foundation
Fish and Game Councils (12)	Pacific Island Business Development Trust
Health Benefits Limited	Research and Education Advanced Network New Zealand Limited
Leadership Development Centre Trust	Reserves Boards (23)
Learning State Limited	Road Safety Trust
National Pacific Radio Trust	Sentencing Council
New Zealand Fish and Game Council	Te Ariki Trust
New Zealand Game Bird Habitat Trust Board	The Māori Trustee

## Forecast Statement of Financial Performance

for the years ending 30 June

		2011	2012	2012	2013	2014	2015	2016
			Previous					
	Note	Actual \$m	Budget \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m	Forecast \$m
<b>Revenue</b>								
Taxation revenue	1	51,128	54,690	54,957	58,571	62,885	66,869	70,642
Other sovereign revenue	1	5,281	5,808	5,563	5,731	6,118	6,366	6,951
<b>Total revenue levied through the Crown's sovereign power</b>		<b>56,409</b>	<b>60,498</b>	<b>60,520</b>	<b>64,302</b>	<b>69,003</b>	<b>73,235</b>	<b>77,593</b>
Sales of goods and services		15,084	16,078	16,825	17,314	18,426	19,164	19,941
Interest revenue and dividends	2	2,570	3,051	2,814	3,308	3,688	4,259	4,537
Other revenue		7,500	3,106	3,478	3,563	3,698	3,778	3,816
<b>Total revenue earned through the Crown's operations</b>		<b>25,154</b>	<b>22,235</b>	<b>23,117</b>	<b>24,185</b>	<b>25,812</b>	<b>27,201</b>	<b>28,294</b>
<b>Total revenue (excluding gains)</b>		<b>81,563</b>	<b>82,733</b>	<b>83,637</b>	<b>88,487</b>	<b>94,815</b>	<b>100,436</b>	<b>105,887</b>
<b>Expenses</b>								
Transfer payments and subsidies	3	22,172	22,926	22,580	23,175	23,686	24,540	25,591
Personnel expenses	4	19,088	19,149	19,536	19,773	19,967	20,219	20,490
Depreciation and amortisation	5	4,682	4,631	4,562	4,797	4,931	4,988	5,067
Other operating expenses	5	35,829	37,792	40,685	35,782	36,180	36,720	37,505
Interest expenses	6	3,596	4,685	3,959	4,464	4,901	5,389	5,458
Insurance expenses	7	14,592	3,138	3,751	4,140	4,405	4,298	4,841
Forecast new operating spending	8	-	463	473	1,094	1,788	2,932	3,959
Top-down expense adjustment	8	-	(310)	(1,100)	(300)	(100)	(100)	(100)
<b>Total expenses (excluding losses)</b>		<b>99,959</b>	<b>92,474</b>	<b>94,446</b>	<b>92,925</b>	<b>95,758</b>	<b>98,986</b>	<b>102,811</b>
<b>Operating balance before gains/(losses)</b>		<b>(18,396)</b>	<b>(9,741)</b>	<b>(10,809)</b>	<b>(4,438)</b>	<b>(943)</b>	<b>1,450</b>	<b>3,076</b>
Net gains/(losses) on financial instruments	9	4,619	1,973	(4)	1,588	2,055	2,062	2,132
Net gains/(losses) on non-financial instruments	10	79	172	(2,064)	191	170	176	185
<b>Total gains/(losses)</b>		<b>4,698</b>	<b>2,145</b>	<b>(2,068)</b>	<b>1,779</b>	<b>2,225</b>	<b>2,238</b>	<b>2,317</b>
Net surplus from associates and joint ventures		237	303	276	284	294	286	308
<b>Operating balance (including minority interest)</b>		<b>(13,461)</b>	<b>(7,293)</b>	<b>(12,601)</b>	<b>(2,375)</b>	<b>1,576</b>	<b>3,974</b>	<b>5,701</b>
Attributable to minority interest		101	-	-	-	-	-	-
<b>Operating balance</b>	11	<b>(13,360)</b>	<b>(7,293)</b>	<b>(12,601)</b>	<b>(2,375)</b>	<b>1,576</b>	<b>3,974</b>	<b>5,701</b>

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

## Forecast Statement of Financial Performance (continued) – Functional Expense Analysis

for the years ending 30 June

	2011	2012	2012	2013	2014	2015	2016
	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	25,324	26,353	26,047	27,182	28,054	28,961	30,335
GSF pension expenses	311	311	210	307	387	442	474
Health	13,068	13,787	13,809	13,676	13,594	13,597	13,597
Education	12,406	13,005	13,052	12,987	12,957	13,116	13,336
Core government services	5,515	5,440	7,018	4,300	4,395	4,366	4,287
Law and order	3,567	3,745	3,823	3,750	3,724	3,737	3,748
Defence	1,778	1,872	1,856	1,876	1,827	1,825	1,823
Transport and communications	8,402	8,584	8,943	8,939	9,192	9,448	9,733
Economic and industrial services	18,818	7,758	8,884	8,413	8,766	8,626	9,120
Primary services	1,603	1,700	1,710	1,652	1,654	1,656	1,639
Heritage, culture and recreation	3,437	3,327	3,898	3,015	3,039	3,329	3,704
Housing and community development	1,655	1,119	1,158	1,082	1,094	1,177	1,213
Other	479	635	706	488	486	485	485
Finance costs	3,596	4,685	3,959	4,464	4,901	5,389	5,458
Forecast new operating spending	-	463	473	1,094	1,788	2,932	3,959
Top-down expense adjustment	-	(310)	(1,100)	(300)	(100)	(100)	(100)
<b>Total Crown expenses excluding losses</b>	<b>99,959</b>	<b>92,474</b>	<b>94,446</b>	<b>92,925</b>	<b>95,758</b>	<b>98,986</b>	<b>102,811</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 State-owned enterprises.

	2011	2012	2012	2013	2014	2015	2016
	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	22,005	22,935	22,560	23,252	23,829	24,471	25,536
GSF pension expenses	305	302	201	298	377	433	464
Health	13,753	14,353	14,350	14,330	14,239	14,233	14,224
Education	11,650	12,257	12,269	12,205	12,099	12,227	12,420
Core government services	5,563	5,564	7,138	4,390	4,474	4,450	4,368
Law and order	3,382	3,555	3,635	3,539	3,511	3,509	3,510
Defence	1,809	1,911	1,903	1,917	1,867	1,866	1,864
Transport and communications	2,281	2,378	2,468	2,128	2,079	2,136	2,025
Economic and industrial services	2,609	2,235	2,529	1,922	1,855	1,876	1,906
Primary services	706	755	783	705	688	686	663
Heritage, culture and recreation	1,966	1,947	2,490	1,542	1,494	1,738	2,084
Housing and community development	876	333	400	313	313	328	281
Other	479	635	706	488	486	485	485
Finance costs	3,066	3,714	3,655	3,789	3,921	4,313	4,345
Forecast new operating spending	-	463	473	1,094	1,788	2,932	3,959
Top-down expense adjustment	-	(310)	(1,100)	(300)	(100)	(100)	(100)
<b>Total core Crown expenses excluding losses</b>	<b>70,450</b>	<b>73,027</b>	<b>74,460</b>	<b>71,612</b>	<b>72,920</b>	<b>75,583</b>	<b>78,034</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

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revaluation of physical assets	(443)	-	-	-	(1)	-	-
Effective portion of changes in the fair value of cash flow hedges	(252)	3	7	(1)	1	4	-
Net change in fair value of cash flow hedges transferred to operating balance	17	-	1	1	-	-	1
Net change in fair value of cash flow hedges transferred to the hedged item	95	(7)	(21)	(2)	-	-	-
Foreign currency translation differences for foreign operations	(37)	(6)	6	24	-	-	-
Valuation gain/(losses) on investments available for sale taken to reserves	(1)	6	3	8	10	13	14
Other movements	1	50	-	2	1	(3)	(1)
<b>Other comprehensive income for the year</b>	<b>(620)</b>	<b>46</b>	<b>(4)</b>	<b>32</b>	<b>11</b>	<b>14</b>	<b>14</b>
<b>Operating balance (including minority interest)</b>	<b>(13,461)</b>	<b>(7,293)</b>	<b>(12,601)</b>	<b>(2,375)</b>	<b>1,576</b>	<b>3,974</b>	<b>5,701</b>
<b>Total comprehensive income</b>	<b>(14,081)</b>	<b>(7,247)</b>	<b>(12,605)</b>	<b>(2,343)</b>	<b>1,587</b>	<b>3,988</b>	<b>5,715</b>
<b>Attributable to:</b>							
- minority interest	(74)	-	-	-	-	-	-
- the Crown	(14,007)	(7,247)	(12,605)	(2,343)	1,587	3,988	5,715
<b>Total comprehensive income</b>	<b>(14,081)</b>	<b>(7,247)</b>	<b>(12,605)</b>	<b>(2,343)</b>	<b>1,587</b>	<b>3,988</b>	<b>5,715</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

	2011	2012	2012	2013	2014	2015	2016
	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	50,418	53,959	54,070	57,810	62,231	66,168	69,872
Other sovereign receipts	4,693	4,878	4,884	4,722	4,784	4,867	5,221
Sales of goods and services	14,899	16,046	16,424	17,159	18,363	18,941	19,664
Interest and dividend receipts	2,682	2,594	2,602	3,001	3,291	3,785	3,992
Other operating receipts	2,990	4,536	5,164	5,728	4,333	4,164	3,771
<b>Total cash provided from operations</b>	<b>75,682</b>	<b>82,013</b>	<b>83,144</b>	<b>88,420</b>	<b>93,002</b>	<b>97,925</b>	<b>102,520</b>
<b>Cash was disbursed to</b>							
Transfer payments and subsidies	22,172	23,435	23,089	23,265	23,782	24,634	25,685
Personnel and operating payments	55,152	59,108	62,029	60,788	59,999	59,746	57,952
Interest payments	3,107	4,583	4,100	4,903	5,085	5,748	5,748
Forecast new operating spending	-	463	623	944	1,788	2,932	3,959
Top-down expense adjustment	-	(310)	(1,100)	(300)	(100)	(100)	(100)
<b>Total cash disbursed to operations</b>	<b>80,431</b>	<b>87,279</b>	<b>88,741</b>	<b>89,600</b>	<b>90,554</b>	<b>92,960</b>	<b>93,244</b>
<b>Net cash flows from operations</b>	<b>(4,749)</b>	<b>(5,266)</b>	<b>(5,597)</b>	<b>(1,180)</b>	<b>2,448</b>	<b>4,965</b>	<b>9,276</b>
<b>Cash flows from investing activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Net purchase of physical assets	(5,996)	(7,852)	(7,841)	(6,656)	(6,305)	(5,939)	(6,343)
Net purchase of shares and other securities	(8,405)	5,831	(2)	3,862	(9,249)	(2,205)	(9,223)
Net purchase of intangible assets	(600)	(532)	(582)	(446)	(407)	(345)	(345)
Net repayment/(issues) of advances	(1,003)	(2,039)	(1,673)	(2,229)	(2,075)	(2,061)	(1,739)
Net acquisition of investments in associates	173	(137)	(30)	(10)	(1)	(1)	(1)
Forecast new capital spending	-	(242)	(192)	(452)	(651)	(800)	(900)
Balance sheet funding of new capital spending	-	100	(50)	125	560	790	835
Top-down capital adjustment	-	170	350	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>(15,831)</b>	<b>(4,701)</b>	<b>(10,020)</b>	<b>(5,806)</b>	<b>(18,128)</b>	<b>(10,561)</b>	<b>(17,716)</b>
<b>Net cash flows from operating and investing activities</b>	<b>(20,580)</b>	<b>(9,967)</b>	<b>(15,617)</b>	<b>(6,986)</b>	<b>(15,680)</b>	<b>(5,596)</b>	<b>(8,440)</b>
<b>Cash flows from financing activities</b>							
<b>Cash was provided from/(disbursed to)</b>							
Issues of circulating currency	234	219	89	218	229	240	252
Net issue/(repayment) of Government stock <sup>1</sup>	21,088	4,774	10,312	4,603	13,125	1,293	8,384
Net issue/(repayment) of foreign-currency borrowings	1,809	(6,639)	(7,720)	(549)	(702)	(1,199)	(1,143)
Net issue/(repayment) of other New Zealand dollar borrowings	81	11,390	12,454	2,843	3,829	5,316	1,413
<b>Net cash flows from financing activities</b>	<b>23,212</b>	<b>9,744</b>	<b>15,135</b>	<b>7,115</b>	<b>16,481</b>	<b>5,650</b>	<b>8,906</b>
<b>Net movement in cash</b>	<b>2,632</b>	<b>(223)</b>	<b>(482)</b>	<b>129</b>	<b>801</b>	<b>54</b>	<b>466</b>
<b>Opening cash balance</b>	<b>7,774</b>	<b>9,103</b>	<b>9,801</b>	<b>9,185</b>	<b>9,261</b>	<b>10,009</b>	<b>10,010</b>
Foreign-exchange gains/(losses) on opening cash	(605)	6	(134)	(53)	(53)	(53)	(53)
<b>Closing cash balance</b>	<b>9,801</b>	<b>8,886</b>	<b>9,185</b>	<b>9,261</b>	<b>10,009</b>	<b>10,010</b>	<b>10,423</b>

Note 1: Net issue of Government stock is after elimination of holdings by entities such as NZS Fund, ACC and EQC. Further information on the proceeds a repayments of Government stock ("domestic bonds") is available in note 22.

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

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Reconciliation between the net cash flows from operations and the operating balance</b>							
<b>Net cash flows from operations</b>	<b>(4,749)</b>	<b>(5,266)</b>	<b>(5,597)</b>	<b>(1,180)</b>	<b>2,448</b>	<b>4,965</b>	<b>9,276</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	4,619	1,973	(4)	1,588	2,055	2,062	2,132
Net gains/(losses) on non-financial instruments	79	172	(2,064)	191	170	176	185
<b>Total gains/(losses)</b>	<b>4,698</b>	<b>2,145</b>	<b>(2,068)</b>	<b>1,779</b>	<b>2,225</b>	<b>2,238</b>	<b>2,317</b>
<b>Other non-cash items in operating balance</b>							
Depreciation and amortisation	(4,682)	(4,631)	(4,562)	(4,797)	(4,931)	(4,988)	(5,067)
Write-down on initial recognition of financial assets	(807)	(806)	(798)	(779)	(794)	(794)	(803)
Impairment on financial assets (excl. receivables)	105	85	79	149	142	135	124
Decrease/(increase) in defined benefit retirement plan liabilities	358	377	475	392	320	273	251
Decrease/(increase) in insurance liabilities	(13,179)	1,269	2,460	2,086	1,697	303	(1,770)
Other	238	307	281	284	293	290	308
<b>Total other non-cash items</b>	<b>(17,967)</b>	<b>(3,399)</b>	<b>(2,065)</b>	<b>(2,665)</b>	<b>(3,273)</b>	<b>(4,781)</b>	<b>(6,957)</b>
<b>Movements in working capital</b>							
Increase/(decrease) in receivables	6,605	(1,081)	(1,532)	(2,877)	(683)	(157)	127
Increase/(decrease) in accrued interest	(599)	356	353	745	580	833	835
Increase/(decrease) in inventories	149	70	11	99	29	33	(10)
Increase/(decrease) in prepayments	39	(3)	4	(12)	39	(1)	2
Decrease/(increase) in deferred revenue	(46)	62	164	30	20	(2)	(6)
Decrease/(increase) in payables/provisions	(1,490)	(177)	(1,871)	1,706	191	846	117
<b>Total movements in working capital</b>	<b>4,658</b>	<b>(773)</b>	<b>(2,871)</b>	<b>(309)</b>	<b>176</b>	<b>1,552</b>	<b>1,065</b>
<b>Operating balance</b>	<b>(13,360)</b>	<b>(7,293)</b>	<b>(12,601)</b>	<b>(2,375)</b>	<b>1,576</b>	<b>3,974</b>	<b>5,701</b>

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

## Forecast Statement of Changes in Net Worth

for the years ending 30 June

	2011	2012	2012	2013	2014	2015	2016
	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Opening net worth</b>	94,988	85,519	80,887	68,282	65,939	67,526	71,514
Operating balance (including minority interest)	(13,461)	(7,293)	(12,601)	(2,375)	1,576	3,974	5,701
Net revaluations	(443)	-	-	-	(1)	-	-
Transfers to/(from) reserves	(278)	53	7	1	2	1	(1)
(Gains)/losses transferred to the Statement of Financial Performance	17	-	1	1	-	-	1
Other movements	84	(7)	(12)	30	10	13	14
<b>Total comprehensive income</b>	<b>(14,081)</b>	<b>(7,247)</b>	<b>(12,605)</b>	<b>(2,343)</b>	<b>1,587</b>	<b>3,988</b>	<b>5,715</b>
Transactions with minority interest in Air New Zealand	(20)	-	-	-	-	-	-
<b>Closing net worth</b>	<b>80,887</b>	<b>78,272</b>	<b>68,282</b>	<b>65,939</b>	<b>67,526</b>	<b>71,514</b>	<b>77,229</b>

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

## Forecast Statement of Financial Position

as at 30 June

		2011	2012	2012	2013	2014	2015	2016
			Previous					
Note	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>								
Cash and cash equivalents	12	9,801	8,886	9,185	9,261	10,009	10,010	10,423
Receivables	12	21,690	16,709	18,798	15,922	15,239	15,081	15,395
Marketable securities, deposits and derivatives in gain	12	49,056	43,034	42,497	33,836	38,441	35,430	38,735
Share investments	12	14,248	16,095	18,443	20,695	22,300	24,504	26,958
Advances	12	20,567	22,433	22,181	24,228	26,345	28,484	30,501
Inventory		1,308	1,380	1,320	1,419	1,448	1,481	1,471
Other assets		1,996	1,662	1,946	1,959	1,958	1,965	1,986
Property, plant and equipment	14	114,854	121,186	119,067	121,919	124,174	126,129	128,397
Equity accounted investments <sup>1</sup>		9,301	9,613	9,689	9,867	10,036	10,263	10,494
Intangible assets and goodwill	15	2,394	2,714	2,597	2,662	2,717	2,705	2,680
Forecast for new capital spending (net)	8	-	142	242	569	660	670	735
Top-down capital adjustment		-	(270)	(350)	(350)	(350)	(350)	(350)
<b>Total assets</b>		<b>245,215</b>	<b>243,584</b>	<b>245,615</b>	<b>241,987</b>	<b>252,977</b>	<b>256,372</b>	<b>267,425</b>
<b>Liabilities</b>								
Issued currency		4,254	4,598	4,361	4,579	4,808	5,048	5,300
Payables	17	11,099	9,603	12,303	11,968	12,630	12,955	13,631
Deferred revenue		1,674	1,371	1,510	1,481	1,460	1,463	1,469
Borrowings		90,245	101,383	101,237	103,850	115,136	115,530	118,893
Insurance liabilities	18	39,314	30,533	38,272	36,185	34,488	34,185	35,955
Retirement plan liabilities	19	10,156	8,895	10,581	10,189	9,869	9,596	9,344
Provisions	20	7,586	8,929	9,069	7,796	7,060	6,081	5,604
<b>Total liabilities</b>		<b>164,328</b>	<b>165,312</b>	<b>177,333</b>	<b>176,048</b>	<b>185,451</b>	<b>184,858</b>	<b>190,196</b>
<b>Total assets less total liabilities</b>		<b>80,887</b>	<b>78,272</b>	<b>68,282</b>	<b>65,939</b>	<b>67,526</b>	<b>71,514</b>	<b>77,229</b>
<b>Net worth</b>								
Taxpayer funds	21	18,188	14,463	5,631	3,322	4,934	8,933	14,661
Property, plant and equipment revaluation reserve	21	62,690	63,614	62,646	62,582	62,546	62,518	62,490
Other reserves	21	(299)	(207)	(303)	(273)	(262)	(245)	(230)
<b>Total net worth attributable to the Crown</b>		<b>80,579</b>	<b>77,870</b>	<b>67,974</b>	<b>65,631</b>	<b>67,218</b>	<b>71,206</b>	<b>76,921</b>
Net worth attributable to minority interest		308	402	308	308	308	308	308
<b>Total net worth</b>		<b>80,887</b>	<b>78,272</b>	<b>68,282</b>	<b>65,939</b>	<b>67,526</b>	<b>71,514</b>	<b>77,229</b>

Note 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

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Borrowings</b>							
Government stock	46,018	52,145	52,630	53,262	62,322	59,073	61,454
Treasury bills	7,028	7,707	8,997	8,613	8,543	8,474	8,415
Government retail stock	261	270	258	258	258	258	258
Settlement deposits with Reserve Bank	6,276	6,736	5,429	5,429	5,429	5,429	5,429
Derivatives in loss	2,767	1,559	2,638	2,377	2,126	2,055	2,017
Finance lease liabilities	1,176	1,492	1,556	1,463	1,512	1,704	1,721
Other borrowings	26,719	31,474	29,729	32,448	34,946	38,537	39,599
<b>Total borrowings</b>	<b>90,245</b>	<b>101,383</b>	<b>101,237</b>	<b>103,850</b>	<b>115,136</b>	<b>115,530</b>	<b>118,893</b>
Total sovereign-guaranteed debt	67,765	74,900	76,415	76,327	85,143	83,248	84,788
Total non-sovereign-guaranteed debt	22,480	26,483	24,822	27,523	29,993	32,282	34,105
<b>Total borrowings</b>	<b>90,245</b>	<b>101,383</b>	<b>101,237</b>	<b>103,850</b>	<b>115,136</b>	<b>115,530</b>	<b>118,893</b>
<b>Net debt:</b>							
Core Crown borrowings <sup>1</sup>	76,885	83,195	84,636	84,762	93,271	92,086	94,878
Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	405	(231)	(872)	(777)	(883)	(972)	(1,105)
<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>77,290</b>	<b>82,964</b>	<b>83,764</b>	<b>83,985</b>	<b>92,388</b>	<b>91,114</b>	<b>93,773</b>
Less core Crown financial assets <sup>3</sup>	65,400	59,728	61,028	53,855	59,987	57,946	61,708
<b>Net core Crown debt (incl. NZS Fund)<sup>4</sup></b>	<b>11,890</b>	<b>23,236</b>	<b>22,736</b>	<b>30,130</b>	<b>32,401</b>	<b>33,168</b>	<b>32,065</b>
Add back NZS Fund holdings of core Crown financial assets and NZS Fund financial assets <sup>5</sup>	16,159	19,068	18,171	19,371	21,097	22,871	24,759
<b>Net core Crown debt (excl. NZS Fund)<sup>4</sup></b>	<b>28,049</b>	<b>42,304</b>	<b>40,907</b>	<b>49,501</b>	<b>53,498</b>	<b>56,039</b>	<b>56,824</b>
Core Crown advances	12,079	12,568	12,916	13,650	14,277	15,285	15,710
<b>Net core Crown debt (excl. NZS Fund and advances)<sup>6</sup></b>	<b>40,128</b>	<b>54,872</b>	<b>53,823</b>	<b>63,151</b>	<b>67,775</b>	<b>71,324</b>	<b>72,534</b>
<b>Gross debt:</b>							
Gross sovereign-issued debt <sup>2</sup>	77,290	82,964	83,764	83,985	92,388	91,114	93,773
Less Reserve Bank settlement cash and bank bills	(6,470)	(6,800)	(5,585)	(5,585)	(5,585)	(5,585)	(5,585)
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>72,420</b>	<b>77,764</b>	<b>79,779</b>	<b>80,000</b>	<b>88,403</b>	<b>87,129</b>	<b>89,788</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 State-owned enterprises and Crown entities are not explicitly guaranteed by the Crown. No other debt of State-owned enterprises and Crown entities is currently guaranteed by the Crown.

1. Core Crown borrowings in this instance includes 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 NZS Fund, ACC and EQC.
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 30 June 2011

	As at 30 June 2011 \$m	As at 30 June 2010 \$m
<b>Capital commitments</b>		
Specialist military equipment	369	422
Land and buildings	701	849
Other property, plant and equipment	7,032	6,370
Other capital commitments	408	224
Tertiary Education Institutions	413	302
<b>Total capital commitments</b>	<b>8,923</b>	<b>8,167</b>
<b>Operating commitments</b>		
Non-cancellable accommodation leases	2,909	2,862
Other non-cancellable leases	3,171	3,230
Non-cancellable contracts for the supply of goods and services	5,520	6,254
Other operating commitments	7,415	7,634
Tertiary Education Institutions	366	304
<b>Total operating commitments</b>	<b>19,381</b>	<b>20,284</b>
<b>Total commitments</b>	<b>28,304</b>	<b>28,451</b>
<b>Total commitments by segment</b>		
Core Crown	22,129	20,983
Crown entities	12,925	13,811
State-owned enterprises	10,410	11,238
Inter-segment eliminations	(17,160)	(17,581)
<b>Total commitments</b>	<b>28,304</b>	<b>28,451</b>

## Statement of Actual Contingent Liabilities and Assets

as at 30 June 2011

	As at 30 June 2011 \$m	As at 30 June 2010 \$m
<b>Quantifiable contingent liabilities</b>		
Guarantees and indemnities	78	106
Uncalled capital	4,033	2,310
Legal proceedings and disputes	331	414
Other contingent liabilities	2,699	3,535
<b>Total quantifiable contingent liabilities</b>	<b>7,141</b>	<b>6,365</b>
<b>Total quantifiable contingent liabilities by segment</b>		
Core Crown	6,884	6,050
Crown entities	173	171
State-owned enterprises	84	144
Inter-segment eliminations	-	-
<b>Total quantifiable contingent liabilities</b>	<b>7,141</b>	<b>6,365</b>
<b>Quantifiable contingent assets by segment</b>		
Core Crown	702	570
Crown entities	2	2
<b>Total quantifiable contingent assets</b>	<b>704</b>	<b>572</b>

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

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

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 1: Revenue collected through the Crown's sovereign power</b>							
<b>Taxation revenue (accrual)</b>							
<b>Individuals</b>							
Source deductions	20,857	21,165	21,304	22,739	24,334	26,052	27,825
Other persons	3,791	4,342	4,290	4,426	4,633	4,804	5,028
Refunds	(1,679)	(1,656)	(1,616)	(1,531)	(1,499)	(1,444)	(1,458)
Fringe benefit tax	462	430	440	458	482	512	542
<b>Total individuals</b>	<b>23,431</b>	<b>24,281</b>	<b>24,418</b>	<b>26,092</b>	<b>27,950</b>	<b>29,924</b>	<b>31,937</b>
<b>Corporate tax</b>							
Gross companies tax	6,687	7,978	8,025	8,278	8,826	9,238	9,462
Refunds	(197)	(400)	(260)	(284)	(299)	(326)	(338)
Non-resident withholding tax	467	508	427	478	536	589	630
Foreign-source dividend w/holding payments	-	1	-	-	-	-	-
<b>Total corporate tax</b>	<b>6,957</b>	<b>8,087</b>	<b>8,192</b>	<b>8,472</b>	<b>9,063</b>	<b>9,501</b>	<b>9,754</b>
<b>Other direct income tax</b>							
Resident w/holding tax on interest income	1,704	1,665	1,646	1,874	2,251	2,645	3,069
Resident w/holding tax on dividend income	195	209	207	287	470	487	498
Estate and gift duties	2	-	-	-	-	-	-
<b>Total other direct income tax</b>	<b>1,901</b>	<b>1,874</b>	<b>1,853</b>	<b>2,161</b>	<b>2,721</b>	<b>3,132</b>	<b>3,567</b>
<b>Total direct income tax</b>	<b>32,289</b>	<b>34,242</b>	<b>34,463</b>	<b>36,725</b>	<b>39,734</b>	<b>42,557</b>	<b>45,258</b>
<b>Goods and services tax</b>							
Gross goods and services tax	23,484	26,007	25,626	27,437	30,466	31,628	32,594
Refunds	(9,776)	(10,965)	(10,557)	(11,202)	(13,080)	(13,232)	(13,312)
<b>Total goods and services tax</b>	<b>13,708</b>	<b>15,042</b>	<b>15,069</b>	<b>16,235</b>	<b>17,386</b>	<b>18,396</b>	<b>19,282</b>
<b>Other indirect taxation</b>							
Road user charges	1,016	1,049	1,073	1,142	1,223	1,297	1,367
Petroleum fuels excise - domestic production	872	886	921	938	979	1,016	1,055
Alcohol excise - domestic production	623	665	712	746	777	812	849
Tobacco excise - domestic production	220	251	210	219	212	206	207
Petroleum fuels excise - imports <sup>1</sup>	575	668	640	651	679	706	733
Alcohol excise - imports <sup>1</sup>	229	250	245	257	268	280	292
Tobacco excise - imports <sup>1</sup>	924	1,005	956	996	965	940	944
Other customs duty	188	130	178	172	167	156	144
Gaming duties	214	223	224	227	229	233	238
Motor vehicle fees	172	168	168	166	169	173	176
Energy resources levies	36	38	38	36	36	36	36
Approved issuer levy and cheque duty	62	73	60	61	61	61	61
<b>Total other indirect taxation</b>	<b>5,131</b>	<b>5,406</b>	<b>5,425</b>	<b>5,611</b>	<b>5,765</b>	<b>5,916</b>	<b>6,102</b>
<b>Total indirect taxation</b>	<b>18,839</b>	<b>20,448</b>	<b>20,494</b>	<b>21,846</b>	<b>23,151</b>	<b>24,312</b>	<b>25,384</b>
<b>Total taxation revenue</b>	<b>51,128</b>	<b>54,690</b>	<b>54,957</b>	<b>58,571</b>	<b>62,885</b>	<b>66,869</b>	<b>70,642</b>
<b>Other sovereign revenue (accrual)</b>							
ACC levies	3,586	3,882	3,686	3,433	3,564	3,702	3,836
Fire Service levies	312	309	309	309	315	321	333
EQC levies	88	89	103	240	272	275	277
Other miscellaneous items	1,295	1,528	1,465	1,749	1,967	2,068	2,505
<b>Total other sovereign revenue</b>	<b>5,281</b>	<b>5,808</b>	<b>5,563</b>	<b>5,731</b>	<b>6,118</b>	<b>6,366</b>	<b>6,951</b>
<b>Total sovereign revenue</b>	<b>56,409</b>	<b>60,498</b>	<b>60,520</b>	<b>64,302</b>	<b>69,003</b>	<b>73,235</b>	<b>77,593</b>

Note 1: Customs excise-equivalent duty.

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 1 (continued): Receipts collected through the Crown's sovereign power</b>							
<b>Taxation receipts (cash)</b>							
<b>Individuals</b>							
Source deductions	20,699	21,066	21,212	22,643	24,234	25,948	27,721
Other persons	4,386	4,765	4,897	5,002	5,164	5,309	5,484
Refunds	(2,463)	(2,394)	(2,342)	(2,350)	(2,270)	(2,206)	(2,180)
Fringe benefit tax	457	424	439	457	481	511	541
<b>Total individuals</b>	<b>23,079</b>	<b>23,861</b>	<b>24,206</b>	<b>25,752</b>	<b>27,609</b>	<b>29,562</b>	<b>31,566</b>
<b>Corporate tax</b>							
Gross companies tax	7,588	8,369	8,603	8,864	9,524	9,866	10,063
Refunds	(772)	(799)	(918)	(913)	(922)	(927)	(933)
Non-resident withholding tax	462	508	427	478	536	589	630
Foreign-source dividend w/holding payments	(1)	1	-	-	-	-	-
<b>Total corporate tax</b>	<b>7,277</b>	<b>8,079</b>	<b>8,112</b>	<b>8,429</b>	<b>9,138</b>	<b>9,528</b>	<b>9,760</b>
<b>Other direct income tax</b>							
Resident w/holding tax on interest income	1,701	1,664	1,645	1,873	2,250	2,644	3,068
Resident w/holding tax on dividend income	196	208	206	286	469	486	497
Estate and gift duties	2	-	-	-	-	-	-
<b>Total other direct income tax</b>	<b>1,899</b>	<b>1,872</b>	<b>1,851</b>	<b>2,159</b>	<b>2,719</b>	<b>3,130</b>	<b>3,565</b>
<b>Total direct income tax</b>	<b>32,255</b>	<b>33,812</b>	<b>34,169</b>	<b>36,340</b>	<b>39,466</b>	<b>42,220</b>	<b>44,891</b>
<b>Goods and services tax</b>							
Gross goods and services tax	22,162	25,135	24,370	26,502	29,526	30,712	31,640
Refunds	(9,177)	(10,394)	(9,896)	(10,643)	(12,526)	(12,680)	(12,761)
<b>Total goods and services tax</b>	<b>12,985</b>	<b>14,741</b>	<b>14,474</b>	<b>15,859</b>	<b>17,000</b>	<b>18,032</b>	<b>18,879</b>
<b>Other indirect taxation</b>							
Petroleum fuels excise - domestic production	869	886	921	938	979	1,016	1,055
Tobacco excise - domestic production	181	251	210	219	212	206	207
Customs duty	2,005	2,053	2,019	2,076	2,079	2,082	2,113
Road user charges	1,015	1,049	1,073	1,142	1,223	1,297	1,367
Alcohol excise - domestic production	625	665	712	746	777	812	849
Gaming duties	216	223	225	227	229	233	238
Motor vehicle fees	171	168	168	166	169	173	176
Energy resources levies	36	38	38	36	36	36	36
Approved issuer levy and cheque duty	60	73	61	61	61	61	61
<b>Total other indirect taxation</b>	<b>5,178</b>	<b>5,406</b>	<b>5,427</b>	<b>5,611</b>	<b>5,765</b>	<b>5,916</b>	<b>6,102</b>
<b>Total indirect taxation</b>	<b>18,163</b>	<b>20,147</b>	<b>19,901</b>	<b>21,470</b>	<b>22,765</b>	<b>23,948</b>	<b>24,981</b>
<b>Total taxation receipts</b>	<b>50,418</b>	<b>53,959</b>	<b>54,070</b>	<b>57,810</b>	<b>62,231</b>	<b>66,168</b>	<b>69,872</b>
<b>Other sovereign receipts (cash)</b>							
ACC levies	3,612	3,804	3,712	3,422	3,446	3,504	3,831
Fire Service levies	312	309	309	309	315	321	333
EQC levies	88	88	135	270	273	275	278
Other miscellaneous items	681	677	728	721	750	767	779
<b>Total other sovereign receipts</b>	<b>4,693</b>	<b>4,878</b>	<b>4,884</b>	<b>4,722</b>	<b>4,784</b>	<b>4,867</b>	<b>5,221</b>
<b>Total sovereign receipts</b>	<b>55,111</b>	<b>58,837</b>	<b>58,954</b>	<b>62,532</b>	<b>67,015</b>	<b>71,035</b>	<b>75,093</b>

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 2: Interest revenue and dividends</b>							
<i>By type</i>							
Interest revenue	2,142	2,569	2,272	2,695	3,003	3,503	3,713
Dividends	428	482	542	613	685	756	824
<b>Total interest revenue and dividends</b>	<b>2,570</b>	<b>3,051</b>	<b>2,814</b>	<b>3,308</b>	<b>3,688</b>	<b>4,259</b>	<b>4,537</b>
<i>By source</i>							
Core Crown	2,169	2,134	2,039	2,667	2,674	2,942	3,057
Crown entities	1,234	768	1,325	1,244	1,446	1,642	1,857
State-owned enterprises	801	1,021	828	1,006	1,212	1,328	1,447
Inter-segment eliminations	(1,634)	(872)	(1,378)	(1,609)	(1,644)	(1,653)	(1,824)
<b>Total interest revenue and dividends</b>	<b>2,570</b>	<b>3,051</b>	<b>2,814</b>	<b>3,308</b>	<b>3,688</b>	<b>4,259</b>	<b>4,537</b>
<b>NOTE 3: Transfer payments and subsidies</b>							
New Zealand Superannuation	8,830	9,575	9,597	10,235	10,824	11,590	12,449
Domestic Purposes Benefit	1,757	1,895	1,840	1,909	1,958	2,014	2,073
Unemployment Benefit	943	1,029	860	825	752	694	665
Invalid's Benefit	1,306	1,347	1,327	1,340	1,351	1,372	1,401
Family tax credit	2,139	2,178	2,131	2,125	2,075	2,038	2,054
Accommodation supplement	1,197	1,264	1,199	1,218	1,232	1,247	1,276
Sickness Benefit	743	782	770	797	819	847	879
Student allowances	620	627	634	580	532	511	507
Disability allowances	409	411	403	394	398	403	411
Other social assistance benefits	2,691	2,637	2,590	2,605	2,608	2,627	2,647
<b>Total social assistance grants</b>	<b>20,635</b>	<b>21,745</b>	<b>21,351</b>	<b>22,028</b>	<b>22,549</b>	<b>23,343</b>	<b>24,362</b>
<b>Subsidies</b>							
KiwiSaver subsidies	1,042	656	685	634	603	638	670
<b>Other transfer payments</b>							
Official development assistance	495	525	544	513	534	559	559
<b>Total transfer payments and subsidies</b>	<b>22,172</b>	<b>22,926</b>	<b>22,580</b>	<b>23,175</b>	<b>23,686</b>	<b>24,540</b>	<b>25,591</b>
<b>NOTE 4: Personnel expenses</b>							
Core Crown	5,996	6,021	6,011	5,956	5,979	6,040	6,084
Crown entities	10,410	10,440	10,724	10,924	11,005	11,120	11,241
State-owned enterprises	2,695	2,697	2,811	2,903	2,993	3,069	3,175
Inter-segment eliminations	(13)	(9)	(10)	(10)	(10)	(10)	(10)
<b>Total personnel expenses</b>	<b>19,088</b>	<b>19,149</b>	<b>19,536</b>	<b>19,773</b>	<b>19,967</b>	<b>20,219</b>	<b>20,490</b>
<b>NOTE 5: Depreciation, amortisation and other operating expenses</b>							
Core Crown	39,157	40,197	42,824	37,854	37,603	37,813	38,111
Crown entities	17,905	18,390	18,433	18,141	18,423	18,580	18,383
State-owned enterprises	9,567	10,560	10,993	11,284	12,027	12,428	12,981
Inter-segment eliminations	(26,118)	(26,724)	(27,003)	(26,700)	(26,942)	(27,113)	(26,903)
<b>Total depreciation, amortisation and other operating expenses</b>	<b>40,511</b>	<b>42,423</b>	<b>45,247</b>	<b>40,579</b>	<b>41,111</b>	<b>41,708</b>	<b>42,572</b>



## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

### NOTE 6: Interest expenses

#### By type

Interest on financial liabilities	3,545	4,592	3,914	4,405	4,832	5,314	5,385
Interest unwind on provisions	51	93	45	59	69	75	73
<b>Total interest expenses</b>	<b>3,596</b>	<b>4,685</b>	<b>3,959</b>	<b>4,464</b>	<b>4,901</b>	<b>5,389</b>	<b>5,458</b>

#### By source

Core Crown	3,066	3,714	3,655	3,789	3,921	4,313	4,345
Crown entities	248	272	266	280	307	309	305
State-owned enterprises	1,027	1,392	1,129	1,361	1,641	1,745	1,883
Inter-segment eliminations	(745)	(693)	(1,091)	(966)	(968)	(978)	(1,075)
<b>Total interest expenses</b>	<b>3,596</b>	<b>4,685</b>	<b>3,959</b>	<b>4,464</b>	<b>4,901</b>	<b>5,389</b>	<b>5,458</b>

### NOTE 7: Insurance expenses

#### By entity

ACC	2,979	3,042	2,307	3,567	3,854	4,114	4,408
EQC	11,776	78	427	373	300	(105)	130
Other	(163)	18	1,017	200	251	289	303
<b>Total insurance expenses</b>	<b>14,592</b>	<b>3,138</b>	<b>3,751</b>	<b>4,140</b>	<b>4,405</b>	<b>4,298</b>	<b>4,841</b>

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

#### Forecast new operating spending

Unallocated new spending from Budget 2011	-	463	473	294	188	141	(46)
Forecast new spending for Budget 2012	-	-	-	800	800	800	800
Forecast new spending for Budget 2013	-	-	-	-	800	800	800
Forecast new spending for Budget 2014	-	-	-	-	-	1,191	1,191
Forecast new spending for Budget 2015	-	-	-	-	-	-	1,214
<b>Total forecast new operating spending</b>	<b>-</b>	<b>463</b>	<b>473</b>	<b>1,094</b>	<b>1,788</b>	<b>2,932</b>	<b>3,959</b>

#### Operating top-down adjustment

	-	(310)	(1,100)	(300)	(100)	(100)	(100)
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Unallocated new spending from Budget 2011 represents expenses included in Budget 2011 that have yet to be allocated.

Forecast for future new spending indicates the expected spending increases from future Budgets.

	2012	2013	2014	2015	2016	Post-2016	Total
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

#### Forecast new capital spending (annual)

Unallocated new spending from Budget 2011	92	2	1	-	-	-	95
Forecast new spending for Budget 2012	100	350	200	150	100	-	900
Forecast new spending for Budget 2013	-	100	350	200	150	100	900
Forecast new spending for Budget 2014	-	-	100	350	200	250	900
Forecast new spending for Budget 2015	-	-	-	100	350	450	900
Forecast new spending for Budget 2016	-	-	-	-	100	800	900
Balance sheet funding of new capital spending	50	(125)	(560)	(790)	(835)	(1,600)	(3,860)
<b>Total forecast new capital spending</b>	<b>242</b>	<b>327</b>	<b>91</b>	<b>10</b>	<b>65</b>	<b>-</b>	<b>735</b>

#### Forecast new capital spending (cumulative)

	242	569	660	670	735
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#### Capital top-down adjustment (cumulative)

	(350)	(350)	(350)	(350)	(350)
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Unallocated new spending from Budget 2011 represents capital spending from Budget 2011 that has yet to be allocated.

Forecast for future new spending indicates the expected capital spending increases from future Budgets.

These forecasts assume that, instead of borrowing to fund this new capital spending, the Government will source funding from alternative sources such as increased returns from existing investments, reprioritisation of planned capital spending, as well as the partial divestment of assets such as State-owned enterprises. The portion of funding yet to be allocated is referred to "Balance sheet funding of new capital spending".

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 9: Gains and losses on financial instruments</b>							
<i>By source</i>							
Core Crown	4,116	1,546	36	1,477	1,960	1,992	2,040
Crown entities	1,058	688	32	280	225	212	241
State-owned enterprises	(281)	(68)	(86)	19	65	59	59
Inter-segment eliminations	(274)	(193)	14	(188)	(195)	(201)	(208)
<b>Net gains/(losses) on financial instruments</b>	<b>4,619</b>	<b>1,973</b>	<b>(4)</b>	<b>1,588</b>	<b>2,055</b>	<b>2,062</b>	<b>2,132</b>
<b>NOTE 10: Gains and losses on non-financial instruments</b>							
<i>By type</i>							
Actuarial gains/(losses) on GSF liability	(574)	-	(900)	-	-	-	-
Actuarial gains/(losses) on ACC outstanding claims	996	-	(1,418)	-	-	-	-
Other	(343)	172	254	191	170	176	185
<b>Net gains/(losses) on non-financial instruments</b>	<b>79</b>	<b>172</b>	<b>(2,064)</b>	<b>191</b>	<b>170</b>	<b>176</b>	<b>185</b>
<i>By source</i>							
Core Crown	(588)	(8)	(834)	(3)	(6)	(9)	(10)
Crown entities	931	(1)	(1,429)	(14)	(41)	(36)	(32)
State-owned enterprises	(264)	180	199	207	217	221	226
Inter-segment eliminations	-	1	-	1	-	-	1
<b>Net gains/(losses) on non-financial instruments</b>	<b>79</b>	<b>172</b>	<b>(2,064)</b>	<b>191</b>	<b>170</b>	<b>176</b>	<b>185</b>
<b>NOTE 11: Source of operating balance</b>							
Core Crown	(9,267)	(10,350)	(14,010)	(4,318)	(457)	1,261	3,237
Crown entities	(3,143)	2,533	538	1,633	1,558	1,997	1,720
State-owned enterprises	327	981	1,097	1,184	1,407	1,612	1,738
Inter-segment eliminations	(1,277)	(457)	(226)	(874)	(932)	(896)	(994)
<b>Total operating balance</b>	<b>(13,360)</b>	<b>(7,293)</b>	<b>(12,601)</b>	<b>(2,375)</b>	<b>1,576</b>	<b>3,974</b>	<b>5,701</b>
<b>NOTE 12: Financial assets</b>							
Cash and cash equivalents	9,801	8,886	9,185	9,261	10,009	10,010	10,423
Tax receivables	7,104	6,788	7,348	7,121	7,085	7,136	7,309
Trade and other receivables	14,586	9,921	11,450	8,801	8,154	7,945	8,086
Student loans (refer note 13)	7,460	7,822	7,932	8,407	8,869	9,286	9,647
Kiwibank mortgages	11,495	13,493	12,950	14,474	16,036	17,611	19,186
Long-term deposits	2,259	2,047	2,402	2,234	2,250	2,777	2,977
IMF financial assets	2,168	2,528	2,346	2,515	2,515	2,516	2,350
Other advances	1,612	1,118	1,299	1,347	1,440	1,587	1,668
Share investments	14,248	16,095	18,443	20,695	22,300	24,504	26,958
Derivatives in gain	5,415	2,394	4,188	3,176	2,521	2,124	1,649
Other marketable securities	39,214	36,065	33,561	25,911	31,155	28,013	31,759
<b>Total financial assets</b>	<b>115,362</b>	<b>107,157</b>	<b>111,104</b>	<b>103,942</b>	<b>112,334</b>	<b>113,509</b>	<b>122,012</b>
<b>Financial assets by entity</b>							
NZDMO	29,928	20,413	23,314	13,482	16,904	11,762	13,253
Reserve Bank of New Zealand	17,909	17,628	16,752	16,728	16,746	16,365	16,557
NZS Fund	18,687	19,543	18,872	20,036	21,674	23,263	24,997
Other core Crown	19,116	17,694	19,110	19,266	19,804	20,638	21,223
Intra-segment eliminations	(9,165)	(6,769)	(7,538)	(6,574)	(5,933)	(4,781)	(4,746)
<b>Total core Crown segment</b>	<b>76,475</b>	<b>68,509</b>	<b>70,510</b>	<b>62,938</b>	<b>69,195</b>	<b>67,247</b>	<b>71,284</b>
ACC portfolio	21,569	23,742	24,548	27,108	29,891	32,891	36,234
EQC portfolio	9,305	6,168	6,495	3,831	1,038	62	171
Other Crown entities	8,831	6,343	8,284	8,081	8,255	7,922	8,052
Intra-segment eliminations	(3,314)	(1,532)	(3,426)	(3,432)	(3,439)	(2,945)	(2,953)
<b>Total Crown entities segment</b>	<b>36,391</b>	<b>34,721</b>	<b>35,901</b>	<b>35,588</b>	<b>35,745</b>	<b>37,930</b>	<b>41,504</b>
<b>Total state-owned enterprises segment</b>	<b>20,241</b>	<b>19,624</b>	<b>20,789</b>	<b>21,847</b>	<b>23,472</b>	<b>25,658</b>	<b>27,736</b>
Inter-segment eliminations	(17,745)	(15,697)	(16,096)	(16,431)	(16,078)	(17,326)	(18,512)
<b>Total financial assets</b>	<b>115,362</b>	<b>107,157</b>	<b>111,104</b>	<b>103,942</b>	<b>112,334</b>	<b>113,509</b>	<b>122,012</b>

## Notes to the Forecast Financial Statements

	2011 Actual \$m	2012 Previous Budget \$m	2012 Forecast \$m	2013 Forecast \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m
<b>NOTE 13: Student loans</b>							
Nominal value (including accrued interest)	12,070	12,909	12,981	13,861	14,721	15,522	16,265
Opening book value	6,790	7,325	7,460	7,932	8,407	8,869	9,286
Amount borrowed in current year	1,564	1,590	1,588	1,617	1,650	1,653	1,673
Less initial write-down to fair value	(713)	(707)	(698)	(679)	(693)	(693)	(702)
Repayments made during the year	(802)	(834)	(852)	(940)	(1,010)	(1,089)	(1,184)
Interest unwind	484	534	532	576	612	645	673
(Impairment)/reversal of impairment	125	(110)	(110)	(110)	(110)	(110)	(110)
Other movements	12	24	12	11	13	11	11
<b>Closing book value</b>	<b>7,460</b>	<b>7,822</b>	<b>7,932</b>	<b>8,407</b>	<b>8,869</b>	<b>9,286</b>	<b>9,647</b>
<b>NOTE 14: Property, plant and equipment</b>							
<i>By class of asset</i>							
<b>Net carrying value</b>							
Land (valuation)	16,372	16,892	16,774	16,981	17,099	17,438	17,673
Buildings (valuation)	24,539	25,232	25,514	25,841	25,829	25,389	25,433
Electricity distribution network (cost)	2,690	3,553	3,267	3,845	4,299	4,518	4,590
Electricity generation assets (valuation)	14,439	14,915	15,208	15,603	16,043	16,634	17,260
Aircraft (excluding military) (valuation)	1,805	2,587	2,048	2,268	2,593	2,771	2,944
State highways (valuation)	25,126	26,504	25,842	26,679	27,648	28,686	29,890
Rail network (valuation)	12,749	12,755	12,986	13,100	13,191	13,227	13,163
Specialist military equipment (valuation)	3,331	3,377	3,271	3,167	2,986	2,789	2,582
Specified cultural and heritage assets (valuation)	8,133	8,559	8,169	8,199	8,223	8,248	8,277
Other plant and equipment (cost)	5,670	6,812	5,988	6,236	6,263	6,429	6,585
<b>Total property, plant and equipment</b>	<b>114,854</b>	<b>121,186</b>	<b>119,067</b>	<b>121,919</b>	<b>124,174</b>	<b>126,129</b>	<b>128,397</b>
<i>By source</i>							
Core Crown	29,549	30,595	30,121	30,198	30,082	29,986	30,191
Crown entities	48,480	50,949	50,148	51,488	52,485	53,521	54,728
State-owned enterprises	36,825	39,642	38,798	40,233	41,607	42,622	43,478
Inter-segment eliminations	-	-	-	-	-	-	-
<b>Total property, plant and equipment</b>	<b>114,854</b>	<b>121,186</b>	<b>119,067</b>	<b>121,919</b>	<b>124,174</b>	<b>126,129</b>	<b>128,397</b>
<i>Schedule of movements</i>							
Cost or valuation							
Opening balance	123,941	131,282	126,601	135,184	142,025	148,361	154,402
Additions (refer below for further breakdown)	6,644	8,628	8,673	7,316	6,812	6,566	6,903
Disposals	(1,283)	(287)	(371)	(292)	(374)	(463)	(405)
Net revaluations	(2,471)	-	50	-	-	-	-
Other	(230)	(240)	231	(183)	(102)	(62)	(88)
<b>Total cost or valuation</b>	<b>126,601</b>	<b>139,383</b>	<b>135,184</b>	<b>142,025</b>	<b>148,361</b>	<b>154,402</b>	<b>160,812</b>
Accumulated depreciation and impairment							
Opening balance	10,611	14,349	11,747	16,117	20,106	24,187	28,273
Eliminated on disposal	(832)	(73)	(109)	(73)	(63)	(88)	(66)
Eliminated on revaluation	(1,884)	-	-	-	-	-	-
Depreciation expense	3,727	4,032	3,952	4,169	4,288	4,338	4,405
Other	125	(111)	527	(107)	(144)	(164)	(197)
<b>Total accumulated depreciation and impairment</b>	<b>11,747</b>	<b>18,197</b>	<b>16,117</b>	<b>20,106</b>	<b>24,187</b>	<b>28,273</b>	<b>32,415</b>
<b>Total property, plant and equipment</b>	<b>114,854</b>	<b>121,186</b>	<b>119,067</b>	<b>121,919</b>	<b>124,174</b>	<b>126,129</b>	<b>128,397</b>
<i>Additions - by functional classification</i>							
Transport	2,807	2,685	2,401	2,338	2,535	2,418	2,462
Economic	1,200	2,573	2,115	1,856	1,808	1,747	1,766
Education	648	865	886	801	724	728	727
Health	617	605	992	508	394	344	344
Defence	258	726	690	509	199	144	103
Other	1,114	1,174	1,589	1,304	1,152	1,185	1,501
<b>Total additions to property, plant and equipment<sup>1</sup></b>	<b>6,644</b>	<b>8,628</b>	<b>8,673</b>	<b>7,316</b>	<b>6,812</b>	<b>6,566</b>	<b>6,903</b>

Note 1: These additions do not include any purchases which may result from the allocation of the net forecast for new capital spending (separately disclosed in the Statement of Financial Position).

## Notes to the Forecast Financial Statements

	2011 Actual \$m	2012 Previous Budget \$m	2012 Forecast \$m	2013 Forecast \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m
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### NOTE 15: Intangible assets and goodwill

#### By type

Net Kyoto position <sup>1</sup>	291	444	282	282	282	282	282
Goodwill	485	484	442	431	452	452	452
Other intangible assets	1,618	1,786	1,873	1,949	1,983	1,971	1,946
<b>Total intangible assets and goodwill</b>	<b>2,394</b>	<b>2,714</b>	<b>2,597</b>	<b>2,662</b>	<b>2,717</b>	<b>2,705</b>	<b>2,680</b>

#### By source

Core Crown	1,157	1,498	1,335	1,391	1,429	1,428	1,414
Crown entities	430	500	516	531	518	493	471
State-owned enterprises	807	716	746	740	770	784	795
Inter-segment eliminations	-	-	-	-	-	-	-
<b>Total intangible assets and goodwill</b>	<b>2,394</b>	<b>2,714</b>	<b>2,597</b>	<b>2,662</b>	<b>2,717</b>	<b>2,705</b>	<b>2,680</b>

Note 1: 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 1990 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 asset reported in these financial statements could be significantly reduced if international units are transferred offshore through foresters participating in the ETS. This, combined with other ETS variables, has a significant impact on the Government's net fiscal position from the Kyoto Protocol, which will crystallise when the first Kyoto commitment period is settled up post-2012.

These financial statements report on the New Zealand Government's international climate change obligations for the first commitment period, but not for future commitment periods which are currently being negotiated.

The latest Net Position estimate for 2011 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)

### NOTE 16: NZS Fund

Revenue	518	551	590	641	670	709	743
Less current tax expense	872	367	(20)	403	441	482	527
Less other expenses	169	172	171	184	202	216	235
Add gains/(losses)	3,518	1,215	(425)	1,066	1,584	1,698	1,842
<b>Operating balance</b>	<b>2,995</b>	<b>1,227</b>	<b>14</b>	<b>1,120</b>	<b>1,611</b>	<b>1,709</b>	<b>1,823</b>
Opening net worth	15,656	18,668	18,652	18,672	19,801	21,422	23,143
Gross contribution from the Crown	-	-	-	-	-	-	-
Operating balance	2,995	1,227	14	1,120	1,611	1,709	1,823
Other movements in reserves	1	6	6	9	10	12	14
<b>Closing net worth</b>	<b>18,652</b>	<b>19,901</b>	<b>18,672</b>	<b>19,801</b>	<b>21,422</b>	<b>23,143</b>	<b>24,980</b>

#### Comprising:

Financial assets	18,687	19,543	18,872	20,036	21,674	23,263	24,997
Financial liabilities	(1,161)	(674)	(1,436)	(1,461)	(1,462)	(1,432)	(1,436)
Net other assets	1,126	1,032	1,236	1,226	1,210	1,312	1,419
<b>Closing net worth</b>	<b>18,652</b>	<b>19,901</b>	<b>18,672</b>	<b>19,801</b>	<b>21,422</b>	<b>23,143</b>	<b>24,980</b>

### NOTE 17: Payables

#### By type

Accounts payable	7,337	6,161	8,541	8,206	8,468	8,343	8,519
Taxes repayable	3,762	3,442	3,762	3,762	4,162	4,612	5,112
<b>Total payables</b>	<b>11,099</b>	<b>9,603</b>	<b>12,303</b>	<b>11,968</b>	<b>12,630</b>	<b>12,955</b>	<b>13,631</b>

#### By source

Core Crown	6,997	6,371	7,085	6,818	7,291	7,457	7,923
Crown entities	5,587	4,663	6,314	6,286	6,300	6,346	6,531
State-owned enterprises	4,779	4,917	5,406	5,537	5,853	6,013	6,201
Inter-segment eliminations	(6,264)	(6,348)	(6,502)	(6,673)	(6,814)	(6,861)	(7,024)
<b>Total payables</b>	<b>11,099</b>	<b>9,603</b>	<b>12,303</b>	<b>11,968</b>	<b>12,630</b>	<b>12,955</b>	<b>13,631</b>

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

### NOTE 18: Insurance liabilities

#### By entity

ACC liability	26,939	27,687	29,025	30,388	31,896	33,574	35,415
EQC property damage claims	10,570	2,785	7,616	4,884	2,054	144	145
AML liability	2,082	-	1,560	835	452	371	289
Other insurance liabilities	(277)	61	71	78	86	96	106
<b>Total insurance liabilities</b>	<b>39,314</b>	<b>30,533</b>	<b>38,272</b>	<b>36,185</b>	<b>34,488</b>	<b>34,185</b>	<b>35,955</b>

#### ACC liability

##### Calculation information

PricewaterhouseCoopers Actuarial Pty Ltd have prepared an independent actuarial estimate of the ACC outstanding claims liability as at 30 June 2011. 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 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 August 2011. The equivalent single effective discount rate, taking into account ACC's projected future cash flow patterns, is a short-term discount rate of 5.15% and a long-term discount rate of 6%.

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

The projected outstanding claims liability is included within total liabilities. ACC has available to it a portfolio of assets that partially offset the claims liability. The assets (less cross-holdings of NZ Government stock) are included in the asset portion of the Crown's overall statement of financial position.

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	Budget	\$m	\$m	\$m	\$m	\$m

#### Gross ACC liability

Opening gross liability	26,997	26,761	26,939	29,025	30,388	31,896	33,574
Net change	(58)	926	2,086	1,363	1,508	1,678	1,841
Closing gross liability	<b>26,939</b>	<b>27,687</b>	<b>29,025</b>	<b>30,388</b>	<b>31,896</b>	<b>33,574</b>	<b>35,415</b>

#### Less net assets available to ACC

Opening net asset value	16,745	20,236	20,233	22,380	24,957	27,735	30,762
Net change	3,488	2,926	2,147	2,577	2,778	3,027	3,233
Closing net asset value	<b>20,233</b>	<b>23,162</b>	<b>22,380</b>	<b>24,957</b>	<b>27,735</b>	<b>30,762</b>	<b>33,995</b>

#### Net ACC reserves (net liability)

Opening reserves position	(10,252)	(6,525)	(6,706)	(6,645)	(5,431)	(4,161)	(2,812)
Net change	3,546	2,000	61	1,214	1,270	1,349	1,392
Closing reserves position (net liability)	<b>(6,706)</b>	<b>(4,525)</b>	<b>(6,645)</b>	<b>(5,431)</b>	<b>(4,161)</b>	<b>(2,812)</b>	<b>(1,420)</b>

## Notes to the Forecast Financial Statements

	2011 Actual \$m	2012 Previous Budget \$m	2012 Forecast \$m	2013 Forecast \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m
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### NOTE 19: Retirement plan liabilities

Government Superannuation Fund	10,152	8,891	10,574	10,182	9,862	9,589	9,337
Other funds	4	4	7	7	7	7	7
<b>Total retirement plan liabilities</b>	<b>10,156</b>	<b>8,895</b>	<b>10,581</b>	<b>10,189</b>	<b>9,869</b>	<b>9,596</b>	<b>9,344</b>

The net liability of the Government Superannuation Fund (GSF) was calculated by the Government Actuary as at 30 June 2011. 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 is used to calculate the liability as at 30 June 2011, based on membership data as at that date. 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 31 August 2011.

Other principal long-term financial assumptions were an inflation rate, as measured by the Consumer Price Index, of 2.6% for 2012 decreasing to 2.5% in 2013 (unchanged from 30 June 2011) and an annual salary growth rate, before any promotional effects, of 3% (unchanged from 30 June 2011).

The 2011/12 projected increase in the net GSF liability is \$422 million, reflecting an increase in the GSF liability of \$282 million and a decrease in the GSF assets of \$140 million.

The increase in the GSF liability of \$282 million includes an actuarial loss between 1 July 2011 and 31 August 2011, of \$700 million owing to movements in the discount rates. The remaining \$418m reduction is due to expected benefits paid to members (reduces the liability) and current service cost and interest unwind (increases the liability).

The decrease in the value of the net assets of GSF of \$140 million includes a loss of \$200 million reflecting the updated market value of assets at 31 August 2011. The balance of \$60 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 2011/12 onwards reflect the net of the expected current service cost, interest cost, investment returns and contributions.

	2011 Actual \$m	2012 Previous Budget \$m	2012 Forecast \$m	2013 Forecast \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m
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### GSF net defined benefit retirement liability

#### GSF liability

Opening GSF liability	12,881	12,497	13,311	13,593	13,259	12,997	12,777
Net projected change	430	(321)	282	(334)	(262)	(220)	(201)
Closing GSF liability	<b>13,311</b>	<b>12,176</b>	<b>13,593</b>	<b>13,259</b>	<b>12,997</b>	<b>12,777</b>	<b>12,576</b>

#### Less net assets available to GSF

Opening net asset value	2,945	3,229	3,159	3,019	3,077	3,135	3,188
Investment valuation changes	336	180	(15)	189	196	196	199
Contribution and other income less pension payments	(122)	(124)	(125)	(131)	(138)	(143)	(148)
Closing net asset value	<b>3,159</b>	<b>3,285</b>	<b>3,019</b>	<b>3,077</b>	<b>3,135</b>	<b>3,188</b>	<b>3,239</b>

#### Net GSF liability

Opening unfunded liability	9,936	9,268	10,152	10,574	10,182	9,862	9,589
Net projected change	216	(377)	422	(392)	(320)	(273)	(252)
Closing unfunded liability	<b>10,152</b>	<b>8,891</b>	<b>10,574</b>	<b>10,182</b>	<b>9,862</b>	<b>9,589</b>	<b>9,337</b>

## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m

### NOTE 20: Provisions

Provision for ETS credits	612	1,241	1,492	1,387	1,113	813	473
Provision for National Provident Fund guarantee	983	925	918	850	794	743	692
Provision for employee entitlements	3,050	2,919	2,990	3,073	3,019	3,018	3,109
Provision for Canterbury Red Zone support package	1,039	-	610	-	-	-	-
Provision for weathertight services financial assistance package	567	687	556	392	209	52	6
Other provisions	1,335	3,157	2,503	2,094	1,925	1,455	1,324
<b>Total provisions</b>	<b>7,586</b>	<b>8,929</b>	<b>9,069</b>	<b>7,796</b>	<b>7,060</b>	<b>6,081</b>	<b>5,604</b>

### By source

Core Crown	5,351	6,433	6,833	5,571	4,551	3,661	2,917
Crown entities	1,770	1,705	1,734	1,755	1,771	1,775	1,783
State-owned enterprises	1,028	882	945	927	955	1,014	1,042
Inter-segment eliminations	(563)	(91)	(443)	(457)	(217)	(369)	(138)
<b>Total provisions</b>	<b>7,586</b>	<b>8,929</b>	<b>9,069</b>	<b>7,796</b>	<b>7,060</b>	<b>6,081</b>	<b>5,604</b>

### Provision for ETS credits

The Emissions Trading Scheme (ETS) was established to encourage reduction in greenhouse gas emissions. The ETS creates a limited number of tradable units (the NZ Unit) which the Government can allocate freely. The allocation of NZ Units creates a provision (and an expense if allocated for free). The provision is reduced, and revenue recognised, as NZ Units are surrendered to the Crown by emitters. Emitters can also use international Kyoto Units to settle their emission obligation, which might occur where obligations exceed the number of allocated NZ Units. In the ETS transition period to the end of 2012, emitters can also use the NZ\$25 price option to settle their emission obligation.

Until the end of 2012, the Government's net position regarding its climate change obligations will be determined by the net Kyoto position and the provision for ETS credits. After 2012, the net position will depend on any future international climate change commitments.

The carbon price used to calculate the ETS provision is assumed to remain constant over the forecast period and is based on the estimated current carbon price of €10.40 with an exchange rate of 0.5907 (a carbon price of NZ\$17.61).

The carbon price for the ETS provision has been determined by the Ministry for the Environment based on international market transactions that have occurred in the certified emission reduction (CER) markets. Currently, the CER market has been determined to be the most relevant market to use for determining the carbon price for NZ Units and the calculation of the provision for ETS credits. As the market for NZ Units develops the basis for determining this carbon price will be reviewed.

The ETS impact on the fiscal forecast is as follows:

Revenue	322	379	298	485	669	956	1,328
Expenses	860	692	1,178	380	395	656	988
<b>OBEGAL</b>	<b>(538)</b>	<b>(313)</b>	<b>(880)</b>	<b>105</b>	<b>274</b>	<b>300</b>	<b>340</b>

## Notes to the Forecast Financial Statements

	2011 Actual \$m	2012 Previous Budget \$m	2012 Forecast \$m	2013 Forecast \$m	2014 Forecast \$m	2015 Forecast \$m	2016 Forecast \$m
<b>NOTE 21: Net worth attributable to the Crown</b>							
Taxpayer funds	18,188	14,463	5,631	3,322	4,934	8,933	14,661
Property, plant and equipment revaluation reserve	62,690	63,614	62,646	62,582	62,546	62,518	62,490
Investment revaluation reserve	58	69	61	69	79	92	106
Cash flow hedge reserve	(310)	(223)	(323)	(325)	(324)	(320)	(319)
Foreign currency translation reserve	(47)	(53)	(41)	(17)	(17)	(17)	(17)
<b>Total net worth attributable to the Crown</b>	<b>80,579</b>	<b>77,870</b>	<b>67,974</b>	<b>65,631</b>	<b>67,218</b>	<b>71,206</b>	<b>76,921</b>
<b>Taxpayer Funds</b>							
Opening taxpayer funds	31,087	21,720	18,188	5,631	3,322	4,934	8,933
Operating balance excluding minority interest	(13,360)	(7,293)	(12,601)	(2,375)	1,576	3,974	5,701
Transfers from/(to) other reserves	461	36	44	66	36	25	27
<b>Closing taxpayer funds</b>	<b>18,188</b>	<b>14,463</b>	<b>5,631</b>	<b>3,322</b>	<b>4,934</b>	<b>8,933</b>	<b>14,661</b>
<b>Property, plant and equipment revaluation reserve</b>							
Opening revaluation reserve	63,593	63,600	62,690	62,646	62,582	62,546	62,518
Net revaluations	(443)	-	-	-	(1)	-	-
Transfers from/(to) other reserves	(460)	14	(44)	(64)	(35)	(28)	(28)
<b>Closing property, plant and equipment revaluation reserve</b>	<b>62,690</b>	<b>63,614</b>	<b>62,646</b>	<b>62,582</b>	<b>62,546</b>	<b>62,518</b>	<b>62,490</b>
<b>Investment revaluation reserve</b>							
Opening investment revaluation reserve	59	63	58	61	69	79	92
Valuation gain/(losses) on investments available for sale taken to reserves	(1)	6	3	8	10	13	14
<b>Closing investment revaluation reserve</b>	<b>58</b>	<b>69</b>	<b>61</b>	<b>69</b>	<b>79</b>	<b>92</b>	<b>106</b>
<b>Cash flow hedge reserve</b>							
Opening cash flow hedge reserve	(143)	(219)	(310)	(323)	(325)	(324)	(320)
Transfer into reserve	(279)	3	7	(1)	1	4	-
Transfer to the Statement of Financial Performance	17	-	1	1	-	-	1
Transfer to initial carrying value of hedged item	95	(7)	(21)	(2)	-	-	-
<b>Closing cash flow hedge reserve</b>	<b>(310)</b>	<b>(223)</b>	<b>(323)</b>	<b>(325)</b>	<b>(324)</b>	<b>(320)</b>	<b>(319)</b>
<b>Foreign currency translation reserve</b>							
Opening foreign currency translation reserve	(10)	(47)	(47)	(41)	(17)	(17)	(17)
Movement arising from translation of foreign operations	(37)	(6)	6	24	-	-	-
<b>Closing foreign currency translation reserve</b>	<b>(47)</b>	<b>(53)</b>	<b>(41)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>



## Notes to the Forecast Financial Statements

	2011	2012	2012	2013	2014	2015	2016
	Actual	Previous Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>NOTE 22: Reconciliation of core Crown operating cash flows to residual core Crown cash</b>							
<b>Core Crown cash flows from operations</b>							
Total tax receipts	51,454	55,084	54,801	58,629	63,325	67,297	71,112
Total other sovereign receipts	646	645	693	686	715	731	743
Interest, profits and dividends	1,817	1,469	1,462	1,938	1,840	1,996	2,005
Sale of goods and services and other receipts	2,094	2,496	2,895	2,238	2,087	2,051	2,035
Transfer payments and subsidies	(22,226)	(23,448)	(23,103)	(23,308)	(23,825)	(24,677)	(25,728)
Personnel and operating costs	(40,433)	(42,107)	(43,101)	(41,293)	(39,785)	(40,291)	(39,569)
Finance costs	(2,637)	(3,493)	(3,450)	(3,995)	(3,934)	(4,512)	(4,446)
Forecast for future new operating spending	-	(463)	(623)	(944)	(1,788)	(2,932)	(3,959)
Top-down expense adjustment	-	310	1,100	300	100	100	100
<b>Net cash flows from core Crown operations</b>	<b>(9,285)</b>	<b>(9,507)</b>	<b>(9,326)</b>	<b>(5,749)</b>	<b>(1,265)</b>	<b>(237)</b>	<b>2,293</b>
Net purchase of physical assets	(1,524)	(1,863)	(2,133)	(1,616)	(1,379)	(1,350)	(1,617)
Net increase in advances	(1,242)	(879)	(1,125)	(952)	(813)	(1,162)	(553)
Net purchase of investments	(1,292)	(1,261)	(1,160)	(1,222)	(1,428)	(1,297)	(1,638)
Contribution to NZS Fund	-	-	-	-	-	-	-
Forecast for future new capital spending	-	(242)	(192)	(452)	(651)	(800)	(900)
Balance sheet funding of new capital spending	-	100	(50)	125	560	790	835
Top-down capital adjustment	-	170	350	-	-	-	-
<b>Residual cash</b>	<b>(13,343)</b>	<b>(13,482)</b>	<b>(13,636)</b>	<b>(9,866)</b>	<b>(4,976)</b>	<b>(4,056)</b>	<b>(1,580)</b>
<b>Financed by:</b>							
Other net sale/(purchase) of marketable securities and deposits	(4,791)	6,733	6,517	8,701	(4,405)	4,456	(1,880)
<b>Total operating and investing activities</b>	<b>(18,134)</b>	<b>(6,749)</b>	<b>(7,119)</b>	<b>(1,165)</b>	<b>(9,381)</b>	<b>400</b>	<b>(3,460)</b>
<b>Used in:</b>							
Net (repayment)/issue of other New Zealand dollar borrowing	(1,835)	8,295	9,521	194	733	2,971	(616)
Net (repayment)/issue of foreign currency borrowing	1,661	(6,871)	(7,773)	(547)	(700)	(1,197)	(1,141)
Issues of circulating currency	234	219	89	218	229	240	252
Decrease/(increase) in cash	(861)	(1)	(1,250)	(2)	-	(145)	146
	<b>(801)</b>	<b>1,642</b>	<b>587</b>	<b>(137)</b>	<b>262</b>	<b>1,869</b>	<b>(1,359)</b>
<b>Net cash inflow/(outflow) to be offset by domestic bonds</b>	<b>(18,935)</b>	<b>(5,107)</b>	<b>(6,532)</b>	<b>(1,302)</b>	<b>(9,119)</b>	<b>2,269</b>	<b>(4,819)</b>
<b>Gross cash proceeds from domestic bonds</b>							
Domestic bonds (market)	19,468	13,635	15,422	12,773	10,030	7,833	4,819
Domestic bonds (non-market)	270	187	448	122	36	-	-
<b>Total gross cash proceeds from domestic bonds</b>	<b>19,738</b>	<b>13,822</b>	<b>15,870</b>	<b>12,895</b>	<b>10,066</b>	<b>7,833</b>	<b>4,819</b>
Repayment of domestic bonds (market)	-	(7,602)	(7,602)	(10,957)	-	(9,955)	-
Repayment of domestic bonds (non-market)	(803)	(1,113)	(1,736)	(636)	(947)	(147)	-
<b>Net cash proceeds from domestic bonds</b>	<b>18,935</b>	<b>5,107</b>	<b>6,532</b>	<b>1,302</b>	<b>9,119</b>	<b>(2,269)</b>	<b>4,819</b>

## Forecast Statement of Segments

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2011	2011	2011	2011	2011
	Actual \$m	Actual \$m	Actual \$m	Actual \$m	Actual \$m
<b>Statement of Financial Performance for the year ended 30 June 2011</b>					
<b>Revenue</b>					
Taxation revenue	51,557	-	-	(429)	51,128
Other sovereign revenue	1,275	5,080	-	(1,074)	5,281
Sales of goods and services	1,443	14,680	12,510	(13,549)	15,084
Interest revenue and dividends	2,169	1,234	801	(1,634)	2,570
Other revenue	1,106	17,042	935	(11,583)	7,500
<b>Total revenue (excluding gains)</b>	<b>57,550</b>	<b>38,036</b>	<b>14,246</b>	<b>(28,269)</b>	<b>81,563</b>
<b>Expenses</b>					
Social assistance and official development assistance	22,227	-	-	(55)	22,172
Personnel expenses	5,996	10,410	2,695	(13)	19,088
Other operating expenses	39,161	32,670	9,727	(26,455)	55,103
Interest expenses	3,066	248	1,027	(745)	3,596
Forecast for future new spending and top-down adjustment	-	-	-	-	-
<b>Total expenses (excluding losses)</b>	<b>70,450</b>	<b>43,328</b>	<b>13,449</b>	<b>(27,268)</b>	<b>99,959</b>
<b>Operating balance before gains/(losses)</b>					
	<b>(12,900)</b>	<b>(5,292)</b>	<b>797</b>	<b>(1,001)</b>	<b>(18,396)</b>
Total gains/(losses)	3,530	1,989	(545)	(276)	4,698
Net surplus/(deficit) from associates and joint ventures	103	160	(26)	-	237
Attributable to minority interest in Air NZ	-	-	101	-	101
<b>Operating balance</b>	<b>(9,267)</b>	<b>(3,143)</b>	<b>327</b>	<b>(1,277)</b>	<b>(13,360)</b>
<b>Expenses by functional classification</b>					
Social security and welfare	22,005	3,945	-	(626)	25,324
Health	13,753	11,467	-	(12,152)	13,068
Education	11,650	9,176	23	(8,443)	12,406
Transport and communications	2,281	2,117	6,203	(2,199)	8,402
Other	17,695	16,375	6,196	(3,103)	37,163
Finance costs	3,066	248	1,027	(745)	3,596
Forecast for future new spending and top-down adjustment	-	-	-	-	-
<b>Total Crown expenses (excluding losses)</b>	<b>70,450</b>	<b>43,328</b>	<b>13,449</b>	<b>(27,268)</b>	<b>99,959</b>
<b>Statement of Financial Position as at 30 June 2011</b>					
<b>Assets</b>					
Cash and cash equivalents	6,087	2,773	1,425	(484)	9,801
Receivables	11,376	8,999	3,576	(2,261)	21,690
Other financial assets	59,012	24,619	15,240	(15,000)	83,871
Property, plant and equipment	29,549	48,480	36,825	-	114,854
Equity accounted investments	30,093	7,979	197	(28,968)	9,301
Intangible assets and goodwill	1,157	430	807	-	2,394
Inventory and other assets	1,691	378	1,290	(55)	3,304
Forecast for new capital spending and top-down adjustment	-	-	-	-	-
<b>Total assets</b>	<b>138,965</b>	<b>93,658</b>	<b>59,360</b>	<b>(46,768)</b>	<b>245,215</b>
<b>Liabilities</b>					
Borrowings	76,827	5,123	23,099	(14,804)	90,245
Other liabilities	27,207	45,105	9,021	(7,250)	74,083
<b>Total liabilities</b>	<b>104,034</b>	<b>50,228</b>	<b>32,120</b>	<b>(22,054)</b>	<b>164,328</b>
<b>Total assets less total liabilities</b>	<b>34,931</b>	<b>43,430</b>	<b>27,240</b>	<b>(24,714)</b>	<b>80,887</b>
<b>Net worth</b>					
Taxpayer funds	19,531	17,098	9,574	(28,015)	18,188
Reserves	15,400	26,332	17,323	3,336	62,391
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>34,931</b>	<b>43,430</b>	<b>27,240</b>	<b>(24,714)</b>	<b>80,887</b>

## Forecast Statement of Segments (continued)

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2012	2012	2012	2012	2012
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance</b>					
<b>for the year ended 30 June 2012</b>					
<b>Revenue</b>					
Taxation revenue	55,451	-	-	(494)	54,957
Other sovereign revenue	1,445	5,391	-	(1,273)	5,563
Sales of goods and services	1,457	14,803	14,178	(13,613)	16,825
Interest revenue and dividends	2,039	1,325	828	(1,378)	2,814
Other revenue	773	13,229	1,074	(11,598)	3,478
<b>Total revenue (excluding gains)</b>	<b>61,165</b>	<b>34,748</b>	<b>16,080</b>	<b>(28,356)</b>	<b>83,637</b>
<b>Expenses</b>					
Social assistance and official development assistance	22,593	-	-	(13)	22,580
Personnel expenses	6,011	10,724	2,811	(10)	19,536
Other operating expenses	42,828	21,991	11,185	(27,006)	48,998
Interest expenses	3,655	266	1,129	(1,091)	3,959
Forecast for future new spending and top-down adjustment	(627)	-	-	-	(627)
<b>Total expenses (excluding losses)</b>	<b>74,460</b>	<b>32,981</b>	<b>15,125</b>	<b>(28,120)</b>	<b>94,446</b>
<b>Operating balance before gains/(losses)</b>					
	<b>(13,295)</b>	<b>1,767</b>	<b>955</b>	<b>(236)</b>	<b>(10,809)</b>
Total gains/(losses)	(798)	(1,397)	113	14	(2,068)
Net surplus/(deficit) from associates and joint ventures	83	168	29	(4)	276
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating balance</b>	<b>(14,010)</b>	<b>538</b>	<b>1,097</b>	<b>(226)</b>	<b>(12,601)</b>
<b>Expenses by functional classification</b>					
Social security and welfare	22,560	4,101	-	(614)	26,047
Health	14,350	12,009	-	(12,550)	13,809
Education	12,269	9,421	23	(8,661)	13,052
Transport and communications	2,468	2,148	6,670	(2,343)	8,943
Other	19,785	5,036	7,303	(2,861)	29,263
Finance costs	3,655	266	1,129	(1,091)	3,959
Forecast for future new spending and top-down adjustment	(627)	-	-	-	(627)
<b>Total Crown expenses (excluding losses)</b>	<b>74,460</b>	<b>32,981</b>	<b>15,125</b>	<b>(28,120)</b>	<b>94,446</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2012</b>					
<b>Assets</b>					
Cash and cash equivalents	6,193	2,291	850	(149)	9,185
Receivables	9,485	7,749	3,487	(1,923)	18,798
Other financial assets	54,832	25,861	16,452	(14,024)	83,121
Property, plant and equipment	30,121	50,148	38,798	-	119,067
Equity accounted investments	31,283	8,167	437	(30,198)	9,689
Intangible assets and goodwill	1,336	516	746	(1)	2,597
Inventory and other assets	1,643	344	1,317	(38)	3,266
Forecast for new capital spending and top-down adjustment	(108)	-	-	-	(108)
<b>Total assets</b>	<b>134,785</b>	<b>95,076</b>	<b>62,087</b>	<b>(46,333)</b>	<b>245,615</b>
<b>Liabilities</b>					
Borrowings	84,635	5,282	25,105	(13,785)	101,237
Other liabilities	29,247	44,934	8,937	(7,022)	76,096
<b>Total liabilities</b>	<b>113,882</b>	<b>50,216</b>	<b>34,042</b>	<b>(20,807)</b>	<b>177,333</b>
<b>Total assets less total liabilities</b>	<b>20,903</b>	<b>44,860</b>	<b>28,045</b>	<b>(25,526)</b>	<b>68,282</b>
<b>Net worth</b>					
Taxpayer funds	5,524	18,530	10,394	(28,817)	5,631
Reserves	15,379	26,330	17,308	3,326	62,343
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>20,903</b>	<b>44,860</b>	<b>28,045</b>	<b>(25,526)</b>	<b>68,282</b>

## Forecast Statement of Segments (continued)

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2013	2013	2013	2013	2013
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance</b>					
<b>for the year ended 30 June 2013</b>					
<b>Revenue</b>					
Taxation revenue	59,195	-	-	(624)	58,571
Other sovereign revenue	1,728	5,302	-	(1,299)	5,731
Sales of goods and services	1,434	14,790	14,627	(13,537)	17,314
Interest revenue and dividends	2,667	1,244	1,006	(1,609)	3,308
Other revenue	712	13,149	1,037	(11,335)	3,563
<b>Total revenue (excluding gains)</b>	<b>65,736</b>	<b>34,485</b>	<b>16,670</b>	<b>(28,404)</b>	<b>88,487</b>
<b>Expenses</b>					
Social assistance and official development assistance	23,217	-	-	(42)	23,175
Personnel expenses	5,956	10,924	2,903	(10)	19,773
Other operating expenses	37,856	22,082	11,481	(26,700)	44,719
Interest expenses	3,789	280	1,361	(966)	4,464
Forecast for future new spending and top-down adjustment	794	-	-	-	794
<b>Total expenses (excluding losses)</b>	<b>71,612</b>	<b>33,286</b>	<b>15,745</b>	<b>(27,718)</b>	<b>92,925</b>
<b>Operating balance before gains/(losses)</b>					
	<b>(5,876)</b>	<b>1,199</b>	<b>925</b>	<b>(686)</b>	<b>(4,438)</b>
Total gains/(losses)	1,474	266	226	(187)	1,779
Net surplus/(deficit) from associates and joint ventures	84	168	33	(1)	284
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating balance</b>	<b>(4,318)</b>	<b>1,633</b>	<b>1,184</b>	<b>(874)</b>	<b>(2,375)</b>
<b>Expenses by functional classification</b>					
Social security and welfare	23,252	4,590	-	(660)	27,182
Health	14,330	11,896	-	(12,550)	13,676
Education	12,205	9,488	23	(8,729)	12,987
Transport and communications	2,128	2,173	6,818	(2,180)	8,939
Other	15,114	4,859	7,543	(2,633)	24,883
Finance costs	3,789	280	1,361	(966)	4,464
Forecast for future new spending and top-down adjustment	794	-	-	-	794
<b>Total Crown expenses (excluding losses)</b>	<b>71,612</b>	<b>33,286</b>	<b>15,745</b>	<b>(27,718)</b>	<b>92,925</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2013</b>					
<b>Assets</b>					
Cash and cash equivalents	6,093	2,432	886	(150)	9,261
Receivables	9,082	5,756	3,094	(2,010)	15,922
Other financial assets	47,763	27,400	17,867	(14,271)	78,759
Property, plant and equipment	30,198	51,487	40,233	1	121,919
Equity accounted investments	32,473	8,332	481	(31,419)	9,867
Intangible assets and goodwill	1,391	531	740	-	2,662
Inventory and other assets	1,652	345	1,420	(39)	3,378
Forecast for new capital spending and top-down adjustment	219	-	-	-	219
<b>Total assets</b>	<b>128,871</b>	<b>96,283</b>	<b>64,721</b>	<b>(47,888)</b>	<b>241,987</b>
<b>Liabilities</b>					
Borrowings	84,761	5,228	27,993	(14,132)	103,850
Other liabilities	27,513	43,564	8,325	(7,204)	72,198
<b>Total liabilities</b>	<b>112,274</b>	<b>48,792</b>	<b>36,318</b>	<b>(21,336)</b>	<b>176,048</b>
<b>Total assets less total liabilities</b>	<b>16,597</b>	<b>47,491</b>	<b>28,403</b>	<b>(26,552)</b>	<b>65,939</b>
<b>Net worth</b>					
Taxpayer funds	1,210	21,266	10,730	(29,884)	3,322
Reserves	15,387	26,225	17,330	3,367	62,309
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>16,597</b>	<b>47,491</b>	<b>28,403</b>	<b>(26,552)</b>	<b>65,939</b>

## Forecast Statement of Segments (continued)

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2014	2014	2014	2014	2014
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance</b>					
<b>for the year ended 30 June 2014</b>					
<b>Revenue</b>					
Taxation revenue	63,635	-	-	(750)	62,885
Other sovereign revenue	1,946	5,471	-	(1,299)	6,118
Sales of goods and services	1,444	15,191	15,657	(13,866)	18,426
Interest revenue and dividends	2,674	1,446	1,212	(1,644)	3,688
Other revenue	729	12,987	1,119	(11,137)	3,698
<b>Total revenue (excluding gains)</b>	<b>70,428</b>	<b>35,095</b>	<b>17,988</b>	<b>(28,696)</b>	<b>94,815</b>
<b>Expenses</b>					
Social assistance and official development assistance	23,727	-	-	(41)	23,686
Personnel expenses	5,979	11,005	2,993	(10)	19,967
Other operating expenses	37,605	22,578	12,276	(26,943)	45,516
Interest expenses	3,921	307	1,641	(968)	4,901
Forecast for future new spending and top-down adjustment	1,688	-	-	-	1,688
<b>Total expenses (excluding losses)</b>	<b>72,920</b>	<b>33,890</b>	<b>16,910</b>	<b>(27,962)</b>	<b>95,758</b>
<b>Operating balance before gains/(losses)</b>					
	<b>(2,492)</b>	<b>1,205</b>	<b>1,078</b>	<b>(734)</b>	<b>(943)</b>
Total gains/(losses)	1,954	184	282	(195)	2,225
Net surplus/(deficit) from associates and joint ventures	81	169	47	(3)	294
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating balance</b>	<b>(457)</b>	<b>1,558</b>	<b>1,407</b>	<b>(932)</b>	<b>1,576</b>
<b>Expenses by functional classification</b>					
Social security and welfare	23,829	4,902	-	(677)	28,054
Health	14,239	12,205	-	(12,850)	13,594
Education	12,099	9,449	23	(8,614)	12,957
Transport and communications	2,079	2,214	7,099	(2,200)	9,192
Other	15,065	4,813	8,147	(2,653)	25,372
Finance costs	3,921	307	1,641	(968)	4,901
Forecast for future new spending and top-down adjustment	1,688	-	-	-	1,688
<b>Total Crown expenses (excluding losses)</b>	<b>72,920</b>	<b>33,890</b>	<b>16,910</b>	<b>(27,962)</b>	<b>95,758</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2014</b>					
<b>Assets</b>					
Cash and cash equivalents	6,312	2,693	1,152	(148)	10,009
Receivables	9,208	5,210	2,738	(1,917)	15,239
Other financial assets	53,675	27,842	19,582	(14,013)	87,086
Property, plant and equipment	30,082	52,485	41,607	-	124,174
Equity accounted investments	33,612	8,502	518	(32,596)	10,036
Intangible assets and goodwill	1,429	518	770	-	2,717
Inventory and other assets	1,644	346	1,456	(40)	3,406
Forecast for new capital spending and top-down adjustment	310	-	-	-	310
<b>Total assets</b>	<b>136,272</b>	<b>97,596</b>	<b>67,823</b>	<b>(48,714)</b>	<b>252,977</b>
<b>Liabilities</b>					
Borrowings	93,270	5,294	30,531	(13,959)	115,136
Other liabilities	26,849	42,282	8,291	(7,107)	70,315
<b>Total liabilities</b>	<b>120,119</b>	<b>47,576</b>	<b>38,822</b>	<b>(21,066)</b>	<b>185,451</b>
<b>Total assets less total liabilities</b>	<b>16,153</b>	<b>50,020</b>	<b>29,001</b>	<b>(27,648)</b>	<b>67,526</b>
<b>Net worth</b>					
Taxpayer funds	757	23,905	11,328	(31,056)	4,934
Reserves	15,396	26,115	17,330	3,443	62,284
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>16,153</b>	<b>50,020</b>	<b>29,001</b>	<b>(27,648)</b>	<b>67,526</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	67,644	-	-	(775)	66,869
Other sovereign revenue	2,047	5,618	-	(1,299)	6,366
Sales of goods and services	1,431	15,246	16,367	(13,880)	19,164
Interest revenue and dividends	2,942	1,642	1,328	(1,653)	4,259
Other revenue	722	13,167	1,123	(11,234)	3,778
<b>Total revenue (excluding gains)</b>	<b>74,786</b>	<b>35,673</b>	<b>18,818</b>	<b>(28,841)</b>	<b>100,436</b>
<b>Expenses</b>					
Social assistance and official development assistance	24,584	-	-	(44)	24,540
Personnel expenses	6,040	11,120	3,069	(10)	20,219
Other operating expenses	37,814	22,591	12,715	(27,114)	46,006
Interest expenses	4,313	309	1,745	(978)	5,389
Forecast for future new spending and top-down adjustment	2,832	-	-	-	2,832
<b>Total expenses (excluding losses)</b>	<b>75,583</b>	<b>34,020</b>	<b>17,529</b>	<b>(28,146)</b>	<b>98,986</b>
<b>Operating balance before gains/(losses)</b>					
	<b>(797)</b>	<b>1,653</b>	<b>1,289</b>	<b>(695)</b>	<b>1,450</b>
Total gains/(losses)	1,983	176	280	(201)	2,238
Net surplus/(deficit) from associates and joint ventures	75	168	43	-	286
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating balance</b>	<b>1,261</b>	<b>1,997</b>	<b>1,612</b>	<b>(896)</b>	<b>3,974</b>
<b>Expenses by functional classification</b>					
Social security and welfare	24,471	5,184	-	(694)	28,961
Health	14,233	12,208	-	(12,844)	13,597
Education	12,227	9,604	23	(8,738)	13,116
Transport and communications	2,136	2,201	7,312	(2,201)	9,448
Other	15,371	4,514	8,449	(2,691)	25,643
Finance costs	4,313	309	1,745	(978)	5,389
Forecast for future new spending and top-down adjustment	2,832	-	-	-	2,832
<b>Total Crown expenses (excluding losses)</b>	<b>75,583</b>	<b>34,020</b>	<b>17,529</b>	<b>(28,146)</b>	<b>98,986</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2015</b>					
<b>Assets</b>					
Cash and cash equivalents	6,739	2,374	1,046	(149)	10,010
Receivables	9,302	5,048	2,798	(2,067)	15,081
Other financial assets	51,206	30,508	21,814	(15,110)	88,418
Property, plant and equipment	29,986	53,521	42,622	-	126,129
Equity accounted investments	34,966	8,671	519	(33,893)	10,263
Intangible assets and goodwill	1,428	493	784	-	2,705
Inventory and other assets	1,657	345	1,484	(40)	3,446
Forecast for new capital spending and top-down adjustment	320	-	-	-	320
<b>Total assets</b>	<b>135,604</b>	<b>100,960</b>	<b>71,067</b>	<b>(51,259)</b>	<b>256,372</b>
<b>Liabilities</b>					
Borrowings	92,085	5,728	32,793	(15,076)	115,530
Other liabilities	26,087	42,111	8,436	(7,306)	69,328
<b>Total liabilities</b>	<b>118,172</b>	<b>47,839</b>	<b>41,229</b>	<b>(22,382)</b>	<b>184,858</b>
<b>Total assets less total liabilities</b>	<b>17,432</b>	<b>53,121</b>	<b>29,838</b>	<b>(28,877)</b>	<b>71,514</b>
<b>Net worth</b>					
Taxpayer funds	2,022	27,116	12,163	(32,368)	8,933
Reserves	15,410	26,005	17,332	3,526	62,273
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>17,432</b>	<b>53,121</b>	<b>29,838</b>	<b>(28,877)</b>	<b>71,514</b>

## Forecast Statement of Segments (continued)

	Core Crown	Crown entities	State-owned enterprises	Inter-segment eliminations	Total Crown
	2016	2016	2016	2016	2016
	Forecast	Forecast	Forecast	Forecast	Forecast
	\$m	\$m	\$m	\$m	\$m
<b>Statement of Financial Performance</b>					
<b>for the year ended 30 June 2016</b>					
<b>Revenue</b>					
Taxation revenue	71,468	-	-	(826)	70,642
Other sovereign revenue	2,484	5,766	-	(1,299)	6,951
Sales of goods and services	1,426	14,876	17,123	(13,484)	19,941
Interest revenue and dividends	3,057	1,857	1,447	(1,824)	4,537
Other revenue	724	13,313	1,163	(11,384)	3,816
<b>Total revenue (excluding gains)</b>	<b>79,159</b>	<b>35,812</b>	<b>19,733</b>	<b>(28,817)</b>	<b>105,887</b>
<b>Expenses</b>					
Social assistance and official development assistance	25,633	-	-	(42)	25,591
Personnel expenses	6,084	11,241	3,175	(10)	20,490
Other operating expenses	38,113	22,923	13,282	(26,905)	47,413
Interest expenses	4,345	305	1,883	(1,075)	5,458
Forecast for future new spending and top-down adjustment	3,859	-	-	-	3,859
<b>Total expenses (excluding losses)</b>	<b>78,034</b>	<b>34,469</b>	<b>18,340</b>	<b>(28,032)</b>	<b>102,811</b>
<b>Operating balance before gains/(losses)</b>					
	<b>1,125</b>	<b>1,343</b>	<b>1,393</b>	<b>(785)</b>	<b>3,076</b>
Total gains/(losses)	2,030	209	285	(207)	2,317
Net surplus/(deficit) from associates and joint ventures	82	168	60	(2)	308
Attributable to minority interest in Air NZ	-	-	-	-	-
<b>Operating balance</b>	<b>3,237</b>	<b>1,720</b>	<b>1,738</b>	<b>(994)</b>	<b>5,701</b>
<b>Expenses by functional classification</b>					
Social security and welfare	25,536	5,509	-	(710)	30,335
Health	14,224	11,803	-	(12,430)	13,597
Education	12,420	9,780	23	(8,887)	13,336
Transport and communications	2,025	2,194	7,711	(2,197)	9,733
Other	15,625	4,878	8,723	(2,733)	26,493
Finance costs	4,345	305	1,883	(1,075)	5,458
Forecast for future new spending and top-down adjustment	3,859	-	-	-	3,859
<b>Total Crown expenses (excluding losses)</b>	<b>78,034</b>	<b>34,469</b>	<b>18,340</b>	<b>(28,032)</b>	<b>102,811</b>
<b>Statement of Financial Position</b>					
<b>as at 30 June 2016</b>					
<b>Assets</b>					
Cash and cash equivalents	6,920	2,506	1,149	(152)	10,423
Receivables	9,578	5,145	2,628	(1,956)	15,395
Other financial assets	54,786	33,853	23,959	(16,404)	96,194
Property, plant and equipment	30,191	54,729	43,478	(1)	128,397
Equity accounted investments	36,415	8,839	520	(35,280)	10,494
Intangible assets and goodwill	1,414	471	795	-	2,680
Inventory and other assets	1,678	346	1,473	(40)	3,457
Forecast for new capital spending and top-down adjustment	385	-	-	-	385
<b>Total assets</b>	<b>141,367</b>	<b>105,889</b>	<b>74,002</b>	<b>(53,833)</b>	<b>267,425</b>
<b>Liabilities</b>					
Borrowings	94,877	5,691	34,712	(16,387)	118,893
Other liabilities	25,811	44,157	8,573	(7,238)	71,303
<b>Total liabilities</b>	<b>120,688</b>	<b>49,848</b>	<b>43,285</b>	<b>(23,625)</b>	<b>190,196</b>
<b>Total assets less total liabilities</b>	<b>20,679</b>	<b>56,041</b>	<b>30,717</b>	<b>(30,208)</b>	<b>77,229</b>
<b>Net worth</b>					
Taxpayer funds	5,262	30,143	13,042	(33,786)	14,661
Reserves	15,417	25,898	17,332	3,613	62,260
Net worth attributable to minority interest in Air NZ	-	-	343	(35)	308
<b>Total net worth</b>	<b>20,679</b>	<b>56,041</b>	<b>30,717</b>	<b>(30,208)</b>	<b>77,229</b>

