

# Financial Statements of the Government of New Zealand

For the Five Months Ended  
30 November 2017



Prepared by the Treasury  
25 January 2018

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New Zealand Government



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NEW ZEALAND





# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 November 2017, and the financial results of operations and cash flows for the period ended on that date.

The November results are reported against forecasts based on the *2017 Half Year Economic and Fiscal Update* (HYEFU 17), published on 14 December 2017.

### Comparison against forecast

Results can fluctuate from month to month as the recognition of revenue and expenses vary. The results do not necessarily indicate a deviation from the full year expected results.

**Table 1** – Key indicators for the five months ended 30 November 2017 compared to *HYEFU 17*

	Year to date				Full Year
	November	November	Variance to HYEFU 17	Variance to HYEFU 17	June
	2017	2017			2018
	Actual <sup>1</sup>	HYEFU 17 Forecast <sup>1</sup>	to HYEFU 17	to HYEFU 17	HYEFU 17 Forecast <sup>2</sup>
\$m	\$m	\$m	%	\$m	
<b>Core Crown</b>					
Core Crown tax revenue	30,408	29,877	531	1.8	78,172
Core Crown revenue	33,187	32,635	552	1.7	84,670
Core Crown expenses	33,267	33,106	(161)	(0.5)	81,653
Core Crown residual cash	(2,903)	(3,060)	157	5.1	(2,647)
Gross debt <sup>3</sup>	88,077	87,245	(832)	(1.0)	84,524
<i>as a percentage of GDP</i>	31.6%	31.3%			29.5%
Net debt <sup>4</sup>	61,795	62,494	699	1.1	62,114
<i>as a percentage of GDP</i>	22.2%	22.5%			21.7%
<b>Total Crown</b>					
Operating balance before gains and losses	125	(457)	582	127.4	2,541
Operating balance	2,391	1,648	743	45.1	5,916
Net worth attributable to the Crown	113,015	112,134	881	0.8	116,568

1 Using the most recently published GDP (for the year ended 30 September 2017) of \$278,312 million (Source: Statistics New Zealand).

2 Using HYEFU 17 forecast GDP for the year ending 30 June 2018 of \$286,391 million (Source: The Treasury).

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

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

**Core Crown tax revenue** was \$30.4 billion for the five months to 30 November 2017, higher than forecast by \$0.5 billion. Goods and Services Tax (GST) was higher than forecast by \$0.2 billion, up primarily as a result of increased consumption. Underlying GST is expected to remain above forecast, as the GDP data released by Statistics New Zealand on 21 December showed that growth in the September-quarter in both private consumption and residential investment was above forecast. Some of this variance is expected to be timing differences, which are expected to reverse out at the next GST filing due date in January.

Source deductions were \$0.2 billion higher than forecast. It is too early to establish with certainty the underlying cause of this variance and whether it will persist or relates to monthly volatility. This will be clearer in the next one to two months when further outturn data is received.

**Core Crown expenses** of \$33.3 billion were higher than forecast (\$0.2 billion) with some expenditure being recognised earlier than expected. Partially offsetting this earlier recognition in expenses was a delay in Treaty settlements initialling.

The **operating balance before gains and losses** (OBEGAL) was a surplus of \$125 million. When the core Crown results are combined with lower than expected spending on State highway maintenance, the OBEGAL surplus was \$582 million more than the forecast \$457 million OBEGAL deficit.

Net investment gains of \$3.9 billion were recorded to 30 November 2017, \$1.6 billion higher than forecast. This is primarily made up of the Governments large investment portfolio managers (New Zealand Superannuation Fund and ACC). The higher gains are primarily due to the long term benchmark rate of return (used to forecast) being lower than the actual returns incurred.

Partially offsetting these investment gains, actuarial losses were \$1.4 billion higher than forecast. ACC recognised an actuarial loss of \$1.4 billion on its outstanding claims liability, mainly due to the discount rates used to calculate this liability being lower than expected.

When gains and losses are added to the OBEGAL result, the **operating balance** was a \$2.4 billion surplus, \$0.7 billion larger than forecast. This result flows directly into **net worth attributable to the Crown** which was \$0.9 billion higher than forecast at \$113.0 billion.

**Core Crown residual cash** was a deficit of \$2.9 billion and was close to forecast (\$0.2 billion lower). Crown entity and State-owned Enterprise funding was higher than forecast by \$0.2 billion mainly as a result of increased investment in State highways construction.

The lower residual cash deficit contributed to the **net debt** result of \$61.8 billion (\$0.7 billion lower than forecast). On top of this, circulating currency was higher than forecast by \$0.3 billion (increasing financial assets available and reducing net debt) and higher than forecast valuation gains of \$0.2 billion.

**Gross debt**, however, was \$0.8 billion higher than forecast primarily due to the change in exchange rates impacting the valuation of derivatives held. Also contributing to this was the value of unsettled trades at month end.

## Comparison against the prior year actuals

**Table 2** – Key indicators for the five months ended 30 November 2017 compared to prior year actuals

	Year to date				Full Year
	November 2017	November 2016	Variance to 2016	Variance to 2016	June 2017
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	\$m	%	Prior Year Actual <sup>1</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	30,408	28,832	1,576	5.5	75,644
Core Crown revenue	33,187	31,490	1,697	5.4	81,782
Core Crown expenses	33,267	31,723	(1,544)	(4.9)	76,339
Core Crown residual cash	(2,903)	(1,447)	(1,456)	(100.6)	2,574
Gross debt <sup>3</sup>	88,077	87,119	(958)	(1.1)	87,141
<i>as a percentage of GDP</i>	31.6%	34.0%			32.5%
Net debt <sup>4</sup>	61,795	63,452	1,657	2.6	59,480
<i>as a percentage of GDP</i>	22.2%	24.8%			22.2%
<b>Total Crown</b>					
Operating balance before gains and losses	125	(768)	893	116.3	4,069
Operating balance	2,391	4,692	(2,301)	(49.0)	12,317
Net worth attributable to the Crown	113,015	94,096	18,919	20.1	110,532

1 Using the most recently published GDP (for the year ended 30 September 2017) of \$278,312 million (Source: Statistics New Zealand).

2 Using prior year published GDP (for the year ended 30 September 2016) of \$256,191 million (Source: The Treasury).

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

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

**Core Crown tax revenue** was \$1.6 billion (5.5%) higher than the same period last year. The growth has come mainly from PAYE (growth in employment and wage rates) and GST (growth in domestic consumption).

In nominal terms **core Crown expenses** increased by \$1.5 billion from the same time last year to reach \$33.3 billion. The increase in expenses was largely due to new spending announced in Budget 2017 as well as an increase in New Zealand superannuation expenses.

The **OBEGAL** surplus of \$125 million increased by \$893 million compared to the OBEGAL deficit of \$768 million last year. This predominately relates to the Kaikōura earthquake expenses recognised last year.

The **residual cash deficit** of \$2.9 billion was \$1.5 billion higher than at the same time last year. Net capital payments were \$2.1 billion for the five months ended 30 November (a \$1.3 billion increase from the same period last year, largely in the transport sector). Capital payments can be volatile, dependent on the timing of projects.

**Core Crown net debt** was \$1.7 billion lower than this time last year largely reflecting the residual cash surplus recorded for the year ended 30 June 2017, offset by the residual cash deficit in the first five months of this financial year and an increase in circulating currency and higher than forecast valuation losses.

**Net worth attributable to the Crown** was \$18.9 billion higher than November 2016 at \$113.0 billion, largely reflecting year end property valuations and the operating balance recorded for the 2016/17 financial year.





# Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Revenue</b>						
74,973	28,490	Taxation revenue	2	30,077	29,556	521	1.8	77,468
5,081	2,111	Other sovereign revenue	2	2,205	2,195	10	0.5	5,151
<b>80,054</b>	<b>30,601</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>32,282</b>	<b>31,751</b>	<b>531</b>	<b>1.7</b>	<b>82,619</b>
16,871	6,766	Sales of goods and services		7,580	7,421	159	2.1	17,825
3,598	1,472	Interest revenue and dividends	3	1,512	1,558	(46)	(3.0)	3,771
3,704	1,510	Other revenue		1,660	1,581	79	5.0	3,969
<b>24,173</b>	<b>9,748</b>	<b>Total revenue earned through the Crown's operations</b>		<b>10,752</b>	<b>10,560</b>	<b>192</b>	<b>1.8</b>	<b>25,565</b>
<b>104,227</b>	<b>40,349</b>	<b>Total revenue (excluding gains)</b>		<b>43,034</b>	<b>42,311</b>	<b>723</b>	<b>1.7</b>	<b>108,184</b>
		<b>Expenses</b>						
25,264	10,375	Transfer payments and subsidies	4	10,712	10,768	56	0.5	26,396
22,599	9,328	Personnel expenses		9,802	9,791	(11)	(0.1)	23,604
5,175	1,948	Depreciation and amortisation		2,023	2,035	12	0.6	5,285
37,194	15,305	Other operating expenses		16,858	16,996	138	0.8	42,392
4,162	1,732	Finance costs	5	1,805	1,781	(24)	(1.3)	4,143
5,418	2,224	Insurance expenses	6	1,508	1,515	7	0.5	4,591
-	-	Forecast new operating spending		-	-	-	-	179
-	-	Top-down expense adjustment		-	(314)	(314)	(100.0)	(1,365)
<b>99,812</b>	<b>40,912</b>	<b>Total expenses (excluding losses)</b>		<b>42,708</b>	<b>42,572</b>	<b>(136)</b>	<b>(0.3)</b>	<b>105,225</b>
(346)	(205)	Minority interests share of operating balance before gains/(losses)		(201)	(196)	(5)	(2.6)	(418)
<b>4,069</b>	<b>(768)</b>	<b>Operating balance before gains/(losses) (excluding minority interests)</b>		<b>125</b>	<b>(457)</b>	<b>582</b>	<b>127.4</b>	<b>2,541</b>
6,330	1,853	Net gains/(losses) on financial instruments		3,899	2,342	1,557	66.5	3,938
1,321	3,514	Net gains/(losses) on non-financial instruments	7	(1,717)	(308)	(1,409)	(457.5)	(734)
27	(9)	Less minority interests share of total gains/(losses)		(3)	(17)	14	82.4	(43)
<b>7,678</b>	<b>5,358</b>	<b>Total gains/(losses)</b>		<b>2,179</b>	<b>2,017</b>	<b>162</b>	<b>8.0</b>	<b>3,161</b>
570	102	Net surplus/(deficit) from associates and joint ventures		87	88	(1)	(1.1)	214
<b>12,317</b>	<b>4,692</b>	<b>Operating balance (excluding minority interests)</b>		<b>2,391</b>	<b>1,648</b>	<b>743</b>	<b>45.1</b>	<b>5,916</b>

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

## ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Total Crown expenses</b>					
30,599	12,315	Social security and welfare	12,574	12,659	85	0.7	31,646
15,645	6,480	Health	6,948	6,891	(57)	(0.8)	16,614
14,112	6,121	Education	6,249	6,256	7	0.1	15,206
3,762	1,681	Core government services	1,716	1,754	38	2.2	5,392
4,161	1,690	Law and order	1,759	1,817	58	3.2	4,510
9,360	3,506	Transport and communications	3,813	3,912	99	2.5	9,715
8,452	3,504	Economic and industrial services	3,550	3,504	(46)	(1.3)	8,405
2,145	870	Defence	954	949	(5)	(0.5)	2,309
2,433	1,088	Heritage, culture and recreation	1,101	1,021	(80)	(7.8)	2,387
1,886	752	Primary services	802	768	(34)	(4.4)	2,086
1,820	785	Housing and community development	796	838	42	5.0	2,133
863	277	Environmental protection	388	367	(21)	(5.7)	1,290
231	94	GSF pension expenses	107	97	(10)	(10.3)	163
181	17	Other	146	272	126	46.3	412
4,162	1,732	Finance costs	1,805	1,781	(24)	(1.3)	4,143
-	-	Forecast new operating spending	-	-	-	-	179
-	-	Top-down expense adjustment	-	(314)	(314)	(100.0)	(1,365)
<b>99,812</b>	<b>40,912</b>	<b>Total Crown expenses excluding losses</b>	<b>42,708</b>	<b>42,572</b>	<b>(136)</b>	<b>(0.3)</b>	<b>105,225</b>

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

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown expenses</b>					
25,294	10,498	Social security and welfare	10,771	10,779	8	0.1	26,191
16,223	6,734	Health	7,170	7,186	16	0.2	17,184
13,281	5,623	Education	5,710	5,721	11	0.2	14,397
3,957	1,724	Core government services	1,690	1,714	24	1.4	5,477
3,882	1,595	Law and order	1,697	1,691	(6)	(0.4)	4,146
2,176	803	Transport and communications	1,019	1,018	(1)	(0.1)	2,486
2,544	1,102	Economic and industrial services	1,149	1,146	(3)	(0.3)	2,941
2,146	874	Defence	957	954	(3)	(0.3)	2,318
850	384	Heritage, culture and recreation	395	403	8	2.0	879
644	255	Primary services	277	285	8	2.8	792
539	266	Housing and community development	264	264	-	-	662
871	281	Environmental protection	390	367	(23)	(6.3)	1,291
217	87	GSF pension expenses	101	91	(10)	(11.0)	150
181	17	Other	146	272	126	46.3	412
3,534	1,480	Finance costs	1,531	1,529	(2)	(0.1)	3,513
-	-	Forecast new operating spending	-	-	-	-	179
-	-	Top-down expense adjustment	-	(314)	(314)	(100.0)	(1,365)
<b>76,339</b>	<b>31,723</b>	<b>Core Crown expenses excluding losses</b>	<b>33,267</b>	<b>33,106</b>	<b>(161)</b>	<b>(0.5)</b>	<b>81,653</b>

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

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
12,636	4,906	<b>Operating Balance (including minority interest)</b>	<b>2,595</b>	<b>1,861</b>	<b>734</b>	<b>39.4</b>	<b>6,377</b>
		<b>Other comprehensive revenue and expense</b>					
8,923	(35)	Revaluation of physical assets	(3)	(73)	70	95.9	31
47	142	Transfers to/(from) reserves (Gains)/losses transferred to the	15	24	(9)	(37.5)	(5)
62	(37)	statement of financial performance	36	(3)	39	-	(4)
39	(3)	Other movements	68	(3)	71	-	81
<b>9,071</b>	<b>67</b>	<b>Total other comprehensive revenue and expense</b>	<b>116</b>	<b>(55)</b>	<b>171</b>	<b>310.9</b>	<b>103</b>
<b>21,707</b>	<b>4,973</b>	<b>Total comprehensive revenue and expense</b>	<b>2,711</b>	<b>1,806</b>	<b>905</b>	<b>50.1</b>	<b>6,480</b>
		<b>Attributable to:</b>					
541	235	- minority interest	228	204	24	11.8	516
21,166	4,738	- the Crown	2,483	1,602	881	55.0	5,964
<b>21,707</b>	<b>4,973</b>	<b>Total comprehensive revenue and expense</b>	<b>2,711</b>	<b>1,806</b>	<b>905</b>	<b>50.1</b>	<b>6,480</b>

## STATEMENT OF CHANGES IN NET WORTH

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
95,521	95,521	<b>Opening net worth</b>	<b>116,472</b>	<b>116,472</b>	<b>-</b>	<b>-</b>	<b>116,472</b>
12,636	4,906	Operating balance (including minority interest)	2,595	1,861	734	39.4	6,377
8,923	(35)	Net revaluations	(3)	(73)	70	95.9	31
47	142	Transfers to/(from) reserves (Gains)/losses transferred to the	15	24	(9)	(37.5)	(5)
62	(37)	Statement of Financial Performance	36	(3)	39	-	(4)
39	(3)	Other movements	68	(3)	71	-	81
<b>21,707</b>	<b>4,973</b>	<b>Total comprehensive revenue and expense</b>	<b>2,711</b>	<b>1,806</b>	<b>905</b>	<b>50.1</b>	<b>6,480</b>
(756)	(537)	Transactions with minority interests	(303)	(291)	(12)	(4.1)	(504)
<b>116,472</b>	<b>99,957</b>	<b>Closing net worth</b>	<b>118,880</b>	<b>117,987</b>	<b>893</b>	<b>0.8</b>	<b>122,448</b>

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

# STATEMENT OF CASH FLOWS

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Cash Flows from Operations</b>					
		<b>Cash was provided from</b>					
73,099	28,418	Taxation receipts	30,035	29,392	643	2.2	75,956
4,515	2,084	Other sovereign receipts	2,166	2,189	(23)	(1.1)	4,503
16,948	7,009	Sales of goods and services	7,733	7,537	196	2.6	18,011
3,304	1,323	Interest and dividends receipts	1,361	1,382	(21)	(1.5)	3,345
4,009	1,705	Other operating receipts	1,599	1,578	21	1.3	4,023
<b>101,875</b>	<b>40,539</b>	<b>Total cash provided from operations</b>	<b>42,894</b>	<b>42,078</b>	<b>816</b>	<b>1.9</b>	<b>105,838</b>
		<b>Cash was disbursed to</b>					
25,293	10,901	Transfer payments and subsidies	11,268	11,287	19	0.2	26,294
62,836	26,930	Personnel and operating payments	29,257	29,280	23	0.1	69,206
4,179	1,726	Interest payments	1,845	1,847	2	0.1	4,176
-	-	Forecast new operating spending	-	-	-	-	179
-	-	Top-down expense adjustment	-	(314)	(314)	(100.0)	(1,365)
<b>92,308</b>	<b>39,557</b>	<b>Total cash disbursed to operations</b>	<b>42,370</b>	<b>42,100</b>	<b>(270)</b>	<b>(0.6)</b>	<b>98,490</b>
<b>9,567</b>	<b>982</b>	<b>Net cash flows from operations</b>	<b>524</b>	<b>(22)</b>	<b>546</b>	<b>-</b>	<b>7,348</b>
		<b>Cash Flows from Investing Activities</b>					
		<b>Cash was provided from/(disbursed to)</b>					
(6,209)	(2,768)	Net (purchase)/sale of physical assets	(2,912)	(3,051)	139	4.6	(8,664)
889	756	Net (purchase)/sale of shares and other securities	(1,936)	(3,883)	1,947	50.1	(906)
(748)	(241)	Net (purchase)/sale of intangible assets	(305)	(319)	14	4.4	(977)
(989)	191	Net (issue)/repayment of advances	138	40	98	245.0	(867)
(148)	29	Net acquisition of investments in associates	(212)	(228)	16	7.0	(291)
-	-	Forecast new capital spending	-	-	-	-	(304)
-	-	Top-down capital adjustment	-	220	(220)	(100.0)	1,100
<b>(7,205)</b>	<b>(2,033)</b>	<b>Net cash flows from investing activities</b>	<b>(5,227)</b>	<b>(7,221)</b>	<b>1,994</b>	<b>27.6</b>	<b>(10,909)</b>
<b>2,362</b>	<b>(1,051)</b>	<b>Net cash flows from operating and investing activities</b>	<b>(4,703)</b>	<b>(7,243)</b>	<b>2,540</b>	<b>35.1</b>	<b>(3,561)</b>
		<b>Cash Flows from Financing Activities</b>					
		<b>Cash was provided from/(disbursed to)</b>					
265	241	Issues of circulating currency	336	52	284	-	105
1,328	1,043	Net issue/(repayment) of Government bonds	2,189	2,182	7	0.3	(2,174)
2,048	(319)	Net issue/(repayment) of foreign currency borrowing	342	(2,317)	2,659	114.8	(5,486)
(1,810)	949	Net issue/(repayment) of other New Zealand dollar borrowing	1,755	3,761	(2,006)	(53.3)	8,017
(656)	(426)	Dividends paid to minority interests	(327)	(318)	(9)	(2.8)	(531)
<b>1,175</b>	<b>1,488</b>	<b>Net cash flows from financing activities</b>	<b>4,295</b>	<b>3,360</b>	<b>935</b>	<b>27.8</b>	<b>(69)</b>
<b>3,537</b>	<b>437</b>	<b>Net movement in cash</b>	<b>(408)</b>	<b>(3,883)</b>	<b>3,475</b>	<b>89.5</b>	<b>(3,630)</b>
15,617	15,617	<b>Opening cash balance</b>	18,732	18,732	-	-	18,732
(422)	(273)	Foreign-exchange gains/(losses) on opening cash	1,209	418	791	189.2	410
<b>18,732</b>	<b>15,781</b>	<b>Closing cash balance</b>	<b>19,533</b>	<b>15,267</b>	<b>4,266</b>	<b>27.9</b>	<b>15,512</b>

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

## STATEMENT OF CASH FLOWS (CONTINUED)

For the five months ended 30 November 2017

Year to 30 Jun 2017	5 months to 30 Nov 2016		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>							
9,567	982	<b>Net Cash Flows from Operations</b>	<b>524</b>	<b>(22)</b>	<b>546</b>	<b>-</b>	<b>7,348</b>
		<i>Items included in the operating balance but not in net cash flows from operations</i>					
		<b>Gains/(losses)</b>					
6,330	1,853	Net gains/(losses) on financial instruments	3,899	2,342	1,557	66.5	3,938
1,321	3,514	Net gains/(losses) on non-financial instruments	(1,717)	(308)	(1,409)	(457.5)	(734)
(27)	9	Less minority interests share of net gains/(losses)	3	17	(14)	(82.4)	43
<b>7,678</b>	<b>5,358</b>	<b>Total gains/(losses)</b>	<b>2,179</b>	<b>2,017</b>	<b>162</b>	<b>8.0</b>	<b>3,161</b>
		<b>Other Non-cash Items in Operating Balance</b>					
(5,175)	(1,948)	Depreciation and amortisation	(2,023)	(2,035)	12	0.6	(5,285)
(753)	(165)	Cost of concessionary lending	(156)	(178)	22	12.4	(1,141)
50	-	Impairment of financial assets (excluding receivables)	(2)	(6)	4	66.7	(114)
472	225	Decrease/(increase) in defined benefit retirement plan liabilities	229	239	(10)	(4.2)	589
(1,047)	570	Decrease/(increase) in insurance liabilities	1,350	1,353	(3)	(0.2)	(124)
258	(100)	Other	(115)	(107)	(8)	(7.5)	(203)
<b>(6,195)</b>	<b>(1,418)</b>	<b>Total other non-cash items</b>	<b>(717)</b>	<b>(734)</b>	<b>17</b>	<b>2.3</b>	<b>(6,278)</b>
		<b>Movements in Working Capital</b>					
1,170	(1,792)	Increase/(decrease) in receivables	(1,239)	(1,339)	100	7.5	1,511
312	142	Increase/(decrease) in accrued interest	190	242	(52)	(21.5)	459
57	(89)	Increase/(decrease) in inventories	(92)	(115)	23	20.0	(109)
151	278	Increase/(decrease) in prepayments	346	204	142	69.6	(60)
(46)	(132)	Decrease/(increase) in deferred revenue	(167)	(24)	(143)	-	106
(377)	1,363	Decrease/(increase) in payables/provisions	1,367	1,419	(52)	(3.7)	(222)
<b>1,267</b>	<b>(230)</b>	<b>Total movements in working capital</b>	<b>405</b>	<b>387</b>	<b>18</b>	<b>4.7</b>	<b>1,685</b>
<b>12,317</b>	<b>4,692</b>	<b>Operating balance (excluding minority interests)</b>	<b>2,391</b>	<b>1,648</b>	<b>743</b>	<b>45.1</b>	<b>5,916</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 November 2017

As at 30 Jun 2017 Actual \$m	As at 30 Nov 2016 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Assets</b>						
18,732	15,781	Cash and cash equivalents	8	19,533	15,267	4,266	27.9	15,512
18,529	14,971	Receivables	8	17,709	16,508	1,201	7.3	18,900
		Marketable securities, deposits and derivatives in gain						
50,506	49,571		8	48,554	49,533	(979)	(2.0)	47,214
30,700	27,103	Share investments	8	35,024	32,968	2,056	6.2	34,512
28,583	27,838	Advances	8	28,582	29,132	(550)	(1.9)	29,411
1,167	1,020	Inventory		1,074	1,052	22	2.1	1,057
3,079	2,848	Other assets		3,369	3,192	177	5.5	2,619
144,550	135,659	Property, plant and equipment	9	146,226	146,317	(91)	(0.1)	149,323
14,210	12,796	Equity accounted investments <sup>1</sup>		14,562	14,568	(6)	-	14,678
3,553	3,247	Intangible assets and goodwill		3,621	3,677	(56)	(1.5)	3,887
-	-	Forecast for new capital spending		-	-	-	-	304
-	-	Top-down capital adjustment		-	(220)	220	100.0	(1,100)
<b>313,609</b>	<b>290,834</b>	<b>Total assets</b>		<b>318,254</b>	<b>311,994</b>	<b>6,260</b>	<b>2.0</b>	<b>316,317</b>
		<b>Liabilities</b>						
5,980	5,956	Issued currency		6,316	6,032	(284)	(4.7)	6,085
14,794	11,797	Payables	11	12,010	11,983	(27)	(0.2)	12,306
2,224	2,310	Deferred revenue		2,391	2,247	(144)	(6.4)	2,118
111,806	112,322	Borrowings		116,502	113,038	(3,464)	(3.1)	110,904
42,786	38,088	Insurance liabilities	12	42,840	41,549	(1,291)	(3.1)	43,364
11,006	12,191	Retirement plan liabilities		10,748	10,738	(10)	(0.1)	10,388
8,541	8,213	Provisions	13	8,567	8,420	(147)	(1.7)	8,704
<b>197,137</b>	<b>190,877</b>	<b>Total liabilities</b>		<b>199,374</b>	<b>194,007</b>	<b>(5,367)</b>	<b>(2.8)</b>	<b>193,869</b>
<b>116,472</b>	<b>99,957</b>	<b>Total assets less total liabilities</b>		<b>118,880</b>	<b>117,987</b>	<b>893</b>	<b>0.8</b>	<b>122,448</b>
		<b>Net Worth</b>						
26,456	18,658	Taxpayers' funds	14	28,870	28,129	741	2.6	32,784
84,164	75,554	Property, plant and equipment revaluation reserve	14	84,130	84,061	69	0.1	83,864
(88)	(116)	Other reserves	14	15	(56)	71	126.8	(80)
<b>110,532</b>	<b>94,096</b>	<b>Total net worth attributable to the Crown</b>		<b>113,015</b>	<b>112,134</b>	<b>881</b>	<b>0.8</b>	<b>116,568</b>
5,940	5,861	Net worth attributable to minority interest	14	5,865	5,853	12	0.2	5,880
<b>116,472</b>	<b>99,957</b>	<b>Total net worth</b>		<b>118,880</b>	<b>117,987</b>	<b>893</b>	<b>0.8</b>	<b>122,448</b>

1. Equity accounted investments include tertiary education institutions and City Rail Link.

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

## STATEMENT OF SEGMENTS

For the five months ended 30 November 2017

	Current Year Actual vs Forecast (Half Year Update 2017)									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual 2017 \$m	HYEFU Forecast 2017 \$m	Actual 2017 \$m	HYEFU Forecast 2017 \$m	Actual 2017 \$m	HYEFU Forecast 2017 \$m	Actual 2017 \$m	HYEFU Forecast 2017 \$m	Actual 2017 \$m	HYEFU Forecast 2017 \$m
<b>Revenue</b>										
Taxation revenue	30,408	29,877	-	-	-	-	(331)	(321)	30,077	29,556
Other sovereign revenue	698	701	2,078	2,079	-	-	(571)	(585)	2,205	2,195
Revenue from core Crown funding	-	-	12,104	12,061	43	46	(12,147)	(12,107)	-	-
Sales of goods and services	658	634	998	874	6,150	6,142	(226)	(229)	7,580	7,421
Interest and dividend revenue	1,168	1,182	579	604	398	394	(633)	(622)	1,512	1,558
Other revenue	255	241	1,276	1,233	435	364	(306)	(257)	1,660	1,581
<b>Total Revenue (excluding gains)</b>	<b>33,187</b>	<b>32,635</b>	<b>17,035</b>	<b>16,851</b>	<b>7,026</b>	<b>6,946</b>	<b>(14,214)</b>	<b>(14,121)</b>	<b>43,034</b>	<b>42,311</b>
<b>Expenses</b>										
Transfer payments and subsidies	10,713	10,768	-	-	-	-	(1)	-	10,712	10,768
Personnel expenses	3,020	3,018	5,599	5,597	1,199	1,189	(16)	(13)	9,802	9,791
Other operating expenses	18,003	18,105	10,947	10,990	4,863	4,801	(13,424)	(13,350)	20,389	20,546
Interest expenses	1,531	1,529	40	29	449	440	(215)	(217)	1,805	1,781
Forecast new operating spending and top down adjustment	-	(314)	-	-	-	-	-	-	-	(314)
<b>Total Expenses (excluding losses)</b>	<b>33,267</b>	<b>33,106</b>	<b>16,586</b>	<b>16,616</b>	<b>6,511</b>	<b>6,430</b>	<b>(13,656)</b>	<b>(13,580)</b>	<b>42,708</b>	<b>42,572</b>
Minority interest share of operating balance before gains/(losses)	-	-	-	-	(214)	(224)	13	28	(201)	(196)
<b>Operating Balance before gains and losses (excluding minority interests)</b>	<b>(80)</b>	<b>(471)</b>	<b>449</b>	<b>235</b>	<b>301</b>	<b>292</b>	<b>(545)</b>	<b>(513)</b>	<b>125</b>	<b>(457)</b>
Gains/(losses) and other items	2,620	1,829	148	259	18	66	(520)	(49)	2,266	2,105
<b>Operating Balance (excluding minority interests)</b>	<b>2,540</b>	<b>1,358</b>	<b>597</b>	<b>494</b>	<b>319</b>	<b>358</b>	<b>(1,065)</b>	<b>(562)</b>	<b>2,391</b>	<b>1,648</b>
<b>Assets</b>										
Financial assets	98,169	92,415	49,276	47,707	24,539	24,767	(22,582)	(21,481)	149,402	143,408
Property, plant and equipment	39,495	39,619	73,559	73,587	33,170	33,110	2	1	146,226	146,317
Investments in associates, CEs and SOEs	44,119	44,130	12,218	12,207	235	249	(42,010)	(42,018)	14,562	14,568
Other assets	3,780	3,632	1,859	1,873	2,638	2,620	(213)	(204)	8,064	7,921
Forecast adjustments	-	(220)	-	-	-	-	-	-	-	(220)
<b>Total Assets</b>	<b>185,563</b>	<b>179,576</b>	<b>136,912</b>	<b>135,374</b>	<b>60,582</b>	<b>60,746</b>	<b>(64,803)</b>	<b>(63,702)</b>	<b>318,254</b>	<b>311,994</b>
<b>Liabilities</b>										
Borrowings	99,276	95,233	4,473	4,392	30,371	30,663	(17,618)	(17,250)	116,502	113,038
Other liabilities	31,906	31,272	51,191	49,848	8,192	8,057	(8,417)	(8,208)	82,872	80,969
<b>Total Liabilities</b>	<b>131,182</b>	<b>126,505</b>	<b>55,664</b>	<b>54,240</b>	<b>38,563</b>	<b>38,720</b>	<b>(26,035)</b>	<b>(25,458)</b>	<b>199,374</b>	<b>194,007</b>
<b>Net Worth</b>	<b>54,381</b>	<b>53,071</b>	<b>81,248</b>	<b>81,134</b>	<b>22,019</b>	<b>22,026</b>	<b>(38,768)</b>	<b>(38,244)</b>	<b>118,880</b>	<b>117,987</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>714</b>	<b>839</b>	<b>1,450</b>	<b>1,533</b>	<b>901</b>	<b>882</b>	<b>-</b>	<b>-</b>	<b>3,065</b>	<b>3,254</b>

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



# STATEMENT OF BORROWINGS

As at 30 November 2017

As at 30 Jun 2017 Actual \$m	As at 30 Nov 2016 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
64,349	64,903	Government bonds <sup>1</sup>	64,056	64,339	283	0.4	61,054
6,471	6,637	Settlement deposits with Reserve Bank	7,593	7,517	(76)	(1.0)	7,517
3,113	3,718	Derivatives in loss	4,709	3,270	(1,439)	(44.0)	3,080
4,071	3,927	Treasury bills	3,709	3,739	30	0.8	4,094
1,412	1,529	Finance lease liabilities	2,398	2,321	(77)	(3.3)	2,425
190	205	Government retail stock	183	185	2	1.1	185
32,200	31,403	Other borrowings	33,854	31,667	(2,187)	(6.9)	32,549
<b>111,806</b>	<b>112,322</b>	<b>Total borrowings</b>	<b>116,502</b>	<b>113,038</b>	<b>(3,464)</b>	<b>(3.1)</b>	<b>110,904</b>
81,395	82,455	Sovereign-guaranteed debt	85,402	81,723	(3,679)	(4.5)	78,622
30,411	29,867	Non sovereign-guaranteed debt	31,100	31,315	215	0.7	32,282
<b>111,806</b>	<b>112,322</b>	<b>Total borrowings</b>	<b>116,502</b>	<b>113,038</b>	<b>(3,464)</b>	<b>(3.1)</b>	<b>110,904</b>
<b>Net Debt:</b>							
94,107	94,256	Core Crown borrowings <sup>2</sup>	99,609	95,235	(4,374)	(4.6)	92,455
(1,487)	(1,235)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,879)	(1,171)	1,708	145.9	(1,112)
<b>92,620</b>	<b>93,021</b>	<b>Gross sovereign-issued debt<sup>3</sup></b>	<b>96,730</b>	<b>94,064</b>	<b>(2,666)</b>	<b>(2.8)</b>	<b>91,343</b>
81,015	75,025	Less core Crown financial assets <sup>4</sup>	84,096	79,399	4,697	5.9	78,808
<b>11,605</b>	<b>17,996</b>	<b>Net core Crown debt</b>	<b>12,634</b>	<b>14,665</b>	<b>2,031</b>	<b>13.8</b>	<b>12,535</b>
12,014	14,120	Add back core Crown advances	12,044	12,042	(2)	-	11,749
<b>23,619</b>	<b>32,116</b>	<b>Net core Crown debt (incl NZS Fund)<sup>5</sup></b>	<b>24,678</b>	<b>26,707</b>	<b>2,029</b>	<b>7.6</b>	<b>24,284</b>
35,861	31,336	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>6</sup>	37,117	35,787	(1,330)	(3.7)	37,830
<b>59,480</b>	<b>63,452</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>7</sup></b>	<b>61,795</b>	<b>62,494</b>	<b>699</b>	<b>1.1</b>	<b>62,114</b>
<b>Gross Debt:</b>							
92,620	93,021	Gross sovereign-issued debt <sup>3</sup>	96,730	94,064	(2,666)	(2.8)	91,343
(7,079)	(7,502)	Less Reserve Bank settlement cash and Reserve Bank bills	(10,253)	(8,419)	1,834	21.8	(8,419)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash <sup>8</sup>	1,600	1,600	-	-	1,600
<b>87,141</b>	<b>87,119</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>88,077</b>	<b>87,245</b>	<b>(832)</b>	<b>(1.0)</b>	<b>84,524</b>

## Notes on borrowings:

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

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

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

## STATEMENT OF COMMITMENTS

As at 30 November 2017

	As at 30 Nov 2017 \$m	As at 30 Jun 2017 \$m	As at 30 Nov 2016 \$m
<b>Capital Commitments</b>			
State highways	6,963	6,130	5,657
Specialist military equipment	455	366	602
Land and buildings	3,120	2,735	2,438
Other property, plant and equipment	2,125	2,108	2,581
Other capital commitments	232	227	243
Tertiary Education Institutions	673	673	533
<b>Total capital commitments</b>	<b>13,568</b>	<b>12,239</b>	<b>12,054</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	3,263	3,398	3,173
Other non-cancellable leases	2,463	2,468	2,337
Tertiary Education Institutions	499	499	730
<b>Total operating commitments</b>	<b>6,225</b>	<b>6,365</b>	<b>6,240</b>
<b>Total commitments</b>	<b>19,793</b>	<b>18,604</b>	<b>18,294</b>
<b>Total Commitments by Segment</b>			
Core Crown	6,020	5,945	6,040
Crown entities	10,083	9,032	8,613
State-owned Enterprises	4,490	4,492	4,818
Inter-segment eliminations	(800)	(865)	(1,177)
<b>Total commitments</b>	<b>19,793</b>	<b>18,604</b>	<b>18,294</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 November 2017

	As at 30 Nov 2017 \$m	As at 30 Jun 2017 \$m	As at 30 Nov 2016 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,287	7,638	7,713
Guarantees and indemnities	234	690	237
Legal proceedings and disputes	324	333	293
Other contingent liabilities	335	327	317
<b>Total quantifiable contingent liabilities</b>	<b>9,180</b>	<b>8,988</b>	<b>8,560</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,006	8,769	8,441
Crown entities	20	16	19
State-owned Enterprises	154	203	100
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent liabilities</b>	<b>9,180</b>	<b>8,988</b>	<b>8,560</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	57	58	51
Crown entities	6	4	1
State owned enterprises	20	40	21
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>83</b>	<b>102</b>	<b>73</b>

A list of unquantifiable contingent liabilities is included on the Treasury's website  
<http://www.treasury.govt.nz/government/financialstatements/yearend/jun17/55.htm>

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies

#### Reporting Entity

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

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- the Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding tertiary education institutions)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989
- Legal entities listed in Schedule 6 of the Public Finance Act 1989
- Other Government entities specified by legislation

A schedule of the entities that are included in the Government reporting entity was set out on pages 99 - 102 of the *2017 Half Year Economic and Fiscal Update (HYEFU 17)* published on 14 December 2017.

The figures presented in these financial statements for 30 June 2017 are audited. All other figures are unaudited.

#### Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards) – Tier 1, including PBE *IAS 34 Interim Financial Reporting*. The Government reporting entity is a public benefit entity. Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

The measurement base applied is historic cost modified by the revaluation of certain assets and liabilities, and prepared on an accrual basis, unless otherwise specified (for example, the Statement of Cash Flows).

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

#### Specific Accounting Policies

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

#### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2018, based on the *2017 Half Year Economic and Fiscal Update (HYEFU 17)* published on 14 December 2017.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies (continued)

#### Comparative Figures

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

#### Variance Percentages

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

#### Judgements and Estimates

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

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

Further detail on the judgements and estimates used can be found on pages 43 - 47 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2017* published on 5 October 2017.

## NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun to 30 Nov		Current Year Actual vs Forecast					
2017	2016						
Actual	Actual		Actual	Forecast	Variance	Annual	
\$m	\$m		\$m	\$m	\$m	Forecast	
						\$m	
					%		
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation Revenue</b>							
<b>Individuals</b>							
28,641	11,508	Source deductions	12,436	12,240	196	1.6	30,085
6,382	2,275	Other persons	2,266	2,286	(20)	(0.9)	6,581
(1,638)	(468)	Refunds	(481)	(480)	(1)	(0.2)	(1,744)
525	200	Fringe benefit tax	223	212	11	5.2	554
<b>33,910</b>	<b>13,515</b>	<b>Total individuals</b>	<b>14,444</b>	<b>14,258</b>	<b>186</b>	<b>1.3</b>	<b>35,476</b>
<b>Corporate Tax</b>							
12,228	3,132	Gross companies tax	3,103	3,090	13	0.4	12,301
(188)	(66)	Refunds	(53)	(54)	1	1.9	(199)
599	260	Non-resident withholding tax	286	245	41	16.7	581
(10)	(10)	Foreign-source dividend w/holding payments	-	-	-	-	-
<b>12,629</b>	<b>3,316</b>	<b>Total corporate tax</b>	<b>3,336</b>	<b>3,281</b>	<b>55</b>	<b>1.7</b>	<b>12,683</b>
<b>Other Direct Income Tax</b>							
1,472	510	Resident w/holding tax on interest income	603	585	18	3.1	1,512
743	299	Resident w/holding tax on dividend income	306	285	21	7.4	740
<b>2,215</b>	<b>809</b>	<b>Total other direct income tax</b>	<b>909</b>	<b>870</b>	<b>39</b>	<b>4.5</b>	<b>2,252</b>
<b>48,754</b>	<b>17,640</b>	<b>Total income tax</b>	<b>18,689</b>	<b>18,409</b>	<b>280</b>	<b>1.5</b>	<b>50,411</b>
<b>Goods and Services Tax</b>							
31,259	12,697	Gross goods and services tax	13,760	13,492	268	2.0	32,879
(11,751)	(4,723)	Refunds	(5,330)	(5,274)	(56)	(1.1)	(12,586)
<b>19,508</b>	<b>7,974</b>	<b>Total goods and services tax</b>	<b>8,430</b>	<b>8,218</b>	<b>212</b>	<b>2.6</b>	<b>20,293</b>
<b>Other Indirect Taxation</b>							
1,469	600	Road user charges	653	636	17	2.7	1,497
1,908	759	Petroleum fuels excise <sup>1</sup>	778	782	(4)	(0.5)	1,950
985	432	Alcohol excise <sup>1</sup>	446	441	5	1.1	1,019
1,677	782	Tobacco excise <sup>1</sup>	767	762	5	0.7	1,635
152	68	Other customs duty	72	68	4	5.9	152
229	96	Gaming duties	99	96	3	3.1	225
223	111	Motor vehicle fees	110	109	1	0.9	221
44	17	Approved issuer levy and cheque duty	23	25	(2)	(8.0)	35
24	11	Energy resources levies	10	10	-	-	30
<b>6,711</b>	<b>2,876</b>	<b>Total other indirect taxation</b>	<b>2,958</b>	<b>2,929</b>	<b>29</b>	<b>1.0</b>	<b>6,764</b>
<b>26,219</b>	<b>10,850</b>	<b>Total indirect taxation</b>	<b>11,388</b>	<b>11,147</b>	<b>241</b>	<b>2.2</b>	<b>27,057</b>
<b>74,973</b>	<b>28,490</b>	<b>Total taxation revenue</b>	<b>30,077</b>	<b>29,556</b>	<b>521</b>	<b>1.8</b>	<b>77,468</b>
<b>Other Sovereign Revenue</b>							
2,882	1,201	ACC levies	1,127	1,119	8	0.7	2,718
392	167	Fire Service levies	231	228	3	1.3	547
283	118	EQC levies	121	121	-	-	315
262	110	Child support and working for families penalties	93	99	(6)	(6.1)	246
105	45	Court fines	42	42	-	-	96
1,157	470	Other miscellaneous items	591	586	5	0.9	1,229
<b>5,081</b>	<b>2,111</b>	<b>Total other sovereign revenue</b>	<b>2,205</b>	<b>2,195</b>	<b>10</b>	<b>0.5</b>	<b>5,151</b>
<b>80,054</b>	<b>30,601</b>	<b>Total sovereign revenue</b>	<b>32,282</b>	<b>31,751</b>	<b>531</b>	<b>1.7</b>	<b>82,619</b>

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

Further information on the monthly tax outturns (revenue and receipts) can be found on the Treasury's website [www.treasury.govt.nz/government/revenue/taxoutturn](http://www.treasury.govt.nz/government/revenue/taxoutturn)

## NOTES TO THE FINANCIAL STATEMENTS

Year 5 months to 30 Jun to 30 Nov		Current Year Actual vs Forecast					
2017	2016	Actual	Forecast	Variance	Annual		
Actual	Actual	\$m	\$m	\$m	%	Forecast	
\$m	\$m					\$m	
<b>NOTE 3: Interest Revenue and Dividends</b>							
<i>By type</i>							
2,727	1,141	Interest revenue	1,173	1,162	11	0.9	2,767
871	331	Dividends	339	396	(57)	(14.4)	1,004
<b>3,598</b>	<b>1,472</b>	<b>Total interest revenue and dividends</b>	<b>1,512</b>	<b>1,558</b>	<b>(46)</b>	<b>(3.0)</b>	<b>3,771</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
13,043	5,394	New Zealand superannuation	5,649	5,648	(1)	-	13,670
1,723	709	Family tax credit	683	696	13	1.9	1,716
1,697	700	Jobseeker support and emergency benefit	693	694	1	0.1	1,680
1,533	641	Supported living payment	644	643	(1)	(0.2)	1,542
1,127	472	Accommodation assistance	466	466	-	-	1,208
1,159	492	Sole parent support	466	463	(3)	(0.6)	1,095
815	264	Income related rent subsidy	363	375	12	3.2	903
743	323	KiwiSaver subsidies	324	325	1	0.3	814
596	245	Other working for families tax credits	226	231	5	2.2	585
520	137	Official development assistance	143	156	13	8.3	647
465	243	Student allowances	231	229	(2)	(0.9)	513
377	158	Disability allowances	158	158	-	-	378
1,466	597	Other social assistance benefits	666	684	18	2.6	1,645
<b>25,264</b>	<b>10,375</b>	<b>Total transfer payments and subsidies</b>	<b>10,712</b>	<b>10,768</b>	<b>56</b>	<b>0.5</b>	<b>26,396</b>
<b>NOTE 5: Finance Costs</b>							
4,130	1,722	Interest on financial liabilities	1,796	1,783	(13)	(0.7)	4,129
32	10	Interest unwind on provisions	9	(2)	(11)	-	14
<b>4,162</b>	<b>1,732</b>	<b>Total finance costs</b>	<b>1,805</b>	<b>1,781</b>	<b>(24)</b>	<b>(1.3)</b>	<b>4,143</b>
<b>NOTE 6: Insurance Expenses</b>							
4,587	1,526	ACC	1,542	1,566	24	1.5	4,727
332	638	EQC	(62)	(50)	12	24.0	(115)
325	54	Southern Response	(20)	(39)	(19)	(48.7)	(63)
174	6	Other insurance expenses	48	38	(10)	(26.3)	42
<b>5,418</b>	<b>2,224</b>	<b>Total insurance expenses</b>	<b>1,508</b>	<b>1,515</b>	<b>7</b>	<b>0.5</b>	<b>4,591</b>
<b>NOTE 7: Net Gains and Losses on Non-Financial Instruments</b>							
<i>By type</i>							
964	26	Actuarial gains/(losses) on GSF liability	29	29	-	-	29
387	3,468	Actuarial gains/(losses) on ACC liability	(1,404)	(116)	(1,288)	-	(454)
(30)	20	Other	(342)	(221)	(121)	(54.8)	(309)
<b>1,321</b>	<b>3,514</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(1,717)</b>	<b>(308)</b>	<b>(1,409)</b>	<b>(457.5)</b>	<b>(734)</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 30 Nov 2016 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Financial Assets and Sovereign Receivables</b>							
18,732	15,781	Cash and cash equivalents	19,533	15,267	4,266	27.9	15,512
10,313	8,604	Tax receivables	10,103	10,365	(262)	(2.5)	11,045
8,216	6,367	Other receivables	7,606	6,143	1,463	23.8	7,855
9,197	8,910	Student loans	9,086	9,097	(11)	(0.1)	9,030
17,795	17,298	Kiwibank mortgages	17,927	18,257	(330)	(1.8)	18,902
4,730	4,628	Long-term deposits	4,864	4,447	417	9.4	4,241
1,837	1,822	IMF financial assets	1,976	1,880	96	5.1	1,880
1,591	1,630	Other advances	1,569	1,778	(209)	(11.8)	1,479
30,700	27,103	Share investments	35,024	32,968	2,056	6.2	34,512
4,381	4,017	Derivatives in gain	3,121	3,387	(266)	(7.9)	3,294
39,558	39,104	Other marketable securities	38,593	39,819	(1,226)	(3.1)	37,799
<b>147,050</b>	<b>135,264</b>	<b>Total financial assets and sovereign receivables</b>	<b>149,402</b>	<b>143,408</b>	<b>5,994</b>	<b>4.2</b>	<b>145,549</b>
<b>Financial Assets by Entity</b>							
22,554	20,396	The Treasury (Debt Management Office)	21,707	20,083	1,624	8.1	15,813
18,985	19,345	Reserve Bank of New Zealand	23,086	20,075	3,011	15.0	19,525
37,345	32,093	NZ Superannuation Fund	39,039	36,485	2,554	7.0	38,847
25,600	24,560	Other core Crown	25,652	27,114	(1,462)	(5.4)	26,927
(9,643)	(9,779)	Intra-segment eliminations	(11,315)	(11,342)	27	0.2	(8,339)
<b>94,841</b>	<b>86,615</b>	<b>Total core Crown segment</b>	<b>98,169</b>	<b>92,415</b>	<b>5,754</b>	<b>6.2</b>	<b>92,773</b>
39,514	37,165	ACC portfolio	40,764	39,557	1,207	3.1	41,116
1,089	1,676	EQC portfolio	768	748	20	2.7	257
10,597	10,432	Other Crown entities	10,418	10,065	353	3.5	9,996
(3,025)	(2,873)	Intra-segment eliminations	(2,674)	(2,663)	(11)	(0.4)	(2,522)
<b>48,175</b>	<b>46,400</b>	<b>Total Crown entities segment</b>	<b>49,276</b>	<b>47,707</b>	<b>1,569</b>	<b>3.3</b>	<b>48,847</b>
<b>24,876</b>	<b>24,215</b>	<b>Total State-owned Enterprises segment</b>	<b>24,539</b>	<b>24,767</b>	<b>(228)</b>	<b>(0.9)</b>	<b>25,644</b>
(20,842)	(21,966)	Inter-segment eliminations	(22,582)	(21,481)	(1,101)	(5.1)	(21,715)
<b>147,050</b>	<b>135,264</b>	<b>Total financial assets and sovereign receivables</b>	<b>149,402</b>	<b>143,408</b>	<b>5,994</b>	<b>4.2</b>	<b>145,549</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 30 Nov 2016 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 9: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>1</sup></b>							
<i>By class of asset:</i>							
49,640	44,918	Land	49,682	49,668	14	-	49,974
34,655	31,802	Buildings	34,865	34,926	(61)	(0.2)	36,184
23,829	22,873	State highways	24,594	24,629	(35)	(0.1)	25,912
15,866	15,563	Electricity generation assets	15,737	15,769	(32)	(0.2)	15,625
4,080	4,050	Electricity distribution network (cost)	4,059	3,948	111	2.8	3,986
3,119	3,096	Specialist military equipment	3,083	3,107	(24)	(0.8)	3,296
3,097	3,029	Specified cultural and heritage assets	3,123	3,127	(4)	(0.1)	3,109
4,112	4,246	Aircraft (excl military)	4,638	4,528	110	2.4	4,539
939	1,049	Rail network	1,111	1,037	74	7.1	1,128
5,213	5,033	Other plant and equipment (cost)	5,334	5,578	(244)	(4.4)	5,570
<b>144,550</b>	<b>135,659</b>	<b>Total net carrying value</b>	<b>146,226</b>	<b>146,317</b>	<b>(91)</b>	<b>(0.1)</b>	<b>149,323</b>
<b>Land breakdown by usage</b>							
17,845	15,652	Housing stock	17,907	17,895	12	0.1	17,960
10,892	9,743	State highway corridor land	10,887	10,889	(2)	-	10,868
5,718	5,681	Conservation estate	5,700	5,710	(10)	(0.2)	5,724
3,520	3,357	Rail network corridor land	3,523	3,522	1	-	3,487
5,683	4,767	Schools	5,678	5,679	(1)	-	5,713
1,237	1,188	Commercial (SOE) excluding rail	1,217	1,218	(1)	(0.1)	1,208
4,745	4,530	Other	4,770	4,755	15	0.3	5,014
<b>49,640</b>	<b>44,918</b>	<b>Total land</b>	<b>49,682</b>	<b>49,668</b>	<b>14</b>	<b>-</b>	<b>49,974</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
149,806	149,806	Opening balance	160,631	160,631	-	-	160,631
7,781	3,617	Additions	3,511	3,628	(117)	(3.2)	10,105
(2,209)	(822)	Disposals	(105)	(148)	43	29.1	(1,628)
5,260	(24)	Net revaluations	(34)	3	(37)	-	14
(7)	(96)	Other	76	119	(43)	(36.1)	(124)
<b>160,631</b>	<b>152,481</b>	<b>Total cost or valuation</b>	<b>164,079</b>	<b>164,233</b>	<b>(154)</b>	<b>(0.1)</b>	<b>168,998</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
15,307	15,307	Opening balance	16,081	16,081	-	-	16,081
(949)	(149)	Eliminated on disposal	103	81	22	27.2	(939)
(2,504)	(15)	Eliminated on revaluation	(2)	-	(2)	-	(4)
4,398	1,659	Depreciation expense and impairment losses	1,715	1,749	(34)	(1.9)	4,568
(171)	20	Other	(44)	5	(49)	-	(31)
<b>16,081</b>	<b>16,822</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>17,853</b>	<b>17,916</b>	<b>(63)</b>	<b>(0.4)</b>	<b>19,675</b>
<b>144,550</b>	<b>135,659</b>	<b>Total property, plant and equipment</b>	<b>146,226</b>	<b>146,317</b>	<b>(91)</b>	<b>(0.1)</b>	<b>149,323</b>

1. Using a revaluation methodology unless otherwise stated.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 30 Nov 2016 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: NZ Superannuation Fund</b>							
833	301	Revenue	350	369	(19)	(5.1)	929
(1,139)	(494)	Less current tax expense	22	(271)	(293)	(108.1)	(707)
(227)	(47)	Less other expenses <sup>1</sup>	(133)	(116)	17	14.7	(225)
5,512	2,012	Add gains/(losses)	2,379	1,701	678	39.9	3,088
<b>4,979</b>	<b>1,772</b>	<b>Operating balance</b>	<b>2,618</b>	<b>1,683</b>	<b>935</b>	<b>55.6</b>	<b>3,085</b>
29,527	29,527	Opening net worth	34,506	34,506	-	-	34,506
-	-	Gross contribution from the Crown	-	-	-	-	500
4,979	1,772	Operating balance	2,618	1,683	935	55.6	3,085
-	9	Other movements in reserves	86	38	48	126.3	50
<b>34,506</b>	<b>31,308</b>	<b>Closing net worth</b>	<b>37,210</b>	<b>36,227</b>	<b>983</b>	<b>2.7</b>	<b>38,141</b>
<b>Comprising:</b>							
37,345	32,093	Financial assets	39,039	36,485	2,554	7.0	38,847
(4,656)	(2,403)	Financial liabilities	(3,620)	(2,059)	(1,561)	(75.8)	(2,525)
1,817	1,618	Net other assets	1,791	1,801	(10)	(0.6)	1,819
<b>34,506</b>	<b>31,308</b>	<b>Closing net worth</b>	<b>37,210</b>	<b>36,227</b>	<b>983</b>	<b>2.7</b>	<b>38,141</b>
1. NZS Fund other expenses include deferred tax expense/(credits).							
<b>NOTE 11: Payables</b>							
10,517	7,825	Accounts payable	8,283	8,156	(127)	(1.6)	7,996
4,277	3,972	Taxes repayable	3,727	3,827	100	2.6	4,310
<b>14,794</b>	<b>11,797</b>	<b>Total payables</b>	<b>12,010</b>	<b>11,983</b>	<b>(27)</b>	<b>(0.2)</b>	<b>12,306</b>
<b>NOTE 12: Insurance Liabilities</b>							
40,288	34,984	ACC liability <sup>2</sup>	40,905	39,657	(1,248)	(3.1)	42,281
1,853	2,717	EQC property damage liability	1,391	1,394	3	0.2	708
668	671	Southern Response	531	494	(37)	(7.5)	290
57	45	Other insurance liabilities	95	85	(10)	(11.8)	85
(80)	(329)	Inter-segment eliminations	(82)	(81)	1	1.2	-
<b>42,786</b>	<b>38,088</b>	<b>Total insurance liabilities</b>	<b>42,840</b>	<b>41,549</b>	<b>(1,291)</b>	<b>(3.1)</b>	<b>43,364</b>
2. The most recent ACC valuation was as at 30 June 2017, updated monthly for changes to discount rates.							

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2017 \$m	As at 30 Nov 2016 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 13: Provisions</b>							
3,582	3,641	Provision for employee entitlements	3,665	3,654	(11)	(0.3)	3,527
2,028	2,119	Provision for ETS Credits <sup>1</sup>	2,275	2,137	(138)	(6.5)	2,366
856	902	Provision for National Provident Fund guarantee	832	837	5	0.6	806
2,075	1,551	Other provisions	1,795	1,792	(3)	(0.2)	2,005
<b>8,541</b>	<b>8,213</b>	<b>Total provisions</b>	<b>8,567</b>	<b>8,420</b>	<b>(147)</b>	<b>(1.7)</b>	<b>8,704</b>
1. Further information on the ETS, can be found on the Ministry for the Environment's climate change website <a href="http://www.climatechange.govt.nz">www.climatechange.govt.nz</a>							
<b>NOTE 14: Changes in Net Worth</b>							
26,456	18,658	Taxpayers' funds	28,870	28,129	741	2.6	32,784
84,164	75,554	Property, plant and equipment revaluation reserve	84,130	84,061	69	0.1	83,864
5,940	5,861	Net worth attributable to minority interests	5,865	5,853	12	0.2	5,880
(88)	(116)	Other reserves	15	(56)	71	126.8	(80)
<b>116,472</b>	<b>99,957</b>	<b>Total net worth</b>	<b>118,880</b>	<b>117,987</b>	<b>893</b>	<b>0.8</b>	<b>122,448</b>
13,932	13,932	Opening taxpayers funds	26,456	26,456	-	-	26,456
12,317	4,692	Operating balance excluding minority interests	2,391	1,648	743	45.1	5,916
207	34	Transfers from/(to) other reserves	23	25	(2)	(8.0)	412
<b>26,456</b>	<b>18,658</b>	<b>Closing taxpayers funds</b>	<b>28,870</b>	<b>28,129</b>	<b>741</b>	<b>2.6</b>	<b>32,784</b>
75,626	75,626	Opening property, plant and equipment revaluation reserve	84,164	84,164	-	-	84,164
8,745	(35)	Net revaluations	(3)	(73)	70	95.9	31
(207)	(37)	Transfers from/(to) other reserves	(31)	(30)	(1)	(3.3)	(331)
<b>84,164</b>	<b>75,554</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>84,130</b>	<b>84,061</b>	<b>69</b>	<b>0.1</b>	<b>83,864</b>
6,155	6,155	Opening net worth attributable to minority interests	5,940	5,940	-	-	5,940
(215)	(294)	Net movements	(75)	(87)	12	13.8	(60)
<b>5,940</b>	<b>5,861</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,865</b>	<b>5,853</b>	<b>12</b>	<b>0.2</b>	<b>5,880</b>
(192)	(192)	Opening other reserves	(88)	(88)	-	-	(88)
104	76	Net movements	103	32	71	221.9	8
<b>(88)</b>	<b>(116)</b>	<b>Closing other reserves</b>	<b>15</b>	<b>(56)</b>	<b>71</b>	<b>126.8</b>	<b>(80)</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2017 \$m	5 months to 30 Nov 2016 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 15: Core Crown Residual Cash</b>							
<b>Core Crown Cash Flows from Operations</b>							
74,729	29,288	Tax receipts	30,987	30,413	574	1.9	77,419
955	376	Other sovereign receipts	409	422	(13)	(3.1)	892
1,770	887	Interest, profits and dividends	723	708	15	2.1	1,447
2,258	747	Sale of goods & services and other receipts	767	736	31	4.2	2,411
(25,293)	(10,901)	Transfer payments and subsidies	(11,268)	(11,287)	19	0.2	(26,294)
(44,581)	(19,540)	Personnel and operating costs	(20,866)	(21,029)	163	0.8	(49,563)
(3,530)	(1,430)	Interest payments	(1,516)	(1,545)	29	1.9	(3,498)
-	-	Forecast for future new operating spending	-	-	-	-	(179)
-	-	Top-down expense adjustment	-	314	(314)	(100.0)	1,365
<b>6,308</b>	<b>(573)</b>	<b>Net core Crown operating cash flows</b>	<b>(764)</b>	<b>(1,268)</b>	<b>504</b>	<b>39.7</b>	<b>4,000</b>
(2,153)	(867)	Net purchase of physical assets	(861)	(943)	82	8.7	(3,748)
111	612	Net increase in advances	193	174	19	10.9	(205)
(1,692)	(619)	Net purchase of investments	(1,471)	(1,243)	(228)	(18.3)	(2,990)
-	-	Contributions to NZS Fund	-	-	-	-	(500)
-	-	Forecast for future new capital spending	-	-	-	-	(304)
-	-	Top-down capital adjustment	-	220	(220)	(100.0)	1,100
<b>(3,734)</b>	<b>(874)</b>	<b>Net Core Crown capital cash flows</b>	<b>(2,139)</b>	<b>(1,792)</b>	<b>(347)</b>	<b>(19.4)</b>	<b>(6,647)</b>
<b>2,574</b>	<b>(1,447)</b>	<b>Residual cash surplus / (deficit)</b>	<b>(2,903)</b>	<b>(3,060)</b>	<b>157</b>	<b>5.1</b>	<b>(2,647)</b>
<i>The residual cash surplus / (deficit) is funded as follows:</i>							
<b>Debt Programme Cash Flows</b>							
Market:							
7,847	3,892	Issue of government bonds	2,156	2,182	(26)	(1.2)	6,992
(6,080)	(2,849)	Repayment of government bonds	-	-	-	-	(9,166)
160	100	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(300)	(300)	-	-	(100)
1,927	1,143	Total market debt cash flows	1,856	1,882	(26)	(1.4)	(2,274)
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(830)	(595)	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
(830)	(595)	Total non-market debt cash flows	-	-	-	-	-
<b>1,097</b>	<b>548</b>	<b>Total debt programme cash flows</b>	<b>1,856</b>	<b>1,882</b>	<b>(26)</b>	<b>(1.4)</b>	<b>(2,274)</b>
<b>Other Borrowing Cash Flows</b>							
(2,352)	(209)	Net (repayment)/issue of other New Zealand dollar borrowing	2,225	3,364	(1,139)	(33.9)	6,801
2,425	(65)	Net (repayment)/issue of foreign currency borrowing	305	(2,355)	2,660	113.0	(5,568)
<b>73</b>	<b>(274)</b>	<b>Total other borrowing cash flows</b>	<b>2,530</b>	<b>1,009</b>	<b>1,521</b>	<b>79.1</b>	<b>1,233</b>
<b>Investing Cash Flows</b>							
(194)	1,915	Other net sale/(purchase) of marketable securities and deposits	(803)	(1,877)	1,074	57.2	1,606
265	241	Issues of circulating currency	336	52	284	-	105
(3,815)	(983)	Decrease/(increase) in cash	(1,016)	1,994	(3,010)	(151.0)	1,977
<b>(3,744)</b>	<b>1,173</b>	<b>Total investing cash flows</b>	<b>(1,483)</b>	<b>169</b>	<b>(1,652)</b>	<b>-</b>	<b>3,688</b>
<b>(2,574)</b>	<b>1,447</b>	<b>Residual cash deficit / (surplus) funding</b>	<b>2,903</b>	<b>3,060</b>	<b>(157)</b>	<b>(5.1)</b>	<b>2,647</b>

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