

Financial Statements of the Government of New Zealand

For the Ten Months Ended
30 April 2012



Prepared by the Treasury
6 June 2012

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New Zealand Government

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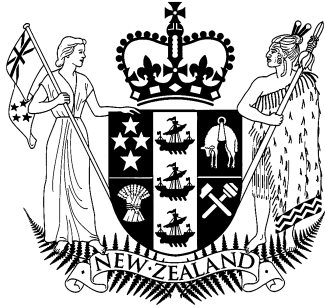
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COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance over the ten months ended 30 April 2012 and its financial position as at that date.

The April results are reported against forecasts based on the *2012 Budget Economic and Fiscal Update (BEFU)*, published on 24 May 2012.

At a Glance

Table 1 – Key indicators for the ten months ended 30 April 2012 compared to *BEFU*

\$ million	Year to date				Full Year
	April	April	Variance to <i>BEFU</i> \$m	Variance to <i>BEFU</i> %	June
	2012	2012			2012
	Actual ¹	Forecast ¹			Forecast ²
Core Crown					
Core Crown tax revenue	45,092	44,320	772	1.7	54,741
Core Crown revenue	49,320	48,566	754	1.6	60,031
Core Crown expenses	56,132	56,455	323	0.6	69,633
Core Crown residual cash	(12,124)	(12,710)	586	4.6	(12,119)
Gross debt ³	78,054	77,274	(780)	(1.0)	80,142
<i>as a percentage of GDP</i>	38.8%	38.4%			38.5%
Net debt ⁴	52,031	52,626	595	1.1	51,921
<i>as a percentage of GDP</i>	25.9%	26.2%			25.0%
Total Crown					
Operating balance before gains and losses	(5,942)	(7,358)	1,416	19.2	(8,441)
Operating balance	(8,999)	(10,532)	1,533	14.6	(10,642)
Net worth	71,942	70,408	1,534	2.2	70,303

1 Using GDP for the year ended 31 December 2011 of \$201,086 million (Source: Statistics New Zealand)

2 Using forecast GDP for the year ended 30 June 2012 of \$207,987 million (Source: Treasury)

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

4 Net core Crown debt excluding student loans and other advances

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

Results for the ten months ended 30 April 2012

In the ten month period to 30 April, **core Crown tax revenue** of \$45.1 billion was \$772 million or 1.7% higher than forecast:

- Corporate tax was \$452 million (7.0%) above forecast with 2011 terminal tax assessments and Portfolio Investment Entity (PIE) tax each approximately \$200m above forecast. There was stronger volume growth in PIE tax than forecast, particularly for KiwiSaver funds and strong investment returns in the March 2012 quarter.
- Goods and Services Tax (GST) was \$313 million (2.7%) above forecast, mainly as a result of smaller-than-expected GST refunds.

For the same period, **core Crown expenditure** of \$56.1 billion was \$323 million or 0.6% lower than forecast.

The **operating balance before gains and losses (OBEGAL)** deficit for the ten months to 30 April was \$1.4 billion (19.2%) lower than forecast at \$5.9 billion, largely as a result of the higher-than-expected tax and lower-than-expected core Crown expenses. In addition, better than expected results across State-owned enterprises and Crown entities contributed approximately \$300 million to the lower-than-expected deficit.

At 30 April, net debt stood at \$52.0 billion (25.9% of GDP) and gross debt stood at \$78.1 billion (38.8% of GDP).

Further analysis of the April results follows.

ANALYSIS

Table 2 – Key indicator variances for the ten months ended 30 April 2012 compared to *BEFU*

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$754 million (higher than forecast)	<p>Core Crown tax revenue was \$772m or 1.7% higher than forecast. The main components of this difference were:</p> <ul style="list-style-type: none"> • Corporate tax revenue was \$452m (7.0%) above forecast. Within this, net terminal tax assessments and Portfolio Investment Entity (PIE) tax were each approximately \$200m above forecast. Both of these elements of the variance are expected to persist to the end of the 2011/12 fiscal year with the high level of PIE tax having positive implications for tax revenue in 2012/13 and beyond, given growth in funds in PIEs. • GST revenue was \$313m (2.7%) above forecast. This variance was mainly a result of GST refunds being smaller than expected. The forecasts for 2011/12 were based on the previous year's seasonal pattern. This now appears to have included significant refunds at the same time last year which may have been earthquake related and therefore not repeated this year.
Core Crown expenses	\$323 million (lower than forecast)	<p>Core Crown expenses were within 1% of forecast at \$56,132m. Of the \$323m variance, \$239m (or 74%) can be explained by four departments, with the remainder due to individually small variances across a number of departments. The four main variances were:</p> <ul style="list-style-type: none"> • The cost of units allocated under the Emissions Trading Scheme was \$89m lower than expected. This is primarily due to fewer units being allocated in the Post 89 forestry sector than forecast due to fewer registrations in to the scheme to date than anticipated. It is currently expected that these unit allocations will occur by year end. • The Ministry of Education's expenses were \$58m lower than forecast due to the timing of payments for demand-driven programmes across both primary and secondary education sectors. These are largely expected to reverse before the end of the year. • Canterbury Earthquake Recovery Authority's expenses were \$52m lower than forecast due to delays in demolition work and fewer costs incurred associated with acquisition of red-zone properties in April than expected. These differences are not expected to have any impact on the year-end forecast. • New Zealand Defence Force expenditure was \$40m less than expected. Of this the majority was due to a lower-than-forecast spend on contractors with the remainder across various outputs and services.

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

Item/indicator	Variance	Key drivers
Core Crown residual cash deficit	\$586 million (lower than forecast)	<p data-bbox="692 197 1374 264">At \$12,124m, the core Crown residual cash deficit was \$586m smaller than forecast. The difference was due to:</p> <ul data-bbox="692 300 1453 656" style="list-style-type: none"> <li data-bbox="692 300 1453 456">• Higher-than-forecast tax receipts contributed \$324m to the lower-than-expected cash deficit. Of this, \$205m related to GST receipts consistent with the higher-than-forecast GST revenues with the remainder related to higher- than-forecast receipts from the NZS Fund. <li data-bbox="692 495 1453 656">• Both capital and operating payments were slightly below forecast (\$163m and \$149m respectively). While core Crown operating expenses were \$323m below forecast, not all operating expense items have a cash impact, for example the ETS variance mentioned in the core Crown expenses section above.
Gross debt	-\$780 million (higher than forecast)	<p data-bbox="692 694 1453 792">Gross debt at \$78,054m was 1.0% higher than forecast. There were a number of contributors to the variance both higher and lower than forecast. The largest contributors were:</p> <ul data-bbox="692 828 1453 1120" style="list-style-type: none"> <li data-bbox="692 828 1453 958">• NZ Debt Management Office (NZDMO) issued a \$480m Treasury Bill to Southern Response Earthquake Services Ltd in April that was not forecast. (Southern Response is a new Crown company established during April following the sale of AMI). <li data-bbox="692 994 1453 1120">• Reserve Bank bond lending (borrowing) was at \$589m which was not forecast. Higher levels of US Government collateral were available for lending partially due to slightly improved yields and lower levels of USD cash held by Reserve Bank. <p data-bbox="692 1155 1453 1245">These differences outlined above were net debt neutral because they were offset by corresponding differences in holdings of financial assets.</p>
Net debt	\$595 million (lower than forecast)	<p data-bbox="692 1279 1366 1346">Net debt was 1.1% lower than expected at \$52,031m, largely reflecting the year-to-date residual cash position.</p>

Item/indicator	Variance	Key drivers
Total Crown		
Operating balance before gains and losses deficit	\$1,416 million (lower than forecast)	<p>The OBEGAL deficit at \$5,942m was \$1,416m lower than forecast.</p> <p>The key drivers of the OBEGAL difference were the impact of higher-than-expected tax revenue (\$772m) and lower-than-expected core Crown expenditure (\$323m) as discussed above.</p>
Operating balance deficit	\$1,533 million (lower than forecast)	<p>In addition to the \$1,416m OBEGAL difference detailed above, gains and losses contributed around \$100m to the operating deficit variance.</p> <p>This included a \$726m positive variance from forecast on net gains on financial instruments:</p> <ul style="list-style-type: none"> • NZS Fund recorded net gains on its investment portfolio that were \$645m higher than forecast (net gains of \$280m were recorded, exceeding forecast net losses of \$365m). • ACC recorded a \$109m positive variance on net gains and losses on financial instruments forecast for the period. <p>Almost offsetting these variances was a \$628m variance on net losses on non-financial instruments:</p> <ul style="list-style-type: none"> • This was mainly due to year-to-date actuarial losses on ACC's liability for outstanding claims which were \$595m higher than forecast. The losses were largely due to a decrease in the discount rate used to calculate the present value of expected claims payments.
Net worth	\$1,534 million (higher than forecast)	Net worth was higher than forecast, reflecting the lower-than-forecast operating balance deficit, as detailed above.

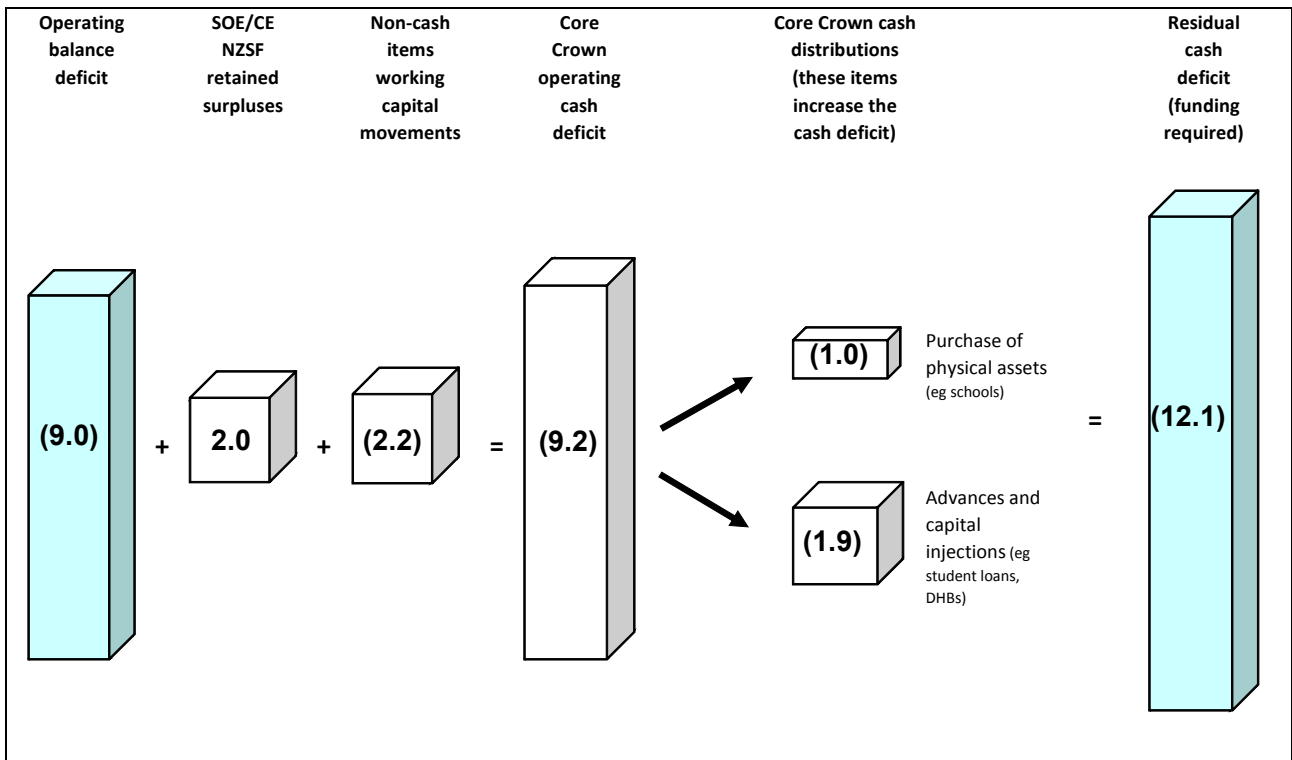
Table 3 – Fiscal Strategy and financial results

Fiscal Strategy		Financial Results		Ref	30 Apr 2012 Actual \$m	30 Apr 2012 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective		Taxation as a % of GDP		1	26.9%	26.4%			26.3%
		Core Crown taxation revenue ...			45,092	44,320	772	1.7	54,741
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP		... combined with other core Crown revenue ...			4,228	4,246	(18)	(0.4)	5,290
		... fund core Crown expenses...			(56,132)	(56,455)	323	0.6	(69,633)
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective		... and with SOE and Crown entity results and core Crown gains and losses...			(2,187)	(2,643)	456	17.3	(1,040)
		... result in an operating surplus or deficit...			(8,999)	(10,532)	1,533	14.6	(10,642)
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		...with income in SOEs, CEs and the NZS Fund retained...			2,045	2,401	(356)	(14.8)	793
		... and some items do not impact cash ...			(2,221)	(1,467)	(754)	(51.4)	1,613
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		... leaving operating cash flows to ...			(9,175)	(9,598)	423	4.4	(8,236)
		... meet the capital expenditure budget ...			(1,041)	(1,067)	26	2.4	(1,469)
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		... and make advances (e.g. to students and DHBs)			(1,908)	(2,045)	137	6.7	(2,414)
		With the residual cash ...			(12,124)	(12,710)	586	4.6	(12,119)
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		... when combined with opening net debt ...			40,128	40,128	-	-	40,128
		... and fair value movements and other changes in financial assets and financial liabilities ...			(221)	(212)	9	4.2	(326)
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020		... results in a closing net debt ...			52,031	52,626	595	1.1	51,921
		... and as a % of GDP			25.9%	26.2%			25.0%

¹ GDP for the ten months ended 30 April 2012 (actual and forecast) is the actual data for the year ended 31 December 2011 (Source: Statistics New Zealand) pro-rated for ten months.

Figure 1 – Application of core Crown cash flows (\$billions)

This diagram shows how the Operating Balance translates into cash available to the core Crown and how this cash was spent.



YEAR - ON - YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	April 2012 Actual \$m	April 2011 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	45,092	42,328	2,764	6.5
Other revenue	4,228	4,120	108	2.6
Total Core Crown Revenue	49,320	46,448	2,872	6.2
Core Crown expenses				
Social security and welfare	18,239	17,913	326	1.8
GSF pension expenses	158	240	(82)	(34.2)
Health	11,784	11,402	382	3.4
Education	9,735	9,596	139	1.4
Core government services	3,335	3,560	(225)	(6.3)
Law and order	2,793	2,801	(8)	(0.3)
Defence	1,424	1,488	(64)	(4.3)
Transport and communications	1,791	1,866	(75)	(4.0)
Economic and industrial services	1,674	2,144	(470)	(21.9)
Primary services	507	536	(29)	(5.4)
Heritage, culture and recreation	1,386	1,681	(295)	(17.5)
Housing and community development	33	278	(245)	(88.1)
Other	328	314	14	4.5
Finance costs	2,945	2,468	477	19.3
Total Core Crown Expenses	56,132	56,287	(155)	(0.3)
Net surplus of SOE/CE's (and inter-segment eliminations)	870	(1,081)	1,951	180.5
OBEGAL	(5,942)	(10,920)	4,978	45.6
Total gains/(losses)	(3,262)	6,402	(9,664)	(151.0)
Other operating items	205	193	12	6.2
Operating Balance	(8,999)	(4,325)	(4,674)	(108.1)
Core Crown residual cash	(12,124)	(14,692)	2,568	17.5
Debt indicators				
Gross debt²	78,054	71,584	6,470	9.0
Net debt³	52,031	41,547	10,484	25.2

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

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

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

Revenue and Expenses

Core Crown taxation revenue for the ten months ended 30 April 2012 increased by \$2.8 billion (6.5%) on the same period last year. Corporate tax and GST were the largest contributors, up \$1,093 million (18.7%) and \$1,035 million (9.6%) respectively, as profitability continues to recover following the 2008/09 recession and the increase in the rate of GST in October 2010 continues to flow into tax outturns. Other individuals' tax also contributed, up \$528 million (24.1%) due to increased profitability.

Total **core Crown expenses** decreased by \$155 million (0.3%) on the same period last year. The significant movements in core Crown functional expenses were as follows:

Functional expense	Movement from previous year	Main drivers of the change
Finance costs	+ \$477 million	<ul style="list-style-type: none"> A result of increased debt levels.
Health	+ \$382 million	<ul style="list-style-type: none"> Funding provided in the 2011 Budget to maintain and improve existing service levels.
Social security and welfare	+ \$326 million	<ul style="list-style-type: none"> Indexation of welfare benefits and higher beneficiary recipient numbers.
Economic and industrial services	- \$470 million	<ul style="list-style-type: none"> A reduction in KiwiSaver Member Tax Credits in the 2011 Budget.
Heritage, culture and recreation	- \$295 million	<ul style="list-style-type: none"> Reductions in the carbon price over the last 12 months have reduced the cost of units allocated under the ETS.
Housing and community development	- \$245 million	<ul style="list-style-type: none"> Downwards revision of the financial assistance package (weathertight homes) provision.
Core government services	- \$225 million	<ul style="list-style-type: none"> No additional payments under deposit guarantee scheme and fewer AMI insurance package expenses.
Other functional classes	- \$105 million	
Total	- \$155 million	

The **surplus of SOE/CE's** was \$870 million for the first ten months of this year, compared to a \$1,081 million deficit in the first ten months of the 2010/11 financial year. The change from last year is largely due to the impact of the Canterbury earthquakes on the EQC result in the 2010/11 financial year.

Total losses were \$3,262 million in the ten months to April 2012 due to weak global equity markets and increases in the valuation of the Crown's long-term liabilities (e.g. ACC and GSF). In contrast, strong global equity markets in the first ten months of the 2010/11 financial year resulted in total gains of \$6,402 million to 30 April 2011.

Debt

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



FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

1 Reporting Entity

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

- Ministers of the Crown
- Offices of Parliament
- New Zealand Superannuation Fund
- State-Owned Enterprises (SOEs)
- Departments
- Reserve Bank of New Zealand
- Crown Entities
- Air New Zealand Limited

A schedule of the entities that are included in the Government reporting entity was set out on pages 89 and 90 of the *BEFU* released on 24 May 2012.

With the exception of the 30 June 2011 comparative figures, all actual, forecast and comparative figures presented in these financial statements are unaudited.

2 General Accounting Policies

These financial statements comply with generally accepted accounting practice and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities. The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and equity investments held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis. All other policies have been applied consistently throughout the period.

3 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>

4 Forecasts

The forecasts in these financial statements have been derived from the forecasts released in the *BEFU*, on 24 May 2012.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site:

<http://www.treasury.govt.nz/budget/forecasts/befu2012>

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

5 Comparative Figures

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

6 Variance Percentages

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

7 Judgements and Estimates

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

A second area of uncertainty relates to the immature nature of the claims experience available to assist in estimating the claims and provisions arising from the Canterbury earthquakes. Actuarial valuations of these liabilities using the best available information have been used, however it is common in such cases for adjustments to be required as the claims experience develops.

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

STATEMENT OF FINANCIAL PERFORMANCE

for the ten months ended 30 April 2012

Year to 30 Jun 2011	10 months to 30 Apr 2011		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
51,128	41,896	Taxation revenue	1	44,750	43,945	805	1.8	54,331
5,281	4,322	Other sovereign revenue	1	4,208	4,195	13	0.3	5,112
56,409	46,218	Total Revenue Levied through the Crown's Sovereign Power		48,958	48,140	818	1.7	59,443
15,084	12,616	Sales of goods and services		13,536	13,399	137	1.0	16,380
2,570	2,099	Interest revenue and dividends	2	2,329	2,312	17	0.7	2,824
7,500	5,734	Other revenue		3,302	3,317	(15)	(0.5)	3,928
25,154	20,449	Total revenue earned through the Crown's operations		19,167	19,028	139	0.7	23,132
81,563	66,667	Total revenue (excluding gains)		68,125	67,168	957	1.4	82,575
		Expenses						
22,172	18,209	Social assistance and official development assistance	3	18,419	18,478	59	0.3	22,534
19,088	15,653	Personnel expenses	4	16,023	16,064	41	0.3	19,315
4,682	3,958	Depreciation and amortisation	5	3,695	3,706	11	0.3	4,520
35,829	28,189	Other operating expenses	5	28,697	29,039	342	1.2	36,386
3,596	2,867	Interest expenses	6	3,411	3,436	25	0.7	4,173
14,592	8,711	Insurance expenses	7	3,822	3,903	81	2.1	4,451
-	-	Forecast new operating spending	5	-	-	-	-	87
-	-	Top-down expense adjustment	5	-	(100)	(100)	(100.0)	(450)
99,959	77,587	Total expenses (excluding losses)		74,067	74,526	459	0.6	91,016
(18,396)	(10,920)	Operating balance before gains/(losses)		(5,942)	(7,358)	1,416	19.2	(8,441)
4,619	5,163	Net gains/(losses) on financial instruments	8	767	41	726	-	917
79	1,239	Net gains/(losses) on non-financial instruments	9	(4,029)	(3,401)	(628)	(18.5)	(3,371)
4,698	6,402	Total gains/(losses)		(3,262)	(3,360)	98	2.9	(2,454)
237	195	Net surplus/(deficit) from associates and joint ventures		206	187	19	10.2	253
(13,461)	(4,323)	Operating balance from continuing activities		(8,998)	(10,531)	1,533	14.6	(10,642)
-	(2)	Gain/(loss) from discontinued operations		(1)	(1)	-	-	-
(13,461)	(4,325)	Operating balance (including minority interest)		(8,999)	(10,532)	1,533	14.6	(10,642)
101	-	Attributable to minority interest in Air New Zealand		-	-	-	-	-
(13,360)	(4,325)	Operating balance	10	(8,999)	(10,532)	1,533	14.6	(10,642)

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

STATEMENT OF COMPREHENSIVE INCOME

for the ten months ended 30 April 2012

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast \$m	
(13,461)	(4,325)	Operating Balance (including minority interest)	(8,999)	(10,532)	1,533	14.6	(10,642)
		Other comprehensive income					
(443)	(126)	Revaluation of physical assets	(92)	(60)	(32)	(53.3)	(47)
(252)	(165)	Effective portion of changes in value of cash flow hedges	62	81	(19)	(23.5)	56
17	(16)	Net change in fair value of cash flow hedges transferred to operating balance	1	1	-	-	-
95	10	Net change in fair value of cash flow hedges transferred to the hedged item	(23)	(22)	(1)	(4.5)	(22)
(37)	(3)	Foreign currency translation differences for foreign operations	95	6	89	-	58
(1)	(2)	Valuation gains/(losses) on investments available for sale taken to reserves	11	9	2	22.2	11
1	-	Other movements	-	38	(38)	(100.0)	2
(620)	(302)	Total other comprehensive income	54	53	1	1.9	58
(14,081)	(4,627)	Total comprehensive income	(8,945)	(10,479)	1,534	14.6	(10,584)
		Attributable to:					
(74)	-	- minority interest in Air New Zealand	-	-	-	-	-
(14,007)	(4,627)	- the Crown	(8,945)	(10,479)	1,534	14.6	(10,584)
(14,081)	(4,627)	Total comprehensive income	(8,945)	(10,479)	1,534	14.6	(10,584)

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the ten months ended 30 April 2012

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
25,324	20,611	Social security and welfare	21,140	21,254	114	0.5	25,772
311	245	GSF pension expenses	176	175	(1)	(0.6)	200
13,068	10,844	Health	11,283	11,223	(60)	(0.5)	13,471
12,406	10,499	Education	10,624	10,605	(19)	(0.2)	12,690
5,515	3,504	Core government services	3,395	3,422	27	0.8	4,791
3,567	2,967	Law and order	2,950	2,986	36	1.2	3,679
1,778	1,465	Defence	1,386	1,432	46	3.2	1,776
8,402	6,888	Transport and communications	7,006	7,109	103	1.4	8,829
18,818	12,314	Economic and industrial services	7,794	7,965	171	2.1	9,560
1,603	1,329	Primary services	1,318	1,397	79	5.7	1,650
3,437	2,863	Heritage, culture and recreation	2,589	2,619	30	1.1	3,421
1,655	877	Housing and community development	667	670	3	0.4	878
479	314	Other	328	333	5	1.5	489
3,596	2,867	Finance costs	3,411	3,436	25	0.7	4,173
-	-	Forecast new operating spending	-	-	-	-	87
-	-	Top-down expense adjustment	-	(100)	(100)	(100.0)	(450)
99,959	77,587	Total Crown expenses excluding losses	74,067	74,526	459	0.6	91,016

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 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
22,005	17,913	Social security and welfare	18,239	18,273	34	0.2	22,236
305	240	GSF pension expenses	158	167	9	5.4	190
13,753	11,402	Health	11,784	11,798	14	0.1	14,130
11,650	9,596	Education	9,735	9,795	60	0.6	11,883
5,563	3,560	Core government services	3,335	3,452	117	3.4	4,943
3,382	2,801	Law and order	2,793	2,825	32	1.1	3,494
1,809	1,488	Defence	1,424	1,467	43	2.9	1,818
2,281	1,866	Transport and communications	1,791	1,790	(1)	(0.1)	2,366
2,609	2,144	Economic and industrial services	1,674	1,684	10	0.6	2,099
706	536	Primary services	507	519	12	2.3	677
1,966	1,681	Heritage, culture and recreation	1,386	1,457	71	4.9	2,015
876	278	Housing and community development	33	36	3	8.3	103
479	314	Other	328	333	5	1.5	489
3,066	2,468	Finance costs	2,945	2,959	14	0.5	3,553
-	-	Forecast new operating spending	-	-	-	-	87
-	-	Top-down expense adjustment	-	(100)	(100)	(100.0)	(450)
70,450	56,287	Core Crown expenses excluding losses	56,132	56,455	323	0.6	69,633

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

STATEMENT OF CASH FLOWS

for the ten months ended 30 April 2012

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Cash Flows From Operations					
		Cash was provided from					
50,418	39,482	Taxation receipts	41,490	41,247	243	0.6	53,178
4,693	3,967	Other sovereign receipts	4,123	4,119	4	0.1	4,889
14,899	12,453	Sales of goods and services	13,817	13,655	162	1.2	16,284
2,682	2,212	Interest and dividends	2,198	2,249	(51)	(2.3)	2,808
2,990	2,262	Other operating receipts	3,697	3,856	(159)	(4.1)	4,738
75,682	60,376	Total cash provided from operations	65,325	65,126	199	0.3	81,897
		Cash was disbursed to					
		Social assistance and official development assistance					
22,172	18,492		19,090	19,126	36	0.2	23,049
55,152	46,811	Personnel and operating payments	49,900	50,351	451	0.9	60,303
3,107	2,290	Interest payments	3,281	3,275	(6)	(0.2)	4,045
-	-	Forecast new operating spending	-	-	-	-	87
-	-	Top-down expense adjustment	-	(100)	(100)	(100.0)	(450)
80,431	67,593	Total cash disbursed to operations	72,271	72,652	381	0.5	87,034
(4,749)	(7,217)	Net cash flows from operations	(6,946)	(7,526)	580	7.7	(5,137)
		Cash Flows From Investing Activities					
		Cash was provided from/(disbursed to)					
(5,996)	(5,444)	Net purchase of physical assets	(4,659)	(4,793)	134	2.8	(6,474)
(8,405)	(4,416)	Net purchase of shares and other securities	(9,262)	(4,298)	(4,964)	(115.5)	(8,289)
(600)	(369)	Net purchase of intangible assets	(483)	(448)	(35)	(7.8)	(547)
(1,003)	(1,284)	Net (issue)/repayment of advances	(837)	(1,439)	602	41.8	(2,099)
173	56	Net acquisition of investments in associates	245	154	91	59.1	102
-	-	Capital contingency provision	-	-	-	-	(88)
-	-	Top-down capital adjustment	-	50	(50)	(100.0)	250
(15,831)	(11,457)	Net cash flows from investing activities	(14,996)	(10,774)	(4,222)	(39.2)	(17,145)
(20,580)	(18,674)	Net cash flows from operating and investing activities	(21,942)	(18,300)	(3,642)	(19.9)	(22,282)
		Cash Flows From Financing Activities					
		Cash was provided from/(disbursed to)					
234	397	Issues of circulating currency	250	328	(78)	(23.8)	306
21,088	16,241	Net issue/(repayment) of Government stock ¹	18,524	18,393	131	0.7	22,386
1,809	3,442	Net issue/(repayment) of foreign currency borrowing	(7,411)	(7,920)	509	6.4	(8,774)
81	(332)	Net issue/(repayment) of other New Zealand dollar borrowing	12,302	12,498	(196)	(1.6)	13,410
23,212	19,748	Net cash flows from financing activities	23,665	23,299	366	1.6	27,328
2,632	1,074	Net movement in cash	1,723	4,999	(3,276)	(65.5)	5,046
7,774	7,774	Opening Cash Balance	9,801	9,801	-	-	9,801
		Foreign-exchange gains/(losses) on opening cash					
(605)	(398)		73	51	22	43.1	52
9,801	8,450	Closing Cash Balance	11,597	14,851	(3,254)	(21.9)	14,899

1. Net issues of Government stock include movements within government stock holdings of entities such as RBNZ, NZS Fund, ACC and EQC.

Note 18 - Core Crown Residual Cash outlines proceeds and repayments of domestic bonds.

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the ten months ended 30 April 2012

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
(4,749)	(7,217)	Net Cash Flows from Operations	(6,946)	(7,526)	580	7.7	(5,137)
<i>Items included in the operating balance but not in net cash flows from operations.</i>							
Gains/(losses)							
4,619	5,163	Gains/(losses) on other financial instruments	767	41	726	-	917
79	1,239	Gains/(losses) on other non-financial instruments	(4,029)	(3,401)	(628)	(18.5)	(3,371)
4,698	6,402	Total gains/(losses)	(3,262)	(3,360)	98	2.9	(2,454)
Other Non-cash Items in Operating Balance							
(4,682)	(3,958)	Depreciation and amortisation	(3,695)	(3,706)	11	0.3	(4,520)
(807)	(719)	Write-down on initial recognition of loans impairment on financial assets (excluding receivables)	(761)	(772)	11	1.4	(855)
105	53	Decrease/(increase) in defined benefit retirement plan liabilities	66	64	2	3.1	82
358	312	Decrease/(increase) in insurance liabilities	385	330	55	16.7	483
(13,179)	(6,466)	Other	760	621	139	22.4	1,080
238	193		204	189	15	7.9	253
(17,967)	(10,585)	Total other non-cash Items	(3,041)	(3,274)	233	7.1	(3,477)
Movements in Working Capital							
6,605	6,363	Increase/(decrease) in receivables	2,300	2,015	285	14.1	(312)
(599)	(691)	Increase/(decrease) in accrued interest	2	(98)	100	102.0	(111)
149	115	Increase/(decrease) in inventories	5	7	(2)	(28.6)	(7)
39	303	Increase/(decrease) in prepayments	266	217	49	22.6	25
(46)	(39)	Decrease/(increase) in deferred revenue	24	72	(48)	(66.7)	244
(1,490)	1,024	Decrease/(increase) in payables/provisions	1,653	1,415	238	16.8	587
4,658	7,075	Total movements in working capital	4,250	3,628	622	17.1	426
(13,360)	(4,325)	Operating Balance	(8,999)	(10,532)	1,533	14.6	(10,642)

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

STATEMENT OF CHANGES IN NET WORTH

for the ten months ended 30 April 2012

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
94,988	94,988	Opening net worth	80,887	80,887	-	-	80,887
(13,461)	(4,325)	Operating balance (including minority interest)	(8,999)	(10,532)	1,533	14.6	(10,642)
(443)	(126)	Net revaluations	(92)	(60)	(32)	(53.3)	(47)
(279)	(167)	Transfers to/(from) reserves	73	90	(17)	(18.9)	58
17	(16)	(Gains)/losses transferred to the statement of financial performance	1	1	-	-	-
85	7	Other movements	72	22	50	227.3	47
(14,081)	(4,627)	Total comprehensive income	(8,945)	(10,479)	1,534	14.6	(10,584)
(20)	-	Transactions with minority interest in Air New Zealand	-	-	-	-	-
80,887	90,361	Closing net worth	71,942	70,408	1,534	2.2	70,303

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

STATEMENT OF FINANCIAL POSITION

as at 30 April 2012

As at 30 Jun 2011 Actual \$m	As at 30 Apr 2011 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
9,801	8,450	Cash and cash equivalents	11	11,597	14,851	(3,254)	(21.9)	14,899
21,690	21,927	Receivables	11	24,139	22,786	1,353	5.9	20,566
		Marketable securities, deposits and						
49,056	47,747	derivatives in gain	11	44,684	40,291	4,393	10.9	43,821
14,248	14,902	Share investments	11	14,402	14,438	(36)	(0.2)	14,470
20,567	19,876	Advances	11	21,545	21,562	(17)	(0.1)	22,091
1,308	1,275	Inventory		1,314	1,315	(1)	(0.1)	1,301
1,996	1,979	Other assets		2,350	2,236	114	5.1	2,003
114,854	115,342	Property, plant & equipment	12	116,472	116,838	(366)	(0.3)	118,008
9,301	9,335	Equity accounted investments ¹		9,596	9,655	(59)	(0.6)	9,756
2,394	2,453	Intangible assets and goodwill ²		2,406	2,458	(52)	(2.1)	2,430
-	-	Forecast for new capital spending		-	-	-	-	88
-	-	Top-down capital adjustment		-	(50)	50	100.0	(250)
245,215	243,286	Total assets		248,505	246,380	2,125	0.9	249,183
Liabilities								
4,254	4,418	Issued currency		4,504	4,583	79	1.7	4,560
11,099	9,593	Payables	14	12,237	12,046	(191)	(1.6)	12,866
1,674	1,667	Deferred revenue		1,650	1,602	(48)	(3.0)	1,430
90,245	88,940	Borrowings		99,061	99,084	23	-	101,466
39,314	32,979	Insurance liabilities	15	40,830	40,374	(456)	(1.1)	39,905
10,156	9,341	Retirement plan liabilities		11,982	12,038	56	0.5	11,886
7,586	5,987	Provisions	16	6,299	6,245	(54)	(0.9)	6,767
164,328	152,925	Total liabilities		176,563	175,972	(591)	(0.3)	178,880
80,887	90,361	Total assets less total liabilities		71,942	70,408	1,534	2.2	70,303
Net Worth								
18,188	26,853	Taxpayer funds	17	9,541	7,848	1,693	21.6	7,573
62,690	63,376	Revaluation reserve	17	62,246	62,476	(230)	(0.4)	62,618
(299)	(270)	Other reserves	17	(153)	(224)	71	31.7	(196)
80,579	89,959	Total net worth attributable to the Crown		71,634	70,100	1,534	2.2	69,995
308	402	Net worth attributable to minority interest in Air New Zealand		308	308	-	-	308
80,887	90,361	Total net worth		71,942	70,408	1,534	2.2	70,303

1. Tertiary education institutions constitute most equity accounted investments.

2. Intangible assets include the Kyoto net asset of \$187 million.

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

STATEMENT OF BORROWINGS

as at 30 April 2012

As at 30 Jun 2011 Actual \$m	As at 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
46,018	44,146	Government stock ¹	50,057	50,265	208	0.4	53,293
7,028	7,892	Treasury bills	8,959	9,027	68	0.8	8,371
261	262	Government retail stock	237	252	15	6.0	251
6,276	6,442	Settlement deposits with Reserve Bank	6,584	6,244	(340)	(5.4)	6,244
2,767	2,717	Derivatives in loss	2,829	2,765	(64)	(2.3)	2,553
1,176	998	Finance lease liabilities	1,092	1,103	11	1.0	1,596
26,719	26,483	Other borrowings	29,303	29,428	125	0.4	29,158
90,245	88,940	Total borrowings	99,061	99,084	23	-	101,466
67,765	67,092	Sovereign-guaranteed debt	73,880	74,098	218	0.3	76,445
22,480	21,848	Non sovereign-guaranteed debt	25,181	24,986	(195)	(0.8)	25,021
90,245	88,940	Total borrowings	99,061	99,084	23	-	101,466
Net Debt:							
76,885	76,216	Core Crown borrowings ²	83,609	82,845	(764)	(0.9)	85,759
405	328	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(449)	(862)	(413)	(47.9)	(873)
77,290	76,544	Gross sovereign-issued debt³	83,160	81,983	(1,177)	(1.4)	84,886
65,400	62,755	Less core Crown financial assets ⁴	61,760	59,729	2,031	3.4	63,974
11,890	13,789	Net core Crown debt	21,400	22,254	854	3.8	20,912
12,079	11,736	Core crown advances	12,856	12,752	(104)	(0.8)	13,147
23,969	25,525	Net core Crown debt (incl NZS Fund)⁵	34,256	35,006	750	2.1	34,059
16,159	16,022	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	17,775	17,620	155	0.9	17,862
40,128	41,547	Net core Crown debt (excl NZS Fund and advances)⁷	52,031	52,626	905	1.7	51,921
Gross Debt:							
77,290	76,544	Gross sovereign-issued debt ³	83,160	81,983	(1,177)	(1.4)	84,886
(6,470)	(6,560)	Less Reserve Bank settlement cash and Reserve Bank bills	(6,706)	(6,309)	397	6.3	(6,344)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
72,420	71,584	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	78,054	77,274	(780)	(1.0)	80,142

Notes on gross and net debt:

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

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

STATEMENT OF COMMITMENTS

as at 30 April 2012

	As at 30 Apr 2012 \$m	As at 30 Jun 2011 \$m	As at 30 Apr 2011 \$m
Capital Commitments			
Specialist military equipment	322	369	395
Land and buildings	616	701	808
Other property, plant and equipment	6,922	7,032	7,025
Other capital commitments	408	408	217
Tertiary Education Institutions	413	413	302
Total capital commitments	8,681	8,923	8,747
Operating Commitments			
Non-cancellable accommodation leases	2,786	2,909	2,880
Other non-cancellable leases	2,966	3,171	3,214
Non-cancellable contracts for the supply of goods and services	5,509	5,520	2,226
Other operating commitments	7,251	7,415	7,256
Tertiary Education Institutions	366	366	304
Total operating commitments	18,878	19,381	15,880
Total commitments	27,559	28,304	24,627
Total Commitments by Segment			
Core Crown	11,463	22,129	11,422
Crown entities	12,674	12,925	10,736
State-owned Enterprises	10,499	10,410	7,916
Inter-segment eliminations	(7,077)	(17,160)	(5,447)
Total commitments	27,559	28,304	24,627

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 30 April 2012

	As at 30 Apr 2012 \$m	As at 30 Jun 2011 \$m	As at 30 Apr 2011 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	461	78	102
Uncalled capital	6,171	5,287	5,549
Legal proceedings and disputes	356	331	407
Other contingent liabilities	976	1,445	1,920
Total quantifiable contingent liabilities	7,964	7,141	7,978
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	7,741	6,884	7,648
Crown entities	89	173	261
State-owned Enterprises	134	84	69
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,964	7,141	7,978
Quantifiable Contingent Assets			
Core Crown	684	702	701
Crown entities	20	2	3
Total quantifiable contingent assets	704	704	704

A list of unquantified contingent liabilities (such as the deposit guarantee scheme and the Canterbury earthquakes) as at 30 June 2011 is included on the Treasury's website <http://www.treasury.govt.nz/government/financialstatements/yearend/jun11/69.htm>

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 1: Revenue Collected Through the Crown's Sovereign Power							
Taxation Revenue (accrual)							
Individuals							
20,857	17,545	Source deductions	17,559	17,484	75	0.4	21,169
3,791	2,968	Other persons	3,531	3,491	40	1.1	4,242
(1,679)	(1,182)	Refunds	(1,209)	(1,188)	(21)	(1.8)	(1,657)
462	404	Fringe benefit tax	396	395	1	0.3	444
23,431	19,735	Total individuals	20,277	20,182	95	0.5	24,198
Corporate Tax							
6,687	5,249	Gross companies tax	6,472	6,005	467	7.8	8,019
(197)	(170)	Refunds	(180)	(230)	50	21.7	(274)
467	396	Non-resident withholding tax	362	385	(23)	(6.0)	451
-	(1)	Foreign-source dividend w/holding payments	4	4	-	-	5
6,957	5,474	Total corporate tax	6,658	6,164	494	8.0	8,201
Other Income Tax							
1,704	1,384	Resident w/holding tax on interest income	1,365	1,365	-	-	1,671
195	153	Resident w/holding tax on dividend income	223	217	6	2.8	288
2	2	Estate and gift duties	-	-	-	-	-
1,901	1,539	Total other income tax	1,588	1,582	6	0.4	1,959
32,289	26,748	Total income tax	28,523	27,928	595	2.1	34,358
Goods and Services Tax							
23,484	18,950	Gross goods and services tax	20,584	20,651	(67)	(0.3)	25,853
(9,776)	(8,144)	Refunds	(8,744)	(9,123)	379	4.2	(11,212)
13,708	10,806	Total goods and services tax	11,840	11,528	312	2.7	14,641
Other Taxation							
1,016	845	Road user charges	872	870	2	0.2	1,038
872	737	Petroleum fuels excise - domestic production	690	739	(49)	(6.6)	885
623	552	Alcohol excise - domestic production	536	536	-	-	665
220	176	Tobacco excise - domestic production	235	247	(12)	(4.9)	254
575	458	Petroleum fuels excise - imports ¹	526	490	36	7.3	602
229	195	Alcohol excise - imports ¹	201	206	(5)	(2.4)	240
924	824	Tobacco excise - imports ¹	780	841	(61)	(7.3)	957
188	162	Other customs duty	149	153	(4)	(2.6)	190
214	171	Gaming duties	182	189	(7)	(3.7)	229
172	142	Motor vehicle fees	145	144	1	0.7	174
36	29	Energy resources levies	28	28	-	-	33
62	51	Approved issuer levy and cheque duty	43	46	(3)	(6.5)	65
5,131	4,342	Total other indirect taxation	4,387	4,489	(102)	(2.3)	5,332
18,839	15,148	Total indirect taxation	16,227	16,017	210	1.3	19,973
51,128	41,896	Total taxation revenue	44,750	43,945	805	1.8	54,331
Other Sovereign Revenue (accrual)							
3,586	3,019	ACC levies	3,103	3,098	5	0.2	3,670
312	251	Fire Service levies	267	264	3	1.1	322
88	74	EQC levies	82	81	1	1.2	98
1,295	978	Other miscellaneous items	756	752	4	0.5	1,022
5,281	4,322	Total other sovereign revenue	4,208	4,195	13	0.3	5,112
56,409	46,218	Total sovereign revenue	48,958	48,140	818	1.7	59,443

1. Customs excise-equivalent duty

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2011	10 months to 30 Apr 2011		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 1 (continued): Receipts Collected Through the Crown's Sovereign Power							
Income Tax Receipts (cash)							
Individuals							
20,699	17,363	Source deductions	17,362	17,303	59	0.3	21,011
4,386	3,260	Other persons	3,502	3,549	(47)	(1.3)	4,890
(2,463)	(2,024)	Refunds	(1,977)	(2,017)	40	2.0	(2,558)
457	352	Fringe benefit tax	341	338	3	0.9	440
23,079	18,951	Total individuals	19,228	19,173	55	0.3	23,783
Corporate Tax							
7,588	5,848	Gross companies tax	6,537	6,543	(6)	(0.1)	8,285
(772)	(606)	Refunds	(547)	(562)	15	2.7	(729)
462	399	Non-resident withholding tax	351	366	(15)	(4.1)	432
(1)	(2)	Foreign-source dividend w/holding payments	5	4	1	25.0	5
7,277	5,639	Total corporate tax	6,346	6,351	(5)	(0.1)	7,993
Other Income Tax							
1,701	1,406	Resident w/holding tax on interest income	1,425	1,392	33	2.4	1,670
196	178	Resident w/holding tax on dividend income	257	236	21	8.9	288
2	2	Estate and gift duties	-	-	-	-	-
1,899	1,586	Total other income tax	1,682	1,628	54	3.3	1,958
32,255	26,176	Total income tax	27,256	27,152	104	0.4	33,734
Goods and Services Tax							
22,162	16,383	Gross goods and services tax	18,417	18,474	(57)	(0.3)	25,024
(9,177)	(7,390)	Refunds	(8,568)	(8,844)	276	3.1	(10,912)
12,985	8,993	Total goods and services tax	9,849	9,630	219	2.3	14,112
Other Taxation							
1,015	843	Road user charges	874	870	4	0.5	1,038
869	728	Petroleum fuels excise - domestic production	709	721	(12)	(1.7)	885
625	531	Alcohol excise - domestic production	552	562	(10)	(1.8)	665
181	160	Tobacco excise - domestic production	224	230	(6)	(2.6)	254
2,005	1,662	Customs duty	1,660	1,676	(16)	(1.0)	1,989
216	174	Gaming duties	183	189	(6)	(3.2)	229
171	134	Motor vehicle fees	115	144	(29)	(20.1)	174
36	29	Energy resources levies	28	28	-	-	33
60	52	Approved issuer levy and cheque duty	40	45	(5)	(11.1)	65
5,178	4,313	Total other indirect taxation	4,385	4,465	(80)	(1.8)	5,332
18,163	13,306	Total indirect taxation	14,234	14,095	139	1.0	19,444
50,418	39,482	Total tax receipts collected	41,490	41,247	243	0.6	53,178
Other Sovereign Receipts (cash)							
3,612	3,091	ACC levies	3,143	3,169	(26)	(0.8)	3,703
312	251	Fire Service levies	267	264	3	1.1	322
88	74	EQC levies	85	67	18	26.9	121
681	551	Other miscellaneous items	628	619	9	1.5	743
4,693	3,967	Total other sovereign receipts	4,123	4,119	4	0.1	4,889
55,111	43,449	Total sovereign receipts	45,613	45,366	247	0.5	58,067

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2011	10 months to 30 Apr 2011		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 2: Interest Revenue and Dividends					
		<i>By type</i>					
2,142	1,785	Interest revenue	1,952	1,941	11	0.6	2,383
428	314	Dividends	377	371	6	1.6	441
2,570	2,099	Total interest revenue and dividends	2,329	2,312	17	0.7	2,824
		<i>By source</i>					
2,169	1,405	Core Crown	1,559	1,594	(35)	(2.2)	1,856
1,234	853	Crown entities	957	899	58	6.5	1,126
801	673	State-owned Enterprises	708	700	8	1.1	838
(1,634)	(832)	Inter-segment eliminations	(895)	(881)	(14)	(1.6)	(996)
2,570	2,099	Total interest revenue and dividends	2,329	2,312	17	0.7	2,824
		NOTE 3: Social Assistance and Official Development Assistance					
8,830	7,283	New Zealand superannuation	7,923	7,924	1	-	9,587
1,757	1,457	Domestic purposes benefit	1,511	1,513	2	0.1	1,818
943	800	Unemployment benefit	754	754	-	-	888
1,306	1,084	Invalids benefit	1,103	1,104	1	0.1	1,326
2,139	1,710	Family tax credit	1,684	1,710	26	1.5	2,111
1,197	999	Accommodation supplement	999	1,002	3	0.3	1,203
743	615	Sickness benefit	645	645	-	-	774
620	485	Student allowances	507	509	2	0.4	649
409	341	Disability allowances	336	336	-	-	403
1,042	844	KiwiSaver	569	575	6	1.0	708
2,691	2,226	Other social assistance benefits	2,013	2,032	19	0.9	2,532
21,677	17,844	Total social assistance	18,044	18,104	60	0.3	21,999
495	365	Official development assistance	375	374	(1)	(0.3)	535
22,172	18,209	Total social assistance and official development assistance	18,419	18,478	59	0.3	22,534
		NOTE 4: Personnel Expenses					
5,996	4,905	Core Crown	4,818	4,835	17	0.4	5,860
10,410	8,562	Crown entities	8,900	8,894	(6)	(0.1)	10,655
2,695	2,194	State-owned Enterprises	2,314	2,343	29	1.2	2,810
(13)	(8)	Inter-segment eliminations	(9)	(8)	1	12.5	(10)
19,088	15,653	Total personnel expenses	16,023	16,064	41	0.3	19,315
		NOTE 5: Operating Expenses					
		<i>By type</i>					
4,682	3,958	Depreciation and amortisation	3,695	3,706	11	0.3	4,520
35,829	28,189	Other operating expenses	28,697	29,039	342	1.2	36,386
-	-	Forecast new operating spending	-	-	-	-	87
-	-	Top-down expense adjustment	-	(100)	(100)	(100.0)	(450)
40,511	32,147	Total operating expenses	32,392	32,645	253	0.8	40,543
		<i>By source</i>					
39,157	30,656	Core Crown	29,935	30,168	233	0.8	37,665
17,905	15,063	Crown entities	14,919	14,868	(51)	(0.3)	17,967
9,567	8,140	State-owned Enterprises	9,151	9,296	145	1.6	11,289
(26,118)	(21,712)	Inter-segment eliminations	(21,613)	(21,687)	(74)	(0.3)	(26,378)
40,511	32,147	Total operating expenses	32,392	32,645	253	0.8	40,543

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2011 Actual \$m	10 months to 30 Apr 2011 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 6: Interest Expenses					
		<i>By type</i>					
3,545	2,809	Interest on financial liabilities	3,374	3,402	28	0.8	4,128
51	58	Interest unwind on provisions	37	34	(3)	(8.8)	45
3,596	2,867	Total interest expenses	3,411	3,436	25	0.7	4,173
		<i>By source</i>					
3,066	2,468	Core Crown	2,945	2,959	14	0.5	3,553
248	200	Crown entities	205	208	3	1.4	244
1,027	844	State-owned Enterprises	911	911	-	-	1,104
(745)	(645)	Inter-segment eliminations	(650)	(642)	8	1.2	(728)
3,596	2,867	Total interest expenses	3,411	3,436	25	0.7	4,173
		NOTE 7: Insurance Expenses					
		<i>By entity</i>					
2,979	2,431	ACC	2,565	2,630	65	2.5	3,138
11,776	6,260	EQC	989	972	(17)	(1.7)	958
(163)	20	Other insurance expenses	268	301	33	11.0	355
14,592	8,711	Total insurance expenses	3,822	3,903	81	2.1	4,451
		NOTE 8: Gains and Losses on Financial Instruments					
		<i>By source</i>					
4,116	4,135	Core Crown	935	181	754	416.6	558
1,058	1,326	Crown entities	808	679	129	19.0	650
(281)	(95)	State-owned Enterprises	(386)	(209)	(177)	(84.7)	(262)
(274)	(203)	Inter-segment eliminations	(590)	(610)	20	3.3	(29)
4,619	5,163	Net gains/(losses) on financial instruments	767	41	726	-	917
		NOTE 9: Gains and Losses on Non-Financial Instruments					
		<i>By type</i>					
(574)	287	Actuarial gains/(losses) on GSF liability	(2,212)	(2,212)	-	-	(2,212)
996	618	Actuarial gains/(losses) on ACC liability	(2,276)	(1,681)	(595)	(35.4)	(1,671)
(343)	334	Other	459	492	(33)	(6.7)	512
79	1,239	Net gains/(losses) on non-financial instruments	(4,029)	(3,401)	(628)	(18.5)	(3,371)
		<i>By source</i>					
(589)	476	Core Crown	(2,131)	(2,124)	(7)	(0.3)	(2,129)
931	600	Crown entities	(2,288)	(1,691)	(597)	(35.3)	(1,691)
(264)	163	State-owned Enterprises	390	414	(24)	(5.8)	448
1	-	Inter-segment eliminations	-	-	-	-	1
79	1,239	Net gains/(losses) on non-financial instruments	(4,029)	(3,401)	(628)	(18.5)	(3,371)
		NOTE 10: Operating Balance					
		<i>By source</i>					
(9,267)	(5,196)	Core Crown	(7,966)	(9,780)	1,814	18.5	(11,098)
(3,143)	791	Crown entities	(200)	103	(303)	(294.2)	347
327	790	State-owned Enterprises	383	348	35	10.1	419
(1,277)	(710)	Inter-segment eliminations	(1,216)	(1,203)	(13)	(1.1)	(310)
(13,360)	(4,325)	Total operating balance	(8,999)	(10,532)	1,533	14.6	(10,642)

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2011 \$m	As at 30 Apr 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Financial Assets and Sovereign Receivables							
9,801	8,450	Cash and cash equivalents	11,597	14,851	(3,254)	(21.9)	14,899
7,104	9,127	Tax receivables	9,656	9,231	425	4.6	7,196
14,586	12,800	Trade and other receivables	14,483	13,555	928	6.8	13,370
7,460	7,310	Student loans	7,995	8,006	(11)	(0.1)	8,238
11,495	11,270	Kiwibank mortgages	12,319	12,418	(99)	(0.8)	12,637
2,259	2,420	Long-term deposits	2,302	1,727	575	33.3	1,888
2,168	2,206	IMF financial assets	2,213	2,212	1	-	2,228
1,612	1,296	Other advances	1,231	1,138	93	8.2	1,216
14,248	14,902	Share investments	14,402	14,438	(36)	(0.2)	14,470
5,415	5,284	Derivatives in gain	4,609	5,235	(626)	(12.0)	4,989
39,214	37,837	Other marketable securities	35,560	31,117	4,443	14.3	34,716
115,362	112,902	Total financial assets and sovereign receivables	116,367	113,928	2,439	2.1	115,847
Financial assets by entity							
29,928	26,796	NZDMO	22,924	21,787	1,137	5.2	25,455
17,909	18,779	Reserve Bank of New Zealand	18,250	17,300	950	5.5	17,352
18,687	18,988	NZ Superannuation Fund	19,033	18,863	170	0.9	19,101
19,116	20,904	Other core Crown	22,875	22,011	864	3.9	19,269
(9,165)	(9,295)	Intra-segment eliminations	(8,552)	(8,074)	(478)	(5.9)	(7,188)
76,475	76,172	Total core Crown segment	74,530	71,887	2,643	3.7	73,989
21,569	21,805	ACC portfolio	26,454	25,816	638	2.5	25,873
9,305	8,688	EQC portfolio	7,404	7,476	(72)	(1.0)	7,024
8,831	6,557	Other Crown entities	8,953	8,796	157	2	8,723
(3,314)	(1,508)	Intra-segment eliminations	(3,508)	(3,471)	(37)	(1.1)	(3,498)
36,391	35,542	Total Crown entities segment	39,303	38,617	686	1.8	38,122
20,241	17,411	Total State-owned enterprises segment	21,137	20,749	388	1.9	20,756
(17,745)	(16,223)	Inter-segment eliminations	(18,603)	(17,325)	(1,278)	(7.4)	(17,020)
115,362	112,902	Total financial assets	116,367	113,928	2,439	2.1	115,847

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2011 \$m	As at 30 Apr 2011 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12: Property, Plant and Equipment						
Net Carrying Value						
By class of asset:						
35,111	35,905	35,032	35,163	(131)	(0.4)	35,341
24,539	24,353	24,435	24,515	(80)	(0.3)	24,980
2,690	2,478	3,140	3,287	(147)	(4.5)	3,412
14,439	13,777	14,745	14,797	(52)	(0.4)	14,900
1,805	2,283	2,183	2,219	(36)	(1.6)	2,066
17,713	17,923	18,239	18,289	(50)	(0.3)	18,391
7,100	7,049	7,257	7,260	(3)	-	7,244
3,331	3,335	3,235	3,315	(80)	(2.4)	3,273
2,456	2,618	2,462	2,467	(5)	(0.2)	2,483
5,670	5,621	5,744	5,526	218	3.9	5,918
114,854	115,342	116,472	116,838	(366)	(0.3)	118,008
By source:						
29,549	30,053	29,251	29,485	(234)	(0.8)	29,686
48,480	36,188	49,119	49,184	(65)	(0.1)	49,798
36,825	49,101	38,102	38,169	(67)	(0.2)	38,524
-	-	-	-	-	-	-
114,854	115,342	116,472	116,838	(366)	(0.3)	118,008
Land breakdown by usage ¹						
8,423	8,521	8,405	8,416	(11)	(0.1)	8,415
7,413	7,741	7,413	7,413	-	-	7,513
5,677	5,903	5,690	5,686	4	0.1	5,685
5,641	5,659	5,641	5,641	-	-	5,641
2,718	2,797	2,707	2,717	(10)	(0.4)	2,721
1,531	1,550	1,541	1,541	-	-	1,553
3,708	3,734	3,635	3,749	(114)	(3.0)	3,813
35,111	35,905	35,032	35,163	(131)	(0.4)	35,341
1. Land relating to state highways, the rail network and conservation which had previously been included within the State highways, Rail network and Specified cultural and heritage assets categories has been reclassified to the Land category.						
Schedule of movements						
Cost or valuation						
123,941	123,941	126,601	126,601	-	-	126,601
6,644	5,598	5,966	6,270	(304)	(4.8)	7,327
(1,283)	(480)	(441)	(231)	(210)	(90.9)	(465)
(2,471)	52	(160)	(97)	(63)	(64.9)	(9)
(230)	(268)	(325)	(427)	102	23.9	444
126,601	128,843	131,641	132,116	(475)	(0.4)	133,898
Accumulated depreciation and impairment						
10,611	10,611	11,747	11,747	-	-	11,747
(832)	(223)	(347)	(127)	(220)	(173.2)	(158)
(1,884)	(62)	(41)	-	(41)	-	(44)
3,727	3,038	3,191	3,198	(7)	(0.2)	3,900
125	137	619	460	159	34.6	445
11,747	13,501	15,169	15,278	(109)	(0.7)	15,890
114,854	115,342	116,472	116,838	(366)	(0.3)	118,008

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2011 \$m	As at 30 Apr 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12 (continued): Property, Plant and Equipment							
Additions - by functional classification							
2,807	2,403	Transport and communications	1,871	1,932	(61)	(3.2)	2,396
1,200	891	Economic and industrial services	1,420	1,513	(93)	(6.1)	1,928
648	732	Education	1,321	1,344	(23)	(1.7)	753
617	492	Health	455	480	(25)	(5.2)	749
258	198	Defence	269	290	(21)	(7.2)	436
1,114	882	Other	630	711	(81)	(11.4)	1,065
6,644	5,598	Total additions	5,966	6,270	(304)	(4.8)	7,327
NOTE 13: NZ Superannuation Fund							
518	397	Revenue	420	420	-	-	516
872	788	Less current tax expense	223	108	(115)	(106.5)	175
169	159	Less other expenses ¹	90	99	9	9.1	132
3,518	3,640	Add gains/(losses)	306	(323)	629	194.7	(100)
2,995	3,090	Operating balance	413	(110)	523	475.5	109
15,656	15,656	Opening net worth	18,652	18,652	-	-	18,652
2,995	3,090	Operating balance	413	(110)	523	475.5	109
1	-	Other movements in reserves	1	13	(12)	(92.3)	16
18,652	18,746	Closing net worth	19,066	18,555	511	2.8	18,777
comprising:							
18,687	18,988	Financial assets	19,033	18,863	170	0.9	19,101
(1,161)	(1,264)	Financial liabilities	(1,108)	(1,505)	397	26.4	(1,560)
1,126	1,022	Net other assets	1,141	1,197	(56)	(4.7)	1,236
18,652	18,746	Closing net worth	19,066	18,555	511	2.8	18,777
Core Crown revenue (excl NZS Fund)							
57,550	46,448	Core Crown revenue	49,320	48,566	754	1.6	60,031
518	397	Less NZS Fund revenue	420	420	-	-	516
872	788	Add back NZS Fund intra-segment revenue	223	108	115	106.5	175
57,904	46,839	Core Crown revenue (excl NZS Fund)	49,123	48,254	869	1.8	59,690
OBEGAL excluding NZS Fund							
(18,396)	(10,920)	Total Crown OBEGAL	(5,942)	(7,358)	1,416	19.2	(8,441)
518	397	Less NZS Fund revenue	420	420	-	-	516
111	66	Add back NZS Fund external expenses	55	70	(15)	(21.4)	94
872	788	Add back NZS Fund tax	223	108	115	106.5	175
(17,931)	(10,463)	OBEGAL excluding NZS Fund	(6,084)	(7,600)	1,516	19.9	(8,688)

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2011 \$m	10 months to 30 Apr 2011 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 14: Payables							
7,337	6,011	Accounts payable	9,017	8,658	(359)	(4.1)	9,564
3,762	3,582	Taxes repayable	3,220	3,388	168	5.0	3,302
11,099	9,593	Total payables	12,237	12,046	(191)	(1.6)	12,866
NOTE 15: Insurance liabilities							
26,939	27,550	ACC liability	30,261	29,682	(579)	(2.0)	29,433
10,570	5,379	EQC property damage liability	9,039	9,118	79	0.9	8,643
2,082	-	AMI Liability	1,808	1,849	41	2.2	1,764
59	50	Other insurance liabilities	58	61	3	4.9	71
(336)	-	Inter-segment eliminations	(336)	(336)	-	-	(6)
39,314	32,979	Total insurance liabilities	40,830	40,374	(456)	(1.1)	39,905
NOTE 16: Provisions							
612	664	Provision for ETS Credits	600	665	65	9.8	889
983	988	Provision for National Provident Fund guarantee	938	928	(10)	(1.1)	911
3,050	2,750	Provision for employee entitlements	2,887	2,790	(97)	(3.5)	3,073
1,039	-	Provision for Canterbury Red Zone support package	473	471	(2)	(0.4)	280
567	-	Provision for weathertight services financial assistance package	358	358	-	-	358
1,335	1,585	Other provisions	1,043	1,033	(10)	(1.0)	1,256
7,586	5,987	Total provisions	6,299	6,245	(54)	(0.9)	6,767
NOTE 17: Changes in Net Worth							
31,087	31,087	Opening taxpayers funds	18,188	18,188	-	-	18,188
(13,360)	(4,325)	Operating balance excluding minority interest	(8,999)	(10,532)	1,533	14.6	(10,642)
461	91	Transfers from/(to) other reserves	352	192	160	83.3	27
18,188	26,853	Closing taxpayers funds	9,541	7,848	1,693	21.6	7,573
63,593	63,593	Opening revaluation reserve	62,690	62,690	-	-	62,690
(443)	(126)	Net revaluations	(92)	(60)	(32)	(53.3)	(47)
(460)	(91)	Transfers from/(to) other reserves	(352)	(154)	(198)	(128.6)	(25)
62,690	63,376	Closing revaluation reserve	62,246	62,476	(230)	(0.4)	62,618
(94)	(94)	Opening other reserves	(299)	(299)	-	-	(299)
(205)	(176)	Net movements	146	75	71	94.7	103
(299)	(270)	Closing other reserves	(153)	(224)	71	31.7	(196)

NOTES TO THE FINANCIAL STATEMENTS

Year 10 months		Current Year Actual vs Forecast					
to 30 Jun	to 30 Apr					Annual	
2011	2011					Forecast	
\$m	\$m	Actual	Forecast	Variance		\$m	
		\$m	\$m	\$m	%		
NOTE 18: Core Crown residual cash							
Core Crown Cash Flows from Operations							
51,454	40,413	Tax receipts	42,289	41,965	324	0.8	53,953
646	525	Other sovereign receipts	562	552	10	1.8	664
1,817	1,103	Interest, profits and dividends	1,286	1,305	(19)	(1.5)	1,469
2,094	1,672	Sale of goods & services and other receipts	2,272	2,313	(41)	(1.8)	2,735
(22,226)	(18,538)	Transfer payments and subsidies	(19,101)	(19,137)	36	0.2	(23,062)
(40,433)	(34,625)	Personnel and operating costs	(33,769)	(33,977)	208	0.6	(40,960)
(2,637)	(1,778)	Finance costs	(2,714)	(2,719)	5	0.2	(3,398)
-	-	Forecast for future new operating spending	-	-	-	-	(87)
-	-	Top-down expense adjustment	-	100	(100)	(100.0)	450
(9,285)	(11,228)	Net core Crown operating cash flows	(9,175)	(9,598)	423	4.4	(8,236)
(1,524)	(1,223)	Net purchase of physical assets	(1,041)	(1,117)	76	6.8	(1,631)
(1,242)	(1,078)	Net increase in advances	(915)	(996)	81	8.1	(1,080)
(1,292)	(1,163)	Net purchase of investments	(993)	(1,049)	56	5.3	(1,334)
-	-	Forecast for future new capital spending	-	-	-	-	(88)
-	-	Top-down capital adjustment	-	50	(50)	(100.0)	250
(4,058)	(3,464)	Net Core Crown capital cash flows	(2,949)	(3,112)	163	5.2	(3,883)
(13,343)	(14,692)	Residual cash deficit	(12,124)	(12,710)	586	4.6	(12,119)
<i>The residual cash deficit is funded as follows:</i>							
Debt programme cash flows							
Market:							
19,468	16,493	Issue of government bonds	12,183	13,235	(1,052)	(7.9)	17,012
-	-	Repayment of government bonds	(7,602)	(7,602)	-	-	(7,602)
(422)	393	Net issue/(repayment) of short-term borrowing ¹	2,118	2,118	-	-	1,342
19,046	16,886	Total market debt cash flows	6,699	7,751	(1,052)	(13.6)	10,752
Non market:							
270	270	Issue of government bonds	-	-	-	-	-
(803)	(540)	Repayment of government bonds	(1,501)	(1,501)	-	-	(1,501)
(125)	(105)	Net issue/(repayment) of short-term borrowing	430	(50)	480	-	(50)
(658)	(375)	Total non-market debt cash flows	(1,071)	(1,551)	480	30.9	(1,551)
18,388	16,511	Total debt programme cash flows	5,628	6,200	(572)	(9.2)	9,201
Other borrowing cash flows							
(1,096)	(1,903)	Net (repayment)/issue of other New Zealand dollar borrowing	7,695	7,806	(111)	(1.4)	8,641
1,469	3,203	Net (repayment)/issue of foreign currency borrowing	(7,162)	(7,673)	511	6.7	(8,406)
373	1,300	Total other borrowing cash flows	533	133	400	5.2	235
Investing cashflows							
Other net sale/(purchase) of marketable securities and deposits							
(4,791)	(2,588)		6,633	9,852	(3,219)	(32.7)	6,360
234	397	Issues of circulating currency	250	328	(78)	(23.8)	306
(861)	(928)	Decrease/(increase) in cash	(920)	(3,803)	2,883	75.8	(3,983)
(5,418)	(3,119)	Total investing cash flows	5,963	6,377	(414)	(6.5)	2,683
13,343	14,692	Residual cash deficit funding	12,124	12,710	(586)	(4.6)	12,119

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