

# Interim Financial Statements of the Government of New Zealand

For the Four Months Ended  
31 October 2019



Prepared by the Treasury  
29 November 2019

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New Zealand Government



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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 October 2019, and the financial results of operations and cash flows for the period ended on that date.

The October results are reported against forecasts based on the *Budget Economic and Fiscal Update 2019 (BEFU 2019)*, published on 30 May 2019.

### Comparison against forecast

The key variances to forecast for the four months to 31 October 2019 were driven by volatility around tax revenue recognition (see below) and discount rates. These drivers have had an adverse impact on the operating balance before gains and losses (OBEGAL), the operating balance and residual cash. The lower than expected net core Crown debt and higher net worth attributable to the Crown position from 30 June 2019 have carried forward into October 2019.

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 results.

#### Core Crown tax revenue recognition process change

For financial reporting purposes, tax revenue is recognised when taxable income is earned by a taxpayer and it can be reliably measured. The recognition of tax revenue on a monthly basis requires a degree of estimation.

Over recent years, Inland Revenue have been working to improve the processes used to recognise income tax revenue throughout the fiscal year. The Treasury and Audit New Zealand have been consulted throughout the development of the tax revenue calculation methodology.

In April 2019, the administration of income tax moved to Inland Revenue's new system, START (Simplified Tax and Revenue Technology). START enables income tax revenue to be recognised more consistently during the year, as estimates are based on the most recently-available data for each individual and corporate taxpayer. The previous process largely relied on year-end assessments to estimate income tax revenue, particularly for large taxpayers.

As a result of the change to tax revenue recognition in the new system:

- The monthly profile of income tax revenue will change, as revenue will be recognised more-smoothly through the year than previously. For the next 12 months at least, income tax revenue for a month will not be directly comparable with the corresponding month of the previous year.
- When compiling the *BEFU 2019* forecasts, the Treasury applied the new income tax revenue recognition process to prior years' data to estimate a new seasonal pattern for monthly income tax forecasts. However, owing to variations in income tax assessment and return filing patterns over the years, there was significant uncertainty associated with each month's forecast. This means that, for the next year at least, there could be some large variances between actual and forecast income tax, in any given month, that do not necessarily correspond to any relative strength or weakness in economic activity.

**Table 1** – Key indicators for the four months ended 31 October 2019 compared to *BEFU 2019*

	Year to date				Full Year
	October 2019 Actual <sup>1</sup> \$m	October 2019 <i>BEFU 2019</i> Forecast <sup>1</sup> \$m	Variance <sup>2</sup> <i>BEFU 2019</i> \$m	Variance <i>BEFU 2019</i> %	June 2020 <i>BEFU 2019</i> Forecast <sup>3</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	27,704	29,135	(1,431)	(4.9)	89,245
Core Crown revenue	30,316	31,675	(1,359)	(4.3)	96,427
Core Crown expenses	30,399	30,218	(181)	(0.6)	93,401
Core Crown residual cash	(3,459)	(2,064)	(1,395)	(67.6)	(4,191)
Net core Crown debt <sup>4</sup>	60,616	62,418	1,802	2.9	64,695
<i>as a percentage of GDP</i>	20.2%	20.8%			20.4%
Gross debt <sup>5</sup>	89,471	85,412	(4,059)	(4.8)	86,845
<i>as a percentage of GDP</i>	29.8%	28.5%			27.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(1,079)	843	(1,922)	(228.0)	1,174
Operating balance (excluding minority interests)	(1,472)	1,974	(3,446)	(174.6)	4,541
Total borrowings	117,297	115,137	(2,160)	(1.9)	118,125
Net worth attributable to the Crown	137,642	131,999	5,643	4.3	134,730
<i>as a percentage of GDP</i>	45.9%	44.0%			42.5%

1 Using the most recently published GDP (for the year ended 30 June 2019) of \$300,032 million (Source: Statistics New Zealand).

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

3 Using *BEFU 2019* forecast GDP for the year ending 30 June 2020 of \$316,957 million (Source: The Treasury).

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.

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

**Core Crown tax revenue** for the four months to October 2019 was \$1.4 billion (4.9%) below the *BEFU 2019* forecast, mainly owing to below-forecast corporate tax revenue (\$1.5 billion below forecast). This variance is mainly due to the phasing method used to forecast monthly corporate tax and is expected to reverse out during the year. The Treasury and Inland Revenue are working closely together to understand this variance with a view to improving the forecasting in the up-coming *Half Year Economic and Fiscal Update (HYEFU 2019)*. Most other major tax types were close to forecast.

**Core Crown expenses** at \$30.4 billion were close to forecast.

The **OBEGAL** was \$1.1 billion in deficit and \$1.9 billion below forecast, primarily due to the tax revenue variance discussed previously.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$1.5 billion deficit and was \$3.4 billion less than forecast.

Net losses on non-financial instruments of \$2.6 billion were \$2.6 billion higher than the forecast. This variance was primarily driven by changes to discount rates used to calculate the ACC outstanding claims liability, which resulted in losses greater than expected of \$2.3 billion. The Emission Trading Scheme also recognised a loss of \$0.2 billion due to an increase in carbon price. Offsetting the losses on non-financial instruments, net investment gains were \$2.2 billion at 31 October 2019, which were \$1.1 billion above forecast. This result was largely due to favourable changes in market prices.

**Core Crown residual cash** was a deficit of \$3.5 billion, \$1.4 billion higher than the deficit forecast. This was mainly due to tax receipts being \$0.3 billion lower than forecast and operating payments being \$1.5 billion higher than forecast. The variance in operating payments is largely timing in nature, with payments expected to occur in 2019 year shifting into the current fiscal year and payments for this fiscal year occurring earlier than expected. Offsetting the weaker operating cash position, capital payments were lower than forecast by \$0.3 billion spread across a number of agencies.

**Net core Crown debt** was \$60.6 billion (20.2% of GDP) at the end of October 2019, \$1.8 billion less than forecast. The lower than expected net debt is largely due to a stronger opening position, from the 30 June 2019 result (which was \$2.6 billion less than forecast). This net debt position was partially offset by the increased residual cash deficit of \$1.4 billion discussed above.

**Gross debt** at \$89.5 billion (29.8% of GDP) was \$4.1 billion higher than forecast. Government stock was around \$2.2 billion higher than forecast due to lower repurchasing activity occurring. In addition, losses on derivatives were higher by around \$1.4 billion, which will mostly reflect changes in the market since the monthly forecasts were completed.

**Total borrowings** at 31 October 2019 was \$117.3 billion, \$2.2 billion higher than forecast, primarily due to derivatives in loss increasing from forecast by \$2.7 billion due to market conditions changing since the forecast was prepared.

**Net worth attributable to the Crown (NWAC)** was \$137.6 billion, \$5.6 billion higher than forecast. The majority of this variance relates to property, plant and equipment (PPE) revaluations that were higher than expected by \$11.8 billion at 30 June 2019, partially offset by the operating balance deficit for the first four months of the year.



## Comparison against the prior year actuals

**Table 2** – Key indicators for the four months ended 31 October 2019 compared to prior year actuals

	Year to date				Full Year
	October 2019 Actual <sup>1</sup> \$m	October 2018 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2018 \$m	Variance to 2018 %	June 2019 Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	27,704	26,116	1,588	6.1	86,468
Core Crown revenue	30,316	28,593	1,723	6.0	93,625
Core Crown expenses	30,399	28,336	(2,063)	(7.3)	87,166
Core Crown residual cash	(3,459)	(3,450)	(9)	(0.3)	(710)
Net core Crown debt <sup>5</sup>	60,616	61,033	417	0.7	57,736
as a percentage of GDP	20.2%	21.1%			19.2%
Gross debt <sup>6</sup>	89,471	88,450	(1,021)	(1.2)	84,449
as a percentage of GDP	29.8%	30.6%			28.1%
<b>Total Crown</b>					
Operating balance before gains and losses	(1,079)	(258)	(821)	(318.2)	7,364
Operating balance (excluding minority interests)	(1,472)	(3,798)	2,326	61.2	341
Total Borrowings	117,297	116,084	(1,213)	(1.0)	110,477
Net worth attributable to the Crown	137,642	126,138	11,504	9.1	139,746
as a percentage of GDP	45.9%	43.6%			46.6%

1 Using the most recently published GDP (for the year ended 30 June 2019) of \$300,032 million (Source: Statistics New Zealand).

2 Using prior year published GDP (for the year ended 30 June 2018) of \$289,293 million (Source: Statistics New Zealand).

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

4 Using published GDP (revised) for the year ended 30 June 2019 of \$300,032 million (Source: Statistics New Zealand).

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

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

**Core Crown tax revenue** for the four months to October 2019 was \$1.6 billion (6.1%) up on the corresponding period from last year. The largest increases came from:

- source deduction revenue was \$774 million (7.3%) up on last year, mainly owing to increases in wage rates and employment
- corporate tax revenue was \$342 million (9.9%) higher than last year, owing to a combination of increased income tax assessments filed by taxpayers, reflecting profit growth, and Inland Revenue's new process for calculating income tax revenue, and
- GST revenue was \$275 million (3.8%) up on last year, mainly owing to growth in nominal private consumption.

**Core Crown expenses** grew by \$2.1 billion due to spending decisions made in *Budget 2019*, as most of this expenditure starts in the 2019/20 year.

The **OBEGAL** deficit to 31 October 2019 at \$1.1 billion was \$0.8 billion higher than the deficit last year.

The **core Crown residual cash** deficit was \$3.5 billion in line with the last year. The net core Crown operating cash deficit was \$0.3 billion more than the same time last year. Tax receipts was up by \$1.9 billion, however this was more than offset by higher operating payments of \$2.3 billion. The increase in operating payments was due to higher benefit payments and the impact of the Budget 2019 spending decisions. Net core Crown capital cash flows were \$0.3 billion less than the same time last year.

**Net core Crown debt** in nominal terms was largely in line with the previous year being \$0.4 billion higher, however as GDP has increased, net debt as a percentage of GDP has fallen from 21.1% to 20.2%.

**Net worth attributable to the Crown** at \$137.6 billion was \$11.5 billion higher than October 2018, largely reflecting the June 2019 year-end operating balance and property revaluations partly offset by the current year's operating balance.



# **Unaudited Interim Financial Statements**

# STATEMENT OF FINANCIAL PERFORMANCE

For the four months ended 31 October 2019

Year to 30 Jun 2019	4 months to 31 Oct 2018		Note	Current Year Actual vs Forecast				
				Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		<b>Revenue</b>						
85,723	25,837	Taxation revenue	2	27,494	28,830	(1,336)	(4.6)	88,541
6,028	2,019	Other sovereign revenue	2	2,128	2,067	61	3.0	6,027
<b>91,751</b>	<b>27,856</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>29,622</b>	<b>30,897</b>	<b>(1,275)</b>	<b>(4.1)</b>	<b>94,568</b>
19,885	6,721	Sales of goods and services		6,908	6,433	475	7.4	19,117
3,771	1,241	Interest revenue and dividends	3	1,150	1,248	(98)	(7.9)	3,788
3,886	1,005	Other revenue		1,198	1,081	117	10.8	3,357
<b>27,542</b>	<b>8,967</b>	<b>Total revenue earned through the Crown's operations</b>		<b>9,256</b>	<b>8,762</b>	<b>494</b>	<b>5.6</b>	<b>26,262</b>
<b>119,293</b>	<b>36,823</b>	<b>Total revenue (excluding gains)</b>		<b>38,878</b>	<b>39,659</b>	<b>(781)</b>	<b>(2.0)</b>	<b>120,830</b>
		<b>Expenses</b>						
28,190	9,407	Transfer payments and subsidies	4	10,001	9,980	(21)	(0.2)	29,794
25,933	8,244	Personnel expenses <sup>1</sup>		8,947	8,526	(421)	(4.9)	25,756
5,491	1,759	Depreciation and amortisation		2,006	1,860	(146)	(7.8)	6,007
41,840	14,832	Other operating expenses		16,130	15,799	(331)	(2.1)	48,220
4,253	1,355	Finance costs <sup>1</sup>	5	1,237	1,244	7	0.6	4,091
5,876	1,323	Insurance expenses	6	1,486	1,519	33	2.2	5,547
-	-	Forecast new operating spending	7	-	-	-	-	1,266
-	-	Top-down expense adjustment	7	-	(248)	(248)	(100.0)	(1,400)
<b>111,583</b>	<b>36,920</b>	<b>Total expenses (excluding losses)</b>		<b>39,807</b>	<b>38,680</b>	<b>(1,127)</b>	<b>(2.9)</b>	<b>119,281</b>
(346)	(161)	Minority interests share of operating balance before gains/(losses)		(150)	(136)	(14)	(10.3)	(375)
<b>7,364</b>	<b>(258)</b>	<b>Operating balance before gains/(losses) (excluding minority interests)</b>		<b>(1,079)</b>	<b>843</b>	<b>(1,922)</b>	<b>(228.0)</b>	<b>1,174</b>
4,397	(1,312)	Net gains/(losses) on financial instruments		2,154	1,079	1,075	99.6	3,215
(11,589)	(2,289)	Net gains/(losses) on non-financial instruments <sup>1</sup>	8	(2,593)	(20)	(2,573)	-	(71)
(115)	30	Minority interests share of total (gains)/losses		22	(2)	24	-	3
<b>(7,307)</b>	<b>(3,571)</b>	<b>Total gains/(losses)</b>		<b>(417)</b>	<b>1,057</b>	<b>(1,474)</b>	<b>(139.5)</b>	<b>3,147</b>
284	31	Net surplus/(deficit) from associates and joint ventures		24	74	(50)	(67.6)	220
<b>341</b>	<b>(3,798)</b>	<b>Operating balance (excluding minority interests)</b>		<b>(1,472)</b>	<b>1,974</b>	<b>(3,446)</b>	<b>(174.6)</b>	<b>4,541</b>

1. The comparatives has been restated to reflect the updated standard PBE IPSAS 39: *Employee Benefits* from 1 July 2019. Refer to page 18 for details.

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

# ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the four months ended 31 October 2019

Year to 30 Jun 2019	4 months to 31 Oct 2018		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Total Crown expenses</b>						
34,006	10,897	Social security and welfare		11,940	11,826	(114)	(1.0)	36,183
18,660	5,958	Health		6,687	6,424	(263)	(4.1)	18,975
15,280	5,427	Education		5,648	5,445	(203)	(3.7)	15,868
4,880	1,272	Core government services		1,273	1,440	167	11.6	5,587
5,050	1,607	Law and order		1,757	1,741	(16)	(0.9)	5,369
8,429	3,325	Transport and communications		3,787	3,533	(254)	(7.2)	11,263
10,433	3,350	Economic and industrial services		3,536	3,067	(469)	(15.3)	10,184
2,390	790	Defence		811	804	(7)	(0.9)	2,532
2,503	1,007	Heritage, culture and recreation		1,054	942	(112)	(11.9)	2,772
2,395	766	Primary services		788	751	(37)	(4.9)	2,500
2,020	753	Housing and community development		864	1,000	136	13.6	2,339
1,108	326	Environmental protection		354	364	10	2.7	1,279
80	57	GSF pension expenses <sup>1</sup>		30	65	35	53.8	132
96	30	Other		41	282	241	85.5	341
4,253	1,355	Finance costs <sup>1</sup>		1,237	1,244	7	0.6	4,091
-	-	Forecast new operating spending	7	-	-	-	-	1,266
-	-	Top-down expense adjustment	7	-	(248)	(248)	(100.0)	(1,400)
<b>111,583</b>	<b>36,920</b>	<b>Total Crown expenses excluding losses</b>		<b>39,807</b>	<b>38,680</b>	<b>(1,127)</b>	<b>(2.9)</b>	<b>119,281</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 2019	4 months to 31 Oct 2018		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown expenses</b>						
28,844	9,643	Social security and welfare		10,410	10,384	(26)	(0.3)	30,915
18,268	6,084	Health		6,491	6,411	(80)	(1.2)	19,198
14,293	4,765	Education		5,027	4,937	(90)	(1.8)	14,919
5,314	1,366	Core government services		1,421	1,495	74	4.9	5,608
4,625	1,473	Law and order		1,627	1,591	(36)	(2.3)	4,890
2,889	727	Transport and communications		857	857	-	-	3,103
3,006	993	Economic and industrial services		1,153	1,063	(90)	(8.5)	4,328
2,395	793	Defence		813	807	(6)	(0.7)	2,541
918	372	Heritage, culture and recreation		433	373	(60)	(16.1)	996
960	274	Primary services		315	267	(48)	(18.0)	1,036
727	283	Housing and community development		373	562	189	33.6	897
1,119	327	Environmental protection		358	365	7	1.9	1,281
66	52	GSF pension expenses <sup>1</sup>		25	61	36	59.0	118
96	30	Other		41	282	241	85.5	341
3,646	1,154	Finance costs <sup>1</sup>		1,055	1,011	(44)	(4.4)	3,364
-	-	Forecast new operating spending	7	-	-	-	-	1,266
-	-	Top-down expense adjustment	7	-	(248)	(248)	(100.0)	(1,400)
<b>87,166</b>	<b>28,336</b>	<b>Core Crown expenses excluding losses</b>		<b>30,399</b>	<b>30,218</b>	<b>(181)</b>	<b>(0.6)</b>	<b>93,401</b>

1. The comparatives has been restated to reflect the updated standard PBE IPSAS 39: *Employee Benefits* from 1 July 2019. Refer to page 18 for details.

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



# STATEMENT OF CASH FLOWS

For the four months ended 31 October 2019

Year to 30 Jun 2019	4 months to 31 Oct 2018		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash Flows from Operations</b>						
		<b>Cash was provided from</b>						
83,018	26,527	Taxation receipts		27,889	28,066	(177)	(0.6)	87,567
5,187	1,816	Other sovereign receipts		1,976	1,973	3	0.2	4,827
19,817	6,245	Sales of goods and services		6,842	6,497	345	5.3	19,153
2,562	836	Interest receipts		709	823	(114)	(13.9)	2,444
4,586	1,418	Other operating receipts		1,619	1,515	104	6.9	4,450
<b>115,170</b>	<b>36,842</b>	<b>Total cash provided from operations</b>		<b>39,035</b>	<b>38,874</b>	<b>161</b>	<b>0.4</b>	<b>118,441</b>
		<b>Cash was disbursed to</b>						
27,982	10,114	Transfer payments and subsidies		11,044	10,782	(262)	(2.4)	30,056
72,177	24,661	Personnel and operating payments		26,593	25,350	(1,243)	(4.9)	76,094
4,025	1,418	Interest payments		1,210	1,304	94	7.2	3,844
-	-	Forecast new operating spending	7	-	-	-	-	1,266
-	-	Top-down expense adjustment	7	-	(248)	(248)	(100.0)	(1,400)
<b>104,184</b>	<b>36,193</b>	<b>Total cash disbursed to operations</b>		<b>38,847</b>	<b>37,188</b>	<b>(1,659)</b>	<b>(4.5)</b>	<b>109,860</b>
<b>10,986</b>	<b>649</b>	<b>Net cash flows from operations</b>		<b>188</b>	<b>1,686</b>	<b>(1,498)</b>	<b>(88.8)</b>	<b>8,581</b>
		<b>Cash Flows from Investing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(8,525)	(3,017)	Net (purchase)/sale of physical assets		(2,813)	(3,107)	294	9.5	(10,114)
3,945	1,055	Net (purchase)/sale of shares and other securities		(3,523)	(1,444)	(2,079)	(144.0)	(1,582)
(791)	(204)	Net (purchase)/sale of intangible assets		(242)	(276)	34	12.3	(951)
(1,902)	(500)	Net (issue)/repayment of advances		(395)	(257)	(138)	(53.7)	(1,995)
136	(45)	Net acquisition of investments in associates		(136)	(84)	(52)	(61.9)	(502)
-	-	Forecast new capital spending	7	-	-	-	-	(466)
-	-	Top-down capital adjustment	7	-	180	(180)	(100.0)	950
<b>(7,137)</b>	<b>(2,711)</b>	<b>Net cash flows from investing activities</b>		<b>(7,109)</b>	<b>(4,988)</b>	<b>(2,121)</b>	<b>(42.5)</b>	<b>(14,660)</b>
<b>3,849</b>	<b>(2,062)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(6,921)</b>	<b>(3,302)</b>	<b>(3,619)</b>	<b>(109.6)</b>	<b>(6,079)</b>
		<b>Cash Flows from Financing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
437	245	Issues of circulating currency		285	66	219	331.8	198
(3,536)	2,210	Net issue/(repayment) of Government bonds		5,244	3,279	1,965	59.9	3,760
1,488	287	Net issue/(repayment) of foreign currency borrowing		1,440	(27)	1,467	-	24
(530)	(1,188)	Net issue/(repayment) of other New Zealand dollar borrowing		(1,394)	137	(1,531)	-	1,814
(504)	(284)	Dividends paid to minority interests		(314)	(321)	7	2.2	(524)
<b>(2,645)</b>	<b>1,270</b>	<b>Net cash flows from financing activities</b>		<b>5,261</b>	<b>3,134</b>	<b>2,127</b>	<b>67.9</b>	<b>5,272</b>
<b>1,204</b>	<b>(792)</b>	<b>Net movement in cash</b>		<b>(1,660)</b>	<b>(168)</b>	<b>(1,492)</b>	<b>-</b>	<b>(807)</b>
19,340	19,340	Opening cash balance		20,892	22,214	(1,322)	(6.0)	22,214
348	438	Foreign-exchange gains/(losses) on opening cash		68	109	(41)	(37.6)	5
<b>20,892</b>	<b>18,986</b>	<b>Closing cash balance</b>		<b>19,300</b>	<b>22,155</b>	<b>(2,855)</b>	<b>(12.9)</b>	<b>21,412</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the four months ended 31 October 2019

Year to 30 Jun 2019	4 months to 31 Oct 2018		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>							
10,986	649	<b>Net Cash Flows from Operations</b>	188	1,686	(1,498)	(88.8)	8,581
<b>Gains/(losses)</b>							
4,397	(1,312)	Net gains/(losses) on financial instruments	2,154	1,079	1,075	99.6	3,215
(11,589)	(2,289)	Net gains/(losses) on non-financial instruments	(2,593)	(20)	(2,573)	-	(71)
115	(30)	Less minority interests share of net gains/(losses)	(22)	2	(24)	-	(3)
<b>(7,307)</b>	<b>(3,571)</b>	<b>Total gains/(losses)</b>	<b>(417)</b>	<b>1,057</b>	<b>(1,474)</b>	<b>(139.5)</b>	<b>3,147</b>
<b>Other Non-cash Items in Operating Balance</b>							
(5,491)	(1,759)	Depreciation and amortisation	(2,006)	(1,860)	(146)	(7.8)	(6,007)
(763)	(154)	Cost of concessionary lending	(130)	(179)	49	27.4	(1,072)
(41)	(6)	Impairment of financial assets (excluding receivables)	(1)	(7)	6	85.7	(21)
2,576	-	Reversal of Rail network impairment	-	-	-	-	-
571	222	Decrease/(increase) in defined benefit retirement plan liabilities	(533)	224	(757)	(337.9)	582
(1,703)	1,026	Decrease/(increase) in insurance liabilities	1,173	1,018	155	15.2	(842)
(183)	(3)	Other	(129)	(62)	(67)	(108.1)	(775)
<b>(5,034)</b>	<b>(674)</b>	<b>Total other non-cash items</b>	<b>(1,626)</b>	<b>(866)</b>	<b>(760)</b>	<b>(87.8)</b>	<b>(8,135)</b>
<b>Movements in Working Capital</b>							
4,188	(1,489)	Increase/(decrease) in receivables	(1,713)	(694)	(1,019)	(146.8)	758
48	84	Increase/(decrease) in accrued interest	41	130	(89)	(68.5)	218
175	(8)	Increase/(decrease) in inventories	36	15	21	140.0	334
36	144	Increase/(decrease) in prepayments	246	62	184	296.8	12
(97)	(53)	Decrease/(increase) in deferred revenue	(160)	(30)	(130)	(433.3)	(40)
(2,654)	1,120	Decrease/(increase) in payables/provisions	1,933	614	1,319	214.8	(334)
<b>1,696</b>	<b>(202)</b>	<b>Total movements in working capital</b>	<b>383</b>	<b>97</b>	<b>286</b>	<b>294.8</b>	<b>948</b>
<b>341</b>	<b>(3,798)</b>	<b>Operating balance (excluding minority interests)</b>	<b>(1,472)</b>	<b>1,974</b>	<b>(3,446)</b>	<b>(174.6)</b>	<b>4,541</b>

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



# STATEMENT OF FINANCIAL POSITION

As at 31 October 2019

As at 30 Jun 2019 Actual \$m	As at 31 Oct 2018 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
20,892	18,986	Cash and cash equivalents	9	19,300	22,155	(2,855)	(12.9)	21,412
24,287	20,224	Receivables	9	22,587	20,865	1,722	8.3	22,046
44,453	46,700	Marketable securities, deposits and derivatives in gain	9	47,209	39,751	7,458	18.8	39,395
40,615	35,136	Share investments	9	41,337	40,373	964	2.4	42,584
33,057	30,725	Advances	9	34,010	32,384	1,626	5.0	33,612
-	-	Investments in controlled enterprises <sup>1</sup>	9	3,847	-	3,847	-	-
1,519	1,335	Inventory		1,555	1,433	122	8.5	1,752
2,887	2,900	Other assets		3,063	2,972	91	3.1	2,972
178,025	160,727	Property, plant and equipment	10	179,078	165,798	13,280	8.0	169,639
16,109	15,464	Equity accounted investments <sup>2</sup>		14,536	15,868	(1,332)	(8.4)	16,414
3,912	3,826	Intangible assets and goodwill		3,929	4,068	(139)	(3.4)	4,376
-	-	Forecast for new capital spending	7	-	458	(458)	(100.0)	924
-	-	Top-down capital adjustment	7	-	(1,430)	1,430	100.0	(2,200)
<b>365,756</b>	<b>336,023</b>	<b>Total assets</b>		<b>370,451</b>	<b>344,695</b>	<b>25,756</b>	<b>7.5</b>	<b>352,926</b>
<b>Liabilities</b>								
6,813	6,621	Issued currency		7,098	6,675	(423)	(6.3)	6,807
17,723	12,292	Payables	12	16,140	13,380	(2,760)	(20.6)	13,892
2,523	2,477	Deferred revenue		2,683	2,414	(269)	(11.1)	2,428
110,477	116,084	Borrowings		117,297	115,137	(2,160)	(1.9)	118,125
58,364	46,066	Insurance liabilities	13	59,472	48,777	(10,695)	(21.9)	50,637
13,179	11,159	Retirement plan liabilities		13,712	11,190	(2,522)	(22.5)	10,832
10,364	9,311	Provisions	14	10,171	9,130	(1,041)	(11.4)	9,457
<b>219,443</b>	<b>204,010</b>	<b>Total liabilities</b>		<b>226,573</b>	<b>206,703</b>	<b>(19,870)</b>	<b>(9.6)</b>	<b>212,178</b>
<b>146,313</b>	<b>132,013</b>	<b>Total assets less total liabilities</b>		<b>143,878</b>	<b>137,992</b>	<b>5,886</b>	<b>4.3</b>	<b>140,748</b>
<b>Net Worth</b>								
35,893	31,700	Taxpayers' funds	15	34,640	38,084	(3,444)	(9.0)	40,699
106,502	94,775	Property, plant and equipment revaluation reserve	15	106,433	94,647	11,786	12.5	94,640
(2,615)	(390)	Defined benefit retirement plan revaluation reserve <sup>3</sup>	15	(3,336)	(872)	(2,464)	(282.6)	(733)
(34)	53	Other reserves	15	(95)	140	(235)	(167.9)	124
<b>139,746</b>	<b>126,138</b>	<b>Total net worth attributable to the Crown</b>		<b>137,642</b>	<b>131,999</b>	<b>5,643</b>	<b>4.3</b>	<b>134,730</b>
6,567	5,875	Net worth attributable to minority interest	15	6,236	5,993	243	4.1	6,018
<b>146,313</b>	<b>132,013</b>	<b>Total net worth</b>		<b>143,878</b>	<b>137,992</b>	<b>5,886</b>	<b>4.3</b>	<b>140,748</b>

1. This new line is as a result of adopting PBE IPSAS 35: *Consolidated Financial Statements* from 1 July 2019 and reflects the controlling interests that the New Zealand Superannuation Fund invested in. Refer to page 19 for further details.

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

3. This year, the defined benefit plan revaluation reserve was recognised as a result of adopting PBE IPSAS 39: Employee Benefits from 1 July 2019 with comparatives restated. Refer to page 18 for details.

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

## STATEMENT OF SEGMENTS

For the four months ended 31 October 2019

	Current Year Actual vs Forecast (Budget Economic and Fiscal Update 2019)									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
<b>Revenue</b>										
Taxation revenue	27,704	29,135	-	-	-	-	(210)	(305)	27,494	28,830
Other sovereign revenue	768	748	1,877	1,831	-	-	(517)	(512)	2,128	2,067
Revenue from core Crown funding	-	-	10,616	9,884	52	48	(10,668)	(9,932)	-	-
Sales of goods and services	569	560	837	1,292	5,741	5,337	(239)	(756)	6,908	6,433
Interest and dividend revenue	988	1,009	486	487	329	381	(653)	(629)	1,150	1,248
Other revenue	287	223	1,555	1,378	375	290	(1,019)	(810)	1,198	1,081
<b>Total Revenue (excluding gains)</b>	<b>30,316</b>	<b>31,675</b>	<b>15,371</b>	<b>14,872</b>	<b>6,497</b>	<b>6,056</b>	<b>(13,306)</b>	<b>(12,944)</b>	<b>38,878</b>	<b>39,659</b>
<b>Expenses</b>										
Transfer payments and subsidies	10,329	10,314	-	-	-	-	(328)	(334)	10,001	9,980
Personnel expenses	2,781	2,667	5,159	4,847	1,022	1,022	(15)	(10)	8,947	8,526
Other operating expenses	16,237	16,474	10,535	10,069	4,845	4,217	(11,995)	(11,582)	19,622	19,178
Interest expenses	1,052	1,011	51	25	330	385	(196)	(177)	1,237	1,244
Forecast new operating spending and top down adjustment	-	(248)	-	-	-	-	-	-	-	(248)
<b>Total Expenses (excluding losses)</b>	<b>30,399</b>	<b>30,218</b>	<b>15,745</b>	<b>14,941</b>	<b>6,197</b>	<b>5,624</b>	<b>(12,534)</b>	<b>(12,103)</b>	<b>39,807</b>	<b>38,680</b>
Minority interest share of operating balance before gains/(losses)	-	-	-	-	(158)	(143)	8	7	(150)	(136)
<b>Operating Balance before gains and losses (excluding minority interests)</b>	<b>(83)</b>	<b>1,457</b>	<b>(374)</b>	<b>(69)</b>	<b>142</b>	<b>289</b>	<b>(764)</b>	<b>(834)</b>	<b>(1,079)</b>	<b>843</b>
Gains/(losses) and other items	1,186	1,035	(1,021)	126	6	3	(564)	(33)	(393)	1,131
<b>Operating Balance (excluding minority interests)</b>	<b>1,103</b>	<b>2,492</b>	<b>(1,395)</b>	<b>57</b>	<b>148</b>	<b>292</b>	<b>(1,328)</b>	<b>(867)</b>	<b>(1,472)</b>	<b>1,974</b>
<b>Assets</b>										
Financial assets	110,990	102,110	57,782	51,771	28,663	27,312	(29,145)	(25,666)	168,290	155,528
Property, plant and equipment	43,934	43,095	94,671	88,890	40,473	33,812	-	-	179,078	165,798
Investments in associates, CEs and SOEs	47,481	49,782	13,435	12,879	296	335	(46,676)	(47,128)	14,536	15,868
Other assets	4,452	4,406	1,793	1,687	2,695	2,723	(393)	(343)	8,547	8,473
Forecast adjustments	-	(972)	-	-	-	-	-	-	-	(972)
<b>Total Assets</b>	<b>206,857</b>	<b>198,421</b>	<b>167,681</b>	<b>155,227</b>	<b>72,127</b>	<b>64,182</b>	<b>(76,214)</b>	<b>(73,137)</b>	<b>370,451</b>	<b>344,695</b>
<b>Liabilities</b>										
Borrowings	96,755	94,091	8,136	7,161	33,877	32,913	(21,471)	(19,028)	117,297	115,137
Other liabilities	37,872	33,759	70,534	57,364	9,512	8,462	(8,642)	(8,019)	109,276	91,566
<b>Total Liabilities</b>	<b>134,627</b>	<b>127,850</b>	<b>78,670</b>	<b>64,525</b>	<b>43,389</b>	<b>41,375</b>	<b>(30,113)</b>	<b>(27,047)</b>	<b>226,573</b>	<b>206,703</b>
<b>Net Worth</b>	<b>72,230</b>	<b>70,571</b>	<b>89,011</b>	<b>90,702</b>	<b>28,738</b>	<b>22,807</b>	<b>(46,101)</b>	<b>(46,090)</b>	<b>143,878</b>	<b>137,992</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>793</b>	<b>887</b>	<b>1,309</b>	<b>1,547</b>	<b>839</b>	<b>710</b>	<b>-</b>	<b>-</b>	<b>2,941</b>	<b>3,144</b>

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

# STATEMENT OF BORROWINGS

As at 31 October 2019

As at 30 Jun 2019 Actual \$m	As at 31 Oct 2018 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
56,874	63,169	Government bonds	61,411	61,770	359	0.6	62,378
6,891	6,719	Settlement deposits with Reserve Bank	6,491	6,713	222	3.3	6,713
3,954	4,640	Derivatives in loss	5,206	2,503	(2,703)	(108.0)	2,344
3,455	3,565	Treasury bills	2,476	2,527	51	2.0	2,964
1,328	2,691	Finance lease liabilities	1,472	1,516	44	2.9	2,539
169	181	Government retail stock	171	178	7	3.9	177
37,806	35,119	Other borrowings	40,070	39,930	(140)	(0.4)	41,010
<b>110,477</b>	<b>116,084</b>	<b>Total borrowings</b>	<b>117,297</b>	<b>115,137</b>	<b>(2,160)</b>	<b>(1.9)</b>	<b>118,125</b>
74,946	82,380	Sovereign-guaranteed debt	79,278	79,064	(214)	(0.3)	80,129
35,531	33,704	Non sovereign-guaranteed debt	38,019	36,073	(1,946)	(5.4)	37,996
<b>110,477</b>	<b>116,084</b>	<b>Total borrowings</b>	<b>117,297</b>	<b>115,137</b>	<b>(2,160)</b>	<b>(1.9)</b>	<b>118,125</b>
		<b>Net Debt:</b>					
92,062	97,569	Core Crown borrowings <sup>1</sup>	96,994	94,092	(2,902)	(3.1)	95,319
(1,132)	(2,894)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,922)	(2,921)	(999)	(34.2)	(2,715)
<b>90,930</b>	<b>94,675</b>	<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>95,072</b>	<b>91,171</b>	<b>(3,901)</b>	<b>(4.3)</b>	<b>92,604</b>
88,938	83,606	Less core Crown financial assets <sup>3</sup>	94,034	85,357	8,677	10.2	87,433
<b>1,992</b>	<b>11,069</b>	<b>Net core Crown debt</b>	<b>1,038</b>	<b>5,814</b>	<b>4,776</b>	<b>82.1</b>	<b>5,171</b>
13,845	12,819	Add back core Crown advances	13,668	13,112	(556)	(4.2)	13,513
<b>15,837</b>	<b>23,888</b>	<b>Net core Crown debt (incl NZS Fund)<sup>4</sup></b>	<b>14,706</b>	<b>18,926</b>	<b>4,220</b>	<b>22.3</b>	<b>18,684</b>
41,899	37,145	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>5</sup>	45,910	43,492	(2,418)	(5.6)	46,011
<b>57,736</b>	<b>61,033</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>6</sup></b>	<b>60,616</b>	<b>62,418</b>	<b>1,802</b>	<b>2.9</b>	<b>64,695</b>
		<b>Gross Debt:</b>					
90,930	94,675	Gross sovereign-issued debt <sup>2</sup>	95,072	91,171	(3,901)	(4.3)	92,604
(8,081)	(7,825)	Less Reserve Bank settlement cash and Reserve Bank bills	(7,201)	(7,359)	(158)	(2.1)	(7,359)
1,600	1,600	Add back changes to government borrowing due to settlement cash <sup>7</sup>	1,600	1,600	-	-	1,600
<b>84,449</b>	<b>88,450</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>89,471</b>	<b>85,412</b>	<b>(4,059)</b>	<b>(4.8)</b>	<b>86,845</b>

## Notes on borrowings:

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

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

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

## STATEMENT OF COMMITMENTS

As at 31 October 2019

	As at 31 Oct 2019 \$m	As at 30 Jun 2019 \$m	As at 31 Oct 2018 \$m
<b>Capital Commitments</b>			
State highways	4,436	4,436	4,411
Specialist military equipment	1,795	1,786	2,032
Land and buildings	5,180	4,618	4,137
Other property, plant and equipment	1,996	1,985	2,036
Other capital commitments	1,632	863	395
Tertiary Education Institutions	595	595	752
<b>Total capital commitments</b>	<b>15,634</b>	<b>14,283</b>	<b>13,763</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	4,664	4,779	3,625
Other non-cancellable leases	3,426	3,206	2,787
Tertiary Education Institutions	936	936	649
<b>Total operating commitments</b>	<b>9,026</b>	<b>8,921</b>	<b>7,061</b>
<b>Total commitments</b>	<b>24,660</b>	<b>23,204</b>	<b>20,824</b>
<b>Total Commitments by Segment</b>			
Core Crown	11,196	9,738	8,527
Crown entities	9,168	9,173	7,954
State-owned Enterprises	4,476	4,472	4,518
Inter-segment eliminations	(180)	(179)	(175)
<b>Total commitments</b>	<b>24,660</b>	<b>23,204</b>	<b>20,824</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 October 2019

	As at 31 Oct 2019 \$m	As at 30 Jun 2019 \$m	As at 31 Oct 2018 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,511	8,245	8,440
Guarantees and indemnities	192	190	209
Legal proceedings and disputes	705	734	325
Other contingent liabilities	590	488	690
<b>Total quantifiable contingent liabilities</b>	<b>9,998</b>	<b>9,657</b>	<b>9,664</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,444	9,175	9,392
Crown entities	392	392	80
State-owned Enterprises	263	191	309
Inter-segment eliminations	(101)	(101)	(117)
<b>Total quantifiable contingent liabilities</b>	<b>9,998</b>	<b>9,657</b>	<b>9,664</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	67	70	132
Crown entities	-	-	-
State-owned Enterprises	2	2	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>69</b>	<b>72</b>	<b>132</b>

A list of unquantifiable contingent liabilities is included on the Treasury's website <https://treasury.govt.nz/publications/year-end/financial-statements-2019>. These can be found in Note 25: Contingent Liabilities and Contingent Assets

*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 55 - 57 of the *Financial Statement of the Government of New Zealand for the year ended 30 June 2019*, published on 8 October 2019.

The figures presented in these financial statements for 30 June 2019 are audited except for the change in presentation and restatement for Government Superannuation Fund (GSF) due to change in accounting standards (described below). 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, as set out in 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: <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/financial-reporting-policies-and-guidance/accounting-policies>

#### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2020, based on the *BEFU 2019*, published on 30 May 2019.

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

## 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 58 - 62* of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2019* published on 8 October 2019.

## Government Superannuation Fund – Change of presentation (PBE IPSAS 39)

The Crown adopted PBE IPSAS 39 *Employee Benefits* from 1 July 2019 (updating the existing standard PBE IPSAS 25 *Employee Benefits*). The new standard impacts the way the Government Superannuation Fund (GSF) defined benefit pension scheme is presented in the financial statements, with actuarial gains/losses now being presented in the Statement of Comprehensive Revenue and Expenses (and accumulated in a new revaluation reserve) rather than presented as a gain or loss in the Statement of Financial Performance. The new standard also means the investment return on the scheme's assets above the risk-free rate of return is now classified as actuarial gains and losses (affecting OBEGAL).

The new standard does not affect the way the GSF defined benefit liability is calculated overall, and therefore it does not affect the Crown's total Net Worth.

The comparatives have been restated to reflect the presentation changes. From 1 July 2018, cumulative GSF actuarial gains and losses will accumulate in the new revaluation reserve, rather than in Taxpayers' Funds.

The table below summarises the changes made to the previous published amounts in order to restate the comparatives in these financial statements:

	Year to 30 Jun 2019 Actual \$m	4 months to 31 Oct 2018 Actual \$m	4 months to 31 Oct 2019 Forecast \$m	Year to 30 Jun 2020 Budget \$m
<b>Impact on Statement of Financial Performance</b>				
Operating balance before gains and losses (OBEGAL)	(144)	-	-	(139)
Operating balance (excluding minority interests)	2,615	390	-	(139)
<b>Impact on Statement of Financial Position</b>				
Taxpayers' funds	2,615	390	872	733
Defined Benefit Plan revaluation reserve	(2,615)	(390)	(872)	(733)
<b>Total net worth attributable to the Crown</b>	-	-	-	-

In addition to the GSF presentation changes, improved clarity in PBE IPSAS 39 over the scope of employee benefits may mean earlier recognition of expenses related to some responsibilities of the Crown, such as veterans' benefits. Work on quantifying any impact in the financial statements is underway.

### **New Zealand Superannuation Fund – Investments in Controlled Enterprises (PBE IPSAS 35)**

From 1 July 2019, the New Zealand Superannuation Fund is consolidated as an investment entity rather than on the previous line-by-line basis in accordance with PBE IPSAS 35 *Consolidated Financial Statements*. As a consequence, any controlling interests the New Zealand Superannuation Fund has invested in are reported on a fair value basis and shown as a single line item *Investments in controlled enterprises* in the statement of financial position.

The comparatives for this new single line item have not been restated in these interim financial statements, but will be restated in the unaudited financial statements for the five months ended 30 November 2019. The restatement of comparatives will result in reclassifications between balance sheet items. In addition to the reclassification impact, the measurement of a single investment on a fair value basis may differ from the sum of individual assets and liabilities of that same controlled interest. As a result, the previous year's comparative figures for OBEGAL, Operating balance and Net Worth are likely to change when restated in November, although not materially.

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019 Actual \$m	4 months to 31 Oct 2018 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation Revenue</b>							
<b>Individuals</b>							
32,879	10,618	Source deductions	11,391	11,310	81	0.7	34,731
7,663	1,882	Other persons	2,084	2,341	(257)	(11.0)	7,149
(2,429)	(362)	Refunds	(497)	(725)	228	31.4	(1,937)
585	181	Fringe benefit tax	186	167	19	11.4	585
<b>38,698</b>	<b>12,319</b>	<b>Total individuals</b>	<b>13,164</b>	<b>13,093</b>	<b>71</b>	<b>0.5</b>	<b>40,528</b>
<b>Corporate Tax</b>							
14,892	3,092	Gross companies tax	3,569	4,889	(1,320)	(27.0)	14,074
(343)	(46)	Refunds	(70)	(56)	(14)	(25.0)	(218)
650	171	Non-resident withholding tax	133	148	(15)	(10.1)	648
-	-	Foreign-source dividend w/holding payments	-	-	-	-	-
<b>15,199</b>	<b>3,217</b>	<b>Total corporate tax</b>	<b>3,632</b>	<b>4,981</b>	<b>(1,349)</b>	<b>(27.1)</b>	<b>14,504</b>
<b>Other Direct Income Tax</b>							
1,659	523	Resident w/holding tax on interest income	516	512	4	0.8	1,675
838	197	Resident w/holding tax on dividend income	216	219	(3)	(1.4)	796
<b>2,497</b>	<b>720</b>	<b>Total other direct income tax</b>	<b>732</b>	<b>731</b>	<b>1</b>	<b>0.1</b>	<b>2,471</b>
<b>56,394</b>	<b>16,256</b>	<b>Total income tax</b>	<b>17,528</b>	<b>18,805</b>	<b>(1,277)</b>	<b>(6.8)</b>	<b>57,503</b>
<b>Goods and Services Tax</b>							
35,860	11,844	Gross goods and services tax	12,185	12,260	(75)	(0.6)	37,696
(13,998)	(4,678)	Refunds	(4,744)	(4,793)	49	1.0	(14,334)
<b>21,862</b>	<b>7,166</b>	<b>Total goods and services tax</b>	<b>7,441</b>	<b>7,467</b>	<b>(26)</b>	<b>(0.3)</b>	<b>23,362</b>
<b>Other Indirect Taxation</b>							
1,673	548	Road user charges	595	595	-	-	1,799
1,982	623	Petroleum fuels excise <sup>1</sup>	649	695	(46)	(6.6)	2,083
1,086	364	Alcohol excise <sup>1</sup>	380	366	14	3.8	1,100
1,980	631	Tobacco excise <sup>1</sup>	664	661	3	0.5	1,969
172	62	Other customs duty	63	62	1	1.6	177
247	72	Gaming duties	63	66	(3)	(4.5)	230
227	89	Motor vehicle fees	88	86	2	2.3	228
74	18	Approved issuer levy and cheque duty	17	18	(1)	(5.6)	65
26	8	Energy resources levies	6	9	(3)	(33.3)	25
<b>7,467</b>	<b>2,415</b>	<b>Total other indirect taxation</b>	<b>2,525</b>	<b>2,558</b>	<b>(33)</b>	<b>(1.3)</b>	<b>7,676</b>
<b>29,329</b>	<b>9,581</b>	<b>Total indirect taxation</b>	<b>9,966</b>	<b>10,025</b>	<b>(59)</b>	<b>(0.6)</b>	<b>31,038</b>
<b>85,723</b>	<b>25,837</b>	<b>Total taxation revenue</b>	<b>27,494</b>	<b>28,830</b>	<b>(1,336)</b>	<b>(4.6)</b>	<b>88,541</b>
<b>Other Sovereign Revenue</b>							
3,014	975	ACC levies	1,000	966	34	3.5	2,938
579	194	Fire Service levies	204	196	8	4.1	588
387	125	EQC levies	137	136	1	0.7	440
225	75	Child support and working for families penalties	83	75	8	10.7	225
124	43	Court fines	45	40	5	12.5	104
846	310	Emissions trading revenue	335	352	(17)	(4.8)	1,055
853	297	Other miscellaneous items	324	302	22	7.3	677
<b>6,028</b>	<b>2,019</b>	<b>Total other sovereign revenue</b>	<b>2,128</b>	<b>2,067</b>	<b>61</b>	<b>3.0</b>	<b>6,027</b>
<b>91,751</b>	<b>27,856</b>	<b>Total sovereign revenue</b>	<b>29,622</b>	<b>30,897</b>	<b>(1,275)</b>	<b>(4.1)</b>	<b>94,568</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 <https://treasury.govt.nz/information-and-services/financial-management-and-advice/revenue-expenditure/tax-outturn-data>



## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019 Actual \$m	4 months to 31 Oct 2018 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
2,685	892	Interest revenue	814	934	(120)	(12.8)	2,748
1,086	349	Dividends	336	314	22	7.0	1,040
<b>3,771</b>	<b>1,241</b>	<b>Total interest revenue and dividends</b>	<b>1,150</b>	<b>1,248</b>	<b>(98)</b>	<b>(7.9)</b>	<b>3,788</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
14,562	4,814	New Zealand superannuation	5,119	5,115	(4)	(0.1)	15,488
2,131	781	Family tax credit	726	761	35	4.6	2,195
1,854	603	Jobseeker support and emergency benefit	672	654	(18)	(2.8)	1,976
1,556	521	Supported living payment	534	530	(4)	(0.8)	1,589
1,640	528	Accommodation assistance	602	596	(6)	(1.0)	1,810
1,115	372	Sole parent support	387	385	(2)	(0.5)	1,175
45	15	Income related rent subsidy	37	32	(5)	(15.6)	84
951	309	KiwiSaver subsidies	325	303	(22)	(7.3)	915
635	155	Other working for families tax credits	208	180	(28)	(15.6)	536
708	122	Official development assistance	134	153	19	12.4	740
583	254	Student allowances	249	253	4	1.6	585
441	262	Winter energy payment	276	273	(3)	(1.1)	458
48	7	Best start	49	60	11	18.3	231
386	129	Disability allowances	132	131	(1)	(0.8)	391
1,535	535	Other social assistance benefits	551	554	3	0.5	1,621
<b>28,190</b>	<b>9,407</b>	<b>Total transfer payments and subsidies</b>	<b>10,001</b>	<b>9,980</b>	<b>(21)</b>	<b>(0.2)</b>	<b>29,794</b>
<b>NOTE 5: Finance Costs</b>							
4,010	1,349	Interest on financial liabilities	1,166	1,238	72	5.8	3,884
243	6	Interest unwind on provisions and other interest <sup>2</sup>	71	6	(65)	-	207
<b>4,253</b>	<b>1,355</b>	<b>Total finance costs</b>	<b>1,237</b>	<b>1,244</b>	<b>7</b>	<b>0.6</b>	<b>4,091</b>
<b>NOTE 6: Insurance Expenses</b>							
5,362	1,298	ACC	1,547	1,507	(40)	(2.7)	5,478
476	17	EQC	(52)	21	73	347.6	95
(40)	(11)	Southern Response	(14)	(14)	-	-	(42)
78	19	Other insurance expenses	5	5	-	-	16
<b>5,876</b>	<b>1,323</b>	<b>Total insurance expenses</b>	<b>1,486</b>	<b>1,519</b>	<b>33</b>	<b>2.2</b>	<b>5,547</b>

### NOTE 7: Forecast Adjustments

#### Top Down Adjustment

An adjustment to capital and operating expenditure forecasts to reflect the extent to which departments use appropriations (upper spending limits) rather than their best estimates when preparing their forecasts. As appropriations apply to the core Crown only, no adjustment is required to SOE or Crown entity forecasts.

#### Forecast for new operating and new capital spending

Forecast new capital spending is an amount provided in the forecast to represent the balance sheet impact of capital initiatives expected to be introduced over the forecast period.

Forecast new operating spending and forecast new capital spending includes unallocated contingencies. Unallocated contingencies represent expenses or capital spending from Budget 2019 and previous Budgets that has yet to be allocated to appropriations for departments.

2. The comparatives has been restated to reflect the updated standard PBE IPSAS 39: *Employee Benefits* from 1 July 2019. Refer to page 18 for details.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Oct 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-Financial Instruments</b>							
<b>By type</b>							
(11,367)	(1,798)	Actuarial gains/(losses) on ACC liability	(2,281)	-	(2,281)	-	-
(225)	(473)	Gains/(losses) on the Emissions Trading Scheme	(227)	-	(227)	-	-
3	(18)	Other	(85)	(20)	(65)	(325.0)	(71)
<b>(11,589)</b>	<b>(2,289)</b>	<b>Net gains/(losses) on non-financial instruments<sup>3</sup></b>	<b>(2,593)</b>	<b>(20)</b>	<b>(2,573)</b>	<b>-</b>	<b>(71)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
20,892	18,986	Cash and cash equivalents	19,300	22,155	(2,855)	(12.9)	21,412
14,212	10,353	Tax receivables	13,658	12,800	858	6.7	12,536
10,075	9,871	Other receivables	8,929	8,065	864	10.7	9,510
10,731	9,783	Student loans	10,586	9,929	657	6.6	9,884
20,411	18,955	Kiwibank mortgages	20,928	20,334	594	2.9	21,099
4,731	5,136	Long-term deposits	4,384	3,623	761	21.0	3,419
2,327	2,467	IMF financial assets	2,457	2,334	123	5.3	2,334
1,915	1,987	Other advances	2,496	2,121	375	17.7	2,629
40,615	35,136	Share investments	41,337	40,373	964	2.4	42,584
-	-	Investments in controlled enterprises	3,847	-	3,847	-	-
4,596	3,246	Derivatives in gain	4,530	3,135	1,395	44.5	3,062
32,799	35,851	Other marketable securities	35,838	30,659	5,179	16.9	30,580
<b>163,304</b>	<b>151,771</b>	<b>Total financial assets and sovereign receivables</b>	<b>168,290</b>	<b>155,528</b>	<b>12,762</b>	<b>8.2</b>	<b>159,049</b>
<b>Financial Assets by Entity</b>							
20,874	23,118	The Treasury	22,429	17,945	4,484	25.0	15,729
20,149	20,191	Reserve Bank of New Zealand	19,981	19,101	880	4.6	19,370
43,042	40,238	NZ Superannuation Fund	46,888	45,230	1,658	3.7	47,829
31,550	26,609	Other core Crown	31,435	29,928	1,507	5.0	28,806
(9,144)	(10,783)	Intra-segment eliminations	(9,743)	(10,094)	351	3.5	(8,054)
<b>106,471</b>	<b>99,373</b>	<b>Total core Crown segment</b>	<b>110,990</b>	<b>102,110</b>	<b>8,880</b>	<b>8.7</b>	<b>103,680</b>
48,868	42,160	ACC portfolio	48,853	43,866	4,987	11.4	45,169
778	371	EQC portfolio	846	416	430	103.4	244
10,912	10,231	Other Crown entities	10,672	9,842	830	8.4	9,862
(2,954)	(2,336)	Intra-segment eliminations	(2,589)	(2,353)	(236)	(10.0)	(2,361)
<b>57,604</b>	<b>50,426</b>	<b>Total Crown entities segment</b>	<b>57,782</b>	<b>51,771</b>	<b>6,011</b>	<b>11.6</b>	<b>52,914</b>
<b>27,624</b>	<b>26,533</b>	<b>Total State-owned Enterprises segment</b>	<b>28,663</b>	<b>27,312</b>	<b>1,351</b>	<b>4.9</b>	<b>28,102</b>
(28,395)	(24,561)	Inter-segment eliminations	(29,145)	(25,665)	(3,480)	(13.6)	(25,647)
<b>163,304</b>	<b>151,771</b>	<b>Total financial assets and sovereign receivables</b>	<b>168,290</b>	<b>155,528</b>	<b>12,762</b>	<b>8.2</b>	<b>159,049</b>

3. The comparatives has been restated to reflect the updated standard PBE IPSAS 39: *Employee Benefits* from 1 July 2019. Refer to page 18 for details.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Oct 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>4</sup></b>							
<b>By class of asset:</b>							
55,337	53,396	Land	55,178	53,241	1,937	3.6	53,408
40,774	37,299	Buildings	41,101	39,484	1,617	4.1	40,992
37,222	32,245	State highways	37,622	34,018	3,604	10.6	35,190
17,239	15,749	Electricity generation assets	17,137	15,481	1,656	10.7	15,410
4,173	4,081	Electricity distribution network (cost)	4,212	4,518	(306)	(6.8)	4,065
3,353	3,265	Specialist military equipment	3,367	3,577	(210)	(5.9)	4,171
3,150	3,143	Specified cultural and heritage assets	3,162	3,155	7	0.2	3,167
4,993	4,911	Aircraft (excl military)	5,201	5,139	62	1.2	5,550
6,407	1,346	Rail network	6,521	1,885	4,636	245.9	2,131
5,377	5,292	Other plant and equipment (cost)	5,577	5,300	277	5.2	5,555
<b>178,025</b>	<b>160,727</b>	<b>Total net carrying value</b>	<b>179,078</b>	<b>165,798</b>	<b>13,280</b>	<b>8.0</b>	<b>169,639</b>
<b>Land breakdown by usage</b>							
18,819	18,347	Housing stock	1,500	18,621	(17,121)	(91.9)	18,759
13,745	12,344	State highway corridor land	13,747	12,316	1,431	11.6	12,256
6,630	6,235	Conservation estate	6,617	6,241	376	6.0	6,242
3,516	3,525	Rail network corridor land	3,519	3,493	26	0.7	3,482
5,772	5,713	Schools	5,756	5,805	(49)	(0.8)	5,896
1,205	1,331	Commercial (SOE) excluding rail	1,308	1,244	64	5.1	1,316
5,650	5,901	Other	22,731	5,521	17,210	311.7	5,457
<b>55,337</b>	<b>53,396</b>	<b>Total land</b>	<b>55,178</b>	<b>53,241</b>	<b>1,937</b>	<b>3.6</b>	<b>53,408</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
175,377	175,652	Opening balance	193,214	185,829	7,385	4	185,829
9,523	3,245	Additions	3,328	2,997	331	11.0	11,205
(1,157)	(188)	Disposals	(242)	(568)	326	57.4	(848)
9,611	(1)	Net revaluations	33	10	23	230.0	-
(140)	-	Other <sup>5</sup>	(433)	195	(628)	(322.1)	64
<b>193,214</b>	<b>178,708</b>	<b>Total cost or valuation</b>	<b>195,900</b>	<b>188,463</b>	<b>7,437</b>	<b>3.9</b>	<b>196,250</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
16,359	16,634	Opening balance	15,189	21,513	(6,324)	(29)	21,513
(791)	(149)	Eliminated on disposal	(94)	(456)	362	79.4	(116)
(2,452)	-	Eliminated on revaluation	2	-	2	-	-
2,041	1,488	Depreciation expense and impairment losses	1,724	1,597	127	8.0	5,218
32	8	Other	1	11	(10)	(90.9)	(4)
<b>15,189</b>	<b>17,981</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>16,822</b>	<b>22,665</b>	<b>(5,843)</b>	<b>(25.8)</b>	<b>26,611</b>
<b>178,025</b>	<b>160,727</b>	<b>Total property, plant and equipment</b>	<b>179,078</b>	<b>165,798</b>	<b>13,280</b>	<b>8.0</b>	<b>169,639</b>

4. Using a revaluation methodology unless otherwise stated.

5. The movement in this year's "Actual" reflects impact of adopting PBE IPSAS 35: Consolidated Financial Statements from 1 July 2019 but the previous year's comparatives do not. Refer to page 19 for further details.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Oct 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: NZ Superannuation Fund</b>							
1,133	359	Revenue	292	349	(57)	(16.3)	1,047
(540)	123	Less current tax expense	20	(292)	(312)	(106.8)	(877)
(255)	(99)	Less other expenses <sup>6</sup>	(51)	(77)	(26)	(33.8)	(232)
1,986	(950)	Add gains/(losses)	1,081	951	130	13.7	2,854
<b>2,324</b>	<b>(567)</b>	<b>Operating balance</b>	<b>1,342</b>	<b>931</b>	<b>411</b>	<b>44.1</b>	<b>2,792</b>
39,053	39,053	Opening net worth	42,445	41,811	634	1.5	41,811
1,000	333	Contributions from the Crown	487	487	-	-	1,460
2,324	(567)	Operating balance	1,342	931	411	44.1	2,792
68	88	Other movements in reserves	(130)	23	(153)	-	30
<b>42,445</b>	<b>38,907</b>	<b>Closing net worth</b>	<b>44,144</b>	<b>43,252</b>	<b>892</b>	<b>2.1</b>	<b>46,093</b>
<b>Comprising:</b>							
43,042	40,238	Financial assets	46,888	45,230	1,658	3.7	47,829
(2,744)	(3,546)	Financial liabilities	(2,746)	(4,301)	1,555	36.2	(4,159)
2,147	2,215	Net other assets <sup>7</sup>	2	2,323	(2,321)	(99.9)	2,423
<b>42,445</b>	<b>38,907</b>	<b>Closing net worth</b>	<b>44,144</b>	<b>43,252</b>	<b>892</b>	<b>2.1</b>	<b>46,093</b>
<b>NOTE 12: Payables</b>							
11,430	8,069	Accounts payable	11,089	8,695	(2,394)	(27.5)	8,627
6,293	4,223	Taxes repayable	5,051	4,685	(366)	(7.8)	5,265
<b>17,723</b>	<b>12,292</b>	<b>Total payables</b>	<b>16,140</b>	<b>13,380</b>	<b>(2,760)</b>	<b>(20.6)</b>	<b>13,892</b>
<b>NOTE 13: Insurance Liabilities</b>							
56,611	44,431	ACC liability <sup>8</sup>	58,288	47,821	(10,467)	(21.9)	50,083
1,342	1,231	EQC property damage liability	1,138	811	(327)	(40.3)	481
216	270	Southern Response	-	-	-	-	-
195	134	Other insurance liabilities	46	145	99	68.3	73
-	-	Inter-segment eliminations	-	-	-	-	-
<b>58,364</b>	<b>46,066</b>	<b>Total insurance liabilities</b>	<b>59,472</b>	<b>48,777</b>	<b>(10,695)</b>	<b>(21.9)</b>	<b>50,637</b>

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

7. The balance in this year's "Actual" reflects impact of adopting PBE IPSAS 35: *Consolidated Financial Statements* from 1 July 2019 but the previous year's comparatives do not. Refer to page 19 for further details.

8. The most recent ACC valuation was as at 30 June 2019, updated monthly for changes to discount rates.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Oct 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 14: Provisions</b>							
4,582	3,639	Provision for employee entitlements	4,434	3,831	(603)	(15.7)	3,623
2,884	2,864	Provision for ETS Credits <sup>9</sup>	2,934	2,508	(426)	(17.0)	2,182
879	815	Provision for National Provident Fund guarantee	857	760	(97)	(12.8)	725
2,019	1,993	Other provisions	1,946	2,031	85	4.2	2,927
<b>10,364</b>	<b>9,311</b>	<b>Total provisions</b>	<b>10,171</b>	<b>9,130</b>	<b>(1,041)</b>	<b>(11.4)</b>	<b>9,457</b>
<b>NOTE 15: Changes in Net Worth</b>							
35,893	31,700	Taxpayers' funds	34,640	38,084	(3,444)	(9.0)	40,699
106,502	94,775	Property, plant and equipment revaluation reserve	106,433	94,647	11,786	12.5	94,640
(2,615)	(390)	Defined benefit retirement plan revaluation reserve <sup>10</sup>	(3,336)	(872)	(2,464)	(282.6)	(733)
6,567	5,875	Net worth attributable to minority interests	6,236	5,993	243	4.1	6,018
(34)	53	Other reserves	(95)	140	(235)	(167.9)	124
<b>146,313</b>	<b>132,013</b>	<b>Total net worth</b>	<b>143,878</b>	<b>137,992</b>	<b>5,886</b>	<b>4.3</b>	<b>140,748</b>
35,440	35,469	Opening taxpayers funds	35,893	36,077	(184)	(0.5)	36,077
341	(3,798)	Operating balance excluding minority interests	(1,472)	1,974	(3,446)	(174.6)	4,541
112	29	Transfers from/(to) other reserves	219	33	186	-	81
<b>35,893</b>	<b>31,700</b>	<b>Closing taxpayers funds</b>	<b>34,640</b>	<b>38,084</b>	<b>(3,444)</b>	<b>(9.0)</b>	<b>40,699</b>
94,750	94,750	Opening property, plant and equipment revaluation reserve	106,502	94,686	11,816	12.5	94,686
12,473	39	Net revaluations	(16)	(21)	5	23.8	-
(721)	(14)	Transfers from/(to) other reserves	(53)	(18)	(35)	(194.4)	(46)
<b>106,502</b>	<b>94,775</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>106,433</b>	<b>94,647</b>	<b>11,786</b>	<b>12.5</b>	<b>94,640</b>
5,993	5,993	Opening net worth attributable to minority interests	6,567	6,167	400	6.5	6,167
574	(118)	Net movements	(331)	(174)	(157)	(90.2)	(149)
<b>6,567</b>	<b>5,875</b>	<b>Closing net worth attributable to minority interests</b>	<b>6,236</b>	<b>5,993</b>	<b>243</b>	<b>4.1</b>	<b>6,018</b>
113	53	Opening other reserves	(34)	108	(142)	(131.5)	108
(147)	-	Net movements	(61)	32	(93)	(290.6)	16
<b>(34)</b>	<b>53</b>	<b>Closing other reserves</b>	<b>(95)</b>	<b>140</b>	<b>(235)</b>	<b>(167.9)</b>	<b>124</b>

9. Further information on the ETS, can be found on the Ministry for the Environment's climate change website <http://www.climatechange.govt.nz>

10. This year, the defined benefit plan revaluation reserve was recognised as a result of adopting PBE IPSAS 39: *Employee Benefits* from 1 July 2019 with comparatives restated. Refer to page 18 for details.

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019 \$m	4 months to 31 Oct 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 16: Core Crown Residual Cash</b>							
<b>Core Crown Cash Flows from Operations</b>							
83,716	26,572	Tax receipts	28,453	28,737	(284)	(1.0)	89,427
1,359	322	Other sovereign receipts	375	373	2	0.5	941
712	251	Interest receipts	153	201	(48)	(23.9)	600
3,200	1,127	Sale of goods & services and other receipts	1,278	1,103	175	15.9	3,390
(28,910)	(10,429)	Transfer payments and subsidies	(11,377)	(11,114)	(263)	(2.4)	(31,065)
(50,591)	(17,680)	Personnel and operating costs	(19,233)	(18,204)	(1,029)	(5.7)	(55,367)
(3,450)	(1,237)	Interest payments	(1,020)	(1,056)	36	3.4	(3,137)
-	-	Forecast for future new operating spending	-	-	-	-	(1,266)
-	-	Top-down expense adjustment	-	248	(248)	(100.0)	1,400
<b>6,036</b>	<b>(1,074)</b>	<b>Net core Crown operating cash flows</b>	<b>(1,371)</b>	<b>288</b>	<b>(1,659)</b>	<b>-</b>	<b>4,923</b>
(3,002)	(1,020)	Net purchase of physical assets	(833)	(1,001)	168	16.8	(3,703)
(86)	103	Net increase in advances	187	92	95	103.3	(799)
(2,658)	(1,126)	Net purchase of investments	(955)	(1,136)	181	15.9	(3,636)
(1,000)	(333)	Contributions to NZS Fund	(487)	(487)	-	-	(1,460)
-	-	Forecast for future new capital spending	-	-	-	-	(466)
-	-	Top-down capital adjustment	-	180	(180)	(100.0)	950
<b>(6,746)</b>	<b>(2,376)</b>	<b>Net core Crown capital cash flows</b>	<b>(2,088)</b>	<b>(2,352)</b>	<b>264</b>	<b>11.2</b>	<b>(9,114)</b>
<b>(710)</b>	<b>(3,450)</b>	<b>Residual cash surplus / (deficit)</b>	<b>(3,459)</b>	<b>(2,064)</b>	<b>(1,395)</b>	<b>(67.6)</b>	<b>(4,191)</b>
<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>							
<b>Debt Programme Cash Flows</b>							
Market:							
8,372	2,943	Issue of government bonds	5,244	5,043	201	4.0	10,387
(11,908)	(733)	Repayment of government bonds	-	(1,765)	1,765	100.0	(6,627)
(730)	(575)	Net issue/(repayment) of short-term borrowing <sup>11</sup>	(985)	(785)	(200)	(25.5)	(345)
(4,266)	1,635	Total market debt cash flows	4,259	2,493	1,766	70.8	3,415
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
-	-	Total non-market debt cash flows	-	-	-	-	-
<b>(4,266)</b>	<b>1,635</b>	<b>Total debt programme cash flows</b>	<b>4,259</b>	<b>2,493</b>	<b>1,766</b>	<b>70.8</b>	<b>3,415</b>
<b>Other Borrowing Cash Flows</b>							
(2,239)	(1,601)	Net (repayment)/issue of other New Zealand dollar borrowing	(2,210)	21	(2,231)	-	(24)
1,547	259	Net (repayment)/issue of foreign currency borrowing	1,409	(32)	1,441	-	6
<b>(692)</b>	<b>(1,342)</b>	<b>Total other borrowing cash flows</b>	<b>(801)</b>	<b>(11)</b>	<b>(790)</b>	<b>-</b>	<b>(18)</b>
<b>Investing Cash Flows</b>							
5,163	1,470	Other net sale/(purchase) of marketable securities and deposits	(3,019)	(487)	(2,532)	-	591
437	245	Issues of circulating currency	285	66	219	331.8	198
68	1,442	Decrease/(increase) in cash	2,735	3	2,732	-	5
<b>5,668</b>	<b>3,157</b>	<b>Total investing cash flows</b>	<b>1</b>	<b>(418)</b>	<b>419</b>	<b>100.2</b>	<b>794</b>
<b>710</b>	<b>3,450</b>	<b>Residual cash deficit / (surplus) funding</b>	<b>3,459</b>	<b>2,064</b>	<b>1,395</b>	<b>67.6</b>	<b>4,191</b>

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