

Interim Financial Statements of the Government of New Zealand

For the Nine Months Ended
31 March 2020



Prepared by the Treasury
8 May 2020

This document is available on the New Zealand Treasury's website at:
<https://treasury.govt.nz/publications/financial-statements-government>

New Zealand Government

ISSN 2703-2965 (Print)
ISSN 2703-2973 (Online)

CONTENTS

Commentary

Comparison against forecast	2
Comparison against the prior year actuals	4

Unaudited Interim Financial Statements

Statement of Financial Performance	8
<i>The statement outlines the operating results of the total Government (ie, the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities).</i>	
Analysis of Expenses by Functional Classification	9
<i>Breakdown of expenses by function for total Crown and core Crown.</i>	
Statement of Comprehensive Revenue and Expense	10
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	10
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	11
<i>The statement sets out the cash flows that result from the operating, investing and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	13
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	14
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Borrowings	15
<i>The statement outlines total borrowings (split by sovereign-guaranteed debt and non sovereign-guaranteed debt), including the calculation of the core Crown debt indicators.</i>	
Statement of Commitments	16
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	16
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	17
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	

Officer for Enquiries

Treasury Communications Team (Phone: +64-4-917-6268) (Email: media@treasury.govt.nz)
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND



Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 March 2020, and the financial results of operations and cash flows for the period ended on that date.

The March results are reported against forecasts based on the *Half Year Economic and Fiscal Update 2019 (HYEFU 2019)*, published on 11 December 2019. This is the last month that monthly actual results are compared against the *HYEFU 2019* forecasts, as the April 2020 actual results will be compared against *Budget Economic and Fiscal Update 2020 (BEFU 2020)*.

Comparison against forecast

The financial results have incorporated the fiscal impacts of COVID-19, which mainly relate to the significant wage subsidy scheme (\$3.9 billion) and some health spending (\$0.1 billion). Core Crown tax revenue has not been significantly impacted for these financial statements.

Core Crown tax revenue was \$0.4 billion above forecast mainly owing to higher than forecast source deductions, GST and customs and excise duties reflecting the growing economy prior to any impacts from COVID-19. Core Crown tax receipts were \$0.5 billion below forecast as these start to reflect some of the impacts from COVID-19.

Core Crown expenses were \$4.4 billion unfavourable to forecast mainly due to \$3.9 billion of wage subsidies paid and \$0.1 billion of support for District Health Boards and primary health organisations paid as part of the Government's response to COVID-19.

The unfavourable variance in core Crown expenses and core Crown tax receipts has resulted in core Crown residual cash being \$5.2 billion unfavourable to forecast.

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 current year at least, income tax revenue for a month will not be directly comparable with the corresponding month of the previous year.
- When compiling the *HYEFU 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 nine months ended 31 March 2020 compared to HYEFU 2019

	Year to date				Full Year
	March 2020 Actual ¹ \$m	March 2020 HYEFU 2019 Actual ¹ \$m	Variance ² HYEFU 2019 \$m	Variance HYEFU 2019 %	June 2020 HYEFU 2019 Actual ³ \$m
Core Crown					
Core Crown tax revenue	65,854	65,409	445	0.7	88,692
Core Crown revenue	71,237	70,743	494	0.7	95,797
Core Crown expenses	72,504	68,091	(4,413)	(6.5)	93,776
Core Crown residual cash	(9,567)	(4,346)	(5,221)	(120.1)	(5,154)
Net core Crown debt ⁴	66,380	62,215	(4,165)	(6.7)	62,526
<i>as a percentage of GDP</i>	21.3%	20.0%			19.6%
Gross debt ⁵	93,950	91,820	(2,130)	(2.3)	89,575
<i>as a percentage of GDP</i>	30.2%	29.5%			28.0%
Total Crown					
Operating balance before gains and losses	(2,687)	1,347	(4,034)	(299.5)	(943)
Operating balance (excluding minority interests)	(9,830)	2,088	(11,918)	-	422
Total borrowings	144,719	123,096	(21,623)	(17.6)	122,161
Net worth attributable to the Crown	129,497	141,301	(11,804)	(8.4)	139,620
<i>as a percentage of GDP</i>	41.6%	45.4%			43.7%

1 Using the most recently published GDP (for the year ended 31 December 2019) of \$311,034 million (Source: Statistics NZ).

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

3 Using HYEFU 2019 forecast GDP for the year ending 30 June 2020 of \$319,804 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 was \$0.4 billion (0.7%) above forecast. Source deductions revenue was \$0.2 billion (0.6%) above forecast, mainly owing to stronger wage growth compared to forecast. GST revenue was \$0.2 billion (0.9%) above forecast, mainly owing to nominal domestic consumption (prior to COVID-19 impacts) being above forecast. Customs and excise duties were \$0.1 billion (3.4%) above forecast, primarily owing to higher-than-forecast tobacco duty.

Core Crown expenses were \$72.5 billion, \$4.4 billion above forecast. As part of the Government's response to COVID-19, \$3.9 billion of wage subsidies were paid and \$0.1 billion was paid as support for District Health Boards and primary health organisations.

The **OBEGAL** was a \$2.7 billion deficit, \$4.0 billion lower than the forecast surplus. The variance mainly relates to core Crown expenses being \$4.4 billion higher than forecast which was partly offset by core Crown revenue being \$0.5 billion higher than forecast.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$9.8 billion deficit, \$11.9 billion below forecast as discussed below.

Net investment losses of \$6.4 billion were \$9.7 billion below forecast gains. This result was largely due to unfavourable changes in market prices, primarily relating to NZS Fund and ACC.

Net losses on non-financial instruments of \$0.9 billion were \$1.7 billion lower than the losses forecast. Losses on ACC outstanding claims liability were \$0.8 billion, \$1.5 billion lower than the losses forecast primarily driven by an increase in the discount rates used to calculate the liability. In addition, a decrease in carbon prices resulted in lower than forecast Emission Trading Scheme valuation losses of \$0.1 billion.

Core Crown residual cash was a deficit of \$9.6 billion, \$5.2 billion higher than the deficit forecast, owing to core Crown expenses being higher than forecast (as discussed above) and tax receipts being \$0.5 billion lower than forecast.

Net core Crown debt was \$66.4 billion (21.3% of GDP) was \$4.2 billion higher than forecast due to the residual cash variance discussed above. The residual cash deficit was partly offset by issue of circulating currency (\$0.8 billion above forecast) and by favourable changes in exchange rates (\$0.3 billion).

Gross debt at \$94.0 billion (30.2% of GDP) was \$2.1 billion higher than forecast primarily due to core Crown derivatives in loss increasing from forecast by around \$1.8 billion. These mostly reflects changes in the market since the monthly forecasts were completed. There are also more Treasury Bills on issue.

Total borrowings at 31 March 2020 were \$144.7 billion, \$21.6 billion higher than forecast, primarily owing to increased settlement deposits with Reserve Bank (\$13.6 billion). Reserve Bank is putting more cash into the system mainly using short-term foreign exchange swaps to lower interest rates. Derivatives in loss increased from forecast by \$5.8 billion due to market conditions changing since the forecast was prepared.

Total assets at \$388.6 billion were \$9.1 billion above forecast with financial assets driving this variance. This relates mainly to an increase in Reserve Bank financial assets due to their activity to suppress interest rates partly offset by lower financial assets held by NZS Fund and ACC.

Total liabilities at \$253.0 billion were \$21.1 billion above forecast. This variance is mainly due to the increase in total borrowings of \$21.6 billion discussed above. In addition, the provision for employee entitlements was \$0.7 billion above forecast due to additional expenses from estimated liabilities under the Holidays Act. This was partly offset by ACC's outstanding claims liability (\$1.5 billion below forecast).

Net worth attributable to the Crown was \$129.5 billion, \$11.8 billion lower than forecast. The majority of this variance relates to the operating balance for the first nine months of the year as discussed above.

Comparison against the prior year actuals

Table 2 – Key indicators for the nine months ended 31 March 2020 compared to prior year actuals

	Year to date				Full Year
	March 2020 Actual ¹ \$m	March 2019 Prior Year Actual ² \$m	Variance ³ to 2019 \$m	Variance to 2019 %	June 2019 Prior Year Actual ⁴ \$m
Core Crown					
Core Crown tax revenue	65,854	60,374	5,480	9.1	86,468
Core Crown revenue	71,237	65,501	5,736	8.8	93,474
Core Crown expenses	72,504	63,413	(9,091)	(14.3)	87,041
Core Crown residual cash	(9,567)	(2,626)	(6,941)	(264.3)	(710)
Net core Crown debt ⁵	66,380	60,514	(5,866)	(9.7)	57,736
as a percentage of GDP	21.3%	20.6%			19.0%
Gross debt ⁶	93,950	85,374	(8,576)	(10.0)	84,449
as a percentage of GDP	30.2%	29.1%			27.7%
Total Crown					
Operating balance before gains and losses	(2,687)	2,529	(5,216)	(206.2)	7,347
Operating balance (excluding minority interests)	(9,830)	(3,157)	(6,673)	(211.4)	293
Total Borrowings	144,719	112,335	(32,384)	(28.8)	110,248
Net worth attributable to the Crown	129,497	125,948	3,549	2.8	139,782
as a percentage of GDP	41.6%	43.0%			45.9%

1 Using the most recently published GDP (for the year ended 31 December 2019) of \$311,034 million (Source: Statistics NZ).

2 Using prior year published GDP (for the year ended 31 December 2019) of \$293,233 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 GDP for the year ended 30 June 2019 of \$304,357 million published in the Treasury's HYEPU 2019.

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 nine months to March 2020 was \$5.5 billion (9.1%) up on the corresponding period from last year. The largest increases are as follows:

- Source deduction revenue was \$1.9 billion (8.0%) up on last year, mainly owing to growth in wages and employment.
- Corporate tax revenue was \$2.1 billion (25.9%) 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.
- GST revenue was \$1.3 billion (7.9%) up on last year, mainly owing to growth in nominal private consumption.
- Customs and excise duty revenue was \$0.3 billion (7.6%) up on last year, mainly owing to increased tobacco duties.

Core Crown expenses grew by \$9.1 billion owing to COVID-19 expenses as discussed above, increases in benefit expenditure (\$5.8 billion in total) and spending decisions made in Budget 2019 (as most of this expenditure starts in the 2019/20 year). The majority of those spending decisions relates to health (\$1.0 billion), education (\$0.4 billion) and law and order (\$0.3 billion).

The **OBEGAL** deficit at \$2.7 billion was \$5.2 billion lower than the surplus this time last year. This variance is largely related to increased core Crown expenses (\$9.1 billion) partly offset by increased core Crown tax revenues (\$5.5 billion) as discussed above. In addition, ACC insurance expenses increased by \$0.6 billion due to combination of lower discount rates, higher claims volumes and an increase in the average cost per claim compared to March 2019. Depreciation expenses for KiwiRail increased by \$0.2 billion as a result of a change in the valuation approach of the rail freight.

The **core Crown residual cash** deficit was \$9.6 billion, \$6.9 billion higher than last year. The net core Crown operating cash flows were \$6.1 billion higher than the same time last year, mainly owing to COVID-19 related payments, higher benefit payments and the impact of the Budget 2019 spending decisions. Net core Crown capital cash flows were \$0.9 billion higher than the same time last year.

Net core Crown debt in nominal terms was \$5.9 billion higher than the same time last year. The variance relates to core Crown residual cash deficit being higher than last year (directly impacting net debt), this was also impacted by decreases in valuation gains of \$0.6 billion and a higher level of issued currency \$0.8 billion higher than the same time last year. Net debt as a percentage of GDP has increased from 20.6% to 21.3%.

Net worth attributable to the Crown at \$129.5 billion was \$3.5 billion higher than March 2019, largely reflecting the June 2019 year-end operating balance, property revaluations and the current year's operating balance.

Restatement of comparatives due to changes in accounting standards

The 30 June 2019 and 31 March 2019 financial results have been restated to reflect the adoption of the new accounting standards PBE IPSAS 39 *Employee Benefits* (updated) and PBE IPSAS 35 *Consolidated Financial Statements*. Refer to page 18 to 19 for further details.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
85,723	59,779	Taxation revenue	2	65,363	64,858	505	0.8	87,994
6,028	4,406	Other sovereign revenue	2	4,624	4,605	19	0.4	6,116
91,751	64,185	Total Revenue Levied through the Crown's Sovereign Power		69,987	69,463	524	0.8	94,110
19,796	15,001	Sales of goods and services		14,878	14,820	58	0.4	19,629
3,716	2,768	Interest revenue and dividends	3	2,546	2,719	(173)	(6.4)	3,546
3,879	2,793	Other revenue		2,854	2,752	102	3.7	3,699
27,391	20,562	Total revenue earned through the Crown's operations		20,278	20,291	(13)	(0.1)	26,874
119,142	84,747	Total revenue (excluding gains)		90,265	89,754	511	0.6	120,984
		Expenses						
28,190	20,589	Transfer payments and subsidies	4	21,989	22,039	50	0.2	30,108
25,933	18,698	Personnel expenses		20,123	20,063	(60)	(0.3)	26,299
5,488	4,171	Depreciation and amortisation		4,927	4,814	(113)	(2.3)	6,198
41,781	32,190	Other operating expenses		39,010	35,562	(3,448)	(9.7)	49,350
4,253	3,076	Finance costs	5	2,862	2,901	39	1.3	3,793
5,813	3,151	Insurance expenses	6	3,737	3,557	(180)	(5.1)	6,264
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(840)	(840)	(100.0)	(1,200)
111,458	81,875	Total expenses (excluding losses)		92,648	88,096	(4,552)	(5.2)	121,556
(337)	(343)	Minority interests share of operating balance before gains/(losses)		(304)	(311)	7	2.3	(371)
7,347	2,529	Operating balance before gains/(losses) (excluding minority interests)		(2,687)	1,347	(4,034)	(299.5)	(943)
4,396	1,648	Net gains/(losses) on financial instruments		(6,391)	3,345	(9,736)	(291.1)	3,880
(11,575)	(7,315)	Net gains/(losses) on non-financial instruments	8	(946)	(2,634)	1,688	64.1	(2,659)
(115)	(65)	Minority interests share of total (gains)/losses		113	20	93	465.0	38
(7,294)	(5,732)	Total gains/(losses)		(7,224)	731	(7,955)	-	1,259
240	46	Net surplus/(deficit) from associates and joint ventures		81	10	71	-	106
293	(3,157)	Operating balance (excluding minority interests)		(9,830)	2,088	(11,918)	-	422

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses						
34,006	24,099	Social security and welfare		30,455	26,623	(3,832)	(14.4)	37,386
18,660	13,316	Health		14,798	14,658	(140)	(1.0)	20,605
15,280	11,383	Education		11,858	12,076	218	1.8	16,213
4,755	3,073	Core government services		3,574	3,606	32	0.9	5,385
5,050	3,624	Law and order		3,874	3,995	121	3.0	5,456
8,429	7,965	Transport and communications		8,807	8,849	42	0.5	12,090
10,433	7,626	Economic and industrial services		7,541	7,189	(352)	(4.9)	8,418
2,390	1,727	Defence		1,824	1,880	56	3.0	2,607
2,503	1,903	Heritage, culture and recreation		2,214	2,055	(159)	(7.7)	2,776
2,395	1,689	Primary services		1,837	1,834	(3)	(0.2)	2,523
2,020	1,452	Housing and community development		1,825	1,945	120	6.2	2,857
1,108	755	Environmental protection		1,054	961	(93)	(9.7)	1,364
80	123	GSF pension expenses		67	73	6	8.2	91
96	64	Other		58	291	233	80.1	448
4,253	3,076	Finance costs		2,862	2,901	39	1.3	3,793
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(840)	(840)	(100.0)	(1,200)
111,458	81,875	Total Crown expenses excluding losses		92,648	88,096	(4,552)	(5.2)	121,556

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	9 months to 31 Mar 2019		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses						
28,844	21,234	Social security and welfare		27,046	23,181	(3,865)	(16.7)	31,296
18,268	13,627	Health		14,649	14,342	(307)	(2.1)	19,366
14,293	10,535	Education		11,020	11,286	266	2.4	15,298
5,189	3,401	Core government services		3,793	3,728	(65)	(1.7)	5,570
4,625	3,319	Law and order		3,620	3,674	54	1.5	5,048
2,889	1,942	Transport and communications		2,158	2,343	185	7.9	3,537
3,006	2,232	Economic and industrial services		2,447	2,477	30	1.2	3,170
2,395	1,731	Defence		1,836	1,887	51	2.7	2,616
918	655	Heritage, culture and recreation		804	750	(54)	(7.2)	1,042
960	660	Primary services		745	711	(34)	(4.8)	1,110
727	513	Housing and community development		741	785	44	5.6	1,048
1,119	758	Environmental protection		1,060	967	(93)	(9.6)	1,372
66	113	GSF pension expenses		56	58	2	3.4	77
96	64	Other		58	291	233	80.1	448
3,646	2,629	Finance costs		2,471	2,451	(20)	(0.8)	3,234
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(840)	(840)	(100.0)	(1,200)
87,041	63,413	Core Crown expenses excluding losses		72,504	68,091	(4,413)	(6.5)	93,776

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
745	(2,749)	Operating Balance (including minority interest)	(9,639)	2,379	(12,018)	-	755
		Other comprehensive revenue and expense					
12,481	1	Revaluation of physical assets	(92)	(84)	(8)	(9.5)	(278)
(2,615)	(1,017)	Revaluations of defined benefit retirement plan schemes	(299)	(652)	353	54.1	(611)
(202)	(306)	Transfers to/(from) reserves (Gains)/losses transferred to the statement of financial performance	33	215	(182)	(84.7)	274
(2)	114	Foreign currency translation differences on foreign operations	(39)	(20)	(19)	(95.0)	(24)
(31)	(64)	Other movements	(196)	(20)	(176)	-	15
46	(22)		65	37	28	75.7	29
9,677	(1,294)	Total other comprehensive revenue and expense	(528)	(524)	(4)	(0.8)	(595)
10,422	(4,043)	Total comprehensive revenue and expense	(10,167)	1,855	(12,022)	-	160
		Attributable to:					
943	281	- minority interest	118	336	(218)	(64.9)	322
9,479	(4,324)	- the Crown	(10,285)	1,519	(11,804)	-	(162)
10,422	(4,043)	Total comprehensive revenue and expense	(10,167)	1,855	(12,022)	-	160

STATEMENT OF CHANGES IN NET WORTH

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
136,296	136,265	Opening net worth	146,172	146,172	-	-	146,172
(73)	(73)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
136,223	136,192	Adjusted opening net worth	146,172	146,172	-	-	146,172
745	(2,749)	Operating balance (including minority interest)	(9,639)	2,379	(12,018)	-	755
12,481	1	Net revaluations	(92)	(84)	(8)	(9.5)	(278)
(2,615)	(1,017)	Net revaluations of defined benefit retirement plan schemes	(299)	(652)	353	54.1	(611)
(202)	(306)	Transfers to/(from) reserves (Gains)/losses transferred to the Statement of Financial Performance	33	215	(182)	(84.7)	274
(2)	114	Foreign currency translation differences on foreign operations	(39)	(20)	(19)	(95.0)	(24)
(31)	(64)	Other movements	(196)	(20)	(176)	-	15
46	(22)		65	37	28	75.7	29
10,422	(4,043)	Total comprehensive revenue and expense	(10,167)	1,855	(12,022)	-	160
(473)	(359)	Transactions with minority interests	(356)	(339)	(17)	(5.0)	(546)
146,172	131,790	Closing net worth	135,649	147,688	(12,039)	(8.2)	145,786

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

STATEMENT OF CASH FLOWS

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash Flows from Operations						
		Cash was provided from						
83,018	59,783	Taxation receipts		62,617	63,136	(519)	(0.8)	87,541
5,187	3,663	Other sovereign receipts		4,054	3,913	141	3.6	5,435
19,764	14,738	Sales of goods and services		14,858	14,700	158	1.1	19,470
2,528	1,954	Interest receipts		1,654	1,555	99	6.4	2,060
4,562	2,903	Other operating receipts		3,499	3,738	(239)	(6.4)	5,881
115,059	83,041	Total cash provided from operations		86,682	87,042	(360)	(0.4)	120,387
		Cash was disbursed to						
27,982	20,080	Transfer payments and subsidies		22,777	22,760	(17)	(0.1)	30,364
72,078	54,470	Personnel and operating payments		62,470	57,223	(5,247)	(9.2)	79,354
4,025	2,549	Interest payments		2,113	2,083	(30)	(1.4)	3,757
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(840)	(840)	(100.0)	(1,200)
104,085	77,099	Total cash disbursed to operations		87,360	81,226	(6,134)	(7.6)	113,019
10,974	5,942	Net cash flows from operations		(678)	5,816	(6,494)	(111.7)	7,368
		Cash Flows from Investing Activities						
		Cash was provided from/(disbursed to)						
(8,464)	(6,119)	Net (purchase)/sale of physical assets		(6,623)	(8,300)	1,677	20.2	(9,815)
3,804	8,274	Net (purchase)/sale of shares and other securities		(4,571)	(7,197)	2,626	36.5	(4,678)
(791)	(497)	Net (purchase)/sale of intangible assets		(551)	(702)	151	21.5	(975)
(1,902)	(1,896)	Net (issue)/repayment of advances		(1,482)	(1,773)	291	16.4	(2,076)
136	74	Net acquisition of investments in associates		(208)	(216)	8	3.7	(521)
-	-	Forecast new capital spending	7	-	-	-	-	(802)
-	-	Top-down capital adjustment	7	-	560	(560)	(100.0)	800
(7,217)	(164)	Net cash flows from investing activities		(13,435)	(17,628)	4,193	23.8	(18,067)
3,757	5,778	Net cash flows from operating and investing activities		(14,113)	(11,812)	(2,301)	(19.5)	(10,699)
		Cash Flows from Financing Activities						
		Cash was provided from/(disbursed to)						
437	408	Issues of circulating currency		1,205	385	820	213.0	339
(3,536)	(3,883)	Net issue/(repayment) of Government bonds		8,833	8,958	(125)	(1.4)	6,612
1,487	40	Net issue/(repayment) of foreign currency borrowing		304	(3,316)	3,620	109.2	(3,435)
(530)	1,212	Net issue/(repayment) of other New Zealand dollar borrowing		16,118	5,468	10,650	194.8	6,315
(505)	(386)	Dividends paid to minority interests		(393)	(368)	(25)	(6.8)	(544)
(2,647)	(2,609)	Net cash flows from financing activities		26,067	11,127	14,940	134.3	9,287
1,110	3,169	Net movement in cash		11,954	(685)	12,639	-	(1,412)
18,894	18,894	Opening cash balance		20,248	20,248	-	-	20,248
244	(222)	Foreign-exchange gains/(losses) on opening cash		2,087	1,011	1,076	106.4	1,033
20,248	21,841	Closing cash balance		34,289	20,574	13,715	66.7	19,869

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the nine months ended 31 March 2020

Year to 30 Jun 2019	9 months to 31 Mar 2019		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast %	Annual Forecast \$m
		Reconciliation Between the Net Cash Flows from Operations and the Operating Balance					
10,974	5,942	Net Cash Flows from Operations	(678)	5,816	(6,494)	(111.7)	7,368
		Gains/(losses)					
4,396	1,648	Net gains/(losses) on financial instruments	(6,391)	3,345	(9,736)	(291.1)	3,880
(11,575)	(7,315)	Net gains/(losses) on non-financial instruments	(946)	(2,634)	1,688	64.1	(2,659)
115	65	Less minority interests share of net gains/(losses)	(113)	(20)	(93)	(465.0)	(38)
(7,294)	(5,732)	Total gains/(losses)	(7,224)	731	(7,955)	-	1,259
		Other Non-cash Items in Operating Balance					
(5,488)	(4,171)	Depreciation and amortisation	(4,927)	(4,814)	(113)	(2.3)	(6,198)
(763)	(551)	Cost of concessionary lending	(471)	(537)	66	12.3	(670)
(41)	(13)	Impairment of financial assets (excluding receivables)	(19)	(4)	(15)	(375.0)	(5)
2,576	-	Reversal of Rail network impairment	-	-	-	-	-
571	425	Decrease/(increase) in defined benefit retirement plan liabilities	58	(288)	346	120.1	(136)
(1,768)	1,880	Decrease/(increase) in insurance liabilities	1,693	2,001	(308)	(15.4)	(1,573)
(218)	116	Other	(219)	(300)	81	27.0	(301)
(5,131)	(2,314)	Total other non-cash items	(3,885)	(3,942)	57	1.4	(8,883)
		Movements in Working Capital					
4,188	(1,502)	Increase/(decrease) in receivables	774	(333)	1,107	332.4	1,130
37	(426)	Increase/(decrease) in accrued interest	(617)	(537)	(80)	(14.9)	263
175	186	Increase/(decrease) in inventories	159	142	17	12.0	412
36	344	Increase/(decrease) in prepayments	591	483	108	22.4	48
(97)	(13)	Decrease/(increase) in deferred revenue	151	(48)	199	414.6	(1)
(2,595)	358	Decrease/(increase) in payables/provisions	899	(224)	1,123	-	(1,174)
1,744	(1,053)	Total movements in working capital	1,957	(517)	2,474	478.5	678
293	(3,157)	Operating balance (excluding minority interests)	(9,830)	2,088	(11,918)	-	422

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

As at 30 Jun 2019 Actual \$m	As at 31 Mar 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Assets						
20,248	21,841	Cash and cash equivalents	9	34,289	20,574	13,715	66.7	19,869
23,304	18,582	Receivables	9	27,822	23,924	3,898	16.3	25,216
43,616	39,663	Marketable securities, deposits and derivatives in gain	9	54,054	47,350	6,704	14.2	44,635
39,552	37,419	Share investments	9	29,311	43,726	(14,415)	(33.0)	45,117
33,690	32,485	Advances	9	34,631	35,569	(938)	(2.6)	36,298
3,688	3,607	Investments in controlled enterprises	9	4,079	4,160	(81)	(1.9)	4,311
1,516	1,526	Inventory		1,678	1,660	18	1.1	1,931
2,828	3,047	Other assets		3,374	3,294	80	2.4	3,004
177,625	161,473	Property, plant and equipment	10	180,849	181,232	(383)	(0.2)	182,644
14,279	13,697	Equity accounted investments ¹		14,796	14,584	212	1.5	14,806
3,911	3,878	Intangible assets and goodwill		3,742	4,054	(312)	(7.7)	4,156
-	-	Forecast for new capital spending	7	-	-	-	-	802
-	-	Top-down capital adjustment	7	-	(560)	560	100.0	(800)
364,257	337,218	Total assets		388,625	379,567	9,058	2.4	381,989
		Liabilities						
6,813	6,784	Issued currency		8,018	7,198	(820)	(11.4)	7,151
16,742	12,886	Payables	12	16,469	17,264	795	4.6	18,855
2,523	2,437	Deferred revenue		2,363	2,565	202	7.9	2,521
110,248	112,335	Borrowings		144,719	123,096	(21,623)	(17.6)	122,161
58,216	50,068	Insurance liabilities	13	57,446	58,650	1,204	2.1	62,229
13,179	11,583	Retirement plan liabilities		13,120	13,467	347	2.6	13,315
10,364	9,335	Provisions	14	10,841	9,639	(1,202)	(12.5)	9,971
218,085	205,428	Total liabilities		252,976	231,879	(21,097)	(9.1)	236,203
146,172	131,790	Total assets less total liabilities		135,649	147,688	(12,039)	(8.2)	145,786
		Net Worth						
36,015	32,410	Taxpayers' funds	15	26,306	38,336	(12,030)	(31.4)	36,678
106,495	94,704	Property, plant and equipment revaluation reserve	15	106,330	106,224	106	0.1	106,125
(2,615)	(1,017)	Defined benefit retirement plan revaluation reserve	15	(2,914)	(3,267)	353	10.8	(3,226)
(113)	(149)	Other reserves	15	(225)	8	(233)	-	43
139,782	125,948	Total net worth attributable to the Crown		129,497	141,301	(11,804)	(8.4)	139,620
6,390	5,842	Net worth attributable to minority interest	15	6,152	6,387	(235)	(3.7)	6,166
146,172	131,790	Total net worth		135,649	147,688	(12,039)	(8.2)	145,786

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

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

STATEMENT OF SEGMENTS

For the nine months ended 31 March 2020

	Current Year Actual vs Forecast (Half Year 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
Revenue										
Taxation revenue	65,854	65,409	-	-	-	-	(491)	(551)	65,363	64,858
Other sovereign revenue	1,598	1,531	4,188	4,235	-	-	(1,162)	(1,161)	4,624	4,605
Revenue from core Crown funding	-	-	24,198	24,376	148	217	(24,346)	(24,593)	-	-
Sales of goods and services	1,267	1,272	1,922	1,702	12,213	12,319	(524)	(473)	14,878	14,820
Interest and dividend revenue	1,783	1,844	1,058	1,077	729	739	(1,024)	(941)	2,546	2,719
Other revenue	735	687	2,407	2,498	873	679	(1,161)	(1,112)	2,854	2,752
Total Revenue (excluding gains)	71,237	70,743	33,773	33,888	13,963	13,954	(28,708)	(28,831)	90,265	89,754
Expenses										
Transfer payments and subsidies	22,734	22,793	-	-	-	-	(745)	(754)	21,989	22,039
Personnel expenses	6,216	6,178	11,633	11,632	2,307	2,277	(33)	(24)	20,123	20,063
Other operating expenses	41,087	37,509	23,055	23,145	10,301	10,200	(26,769)	(26,921)	47,674	43,933
Interest expenses	2,467	2,451	97	55	722	765	(424)	(370)	2,862	2,901
Forecast new operating spending and top down adjustment	-	(840)	-	-	-	-	-	-	-	(840)
Total Expenses (excluding losses)	72,504	68,091	34,785	34,832	13,330	13,242	(27,971)	(28,069)	92,648	88,096
Minority interest share of operating balance before gains/(losses)	-	-	-	-	(320)	(327)	16	16	(304)	(311)
Operating Balance before gains and losses (excluding minority interests)	(1,267)	2,652	(1,012)	(944)	313	385	(721)	(746)	(2,687)	1,347
Gains/(losses) and other items	(4,915)	2,057	(2,444)	(1,107)	45	2	171	(211)	(7,143)	741
Operating Balance (excluding minority interests)	(6,182)	4,709	(3,456)	(2,051)	358	387	(550)	(957)	(9,830)	2,088
Assets										
Financial assets	125,778	117,909	55,920	55,907	30,319	29,225	(27,831)	(27,739)	184,186	175,303
Property, plant and equipment	44,543	44,180	95,995	96,669	40,313	40,382	-	-	180,849	181,232
Investments in associates, CEs and SOEs	48,854	49,158	13,379	13,321	552	384	(47,989)	(48,279)	14,796	14,584
Other assets	4,433	4,647	1,840	1,772	2,721	2,668	(200)	(79)	8,794	9,008
Forecast adjustments	-	(560)	-	-	-	-	-	-	-	(560)
Total Assets	223,608	215,334	167,134	167,669	73,905	72,659	(76,020)	(76,097)	388,625	379,567
Liabilities										
Borrowings	119,177	101,266	10,136	8,098	36,234	34,288	(20,828)	(20,556)	144,719	123,096
Other liabilities	39,086	38,162	68,910	69,842	8,983	9,139	(8,722)	(8,360)	108,257	108,783
Total Liabilities	158,263	139,428	79,046	77,940	45,217	43,427	(29,550)	(28,916)	252,976	231,879
Net Worth	65,345	75,906	88,088	89,729	28,688	29,232	(46,470)	(47,181)	135,649	147,688
Cost of Acquisition of Physical Assets (Cash)	2,049	2,230	3,255	4,470	1,714	1,770	-	-	7,018	8,470

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

STATEMENT OF BORROWINGS

As at 31 March 2020

As at 30 Jun 2019 Actual \$m	As at 31 Mar 2019 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
56,874	57,831	Government bonds	63,412	64,587	1,175	1.8	62,714
6,891	7,112	Settlement deposits with Reserve Bank	21,249	7,630	(13,619)	(178.5)	7,630
3,939	3,442	Derivatives in loss	11,674	5,835	(5,839)	(100.1)	5,607
3,455	4,631	Treasury bills	3,626	2,766	(860)	(31.1)	3,041
1,328	2,513	Finance lease liabilities	1,640	1,461	(179)	(12.3)	1,102
169	175	Government retail stock	192	171	(21)	(12.3)	171
37,592	36,631	Other borrowings	42,926	40,646	(2,280)	(5.6)	41,896
110,248	112,335	Total borrowings	144,719	123,096	(21,623)	(17.6)	122,161
74,946	77,940	Sovereign-guaranteed debt	102,525	84,910	(17,615)	(20.7)	83,141
35,302	34,395	Non sovereign-guaranteed debt	42,194	38,186	(4,008)	(10.5)	39,020
110,248	112,335	Total borrowings	144,719	123,096	(21,623)	(17.6)	122,161
Net Debt:							
91,833	94,065	Core Crown borrowings ¹	119,902	101,266	(18,636)	(18.4)	98,465
(903)	(2,184)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(4,966)	(2,520)	2,446	97.1	(1,967)
90,930	91,881	Gross sovereign-issued debt²	114,936	98,746	(16,190)	(16.4)	96,498
90,715	86,922	Less core Crown financial assets ³	103,129	97,972	5,157	5.3	96,269
215	4,959	Net core Crown debt	11,807	774	(11,033)	-	229
13,845	12,974	Add back core Crown advances	13,788	14,207	419	2.9	14,361
14,060	17,933	Net core Crown debt (incl NZS Fund)⁴	25,595	14,981	(10,614)	(70.8)	14,590
43,676	42,581	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁵	40,785	47,234	6,449	13.7	47,936
57,736	60,514	Net core Crown debt (excl NZS Fund and advances)⁶	66,380	62,215	(4,165)	(6.7)	62,526
Gross Debt:							
90,930	91,881	Gross sovereign-issued debt ²	114,936	98,746	(16,190)	(16.4)	96,498
(8,081)	(8,107)	Less Reserve Bank settlement cash and Reserve Bank bills	(22,586)	(8,526)	14,060	164.9	(8,523)
1,600	1,600	Add back changes to government borrowing due to settlement cash ⁷	1,600	1,600	-	-	1,600
84,449	85,374	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	93,950	91,820	(2,130)	(2.3)	89,575

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 March 2020

	As at 31 Mar 2020 \$m	As at 30 Jun 2019 \$m	As at 31 Mar 2019 \$m
Capital Commitments			
State highways	5,579	4,436	4,101
Specialist military equipment	1,724	1,786	1,913
Land and buildings	5,448	4,618	4,446
Other property, plant and equipment	3,874	1,985	1,725
Other capital commitments	1,663	826	854
Tertiary Education Institutions	595	595	752
Total capital commitments	18,883	14,246	13,791
Operating Commitments			
Non-cancellable accommodation leases	4,409	4,779	3,636
Other non-cancellable leases	3,508	3,204	2,745
Tertiary Education Institutions	936	936	649
Total operating commitments	8,853	8,919	7,030
Total commitments	27,736	23,165	20,821
Total Commitments by Segment			
Core Crown	11,926	9,699	8,989
Crown entities	10,489	9,173	7,985
State-owned Enterprises	6,400	4,472	4,022
Inter-segment eliminations	(1,079)	(179)	(175)
Total commitments	27,736	23,165	20,821

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 March 2020

	As at 31 Mar 2020 \$m	As at 30 Jun 2019 \$m	As at 31 Mar 2019 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	9,036	8,245	8,170
Guarantees and indemnities	243	190	197
Legal proceedings and disputes	404	734	308
Other contingent liabilities	680	488	670
Total quantifiable contingent liabilities	10,363	9,657	9,345
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	10,047	9,175	9,227
Crown entities	72	392	57
State-owned Enterprises	345	191	160
Inter-segment eliminations	(101)	(101)	(99)
Total quantifiable contingent liabilities	10,363	9,657	9,345
Quantifiable Contingent Assets			
Core Crown	71	70	136
Crown entities	-	-	7
State-owned Enterprises	-	2	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	71	72	143

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

NOTE 1: Accounting Policies

Reporting Entity

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

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

A schedule of the entities that are included in the Government reporting entity was set out on *pages 99 – 102* of the *HYEFU 2019*, published on 11 December 2019.

The figures presented in these financial statements for 30 June 2019 are audited except where balances have been restated to reflect the adoption of the PBE IPSAS 39: *Employee Benefits* (updated) and PBE IPSAS 35: *Consolidated Financial Statements* as 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 *HYEFU 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.

Veterans Disability Entitlements Liability – Change of presentation (PBE IPSAS 39)

PBE IPSAS 39: *Employee Benefits* issued in January 2017 has also led to a change in the way Veterans' disability entitlements under the Veterans' Support Act 2014 are accounted for in the Financial Statements of the Government in 2019/20 (and in the non-departmental schedule of assets and liabilities of the New Zealand Defence Force (NZDF)). Under the new standard, a liability is recognised to reflect the expected future costs (discounted to today's dollars) in relation to service-related incidents when the incident occurs (which is an earlier point than when the entitlement payments are made). Work on quantifying the impact on the financial statements is underway, however this has not been reflected in this set of financial statements.

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 have been restated to reflect the 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.

A reconciliation between the key indicators published in the *Financial Statements of the Government for the year ended 30 June 2019* and the *Interim Financial Statements of Government for the nine months ended 31 March 2019* and the revised comparative numbers reported in this document as a result of these two accounting standard changes is included below.

June 2019 Restatement

	Jun-19 Actual (as published) \$m	NZSF Impact \$m	GSF Impact \$m	Jun-19 Actual (restated) \$m	Change \$m
Statement of Financial Performance					
Core Crown revenue	93,625	(151)	-	93,474	(151)
Core Crown expenses	87,022	(125)	144	87,041	19
OBEGAL	7,508	(17)	(144)	7,347	(161)
Operating Balance	(2,274)	(48)	2,615	293	2,567
Statement of Financial Position					
Taxpayer Funds	33,278	122	2,615	36,015	2,737
Defined Benefit Plan revaluation reserve	-	-	(2,615)	(2,615)	(2,615)
Net worth attributable to minority interest	6,567	(177)	-	6,390	(177)
Other reserves	106,468	(86)	-	106,382	(86)
Net worth	146,313	(141)	-	146,172	(141)

March 2019 Restatement

	Mar-19 Actual (as published) \$m	NZSF Impact \$m	GSF Impact \$m	Mar-19 Actual (restated) \$m	Change \$m
Statement of Financial Performance					
Core Crown revenue	65,635	(134)	-	65,501	(134)
Core Crown expenses	63,547	(134)	-	63,413	(134)
OBEGAL	2,522	7	-	2,529	7
Operating Balance	(4,093)	(81)	1,017	(3,157)	936
Statement of Financial Position					
Taxpayer Funds	31,306	87	1,017	32,410	1,104
Defined Benefit Plan revaluation reserve	-	-	(1,017)	(1,017)	(1,017)
Net worth attributable to minority interest	6,033	(191)	-	5,842	(191)
Other reserves	94,597	(42)	-	94,555	(42)
Net worth	131,936	(146)	-	131,790	(146)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019 Actual \$m	9 months to 31 Mar 2019 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation Revenue							
Individuals							
32,879	24,278	Source deductions	26,216	26,059	157	0.6	34,960
7,663	5,012	Other persons	5,282	5,430	(148)	(2.7)	7,182
(2,429)	(788)	Refunds	(1,281)	(1,438)	157	10.9	(2,132)
585	433	Fringe benefit tax	454	457	(3)	(0.7)	592
38,698	28,935	Total individuals	30,671	30,508	163	0.5	40,602
Corporate Tax							
14,892	7,163	Gross companies tax	9,470	9,444	26	0.3	14,093
(343)	(115)	Refunds	(175)	(184)	9	4.9	(266)
650	416	Non-resident withholding tax	354	341	13	3.8	569
15,199	7,464	Total corporate tax	9,649	9,601	48	0.5	14,396
Other Direct Income Tax							
1,659	1,224	Resident w/holding tax on interest income	1,185	1,230	(45)	(3.7)	1,500
838	499	Resident w/holding tax on dividend income	542	507	35	6.9	843
2,497	1,723	Total other direct income tax	1,727	1,737	(10)	(0.6)	2,343
56,394	38,122	Total income tax	42,047	41,846	201	0.5	57,341
Goods and Services Tax							
35,860	26,506	Gross goods and services tax	27,843	27,715	128	0.5	37,345
(13,998)	(10,592)	Refunds	(10,666)	(10,699)	33	0.3	(14,411)
21,862	15,914	Total goods and services tax	17,177	17,016	161	0.9	22,934
Other Indirect Taxation							
1,673	1,248	Road user charges	1,336	1,339	(3)	(0.2)	1,774
1,982	1,439	Petroleum fuels excise ¹	1,534	1,549	(15)	(1.0)	2,095
1,086	843	Alcohol excise ¹	843	860	(17)	(2.0)	1,115
1,980	1,674	Tobacco excise ¹	1,887	1,709	178	10.4	1,987
172	135	Other customs duty	136	139	(3)	(2.2)	177
247	166	Gaming duties	162	159	3	1.9	234
227	175	Motor vehicle fees	174	178	(4)	(2.2)	233
74	44	Approved issuer levy and cheque duty	48	45	3	6.7	78
26	19	Energy resources levies	19	18	1	5.6	26
7,467	5,743	Total other indirect taxation	6,139	5,996	143	2.4	7,719
29,329	21,657	Total indirect taxation	23,316	23,012	304	1.3	30,653
85,723	59,779	Total taxation revenue	65,363	64,858	505	0.8	87,994
Other Sovereign Revenue							
3,014	2,173	ACC levies	2,241	2,264	(23)	(1.0)	3,040
579	403	Fire Service levies	411	441	(30)	(6.8)	588
387	288	EQC levies	325	320	5	1.6	439
225	167	Child support and working for families penalties	180	166	14	8.4	217
124	98	Court fines	101	96	5	5.2	115
846	724	Emissions trading revenue	746	767	(21)	(2.7)	1,030
853	553	Other miscellaneous items	620	551	69	12.5	687
6,028	4,406	Total other sovereign revenue	4,624	4,605	19	0.4	6,116
91,751	64,185	Total sovereign revenue	69,987	69,463	524	0.8	94,110

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 9 months to 30 Jun 2019		9 months to 31 Mar 2019		Current Year Actual vs Forecast				Annual Forecast
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
NOTE 3: Interest Revenue and Dividends								
2,646	2,024	Interest revenue		1,795	1,819	(24)	(1.3)	2,419
1,070	744	Dividends		751	900	(149)	(16.6)	1,127
3,716	2,768	Total interest revenue and dividends		2,546	2,719	(173)	(6.4)	3,546
NOTE 4: Transfer Payments and Subsidies								
14,562	10,807	New Zealand superannuation		11,518	11,513	(5)	-	15,520
2,131	1,632	Family tax credit		1,562	1,558	(4)	(0.3)	2,102
1,854	1,389	Jobseeker support and emergency benefit		1,542	1,560	18	1.2	2,090
1,556	1,163	Supported living payment		1,199	1,196	(3)	(0.3)	1,607
1,640	1,213	Accommodation assistance		1,391	1,372	(19)	(1.4)	1,841
1,115	834	Sole parent support		884	876	(8)	(0.9)	1,185
45	29	Income related rent subsidy		73	49	(24)	(49.0)	84
951	702	KiwiSaver subsidies		696	716	20	2.8	945
635	337	Other working for families tax credits		436	422	(14)	(3.3)	621
708	372	Official development assistance		406	459	53	11.5	784
583	394	Student allowances		385	388	3	0.8	580
441	262	Winter energy payment		276	276	-	-	464
48	19	Best start		121	142	21	14.8	231
386	289	Disability allowances		296	296	-	-	395
1,535	1,147	Other social assistance benefits		1,204	1,216	12	1.0	1,659
28,190	20,589	Total transfer payments and subsidies		21,989	22,039	50	0.2	30,108
NOTE 5: Finance Costs								
4,010	3,062	Interest on financial liabilities		2,708	2,704	(4)	(0.1)	3,571
243	14	Interest unwind on provisions and other interest		154	197	43	21.8	222
4,253	3,076	Total finance costs		2,862	2,901	39	1.3	3,793
NOTE 6: Insurance Expenses								
5,362	3,006	ACC		3,571	3,603	32	0.9	6,299
476	184	EQC		190	(20)	(210)	-	(1)
(40)	(47)	Southern Response		(36)	(36)	-	-	(48)
15	8	Other insurance expenses		12	10	(2)	(20.0)	14
5,813	3,151	Total insurance expenses		3,737	3,557	(180)	(5.1)	6,264

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.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Mar 2019 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 8: Net Gains and Losses on Non-Financial Instruments					
		<i>By type</i>					
(11,367)	(6,846)	Actuarial gains/(losses) on ACC liability	(775)	(2,288)	1,513	66.1	(2,292)
(225)	(558)	Gains/(losses) on the Emissions Trading Scheme	(100)	(226)	126	55.8	(214)
17	89	Other	(71)	(120)	49	40.8	(153)
(11,575)	(7,315)	Net gains/(losses) on non-financial instruments	(946)	(2,634)	1,688	64.1	(2,659)
		NOTE 9: Financial Assets and Sovereign Receivables					
20,248	21,841	Cash and cash equivalents	34,289	20,574	13,715	66.7	19,869
13,741	10,575	Tax receivables	17,150	16,307	843	5.2	14,653
9,563	8,007	Other receivables	10,672	7,617	3,055	40.1	10,563
10,731	9,894	Student loans	10,699	10,748	(49)	(0.5)	10,915
20,411	19,845	Kiwibank mortgages	21,884	21,867	17	0.1	22,351
4,355	3,816	Long-term deposits	6,196	3,151	3,045	96.6	3,061
2,327	2,226	IMF financial assets	2,549	2,486	63	2.5	2,486
2,548	2,746	Other advances	2,048	2,954	(906)	(30.7)	3,032
39,552	37,419	Share investments	29,311	43,726	(14,415)	(33.0)	45,117
3,688	3,607	Investments in controlled enterprises	4,079	4,160	(81)	(1.9)	4,311
4,585	4,201	Derivatives in gain	7,066	3,644	3,422	93.9	3,455
32,349	29,420	Other marketable securities	38,243	38,069	174	0.5	35,633
164,098	153,597	Total financial assets and sovereign receivables	184,186	175,303	8,883	5.1	175,446
		Financial Assets by Entity					
20,874	18,688	The Treasury	21,260	25,364	(4,104)	(16.2)	20,175
20,315	19,862	Reserve Bank of New Zealand	38,432	21,317	17,115	80.3	21,680
44,307	43,878	NZ Superannuation Fund	43,978	48,761	(4,783)	(9.8)	50,148
31,384	28,358	Other core Crown	35,461	33,529	1,932	5.8	32,155
(9,615)	(9,651)	Intra-segment eliminations	(13,353)	(11,062)	(2,291)	(20.7)	(9,393)
107,265	101,135	Total core Crown segment	125,778	117,909	7,869	6.7	114,765
48,868	43,901	ACC portfolio	46,441	48,177	(1,736)	(3.6)	50,317
778	634	EQC portfolio	789	685	104	15.2	648
10,912	9,918	Other Crown entities	11,001	9,490	1,511	15.9	9,860
(2,954)	(2,549)	Intra-segment eliminations	(2,311)	(2,445)	134	5.5	(2,423)
57,604	51,904	Total Crown entities segment	55,920	55,907	13	-	58,402
27,624	27,192	Total State-owned Enterprises segment	30,319	29,225	1,094	3.7	29,363
(28,395)	(26,634)	Inter-segment eliminations	(27,831)	(27,738)	(93)	(0.3)	(27,084)
164,098	153,597	Total financial assets and sovereign receivables	184,186	175,303	8,883	5.1	175,446

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Mar 2019 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value²							
By class of asset:							
55,005	52,559	Land	54,972	55,292	(320)	(0.6)	55,229
40,732	38,090	Buildings	42,159	41,976	183	0.4	42,625
37,222	32,910	State highways	38,515	38,519	(4)	-	39,039
17,239	15,513	Electricity generation assets	17,038	17,113	(75)	(0.4)	17,096
4,173	4,124	Electricity distribution network (cost)	4,266	4,071	195	4.8	4,079
3,353	3,283	Specialist military equipment	3,611	3,702	(91)	(2.5)	3,895
3,150	3,138	Specified cultural and heritage assets	3,155	3,160	(5)	(0.2)	3,167
4,993	5,032	Aircraft (excl military)	5,229	5,164	65	1.3	5,217
6,407	1,328	Rail network	6,468	6,849	(381)	(5.6)	6,520
5,351	5,496	Other plant and equipment (cost)	5,436	5,386	50	0.9	5,777
177,625	161,473	Total net carrying value	180,849	181,232	(383)	(0.2)	182,644
Land breakdown by usage							
18,819	18,386	Housing stock	19,046	19,305	(259)	(1.3)	19,439
13,745	12,329	State highway corridor land	13,744	13,745	(1)	-	13,506
6,630	6,237	Conservation estate	6,616	6,625	(9)	(0.1)	6,628
3,516	3,522	Rail network corridor land	3,519	3,509	10	0.3	3,505
5,772	5,742	Schools	5,782	5,803	(21)	(0.4)	5,811
1,205	1,317	Commercial (SOE) excluding rail	1,232	1,233	(1)	(0.1)	1,233
5,318	5,026	Other	5,033	5,072	(39)	(0.8)	5,107
55,005	52,559	Total land	54,972	55,292	(320)	(0.6)	55,229
Schedule of Movements							
Cost or Valuation							
175,019	175,294	Opening balance	192,808	192,808	-	-	192,808
9,462	6,713	Additions	7,612	9,126	(1,514)	(16.6)	11,257
(1,157)	(434)	Disposals	(598)	(1,680)	1,082	64.4	(810)
9,623	(39)	Net revaluations	(34)	32	(66)	(206.3)	29
(139)	(91)	Other	(43)	-	(43)	-	(96)
192,808	181,443	Total cost or valuation	199,745	200,286	(541)	(0.3)	203,188
Accumulated Depreciation & Impairment							
16,356	16,631	Opening balance	15,183	15,183	-	-	15,183
(791)	(257)	Eliminated on disposal	(285)	(406)	121	29.8	(22)
(2,452)	(58)	Eliminated on revaluation	(39)	3	(42)	-	-
(2,516)	-	Impairment losses charged to operating balance	-	-	-	-	-
4,554	3,568	Depreciation expense and impairment losses	4,029	4,239	(210)	(5.0)	5,416
32	86	Other	8	35	(27)	(77.1)	(33)
15,183	19,970	Total accumulated depreciation & impairment	18,896	19,054	(158)	(0.8)	20,544
177,625	161,473	Total property, plant and equipment	180,849	181,232	(383)	(0.2)	182,644

2. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Mar 2019 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 11: NZ Superannuation Fund							
982	688	Revenue	657	733	(76)	(10.4)	980
(504)	(495)	Less current tax expense	799	(205)	(1,004)	(489.8)	(426)
(130)	(104)	Less other expenses ³	(119)	(138)	(19)	(13.8)	(184)
1,955	920	Add gains/(losses)	(5,691)	1,789	(7,480)	(418.1)	2,513
2,303	1,009	Operating balance	(4,354)	2,179	(6,533)	(299.8)	2,883
39,002	39,002	Opening net worth	42,316	42,316	-	-	42,316
1,000	750	Contributions from the Crown	1,095	1,095	-	-	1,460
2,303	1,009	Operating balance	(4,354)	2,179	(6,533)	(299.8)	2,883
11	20	Other movements in reserves	-	(1)	1	100.0	(1)
42,316	40,781	Closing net worth	39,057	45,589	(6,532)	(14.3)	46,658
Comprising:							
44,307	43,878	Financial assets	43,978	48,761	(4,783)	(9.8)	50,148
(1,993)	(3,099)	Financial liabilities	(4,924)	(3,169)	(1,755)	(55.4)	(3,484)
2	2	Net other assets	3	(3)	6	200.0	(6)
42,316	40,781	Closing net worth	39,057	45,589	(6,532)	(14.3)	46,658
NOTE 12: Payables							
10,449	8,080	Accounts payable	10,515	11,311	796	7.0	12,528
6,293	4,806	Taxes repayable	5,954	5,953	(1)	-	6,327
16,742	12,886	Total payables	16,469	17,264	795	4.6	18,855
NOTE 13: Insurance Liabilities							
56,611	48,710	ACC liability ⁴	56,110	57,640	1,530	2.7	61,332
1,342	1,174	EQC property damage liability	1,197	871	(326)	(37.4)	758
216	139	Southern Response	93	93	-	-	93
47	45	Other insurance liabilities	46	46	-	-	46
-	-	Inter-segment eliminations	-	-	-	-	-
58,216	50,068	Total insurance liabilities	57,446	58,650	1,204	2.1	62,229

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

4. The most recent ACC valuation was as at 31 December 2019, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 31 Mar 2019 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 14: Provisions							
4,582	3,784	Provision for employee entitlements	4,888	4,173	(715)	(17.1)	4,056
2,884	2,739	Provision for ETS Credits ⁵	2,692	2,782	90	3.2	3,167
879	796	Provision for National Provident Fund guarantee	837	841	4	0.5	829
2,019	2,016	Other provisions	2,424	1,843	(581)	(31.5)	1,919
10,364	9,335	Total provisions	10,841	9,639	(1,202)	(12.5)	9,971
NOTE 15: Changes in Net Worth							
36,015	32,410	Taxpayers' funds	26,306	38,336	(12,030)	(31.4)	36,678
106,495	94,704	Property, plant and equipment revaluation reserve	106,330	106,224	106	0.1	106,125
(2,615)	(1,017)	Defined benefit retirement plan revaluation reserve	(2,914)	(3,267)	353	10.8	(3,226)
6,390	5,842	Net worth attributable to minority interests	6,152	6,387	(235)	(3.7)	6,166
(113)	(149)	Other reserves	(225)	8	(233)	-	43
146,172	131,790	Total net worth	135,649	147,688	(12,039)	(8.2)	145,786
35,440	35,469	Opening taxpayers funds	36,015	36,015	-	-	36,015
112	112	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
293	(3,157)	Operating balance excluding minority interests	(9,830)	2,088	(11,918)	-	422
170	(14)	Transfers from/(to) other reserves	121	233	(112)	(48.1)	241
36,015	32,410	Closing taxpayers funds	26,306	38,336	(12,030)	(31.4)	36,678
94,750	94,750	Opening property, plant and equipment revaluation reserve	106,495	106,495	-	-	106,495
(15)	(15)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
12,481	1	Net revaluations	(92)	(84)	(8)	(9.5)	(278)
(721)	(32)	Transfers from/(to) other reserves	(73)	(187)	114	61.0	(92)
106,495	94,704	Closing property, plant and equipment revaluation reserve	106,330	106,224	106	0.1	106,125
5,993	5,993	Opening net worth attributable to minority interests	6,390	6,390	-	-	6,390
(73)	(73)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
470	(78)	Net movements	(238)	(3)	(235)	-	(224)
6,390	5,842	Closing net worth attributable to minority interests	6,152	6,387	(235)	(3.7)	6,166
113	53	Opening other reserves	(113)	(113)	-	-	(113)
(97)	(97)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
(129)	(105)	Net movements	(112)	121	(233)	(192.6)	156
(113)	(149)	Closing other reserves	(225)	8	(233)	-	43

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019	9 months to 31 Mar 2019		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
		NOTE 16: Core Crown Residual Cash					
		Core Crown Cash Flows from Operations					
83,716	60,358	Tax receipts	63,502	64,146	(644)	(1.0)	88,649
1,359	706	Other sovereign receipts	852	769	83	10.8	1,457
712	549	Interest receipts	355	372	(17)	(4.6)	474
3,200	2,243	Sale of goods & services and other receipts	2,530	2,519	11	0.4	3,517
(28,910)	(20,753)	Transfer payments and subsidies	(23,499)	(23,514)	15	0.1	(31,359)
(50,591)	(38,743)	Personnel and operating costs	(45,895)	(42,144)	(3,751)	(8.9)	(56,730)
(3,450)	(2,062)	Interest payments	(1,638)	(1,628)	(10)	(0.6)	(3,086)
-	-	Forecast for future new operating spending	-	-	-	-	(744)
-	-	Top-down expense adjustment	-	840	(840)	(100.0)	1,200
6,036	2,298	Net core Crown operating cash flows	(3,793)	1,360	(5,153)	(378.9)	3,378
(3,002)	(2,017)	Net purchase of physical assets	(2,215)	(2,513)	298	11.9	(3,474)
(86)	(289)	Net increase in advances	(66)	(514)	448	87.2	(365)
(2,658)	(1,868)	Net purchase of investments	(2,398)	(2,144)	(254)	(11.8)	(3,231)
(1,000)	(750)	Contributions to NZS Fund	(1,095)	(1,095)	-	-	(1,460)
-	-	Forecast for future new capital spending	-	-	-	-	(802)
-	-	Top-down capital adjustment	-	560	(560)	(100.0)	800
(6,746)	(4,924)	Net core Crown capital cash flows	(5,774)	(5,706)	(68)	(1.2)	(8,532)
(710)	(2,626)	Residual cash surplus / (deficit)	(9,567)	(4,346)	(5,221)	(120.1)	(5,154)
		<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
8,372	6,341	Issue of government bonds	8,833	8,958	(125)	(1.4)	11,306
(11,908)	(10,224)	Repayment of government bonds	-	-	-	-	(6,694)
(730)	550	Net issue/(repayment) of short-term borrowing⁶	(560)	(695)	135	19.4	(420)
(4,266)	(3,333)	Total market debt cash flows	8,273	8,263	10	0.1	4,192
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
-	-	Total non-market debt cash flows	-	-	-	-	-
(4,266)	(3,333)	Total debt programme cash flows	8,273	8,263	10	0.1	4,192
		Other Borrowing Cash Flows					
(2,239)	(810)	Net (repayment)/issue of other New Zealand dollar borrowing	14,104	3,652	10,452	286.2	3,750
1,547	(25)	Net (repayment)/issue of foreign currency borrowing	245	(3,374)	3,619	107.3	(3,511)
(692)	(835)	Total other borrowing cash flows	14,349	278	14,071	393.5	239
		Investing Cash Flows					
5,163	8,374	Other net sale/(purchase) of marketable securities and deposits	(8,602)	(5,158)	(3,444)	(66.8)	(158)
437	408	Issues of circulating currency	1,205	385	820	213.0	339
68	(1,988)	Decrease/(increase) in cash	(5,658)	578	(6,236)	-	542
5,668	6,794	Total investing cash flows	(13,055)	(4,195)	(8,860)	(211.2)	723
710	2,626	Residual cash deficit / (surplus) funding	9,567	4,346	5,221	120.1	5,154

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