

Interim Financial Statements of the Government of New Zealand

For the Nine Months Ended
31 March 2021



Prepared by the Treasury
6 May 2021

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New Zealand Government

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NEW ZEALAND



Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 March 2021, 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 2020* (HYEFU), published on 16 December 2020. This is the last month that monthly actual results are compared against the *HYEFU 20* forecasts, as the April 2021 actual results will be compared against *Budget Economic and Fiscal Update 2021 (BEFU 2021)*.

Comparison against forecast

The March 2021 Interim Financial Statements of the Government show the position and performance of the Crown continues to be stronger than forecast at HYEFU. The impact of COVID-19 on the Government's finances is still visible; the operating balance before gains and losses (OBEGAL) was a deficit of \$4.3 billion and net core Crown debt increased further to \$105.3 billion (33.3% of GDP) at 31 March. The operating balance (excluding minority interests) increased to a surplus of \$11.3 billion, higher than expected by \$25.0 billion, and led to net worth attributable to the Crown being \$25.9 billion stronger than forecast.

Table 1 – Key indicators for the nine months ended 31 March 2021 compared to *HYEFU 2020*

	Year to date				Full Year
	March 2021 Actual ¹ \$m	March 2021 HYEFU 2020 Forecast ¹ \$m	Variance ² HYEFU 2020 \$m	Variance HYEFU 2020 %	June 2021 HYEFU 2020 Forecast ³ \$m
Core Crown					
Core Crown tax revenue	69,906	65,926	3,980	6.0	88,346
Core Crown revenue	74,806	70,703	4,103	5.8	94,993
Core Crown expenses	79,087	79,350	263	0.3	114,232
Core Crown residual cash	(17,393)	(23,571)	6,178	26.2	(40,177)
Net core Crown debt ⁴	105,310	111,955	6,645	5.9	128,649
as a percentage of GDP	33.3%	35.4%			39.7%
Gross debt ⁵	107,648	102,627	(5,021)	(4.9)	91,669
as a percentage of GDP	34.0%	32.4%			28.3%
Total Crown					
Operating balance before gains and losses	(4,272)	(9,435)	5,163	54.7	(21,576)
Operating balance (excluding minority interests)	11,271	(13,718)	24,989	182.2	(25,639)
Total borrowings	163,995	169,411	5,416	3.2	186,622
Net worth attributable to the Crown	121,926	96,057	25,869	26.9	83,881
as a percentage of GDP	38.5%	30.3%			25.9%

1 Using the most recently published GDP (for the year ended 31 December 2020) of \$316,687 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 2020 forecast GDP for the year ending 30 June 2021 of \$323,897 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 nine months to March 2021 was \$4.0 billion (6.0%) above the *HYEFU 2020* forecast with the key variances being:

- Corporate tax revenue was \$1.3 billion (14.7%) above forecast, owing to strong provisional tax, which indicates that current-year taxable profits are higher than was assumed in the *HYEFU* forecast.
- Source deductions revenue was \$1.1 billion (4.1%) above forecast, owing to a stronger than anticipated labour market.
- GST revenue was \$1.0 billion (5.7%) above forecast owing to the recent strength in consumption and residential investment to date.

Core Crown expenses at \$79.1 billion, were close to forecast.

The **OBEGAL** deficit of \$4.3 billion, was \$5.2 billion lower than the forecast deficit of \$9.4 billion. Of this variance, \$4.4 billion was driven by the core Crown results discussed above with the remainder spread across the SOE and Crown entity segments, with the largest contribution of \$0.2 billion from ACC.

When total gains and losses are added to the OBEGAL result, the **operating balance** was an \$11.3 billion surplus, \$25.0 billion more than the \$13.7 billion deficit forecast. The improvement in the operating balance primarily related to:

- Net gains on non-financial instruments (e.g. valuations of long-term liabilities) were \$7.3 billion, \$11.9 billion more favourable than forecast. This positive variance was driven largely by a valuation gain of \$7.8 billion on ACC's outstanding claims liability compared to the \$4.2 billion of losses forecast. This \$12.1 billion improvement was largely a result of changes to the discount rates and CPI (Consumer Price Index) assumptions used to revalue this liability at 31 March 2021.

These actuarial gains were partially offset by \$0.6 billion of losses in relation to the Emissions Trading Scheme liability, \$0.2 billion higher than the losses forecast owing to increases in the carbon price used to calculate this liability.

- Net gains on financial instruments were \$7.0 billion higher than forecast at \$13.0 billion. Both NZSF and ACC have reported significant positive variances in relation to forecast, totalling \$7.2 billion. This variance has been driven by gains on derivatives and financial assets for both entities with an offset on foreign exchange exposures.

The **core Crown residual cash** deficit of \$17.4 billion was \$6.2 billion smaller than the deficit forecast. This was largely owing to tax receipts being \$3.4 billion higher than expected largely in line with revenue discussed above and operating payments being \$0.8 billion lower than forecast due to changes in the nature of timing of payments to crown infrastructure partners for projects. Core Crown capital payments were around \$1.7 billion lower than forecast largely owing to a lower than anticipated uptake of the Funding for Lending Programme (FLP) advances.

Net core Crown debt was \$105.3 billion (33.3% of GDP) at 31 March 2021, \$6.6 billion lower than forecast primarily owing to the favourable core Crown residual cash variance discussed above.

Gross debt at \$107.6 billion (34.0% of GDP), was \$5.0 billion higher than forecast. This was driven by the Treasury issuing more Euro Commercial Paper than forecast and the Reserve Bank repurchasing less government stock than had been forecast. In addition, the Reserve Bank settlement account liabilities are below forecast as the FLP programme uptake is \$1.9 billion behind forecast.

Total borrowings at \$164.0 billion were lower than forecast by \$5.4 billion. This is largely related to lower than forecast settlement deposits with the Reserve Bank (\$10.1 billion) partially offset by higher than forecast government stock (\$4.1 billion) as a result of lower volume of bond repurchases under the Large Scale Asset Purchase (LSAP) programme.

Total assets at \$404.6 billion were \$8.6 billion above forecast with financial assets driving this variance. This was primarily owing to increased valuations of marketable securities, derivative assets and share investments.

Total liabilities at \$277.2 billion were \$17.2 billion below forecast. This variance was largely owing to the decrease in ACC's insurance claims liability (\$12.1 billion lower than forecast) in addition borrowings were \$5.4 billion lower than forecast as discussed above.

Net worth attributable to the Crown at \$121.9 billion was \$25.9 billion higher than forecast. This is primarily owing to the favourable operating balance variance of \$25.0 billion and a \$1.4 billion favourable variance in the valuation of the government superannuation fund (GSF).

Comparison against the prior year actuals

Table 2 – Key indicators for the nine months ended 31 March 2021 compared to prior year actuals

	Year to date				Full Year
	March 2021 Actual ¹ \$m	March 2020 Prior Year Actual ² \$m	Variance ³ to 2020 \$m	Variance to 2020 %	June 2020 Prior Year Actual ⁴ \$m
Core Crown					
Core Crown tax revenue	69,906	65,854	4,052	6.2	85,102
Core Crown revenue	74,806	71,237	3,569	5.0	91,923
Core Crown expenses	79,087	72,504	(6,583)	(9.1)	108,832
Core Crown residual cash	(17,393)	(9,567)	(7,826)	(81.8)	(23,692)
Net core Crown debt ⁵	105,310	66,380	(38,930)	(58.6)	83,375
as a percentage of GDP	33.3%	21.4%			26.4%
Gross debt ⁶	107,648	93,950	(13,698)	(14.6)	102,257
as a percentage of GDP	34.0%	30.3%			32.4%
Total Crown					
Operating balance before gains and losses	(4,272)	(2,687)	(1,585)	(59.0)	(23,057)
Operating balance (excluding minority interests)	11,271	(9,830)	21,101	214.7	(30,040)
Total Borrowings	163,995	144,719	(19,276)	(13.3)	152,717
Net worth attributable to the Crown	121,926	129,497	(7,571)	(5.8)	110,320
as a percentage of GDP	38.5%	41.7%			34.9%

1 Using the most recently published GDP (for the year ended 31 December 2020) of \$316,687 million (Source: Statistics NZ).

2 Using prior year published GDP (for the year ended 31 December 2019) of \$310,265 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 2020 of \$315,872 million published in the Treasury's HYEPU 2020.

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 2021 was \$4.1 billion (6.2%) up on the corresponding period last year. The largest movements came from:

- Source deduction revenue was \$2.2 billion (8.4%) up on last year, owing to a combination of growth in employment as well as salaries and wages.
- GST revenue, which was \$1.5 billion (8.8%) up on last year, mainly owing to strong growth in private consumption and residential investment.
- Other individuals' tax revenue was \$0.7 billion (15.2%) up on last year, mainly owing to growth in provisional tax estimates and assessments, reflecting growth in actual and expected profits in the 2021 tax year.
- Customs and excise duty revenue was \$0.4 billion (10.2%) down on last year, mainly owing to a decline in tobacco duty.

Core Crown expenses grew by \$6.6 billion compared to the previous year, largely driven by the Government's fiscal response to the COVID-19 pandemic, with the largest increases in health of \$2.4 billion and transport and communications expenditure increasing by \$1.9 billion.

The **core Crown residual cash** was a deficit of \$17.4 billion, \$7.8 billion more than the deficit in March 2020.

This was a result of:

- The net core Crown operating cash flows were a deficit of \$6.8 billion compared to a \$3.8 billion deficit last year. This \$3.0 billion change was largely owing to higher operating payments of \$6.6 billion, reflecting the increase in core Crown expenses discussed above. This was partially offset by an increase in tax receipts of \$4.1 billion compared to the same period last year.
- The net core Crown capital cash outflows were \$4.8 billion higher than last year. Mainly owing to a \$3.8 billion increase in advances. Of this, \$2.7 billion of was owing to the Reserve Bank's FLP implemented since March last year. In addition, advances to Air New Zealand and payments to small businesses under the Small Business Cashflow Scheme also contributed to the increase in capital cash outflows.

Net core Crown debt was \$38.9 billion higher than the same time last year and as a percentage of GDP has increased to 33.3% from 21.4%. The increase reflects accumulated residual cash deficits of \$31.6 billion since 31 March 2020 and the impact of the LSAP programme and other monetary policies where the increase in settlement deposits is greater than the NZ Government Bonds that are repurchased, increasing net core Crown debt.

Net worth attributable to the Crown at \$121.9 billion (38.5% of GDP) was \$7.6 billion lower than as at 31 March 2020, largely reflecting the operating balance deficits since March 2020 of \$9.0 billion offset by the net movements in property revaluations and the valuations of defined benefit and veterans' disability entitlements.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the nine months ended 31 March 2021

Year to 30 June 2020	9 months to 31 Mar 2020		Note	Current Year Actual vs Forecast			Annual HYEUFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		Revenue						
84,521	65,363	Taxation revenue	2	69,419	65,465	3,954	6.0	87,874
6,269	4,624	Other sovereign revenue	2	4,898	4,817	81	1.7	6,428
90,790	69,987	Total revenue levied through the Crown's Sovereign Power		74,317	70,282	4,035	5.7	94,302
18,437	14,878	Sales of goods and services		13,676	11,933	1,743	14.6	16,005
3,206	2,546	Interest revenue and dividends	3	2,171	2,250	(79)	(3.5)	2,991
3,570	2,854	Other revenue		2,632	2,342	290	12.4	3,326
25,213	20,278	Total revenue earned through the Crown's operations		18,479	16,525	1,954	11.8	22,322
116,003	90,265	Total revenue (excluding gains)		92,796	86,807	5,989	6.9	116,624
		Expenses						
42,607	21,989	Transfer payments and subsidies	4	26,255	26,645	390	1.5	35,862
27,775	20,123	Personnel expenses		21,599	21,592	(7)	-	28,907
7,669	4,927	Depreciation and amortisation		5,013	4,776	(237)	(5.0)	6,424
50,208	39,010	Other operating expenses		38,472	39,376	904	2.3	56,594
3,754	2,862	Finance costs	5	1,801	1,974	173	8.8	2,613
6,903	3,737	Insurance expenses	6	3,817	3,637	(180)	(4.9)	6,580
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(1,890)	(1,890)	(100.0)	(4,200)
138,916	92,648	Total expenses (excluding losses)		96,957	96,110	(847)	(0.9)	138,040
		Gains/(losses)						
(3,258)	-	Net gains/(losses) on large scale asset purchases		(3,923)	(4,988)	1,065	21.4	(5,840)
1,908	(6,391)	Net gains/(losses) on financial instruments		12,950	5,912	7,038	119.0	7,244
(7,372)	(946)	Net gains/(losses) on non-financial instruments	8	7,268	(4,615)	11,883	257.5	(4,697)
(8,722)	(7,337)	Total gains/(losses)		16,295	(3,691)	19,986	-	(3,293)
		Other interests						
1,193	81	Net surplus/(deficit) from associates and joint ventures		(612)	(603)	(9)	(1.5)	(802)
402	(191)	Less minority interests share of operating balance		(251)	(121)	(130)	(107.4)	(128)
(30,040)	(9,830)	Operating balance (excluding minority interests)		11,271	(13,718)	24,989	182.2	(25,639)
(402)	191	Minority interests share of operating balance		251	121	130	107.4	128
(30,442)	(9,639)	Operating balance (including minority interests)		11,522	(13,597)	25,119	184.7	(25,511)

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 2021

Year to 30 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(30,442)	(9,639)	Operating balance (including minority interest)	11,522	(13,597)	25,119	184.7	(25,511)
		Other comprehensive revenue and expense					
5,233	(92)	Revaluation of physical assets	(373)	20	(393)	-	(166)
(1,271)	(299)	Revaluation of defined benefit retirement plan schemes	586	(783)	1,369	174.8	(691)
(311)	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(48)	33	Transfers to/(from) reserves (Gains)/losses transferred to the	14	254	(240)	(94.5)	-
(75)	(39)	statement of financial performance	(4)	(10)	6	60.0	(10)
		Foreign currency translation differences on					
2	(196)	foreign operations	(47)	19	(66)	(347.4)	20
(58)	(13)	Other movements	43	32	11	34.4	34
3,472	(606)	Total other comprehensive revenue and expense	219	(468)	687	146.8	(813)
(26,970)	(10,245)	Total comprehensive revenue and expense	11,741	(14,065)	25,806	183.5	(26,324)
		Attributable to:					
(518)	39	- minority interest	135	198	(63)	(31.8)	115
(26,452)	(10,284)	- the Crown	11,606	(14,263)	25,869	181.4	(26,439)
(26,970)	(10,245)	Total comprehensive revenue and expense	11,741	(14,065)	25,806	183.5	(26,324)

STATEMENT OF CHANGES IN NET WORTH

For the nine months ended 31 March 2021

Year to 30 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
143,339	146,172	Opening net worth	115,943	115,943	-	-	115,943
(30,442)	(9,639)	Operating balance (including minority interest)	11,522	(13,597)	25,119	184.7	(25,511)
5,233	(92)	Net revaluations	(373)	20	(393)	-	(166)
		Net revaluations of defined benefit retirement					
(1,271)	(299)	plan schemes	586	(783)	1,369	174.8	(691)
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(48)	33	Transfers to/(from) reserves (Gains)/losses transferred to the	14	254	(240)	(94.5)	-
(75)	(39)	statement of financial performance	(4)	(10)	6	60.0	(10)
		Foreign currency translation differences on					
2	(196)	foreign operations	(47)	19	(66)	(347.4)	20
(58)	(13)	Other movements	43	32	11	34.4	34
(26,970)	(10,245)	Total comprehensive revenue and expense	11,741	(14,065)	25,806	183.5	(26,324)
(426)	(278)	Transactions with minority interests	(305)	(266)	(39)	(14.7)	(402)
115,943	135,649	Closing net worth	127,379	101,612	25,767	25.4	89,217

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

STATEMENT OF CASH FLOWS

For the nine months ended 31 March 2021

Year to 30 June 2020	9 months to 31 Mar 2020		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
83,156	62,617	Taxation receipts		66,587	63,128	3,459	5.5	86,043
5,294	4,054	Other sovereign receipts		4,093	3,981	112	2.8	5,304
18,289	14,858	Sales of goods and services		12,990	11,571	1,419	12.3	15,432
2,307	1,654	Interest receipts		1,224	1,331	(107)	(8.0)	1,747
4,544	3,499	Other operating receipts		3,509	3,801	(292)	(7.7)	4,254
113,590	86,682	Total cash provided from operations		88,403	83,812	4,591	5.5	112,780
		Cash was disbursed to						
42,945	22,777	Transfer payments and subsidies		27,024	27,501	477	1.7	37,397
77,192	62,470	Personnel and operating payments		64,153	65,330	1,177	1.8	88,517
3,849	2,113	Interest payments		1,837	2,217	380	17.1	3,810
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(1,890)	(1,890)	(100.0)	(4,200)
123,986	87,360	Total cash disbursed to operations		93,014	93,158	144	0.2	130,784
(10,396)	(678)	Net cash flows from operations		(4,611)	(9,346)	4,735	50.7	(18,004)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(9,071)	(6,623)	Net (purchase)/sale of physical assets		(7,203)	(9,077)	1,874	20.6	(13,101)
(14,149)	(4,571)	Net (purchase)/sale of shares and other securities		4,397	(7,093)	11,490	162.0	(38,460)
(855)	(551)	Net (purchase)/sale of intangible assets		(535)	(635)	100	15.7	(923)
(1,290)	(1,482)	Net (issue)/repayment of advances		(3,986)	(6,824)	2,838	41.6	(10,649)
(286)	(208)	Net acquisition of investments in associates		(292)	(353)	61	17.3	(464)
-	-	Forecast new capital spending	7	-	-	-	-	(1,852)
-	-	Top-down capital adjustment	7	-	1,645	(1,645)	(100.0)	2,350
(25,651)	(13,435)	Net cash flows from investing activities		(7,619)	(22,337)	14,718	65.9	(63,099)
(36,047)	(14,113)	Net cash flows from operating and investing activities		(12,230)	(31,683)	19,453	61.4	(81,103)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
1,209	1,205	Issues of circulating currency		411	55	356	-	8
7,598	8,833	Net issue/(repayment) of Government bonds		5,703	1,476	4,227	286.4	42,001
1,192	304	Net issue/(repayment) of foreign currency borrowing		143	(2,392)	2,535	106.0	(3,251)
27,366	16,118	Net issue/(repayment) of other New Zealand dollar borrowing		(382)	25,984	(26,366)	(101.5)	36,481
(479)	(393)	Dividends paid to minority interests		(311)	(251)	(60)	(23.9)	(382)
36,886	26,067	Net cash flows from financing activities		5,564	24,872	(19,308)	(77.6)	74,857
839	11,954	Net movement in cash		(6,666)	(6,811)	145	2.1	(6,246)
20,248	20,248	Opening cash balance		21,927	21,927	-	-	21,927
840	2,087	Foreign-exchange gains/(losses) on opening cash		(1,178)	(99)	(1,079)	-	(105)
21,927	34,289	Closing cash balance		14,083	15,017	(934)	(6.2)	15,576

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 2021

Year to 30 June 2020	9 months to 31 Mar 2020		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
(10,396)	(678)	Net cash flows from operations	(4,611)	(9,346)	4,735	50.7	(18,004)
		Gains/(losses) and other interests					
1,908	(6,391)	Net gains/(losses) on financial instruments	12,950	5,912	7,038	119.0	7,244
(7,372)	(946)	Net gains/(losses) on non-financial instruments	7,268	(4,615)	11,883	257.5	(4,697)
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,923)	(4,988)	1,065	21.4	(5,840)
1,193	81	Net surplus from associates and joint ventures	(612)	(603)	(9)	(1.5)	(802)
(402)	(191)	Minority interests share of operating balance	(251)	(121)	(130)	(107.4)	(128)
(7,931)	(7,447)	Total gains/(losses) and other interests	15,432	(4,415)	19,847	449.5	(4,223)
		Other non-cash items in operating balance					
(7,669)	(4,927)	Depreciation and amortisation	(5,013)	(4,776)	(237)	(5.0)	(6,424)
(1,279)	(471)	Cost of concessionary lending	(733)	(714)	(19)	(2.7)	(856)
(53)	(19)	Impairment of financial assets (excluding receivables)	(42)	(55)	13	23.6	(96)
(2,351)	1,693	Decrease/(increase) in insurance liabilities	2,090	2,309	(219)	(9.5)	(1,347)
453	-	Other	-	-	-	-	1
(10,899)	(3,724)	Total other non-cash items	(3,698)	(3,236)	(462)	(14.3)	(8,722)
		Movements in working capital					
631	774	Increase/(decrease) in receivables	530	(774)	1,304	168.5	605
21	(617)	Increase/(decrease) in accrued interest	364	431	(67)	(15.5)	1,454
254	159	Increase/(decrease) in inventories	156	162	(6)	(3.7)	252
108	591	Increase/(decrease) in prepayments	497	343	154	44.9	41
(68)	151	Decrease/(increase) in deferred revenue	98	608	(510)	(83.9)	518
(804)	12	Change in accumulating pension expenses	550	563	(13)	(2.3)	736
(956)	949	Decrease/(increase) in payables/provisions	1,953	1,946	7	0.4	1,704
(814)	2,019	Total movements in working capital	4,148	3,279	869	26.5	5,310
(30,040)	(9,830)	Operating balance (excluding minority interests)	11,271	(13,718)	24,989	182.2	(25,639)

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

As at 30 June 2020 Actual \$m	As at 31 Mar 2020 Actual \$m		Note	Current Year Actual vs Forecast			Annual HYEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		Assets						
21,927	34,289	Cash and cash equivalents	9	14,083	15,017	(934)	(6.2)	15,576
24,743	27,822	Receivables	9	25,799	24,542	1,257	5.1	26,119
		Marketable securities, deposits and derivatives in gain	9	57,446	53,606	3,840	7.2	50,775
61,005	54,054	Share investments	9	44,580	38,427	6,153	16.0	39,796
33,791	29,311	Advances	9	45,186	45,738	(552)	(1.2)	49,752
37,629	34,631	Investments in controlled enterprises	9	4,340	4,603	(263)	(5.7)	4,798
4,220	4,079	Inventory		1,929	1,935	(6)	(0.3)	2,025
1,773	1,678	Other assets		3,906	3,828	78	2.0	3,364
3,610	3,374	Property, plant and equipment	10	189,452	192,031	(2,579)	(1.3)	194,787
186,502	180,849	Equity accounted investments ¹		13,943	13,890	53	0.4	13,929
14,308	14,796	Intangible assets and goodwill		3,895	4,024	(129)	(3.2)	4,186
3,892	3,742	Forecast for new capital spending	7	-	-	-	-	1,852
-	-	Top-down capital adjustment	7	-	(1,645)	1,645	100.0	(2,350)
393,400	388,625	Total assets		404,559	395,996	8,563	2.2	404,609
		Liabilities						
8,022	8,018	Issued currency		8,433	8,078	(355)	(4.4)	8,031
16,971	16,469	Payables	11	15,687	15,959	272	1.7	16,085
2,590	2,363	Deferred revenue		2,492	1,982	(510)	(25.7)	2,073
152,717	144,719	Borrowings	12	163,995	169,411	5,416	3.2	186,622
66,690	57,446	Insurance liabilities	13	56,752	68,596	11,844	17.3	72,304
13,983	13,120	Retirement plan liabilities		12,918	14,282	1,364	9.6	14,044
16,484	10,841	Provisions	14	16,903	16,076	(827)	(5.1)	16,233
277,457	252,976	Total liabilities		277,180	294,384	17,204	5.8	315,392
115,943	135,649	Total assets less total liabilities		127,379	101,612	25,767	25.4	89,217
		Net worth						
3,154	26,306	Taxpayers' funds	15	14,649	(10,507)	25,156	239.4	(22,475)
		Property, plant and equipment revaluation reserve	15	111,927	112,332	(405)	(0.4)	112,153
112,334	106,330	Defined benefit retirement plan revaluation reserve	15	(3,300)	(4,669)	1,369	29.3	(4,577)
(3,886)	(2,914)	Veterans' disability entitlements reserve	15	(1,095)	(1,095)	-	-	(1,095)
(1,095)	-	Other reserves	15	(255)	(4)	(251)	-	(125)
(187)	(225)							
110,320	129,497	Total net worth attributable to the Crown		121,926	96,057	25,869	26.9	83,881
5,623	6,152	Net worth attributable to minority interest	15	5,453	5,555	(102)	(1.8)	5,336
115,943	135,649	Total net worth		127,379	101,612	25,767	25.4	89,217

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

STATEMENT OF SEGMENTS

For the nine months ended 31 March 2021

	Current Year Actual vs Forecast									
	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	69,906	65,926	-	-	-	-	(487)	(461)	69,419	65,465
Other sovereign revenue	1,696	1,751	4,567	4,433	-	-	(1,365)	(1,367)	4,898	4,817
Revenue from core Crown funding	-	-	26,017	27,120	247	299	(26,264)	(27,419)	-	-
Sales of goods and services	1,092	1,002	2,565	2,045	10,435	9,558	(416)	(672)	13,676	11,933
Interest and dividend revenue	1,434	1,429	950	866	598	652	(811)	(697)	2,171	2,250
Other revenue	678	595	2,622	3,041	747	337	(1,415)	(1,631)	2,632	2,342
Total Revenue (excluding gains)	74,806	70,703	36,721	37,505	12,027	10,846	(30,758)	(32,247)	92,796	86,807
Expenses										
Transfer payments and subsidies	27,058	27,476	-	-	-	-	(803)	(831)	26,255	26,645
Personnel expenses	6,652	6,791	13,082	12,901	1,894	1,926	(29)	(26)	21,599	21,592
Other operating expenses	43,876	45,418	24,006	24,488	9,464	8,233	(30,044)	(30,350)	47,302	47,789
Interest expenses	1,501	1,555	141	134	469	528	(310)	(243)	1,801	1,974
Forecast new operating spending and top-down adjustment	-	(1,890)	-	-	-	-	-	-	-	(1,890)
Total Expenses (excluding losses)	79,087	79,350	37,229	37,523	11,827	10,687	(31,186)	(31,450)	96,957	96,110
Gains/(losses) and other items	4,318	(1,372)	10,076	(2,578)	35	(125)	1,003	(340)	15,432	(4,415)
Operating Balance (excluding minority interests)	37	(10,019)	9,568	(2,596)	235	34	1,431	(1,137)	11,271	(13,718)
Assets										
Financial assets	122,472	116,004	62,875	62,587	32,187	31,049	(26,100)	(27,706)	191,434	181,933
Property, plant and equipment	45,498	45,796	104,637	106,621	39,317	39,615	-	-	189,452	192,031
Investments in associates, CEs and SOEs	53,449	53,799	12,251	12,250	491	423	(52,248)	(52,582)	13,943	13,890
Other assets	5,370	5,353	2,004	2,112	2,625	2,511	(269)	(189)	9,730	9,787
Forecast and top-down capital adjustments	-	(1,645)	-	-	-	-	-	-	-	(1,645)
Total Assets	226,789	219,307	181,767	183,570	74,620	73,598	(78,617)	(80,477)	404,559	395,996
Liabilities										
Borrowings	133,784	138,688	11,111	12,968	37,946	37,593	(18,846)	(19,838)	163,995	169,411
Other liabilities	45,230	44,222	69,707	81,623	8,501	7,465	(10,253)	(8,337)	113,185	124,973
Total Liabilities	179,014	182,910	80,818	94,591	46,447	45,058	(29,099)	(28,175)	277,180	294,384
Net Worth	47,775	36,397	100,949	88,979	28,173	28,540	(49,518)	(52,302)	127,379	101,612
Cost of Acquisition of Physical Assets (Cash)	1,993	2,310	4,030	5,297	1,464	1,560	-	-	7,487	9,167

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

STATEMENT OF COMMITMENTS

As at 31 March 2021

	As at 31 Mar 2021 \$m	As at 30 Jun 2020 \$m	As at 31 Mar 2020 \$m
Capital Commitments			
State highways	5,172	4,788	5,579
Specialist military equipment	2,718	2,677	1,724
Land and buildings	5,789	5,395	5,448
Other property, plant and equipment	3,842	3,833	3,874
Other capital commitments	1,593	1,694	1,663
Universities and Wānanga	400	400	595
Total capital commitments	19,514	18,787	18,883
Operating Commitments			
Non-cancellable accommodation leases	5,018	5,095	4,409
Other non-cancellable leases	3,901	3,969	3,508
Universities and Wānanga	1,084	1,084	936
Total operating commitments	10,003	10,148	8,853
Total commitments	29,517	28,935	27,736
Total Commitments by Segment			
Core Crown	13,694	14,484	11,926
Crown entities	10,557	9,690	10,489
State-owned Enterprises	6,632	6,646	6,400
Inter-segment eliminations	(1,366)	(1,885)	(1,079)
Total commitments	29,517	28,935	27,736

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 March 2021

	As at 31 Mar 2021 \$m	As at 30 Jun 2020 \$m	As at 31 Mar 2020 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	8,740	8,384	9,036
Guarantees and indemnities	302	263	243
Legal proceedings and disputes	449	491	404
Other contingent liabilities	562	485	680
Total quantifiable contingent liabilities	10,053	9,623	10,363
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	9,897	9,453	10,047
Crown entities	177	89	72
State-owned Enterprises	203	210	345
Inter-segment eliminations	(224)	(129)	(101)
Total quantifiable contingent liabilities	10,053	9,623	10,363
Quantifiable Contingent Assets			
Core Crown	22	17	71
Crown entities	26	28	-
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	48	45	71

A list of unquantifiable contingent liabilities as at 30 June 2020 is included on the Treasury's website

<https://www.treasury.govt.nz/publications/year-end/financial-statements-2020>

These can be found in Note 26: 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 Universities and Wānanga)
- 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 54 to 57 of the *Financial Statements of Government of New Zealand for the year ended 30 June 2020* published on 24 November 2020.

The figures presented in these financial statements for 30 June 2020 are audited. All other figures are unaudited.

Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards) – Tier 1, 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 2021, based on the *Half Year Economic and Fiscal Update 2020 (HYEFU)*, published on 16 December 2020.

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 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2020* published on 24 November 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
34,963	26,216	Source deductions	28,427	27,302	1,125	4.1	36,258
7,128	5,282	Other persons	5,920	5,764	156	2.7	7,525
(1,887)	(1,281)	Refunds	(1,223)	(1,401)	178	12.7	(2,041)
593	454	Fringe benefit tax	437	461	(24)	(5.2)	606
40,797	30,671	Total individuals	33,561	32,126	1,435	4.5	42,348
Corporate tax							
11,958	9,470	Gross companies tax	9,578	8,343	1,235	14.8	12,591
(424)	(175)	Refunds	(180)	(214)	34	15.9	(309)
570	354	Non-resident withholding tax	288	276	12	4.3	435
12,104	9,649	Total corporate tax	9,686	8,405	1,281	15.2	12,717
Other direct income tax							
1,529	1,185	Resident w/holding tax on interest income	825	842	(17)	(2.0)	1,103
828	542	Resident w/holding tax on dividend income	875	553	322	58.2	801
2,357	1,727	Total other direct income tax	1,700	1,395	305	21.9	1,904
55,258	42,047	Total direct income tax	44,947	41,926	3,021	7.2	56,969
Goods and services tax							
35,861	27,843	Gross goods and services tax	29,012	27,908	1,104	4.0	37,104
(14,112)	(10,666)	Refunds	(10,319)	(10,226)	(93)	(0.9)	(13,873)
21,749	17,177	Total goods and services tax	18,693	17,682	1,011	5.7	23,231
Other indirect taxation							
1,877	1,534	Petroleum fuels excise and duty ¹	1,593	1,492	101	6.8	1,971
2,168	1,887	Tobacco excise and duty ¹	1,251	1,546	(295)	(19.1)	1,994
1,716	1,336	Road user charges	1,443	1,365	78	5.7	1,810
1,064	843	Alcohol excise and duty ¹	980	933	47	5.0	1,191
164	136	Other customs duty	127	126	1	0.8	164
525	403	Miscellaneous indirect tax	385	395	(10)	(2.5)	544
7,514	6,139	Total other indirect taxation	5,779	5,857	(78)	(1.3)	7,674
29,263	23,316	Total indirect taxation	24,472	23,539	933	4.0	30,905
84,521	65,363	Total taxation revenue	69,419	65,465	3,954	6.0	87,874
Other sovereign revenue							
3,032	2,241	ACC levies	2,340	2,215	125	5.6	2,973
1,043	746	Emissions trading revenue	1,026	1,058	(32)	(3.0)	1,370
596	411	Fire Service levies	421	409	12	2.9	586
446	325	EQC levies	389	386	3	0.8	515
254	180	Child support and working for families penalties	170	173	(3)	(1.7)	232
134	101	Court fines	90	93	(3)	(3.2)	115
764	620	Other miscellaneous items	462	483	(21)	(4.3)	637
6,269	4,624	Total other sovereign revenue	4,898	4,817	81	1.7	6,428
90,790	69,987	Total sovereign revenue	74,317	70,282	4,035	5.7	94,302

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>

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2020	9 months to 31 Mar 2020		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
2,300	1,795	Interest revenue	1,513	1,536	(23)	(1.5)	2,032
906	751	Dividends	658	714	(56)	(7.8)	959
3,206	2,546	Total interest revenue and dividends	2,171	2,250	(79)	(3.5)	2,991
NOTE 4: Transfer Payments and Subsidies							
15,521	11,518	New Zealand superannuation	12,280	12,256	(24)	(0.2)	16,490
12,095	3,892	Wage Subsidy Scheme	1,249	1,392	143	10.3	1,392
2,189	1,562	Family tax credit	1,528	1,548	20	1.3	2,147
2,285	1,542	Jobseeker support and emergency benefit	2,438	2,483	45	1.8	3,355
1,923	1,391	Accommodation assistance	1,724	1,740	16	0.9	2,354
1,650	1,199	Supported living payment	1,358	1,351	(7)	(0.5)	1,806
1,231	884	Sole parent support	1,083	1,108	25	2.3	1,507
893	696	KiwiSaver subsidies	693	694	1	0.1	924
736	406	Official development assistance	404	485	81	16.7	825
641	436	Other working for families tax credits	394	430	36	8.4	641
567	385	Student allowances	393	401	8	2.0	604
669	276	Winter energy payment	609	609	-	-	820
395	296	Disability allowances	306	305	(1)	(0.3)	407
418	280	Hardship assistance	366	388	22	5.7	532
248	187	Orphan's/unsupported child's benefit	221	221	-	-	294
184	121	Best start	184	197	13	6.6	336
63	73	Income related rent subsidy	70	40	(30)	(75.0)	55
899	(3,155)	Other social assistance benefits	955	997	42	4.2	1,373
42,607	21,989	Total transfer payments and subsidies	26,255	26,645	390	1.5	35,862
NOTE 5: Finance Costs							
3,499	2,708	Interest on financial liabilities	1,731	1,890	159	8.4	2,489
255	154	Interest unwind on provisions and other interest	70	84	14	16.7	124
3,754	2,862	Total finance costs	1,801	1,974	173	8.8	2,613
NOTE 6: Insurance Expenses							
6,246	3,571	ACC	3,638	3,612	(26)	(0.7)	6,529
614	190	EQC	172	19	(153)	-	43
27	(36)	Southern Response	(9)	(9)	-	-	(12)
16	12	Other insurance expenses	16	15	(1)	(6.7)	20
6,903	3,737	Total insurance expenses	3,817	3,637	(180)	(4.9)	6,580

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 2020 and previous Budgets that has yet to be allocated to appropriations for departments.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 31 Mar 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
(5,974)	(775)	Actuarial gains/(losses) on ACC liability	7,847	(4,216)	12,063	286.1	(4,268)
(1,097)	(100)	Gains/(losses) on the Emissions Trading Scheme	(581)	(358)	(223)	(62.3)	(348)
(301)	(71)	Other	2	(41)	43	104.9	(81)
(7,372)	(946)	Net gains/(losses) on non-financial instruments	7,268	(4,615)	11,883	257.5	(4,697)
NOTE 9: Financial Assets and Sovereign Receivables							
21,927	34,289	Cash and cash equivalents	14,083	15,017	(934)	(6.2)	15,576
14,290	17,150	Tax receivables	17,162	16,031	1,131	7.1	14,989
10,453	10,672	Other receivables	8,637	8,511	126	1.5	11,130
10,395	10,699	Student loans	10,304	10,373	(69)	(0.7)	10,903
22,189	21,884	Kiwibank mortgages	24,520	23,443	1,077	4.6	23,860
5,045	2,048	Other advances	10,362	11,922	(1,560)	(13.1)	14,989
5,443	6,196	Long-term deposits	4,211	5,183	(972)	(18.8)	3,644
2,538	2,549	IMF financial assets	2,433	2,571	(138)	(5.4)	2,571
33,791	29,311	Share investments	44,580	38,427	6,153	16.0	39,796
4,220	4,079	Investments in controlled enterprises	4,340	4,603	(263)	(5.7)	4,798
7,166	7,066	Derivatives in gain	5,750	5,545	205	3.7	5,310
45,858	38,243	Other marketable securities	45,052	40,307	4,745	11.8	39,250
183,315	184,186	Total financial assets and sovereign receivables	191,434	181,933	9,501	5.2	186,816
Financial assets by entity							
35,474	21,260	The Treasury	57,919	55,779	2,140	3.8	36,418
37,759	38,432	Reserve Bank of New Zealand	40,752	63,186	(22,434)	(35.5)	72,201
48,323	43,978	NZ Superannuation Fund	58,153	52,148	6,005	11.5	53,762
28,781	35,461	Other core Crown	34,140	27,830	6,310	22.7	27,833
(30,068)	(13,353)	Intra-segment eliminations	(68,492)	(82,939)	14,447	17.4	(71,467)
120,269	125,778	Total core Crown segment	122,472	116,004	6,468	5.6	118,747
51,135	46,441	ACC	51,177	51,368	(191)	(0.4)	53,538
808	789	EQC	577	283	294	103.9	211
15,899	11,001	Other Crown entities	13,812	13,594	218	1.6	12,623
(4,603)	(2,311)	Intra-segment eliminations	(2,691)	(2,658)	(33)	(1.2)	(2,617)
63,239	55,920	Total Crown entities segment	62,875	62,587	288	0.5	63,755
30,005	30,319	Total State-owned Enterprises segment	32,187	31,049	1,138	3.7	31,400
(30,198)	(27,831)	Inter-segment eliminations	(26,100)	(27,707)	1,607	5.8	(27,086)
183,315	184,186	Total financial assets and sovereign receivables	191,434	181,933	9,501	5.2	186,816

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 31 Mar 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value²							
<i>By class of asset:</i>							
57,835	54,972	Land	58,133	58,026	107	0.2	58,244
45,054	42,159	Buildings	46,394	48,142	(1,748)	(3.6)	50,006
39,410	38,515	State highways	40,448	40,845	(397)	(1.0)	41,287
17,091	17,038	Electricity generation assets	16,644	17,113	(469)	(2.7)	17,020
4,291	4,266	Electricity distribution network (cost)	4,289	4,667	(378)	(8.1)	4,161
3,339	3,611	Specialist military equipment	3,570	3,564	6	0.2	3,633
3,025	3,155	Specified cultural and heritage assets	3,079	3,081	(2)	(0.1)	3,002
3,794	5,229	Aircraft (excl military)	3,745	3,786	(41)	(1.1)	3,903
6,872	6,468	Rail network	6,871	6,934	(63)	(0.9)	7,073
5,791	5,436	Other plant and equipment (cost)	6,279	5,873	406	6.9	6,458
186,502	180,849	Total net carrying value	189,452	192,031	(2,579)	(1.3)	194,787
Land breakdown by usage							
19,910	19,046	Housing stock	20,043	19,919	124	0.6	19,912
14,724	13,744	State highway corridor land	14,701	14,724	(23)	(0.2)	14,692
6,741	6,616	Conservation estate	6,720	6,721	(1)	-	6,719
3,779	3,519	Rail network corridor land	3,789	3,792	(3)	(0.1)	3,810
6,055	5,782	Schools	6,014	6,078	(64)	(1.1)	6,131
1,146	1,232	Commercial (SOE) excluding rail	1,306	1,236	70	5.7	1,307
5,480	5,033	Other	5,560	5,556	4	0.1	5,673
57,835	54,972	Total land	58,133	58,026	107	0.2	58,244
Schedule of Movements							
Cost or Valuation							
192,808	192,808	Opening balance	205,689	205,689	-	-	205,689
9,568	7,612	Additions	7,986	9,968	(1,982)	(19.9)	14,176
(1,202)	(598)	Disposals	(640)	(254)	(386)	(152.0)	(473)
2,477	(34)	Net revaluations	(438)	-	(438)	-	-
2,038	(43)	Other ³	(21)	26	(47)	(180.8)	(48)
205,689	199,745	Total cost or valuation	212,576	215,429	(2,853)	(1.3)	219,344
Accumulated Depreciation & Impairment							
15,189	15,183	Opening balance	19,187	19,187	-	-	19,187
(686)	(285)	Eliminated on disposal	(279)	(80)	(199)	(248.8)	(198)
(2,086)	(39)	Eliminated on revaluation	(193)	-	(193)	-	-
1,193	-	Impairment losses charged to operating balance	-	-	-	-	-
5,294	4,029	Depreciation expense and impairment losses	4,384	4,205	179	4.3	5,635
283	8	Other ³	25	86	(61)	(70.9)	(67)
19,187	18,896	Total accumulated depreciation & impairment	23,124	23,398	(274)	(1.2)	24,557
186,502	180,849	Total property, plant and equipment	189,452	192,031	(2,579)	(1.3)	194,787

2. Using a revaluation methodology unless otherwise stated.

3. The 30 June 2020 balances include the opening balances of the newly created New Zealand Institute of Skills and Technology. These were previously recorded within equity accounted investments in the Statement of Financial Position as part of the tertiary education institutions (TEIs).

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 31 Mar 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
11,928	10,515	Accounts payable	10,399	11,166	767	6.9	11,027
5,043	5,954	Taxes repayable	5,288	4,793	(495)	(10.3)	5,058
16,971	16,469	Total payables	15,687	15,959	272	1.7	16,085
NOTE 12: Borrowings							
64,363	63,412	Government bonds	76,143	72,026	(4,117)	(5.7)	60,771
23,027	21,249	Settlement deposits with Reserve Bank	25,375	35,472	10,097	28.5	62,619
5,567	11,674	Derivatives in loss	5,245	5,092	(153)	(3.0)	4,906
11,269	3,626	Treasury bills	8,144	7,721	(423)	(5.5)	7,365
1,495	1,640	Finance lease liabilities	1,305	1,197	(108)	(9.0)	1,282
242	192	Government retail stock	194	241	47	19.5	241
46,754	42,926	Other borrowings	47,589	47,662	73	0.2	49,438
152,717	144,719	Total borrowings	163,995	169,411	5,416	3.2	186,622
109,547	102,525	Sovereign-guaranteed debt	119,690	125,763	6,073	4.8	139,562
43,170	42,194	Non sovereign-guaranteed debt	44,305	43,648	(657)	(1.5)	47,060
152,717	144,719	Total borrowings	163,995	169,411	5,416	3.2	186,622

This note constitutes a Statement of Borrowings as required by the Public Finance Act 1989.

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.

NOTE 13: Insurance Liabilities							
64,946	56,110	ACC liability	55,677	67,748	12,071	17.8	71,576
1,528	1,197	EQC property damage liability	928	709	(219)	(30.9)	578
168	93	Southern Response	100	100	-	-	100
48	46	Other insurance liabilities	47	39	(8)	(20.5)	50
66,690	57,446	Total insurance liabilities	56,752	68,596	11,844	17.3	72,304

The most recent valuation of the ACC liability was as at 31 December 2020, updated monthly for changes to discount rates.

NOTE 14: Provisions							
5,535	4,888	Provision for employee entitlements	5,984	5,447	(537)	(9.9)	5,429
3,483	-	Veterans disability entitlements	3,438	3,433	(5)	(0.1)	3,517
3,804	2,692	Provision for emissions trading scheme credits	4,166	3,878	(288)	(7.4)	3,912
857	837	Provision for National Provident Fund guarantee	795	810	15	1.9	800
2,805	2,424	Other provisions	2,520	2,508	(12)	(0.5)	2,575
16,484	10,841	Total provisions	16,903	16,076	(827)	(5.1)	16,233

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

As at 30 June 2020 \$m	As at 31 Mar 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Changes in Net Worth							
3,154	26,306	Taxpayers' funds	14,649	(10,507)	25,156	239.4	(22,475)
112,334	106,330	Property, plant and equipment revaluation reserve	111,927	112,332	(405)	(0.4)	112,153
(3,886)	(2,914)	Defined benefit retirement plan revaluation reserve	(3,300)	(4,669)	1,369	29.3	(4,577)
(1,095)	-	Veterans' disability entitlements reserve	(1,095)	(1,095)	-	-	(1,095)
5,623	6,152	Net worth attributable to minority interests	5,453	5,555	(102)	(1.8)	5,336
(187)	(225)	Other reserves	(255)	(4)	(251)	-	(125)
115,943	135,649	Total net worth	127,379	101,612	25,767	25.4	89,217
33,966	36,015	Opening taxpayers funds	3,154	3,154	-	-	3,154
(30,040)	(9,830)	Operating balance excluding minority interests	11,271	(13,718)	24,989	182.2	(25,639)
(772)	121	Transfers from/(to) other reserves	224	57	167	293.0	10
3,154	26,306	Closing taxpayers funds	14,649	(10,507)	25,156	239.4	(22,475)
106,495	106,495	Opening property, plant and equipment revaluation reserve	112,334	112,334	-	-	112,334
5,233	(92)	Net revaluations	(373)	20	(393)	-	(166)
606	(73)	Transfers from/(to) other reserves	(34)	(22)	(12)	(54.5)	(15)
112,334	106,330	Closing property, plant and equipment revaluation reserve	111,927	112,332	(405)	(0.4)	112,153
6,390	6,390	Opening net worth attributable to minority interests	5,623	5,623	-	-	5,623
(767)	(238)	Net movements	(170)	(68)	(102)	(150.0)	(287)
5,623	6,152	Closing net worth attributable to minority interests	5,453	5,555	(102)	(1.8)	5,336
(113)	(113)	Opening other reserves	(187)	(187)	-	-	(187)
(74)	(112)	Net movements	(68)	183	(251)	(137.2)	62
(187)	(225)	Closing other reserves	(255)	(4)	(251)	-	(125)

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2021

Reconciliation between the Operating Balance and the Operating Balance before Gains and Losses (OBEGAL)

Year to 30 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
116,003	90,265	Total revenue	92,796	86,807	5,989	6.9	116,624
138,916	92,648	Less total expenses	96,957	96,110	847	0.9	138,040
(8,722)	(7,337)	Total gains/(losses)	16,295	(3,691)	19,986	-	(3,293)
402	(191)	Minority interests share of operating balance	(251)	(121)	(130)	(107.4)	(128)
1,193	81	Net surplus from associates and joint ventures	(612)	(603)	(9)	(1.5)	(802)
(30,040)	(9,830)	Operating balance	11,271	(13,718)	24,989	182.2	(25,639)
		Reconciliation Between the Operating Balance and OBEGAL					
(30,040)	(9,830)	Operating balance	11,271	(13,718)	24,989	182.2	(25,639)
		Less items excluded from OBEGAL:					
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,923)	(4,988)	1,065	21.4	(5,840)
1,908	(6,391)	Net gains/(losses) on financial instruments	12,950	5,912	7,038	119.0	7,244
(7,372)	(946)	Net gains/(losses) on non-financial instruments	7,268	(4,615)	11,883	257.5	(4,697)
546	113	Minority interests share of total gains/(losses)	(140)	11	(151)	-	32
1,193	81	Net surplus from associates and joint ventures	(612)	(603)	(9)	(1)	(802)
(23,057)	(2,687)	OBEGAL	(4,272)	(9,435)	5,163	54.7	(21,576)

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2021

Expenses by Functional Classification

Year to 30 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Total Crown expenses								
49,900	30,455	Social security and welfare		31,117	31,723	606	1.9	44,375
20,469	14,798	Health		17,208	16,834	(374)	(2.2)	23,594
17,581	11,858	Education		12,216	12,683	467	3.7	17,390
5,869	3,574	Core government services		2,459	3,309	850	25.7	5,020
5,304	3,874	Law and order		3,979	4,145	166	4.0	5,781
12,962	8,807	Transport and communications		8,436	8,519	83	1.0	11,953
11,246	7,541	Economic and industrial services		9,447	8,065	(1,382)	(17.1)	10,879
2,482	1,824	Defence		1,885	1,910	25	1.3	2,744
2,904	2,214	Heritage, culture and recreation		2,418	2,279	(139)	(6.1)	3,260
2,430	1,837	Primary services		1,883	2,126	243	11.4	2,954
2,393	1,825	Housing and community development		2,597	2,547	(50)	(2.0)	3,765
1,472	1,054	Environmental protection		1,123	1,162	39	3.4	1,806
87	67	GSF pension expenses		67	79	12	15.2	106
63	58	Other		321	645	324	50.2	740
3,754	2,862	Finance costs		1,801	1,974	173	8.8	2,613
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(1,890)	(1,890)	(100.0)	(4,200)
138,916	92,648	Total Crown expenses excluding losses		96,957	96,110	(847)	(0.9)	138,040

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 June 2020 Actual \$m	9 months to 31 Mar 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses								
44,028	27,046	Social security and welfare		27,727	28,292	565	2.0	38,100
19,891	14,649	Health		17,087	17,057	(30)	(0.2)	24,010
16,322	11,020	Education		10,975	11,387	412	3.6	15,983
6,083	3,793	Core government services		3,819	4,266	447	10.5	6,280
4,911	3,620	Law and order		3,777	3,927	150	3.8	5,432
3,179	2,158	Transport and communications		4,019	4,178	159	3.8	6,107
3,988	2,447	Economic and industrial services		3,487	3,423	(64)	(1.9)	4,644
2,499	1,836	Defence		1,898	1,922	24	1.2	2,760
1,106	804	Heritage, culture and recreation		1,071	1,085	14	1.3	1,646
961	745	Primary services		735	836	101	12.1	1,305
1,015	741	Housing and community development		1,488	1,447	(41)	(2.8)	2,290
1,485	1,060	Environmental protection		1,127	1,165	38	3.3	1,815
73	56	GSF pension expenses		55	55	-	-	74
63	58	Other		321	645	324	50.2	740
3,228	2,471	Finance costs		1,501	1,555	54	3.5	1,986
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(1,890)	(1,890)	(100.0)	(4,200)
108,832	72,504	Core Crown expenses excluding losses		79,087	79,350	263	0.3	114,232

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2021

Core Crown Residual Cash

Year to 30 June 2020 \$m	9 months to 31 Mar 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown Cash Flows from Operations							
84,310	63,502	Tax receipts	67,575	64,157	3,418	5.3	87,149
1,226	852	Other sovereign receipts	840	826	14	1.7	1,215
428	355	Interest receipts	128	172	(44)	(25.6)	224
3,243	2,530	Sale of goods & services and other receipts	2,285	2,063	222	10.8	3,083
(43,916)	(23,499)	Transfer payments and subsidies	(27,834)	(28,332)	498	1.8	(38,552)
(56,583)	(45,895)	Personnel and operating costs	(48,370)	(50,443)	2,073	4.1	(69,074)
(3,016)	(1,638)	Interest payments	(1,468)	(1,636)	168	10.3	(2,906)
-	-	Forecast for future new operating spending	-	-	-	-	(5,260)
-	-	Top-down expense adjustment	-	1,890	(1,890)	(100.0)	4,200
(14,308)	(3,793)	Net core Crown operating cash flows	(6,844)	(11,303)	4,459	39.4	(19,921)
(2,955)	(2,215)	Net purchase of physical and intangible assets	(2,157)	(2,670)	513	19.2	(3,633)
(1,798)	(66)	Net increase in advances	(3,849)	(6,228)	2,379	38.2	(9,775)
(3,171)	(2,398)	Net purchase of investments	(2,953)	(3,425)	472	13.8	(5,226)
(1,460)	(1,095)	Contributions to New Zealand Superannuation Fund	(1,590)	(1,590)	-	-	(2,120)
-	-	Forecast for future new capital spending	-	-	-	-	(1,852)
-	-	Top-down capital adjustment	-	1,645	(1,645)	(100.0)	2,350
(9,384)	(5,774)	Net core Crown capital cash flows	(10,549)	(12,268)	1,719	14.0	(20,256)
(23,692)	(9,567)	Core Crown residual cash surplus / (deficit)	(17,393)	(23,571)	6,178	26.2	(40,177)
<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>							
Debt Programme Cash Flows							
Market:							
31,951	8,833	Issue of government bonds	42,125	43,848	(1,723)	(3.9)	49,760
(5,380)	-	Repayment of government bonds	-	-	-	-	(11,059)
8,415	(560)	Net issue/(repayment) of short-term borrowing	(3,198)	(4,761)	1,563	32.8	(5,211)
34,986	8,273	Total market debt cash flows	38,927	39,087	(160)	(0.4)	33,490
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
-	-	Total non-market debt cash flows	-	-	-	-	-
34,986	8,273	Total debt programme cash flows	38,927	39,087	(160)	(0.4)	33,490
Other Borrowing Cash Flows							
(3,045)	14,104	Net (repayment)/issue of other New Zealand dollar borrowing	(33,282)	(15,660)	(17,622)	(112.5)	(16,391)
1,121	245	Net (repayment)/issue of foreign currency borrowing	(421)	(1,193)	772	64.7	(2,062)
(1,924)	14,349	Total other borrowing cash flows	(33,703)	(16,853)	(16,850)	(47.8)	(18,453)
Investing Cash Flows							
(14,911)	(8,602)	Other net sale/(purchase) of marketable securities and deposits	5,619	(5,302)	10,921	206.0	18,574
1,209	1,205	Issues of circulating currency	411	55	356	-	8
4,332	(5,658)	Decrease/(increase) in cash	6,139	6,584	(445)	(6.8)	6,558
(9,370)	(13,055)	Total investing cash flows	12,169	1,337	10,832	-	25,140
23,692	9,567	Core Crown residual cash deficit / (surplus) funding	17,393	23,571	(6,178)	(26.2)	40,177

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

The June 2020 and annual forecast columns have been restated to show repurchases of Government bonds by the Reserve Bank within net (repayment)/issue of other New Zealand dollar borrowing. These amounts were previously disclosed as investing cashflows within other net sale/(purchase) of marketable securities and deposits.

FISCAL INDICATOR ANALYSIS

As at 31 March 2021

Net Debt and Gross Debt

As at 30 June 2020 Actual \$m	As at 31 Mar 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Net Debt:					
124,145	114,936	Gross sovereign-issued debt	132,241	136,916	4,675	3.4	153,013
(40,770)	(48,556)	Less liquid financial assets (per net debt definition)	(26,931)	(24,961)	1,970	7.9	(24,364)
83,375	66,380	Net core Crown Debt	105,310	111,955	6,645	5.9	128,649
		Analysis of financial liabilities and assets included in net debt					
		Gross sovereign-issued debt:					
126,820	119,902	Core Crown borrowings	134,448	138,690	4,242	3.1	153,297
(2,675)	(4,966)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,207)	(1,774)	433	24.4	(284)
124,145	114,936	Gross sovereign-issued debt	132,241	136,916	4,675	3.4	153,013
		Liquid financial assets:					
102,169	103,129	Core Crown financial assets	101,387	95,287	(6,100)	(6.4)	98,802
(46,843)	(40,785)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(56,511)	(49,970)	6,541	13.1	(49,955)
-	-	Less FLP advances	(2,741)	(4,667)	(1,926)	(41.3)	(8,167)
(14,556)	(13,788)	Less other advances	(15,204)	(15,689)	(485)	(3.1)	(16,316)
(61,399)	(54,573)	NZS Fund and advances	(74,456)	(70,326)	4,130	5.9	(74,438)
40,770	48,556	Liquid financial assets (per net debt definition)	26,931	24,961	(1,970)	(7.9)	24,364
		Additional net debt analysis					
83,375	66,380	Net core Crown debt	105,310	111,955	6,645	5.9	128,649
(61,399)	(54,573)	Less NZS Fund and advances	(74,456)	(70,326)	4,130	5.9	(74,438)
21,976	11,807	Net core Crown debt (incl. NZS Fund and advances)	30,854	41,629	10,775	25.9	54,211
83,375	66,380	Net core Crown debt	105,310	111,955	6,645	5.9	128,649
-	-	less FLP advances	(2,741)	(4,667)	(1,926)	(41.3)	(8,167)
83,375	66,380	Net core Crown debt (incl. FLP advances)	102,569	107,288	4,719	4.4	120,482
		Gross Debt:					
124,145	114,936	Gross sovereign-issued debt	132,241	136,916	4,675	3.4	153,013
(23,488)	(22,586)	Less Reserve Bank settlement cash and Reserve Bank bills	(26,193)	(35,889)	(9,696)	(27.0)	(62,944)
1,600	1,600	Add back changes to government borrowing owing to settlement cash	1,600	1,600	-	-	1,600
102,257	93,950	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	107,648	102,627	(5,021)	(4.9)	91,669
		Monetary Liabilities					
8,022	8,018	Issued currency	8,433	8,078	(355)	(4.4)	8,031
23,027	21,249	Settlement deposits with Reserve Bank	25,375	35,472	10,097	28.5	62,619
31,049	29,267	Total Monetary Liabilities	33,808	43,550	9,742	22.4	70,650

Gross sovereign-issued debt (GSID) represents debt issued by the sovereign (the core Crown) and includes any government stock held by the other Crown reporting entities.

Core Crown borrowings in this instance include unsettled purchases of securities (classified as accounts payable in the Statement of Financial Position).

Core Crown financial assets exclude receivables, except for unsettled sales of securities.

The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the government borrowing programme. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

Monetary liabilities facilitate payments to be effected in New Zealand dollars, thereby ensuring the smooth functioning of the economy.

FISCAL INDICATOR ANALYSIS

Reconciliation between the Financial Statements and the Key Fiscal Indicators

Financial Results	31 Mar 2021 Actual \$m	31 Mar 2021 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	69,906	65,926	3,980	6.0	88,346
...combined with other core Crown revenue...	4,900	4,777	123	2.6	6,647
...funds core Crown expenses...	(79,087)	(79,350)	263	0.3	(114,232)
...and including SOE and Crown entity revenues and expenses...	9	(788)	797	101.1	(2,337)
...results in an OBEGAL ...	(4,272)	(9,435)	5,163	54.7	(21,576)
...with gains/losses leading to an operating surplus/(deficit) ...	11,271	(13,718)	24,989	182.2	(25,639)
...removing net income in SOEs, Crown entities and the NZS Fund...	(19,222)	357	(19,579)	-	1,653
...and some items do not impact cash.	1,107	2,058	(951)	(46.2)	4,065
This leads to a core Crown operating residual cash surplus/(deficit)...	(6,844)	(11,303)	4,459	39.4	(19,921)
...used to make contributions to the NZS Fund...	(1,590)	(1,590)	-	-	(2,120)
...and to use for purchase of physical and intangible assets...	(2,157)	(2,670)	513	19.2	(3,633)
...and to make advances (eg, to students) and investments...	(6,802)	(9,653)	2,851	29.5	(15,001)
Adjusting for forecast adjustments (top-down/new spending)...	-	1,645	(1,645)	(100.0)	498
...results in a borrowing requirement (Core Crown residual cash surplus/(deficit))...	(17,393)	(23,571)	6,178	26.2	(40,177)
Opening net core Crown debt...	83,375	83,375	-	-	83,375
...when combined with the residual cash (surplus)/deficit...	17,393	23,571	6,178	26.2	40,177
...and other fair value movements in financial assets and financial liabilities...	4,542	5,009	467	9.3	5,097
...results in a closing net core Crown debt...	105,310	111,955	6,645	5.9	128,649
...which as a % of GDP is	33.3%	35.4%			39.7%