

# Interim Financial Statements of the Government of New Zealand

For the Four Months Ended  
31 October 2021



Prepared by the Treasury  
1 December 2021

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**Te Kāwanatanga o Aotearoa**  
New Zealand Government



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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 October 2021, and the financial results of operations and cash flows for the period ended on that date.

The October results are reported against forecasts based on the *Budget Economic and Fiscal Update 2021* (BEFU 2021), published on 20 May 2021.

### Comparison against forecast

The October 2021 Interim Financial Statements of the Government factor in a stronger than expected starting position from the financial year 30 June 2021. The economy has continued to perform better than expected for the first four months of the 2021/2022 financial year, resulting in tax revenue being higher than forecast. However, the increase in COVID-19 Alert Levels triggered a number of Government fiscal support measures which meant expenses were higher than forecast and more than offset the increased tax revenue. As a result, both the operating balance before gains and losses (OBEGAL) deficit and residual cash deficit were higher than forecast.

**Table 1** – Key indicators for the four months ended 31 October 2021 compared to BEFU 2021

	Year to date				Full Year
	October	October	Variance <sup>2</sup>	Variance	June
	2021	2021	BEFU 2021	BEFU 2021	2022
	Actual <sup>1</sup>	BEFU 2021 Forecast <sup>1</sup>	BEFU 2021	BEFU 2021	BEFU 2021 Forecast <sup>3</sup>
	\$m	\$m	\$m	%	\$m
<b>Core Crown</b>					
Core Crown tax revenue	31,793	29,337	2,456	8.4	93,188
Core Crown revenue	34,604	31,618	2,986	9.4	99,778
Core Crown expenses	41,862	36,937	(4,925)	(13.3)	114,717
Core Crown residual cash	(14,231)	(10,809)	(3,422)	(31.7)	(39,232)
Net core Crown debt <sup>4</sup>	116,126	124,634	8,508	6.8	153,311
<i>as a percentage of GDP</i>	34.2%	36.7%			43.8%
Gross debt <sup>5</sup>	115,174	95,472	(19,702)	(20.6)	95,943
<i>as a percentage of GDP</i>	33.9%	28.1%			27.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(7,762)	(5,926)	(1,836)	(31.0)	(18,409)
Operating balance (excluding minority interests)	(11,026)	(5,162)	(5,864)	(113.6)	(15,648)
Total borrowings	183,754	180,540	(3,214)	(1.8)	215,234
Net worth attributable to the Crown	139,921	106,919	33,002	30.9	96,551
<i>as a percentage of GDP</i>	41.2%	31.5%			27.6%

1 Using the most recently published GDP (for the year ended 30 June 2021) of \$339,603 million (Source: Stats NZ).

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

3 Using BEFU 2021 forecast GDP for the year ending 30 June 2022 of \$349,742 million (Source: The Treasury).

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

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

**Core Crown tax revenue** for the four months to 31 October was \$2.5 billion (8.4%) above forecast. The largest contributors to the variance were:

- Corporate tax revenue was \$1.2 billion (34.2%) above forecast mainly owing to stronger than expected taxable profits coming through as tax returns are filed. Terminal tax revenue for the 2021 tax year and provisional tax revenue for the 2022 tax year were both greater than forecast.
- Other individuals' tax revenue was \$1.0 billion (59.1%) above forecast, mainly owing to above-forecast provisional tax revenue. At this time of year, provisional tax revenue is largely based on uplift from the previous year, so this positive variance may not be representative of taxable income for the 2022 tax year.
- Source deductions revenue was \$0.6 billion (4.4%) above forecast, owing to a stronger than anticipated labour market. Statistics New Zealand's September 2021 quarterly labour force numbers showed further improved levels of employment and signs of increasing wage growth.
- GST revenue was \$0.3 billion (3.7%) below forecast, owing to weaker than expected spending and general economic activity. The October results are beginning to reflect the effects of Alert Level three restrictions for Auckland and a number of surrounding areas and Alert Level two restrictions for the remainder of the country.

**Core Crown expenses** at \$41.9 billion, were \$4.9 billion (13.3%) above forecast mainly owing to the most recent outbreak of COVID-19 resulting in the shift in Alert Levels, which triggered a number of fiscal support measures. Wage subsidies for the four months to October 2021 were \$3.7 billion, \$3.6 billion above forecast and COVID-19 resurgence support payments were \$1.3 billion greater than forecast. Spending delays across a number of sectors have partially offset the higher spending from the government COVID-19 fiscal support measures.

The **OBEGAL** deficit of \$7.8 billion was \$1.8 billion higher than the forecast deficit of \$5.9 billion. Core Crown tax revenue was \$2.5 billion above forecast and other sovereign revenue was \$0.5 billion higher than forecast, however this was more than offset by higher than forecast core Crown expenses of discussed above.

When net gains and losses are added to the OBEGAL result, the operating balance was a \$11.0 billion deficit, and \$5.9 billion higher than the deficit forecast. Net losses were \$3.7 billion higher than expected due to losses of \$3.0 billion recognised on the Emissions Trading Scheme liability and an increase in the ACC insurance liability of \$0.9 billion. The increase in the Emissions Trading Scheme liability is due to the increase in carbon prices while changes in inflation and discount rates have driven the changes in the ACC insurance liability.

The **core Crown residual cash** deficit of \$14.2 billion was \$3.4 billion more than the deficit forecast. This was largely owing to increased COVID-19 Alert Levels resulting in transfer payments and subsidies payments to be \$4.6 billion higher than forecast partly offset by other sovereign receipts, being \$0.6 billion higher than forecast. In addition, Net core Crown capital cash flows were \$1.1 billion lower than forecast mainly due to the funding for lending uptake being slower than forecast.

**Net core Crown debt** was \$116.1 billion (34.2% of GDP) at 31 October 2021, \$8.5 billion lower than forecast largely owing to the favourable variance from the 30 June 2021 results of \$11.6 billion which was partly reduced by the core Crown residual cash variance of \$3.4 billion, while the issue of circulating currency (\$0.5 billion above forecast) has improved the net core Crown debt position.

**Gross debt** at \$115.2 billion (33.9% of GDP), was \$19.7 billion higher than forecast. The variance is primarily a result of increases in Government bonds. The forecast assumed that the Reserve Bank would continue to repurchase bonds. As economic conditions have improved the Reserve Bank halted additional purchases under the LSAP Programme from 23 July 2021, resulting in more of the Government bond portfolio being held by third parties. The impact of the LSAP programme suspension was slightly offset by lower issuances of Government bonds.

**Total borrowings** at \$183.8 billion was close to forecast (1.8% above forecast). The net variance of \$3.2 billion reflects Government spending decisions and changing market conditions discussed above and slower than expected capital spending.

**Total assets** at \$450.6 billion were \$43.3 billion above forecast. This was primarily owing to increased valuations of property plant and equipment, which were \$21.6 billion above forecast. In addition, financial assets were \$21.3 billion greater than forecast reflecting changes in market conditions and investment activity.

**Total liabilities** at \$305.0 billion were \$9.7 billion higher than forecast. This variance was largely owing to the increased provision for the Emissions Trading Scheme (\$4.3 billion above forecast) which was a result of the increased New Zealand unit price, the ACC insurance liability being \$2.5 billion above forecast and the total borrowings variance discussed above.

**Net worth attributable to the Crown** at \$139.9 billion, was \$33.0 billion higher than forecast. Most of this variance relates to the 30 June 2021 variance of \$39.5 billion partly offset by the operating balance variance of \$5.7 billion discussed earlier.

## Comparison against the prior year actuals

**Table 2** – Key indicators for the four months ended 31 October 2021 compared to prior year actuals

	Year to date				Full Year
	October 2021 Actual <sup>1</sup> \$m	October 2020 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2020 \$m	Variance to 2020 %	June 2021 Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	31,793	29,869	1,924	6.4	97,983
Core Crown revenue	34,604	32,162	2,442	7.6	104,968
Core Crown expenses	41,861	35,682	(6,179)	(17.3)	107,764
Core Crown residual cash	(14,231)	(9,896)	(4,335)	(43.8)	(13,767)
Net core Crown debt <sup>5</sup>	116,126	96,958	(19,168)	(19.8)	102,080
as a percentage of GDP	34.2%	31.5%			30.1%
Gross debt <sup>6</sup>	115,174	109,495	(5,679)	(5.2)	102,435
as a percentage of GDP	33.9%	35.5%			30.2%
<b>Total Crown</b>					
Operating balance before gains and losses	(7,762)	(3,818)	(3,944)	(103.3)	(4,560)
Operating balance (excluding minority interests)	(11,026)	(8,780)	(2,246)	(25.6)	16,159
Total Borrowings	183,754	159,929	(23,825)	(14.9)	162,560
Net worth attributable to the Crown	139,921	100,473	39,448	39.3	151,469
as a percentage of GDP	41.2%	32.6%			44.6%

1 Using the most recently published GDP (for the year ended 30 June 2021) of \$339,603 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 30 June 2020) of \$308,276 million (Source: Stats NZ).

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

4 Using published GDP for the year ended 30 June 2021 of \$339,603 million (Source: Stats NZ).

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

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

**Core Crown tax revenue** for the four months to October 2021 was \$1.9 billion (6.4%) up on last year. The largest movements came from:

- Source deduction revenue was \$1.1 billion (8.6%) up on last year, mainly owing to growth in wages and employment.
- Corporate tax revenue was \$0.8 billion (18.8%) up on last year, mainly owing to an increase in taxable profits through the 2021 income tax year.
- Other individuals' tax revenue was \$0.5 billion (25.2%) up on last year, reflecting growth in taxable profits in the 2021 tax year.
- GST revenue was lower than the comparative period, down \$0.3 billion (3.9%) on the previous year. The four months to October 2020 was a stronger period for GST, as domestic consumption began to bounce back following a period of COVID-19 Alert Level restrictions. In contrast, the four months to October 2021 were spent at higher Alert Level settings and with the Auckland boundary rules in place which have likely dampened domestic consumption.

**Core Crown expenses** at \$41.9 billion, were \$6.2 billion (17.3%) higher than the same time last year. The variance was largely related to wage subsidies (\$2.4 billion higher than last year), COVID-19 resurgence support payments of \$1.3 billion higher than last year and increased expenses in health and education (both being \$1.1 billion higher than last year).

**Core Crown residual cash** was a deficit of \$14.2 billion, \$4.3 billion higher than the deficit for October 2020. This reflects increased spending in response to the most recent community outbreak of COVID-19 and advances provided by the Reserve Bank through the funding for lending program by the Reserve Bank, this was partly offset by higher tax and sovereign receipts and lower investments into SOE's and CE's in the current period.

**Net core Crown debt** was \$19.2 billion higher than the same time last year and as a share of the economy, net core Crown debt increased to 34.2% (compared to 31.5% of GDP a year earlier). This increase reflects increased spending resulting in accumulated cash deficits of \$18.1 billion since October 2020, the remaining variance mainly relates to accumulated gains and losses.

**Net worth attributable to the Crown** at \$139.3 billion (41.2% of GDP) was \$39.4 billion higher than as at 31 October 2021, largely reflecting an increase in taxpayers' funds of \$14.0 billion and an increase in the property revaluation reserve of \$21.5 billion. The decrease in the valuations of defined benefit retirement plan and veteran's disability entitlements contributed \$3.7 billion to the variance.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the four months ended 31 October 2021

Year to 30 June 2021	4 months to 31 Oct 2020		Note	Current Year Actual vs Forecast			Annual BEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Revenue</b>						
97,362	29,627	Taxation revenue	2	31,600	29,186	2,414	8.3	92,674
7,038	2,281	Other sovereign revenue	2	2,749	2,265	484	21.4	6,895
<b>104,400</b>	<b>31,908</b>	<b>Total revenue levied through the Crown's Sovereign Power</b>		<b>34,349</b>	<b>31,451</b>	<b>2,898</b>	<b>9.2</b>	<b>99,569</b>
18,500	5,853	Sales of goods and services		5,763	6,074	(311)	(5.1)	17,676
2,846	972	Interest revenue and dividends	3	984	1,027	(43)	(4.2)	3,121
3,589	1,132	Other revenue		1,037	1,198	(161)	(13.4)	3,503
<b>24,935</b>	<b>7,957</b>	<b>Total revenue earned through the Crown's operations</b>		<b>7,784</b>	<b>8,299</b>	<b>(515)</b>	<b>(6.2)</b>	<b>24,300</b>
<b>129,335</b>	<b>39,865</b>	<b>Total revenue (excluding gains)</b>		<b>42,133</b>	<b>39,750</b>	<b>2,383</b>	<b>6.0</b>	<b>123,869</b>
		<b>Expenses</b>						
35,427	12,827	Transfer payments and subsidies	4	16,679	12,256	(4,423)	(36.1)	36,955
29,817	9,525	Personnel expenses		10,157	9,914	(243)	(2.5)	29,981
6,764	2,117	Depreciation and amortisation		2,375	2,113	(262)	(12.4)	6,587
52,604	16,646	Other operating expenses		18,465	19,317	852	4.4	58,142
2,272	907	Finance costs	5	805	777	(28)	(3.6)	2,351
6,838	1,571	Insurance expenses	6	1,430	1,626	196	12.1	6,538
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(416)	(416)	(100.0)	(2,775)
<b>133,722</b>	<b>43,593</b>	<b>Total expenses (excluding losses)</b>		<b>49,911</b>	<b>45,587</b>	<b>(4,324)</b>	<b>(9.5)</b>	<b>142,000</b>
		<b>Gains/(losses)</b>						
(3,976)	(3,170)	Net gains/(losses) on large scale asset purchases		(1)	(360)	359	99.7	(791)
18,130	2,212	Net gains/(losses) on financial instruments		610	1,165	(555)	(47.6)	3,769
6,869	(3,765)	Net gains/(losses) on non-financial instruments	8	(3,533)	(21)	(3,512)	-	(135)
<b>21,023</b>	<b>(4,723)</b>	<b>Total gains/(losses)</b>		<b>(2,924)</b>	<b>784</b>	<b>(3,708)</b>	<b>(473.0)</b>	<b>2,843</b>
		<b>Other interests</b>						
(360)	(268)	Net surplus/(deficit) from associates and joint ventures		(123)	(37)	(86)	(232.4)	(98)
(117)	(61)	Less minority interests share of operating balance		(201)	(72)	(129)	(179.2)	(262)
<b>16,159</b>	<b>(8,780)</b>	<b>Operating balance (excluding minority interests)</b>		<b>(11,026)</b>	<b>(5,162)</b>	<b>(5,864)</b>	<b>(113.6)</b>	<b>(15,648)</b>
117	61	Minority interests share of operating balance		201	72	129	179.2	262
<b>16,276</b>	<b>(8,719)</b>	<b>Operating balance (including minority interests)</b>		<b>(10,825)</b>	<b>(5,090)</b>	<b>(5,735)</b>	<b>(112.7)</b>	<b>(15,386)</b>

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

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the four months ended 31 October 2021

Year to 30 June 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,276	(8,719)	Operating balance (including minority interest)	(10,825)	(5,090)	(5,735)	(112.7)	(15,386)
		<b>Other comprehensive revenue and expense</b>					
22,539	(202)	Revaluation of physical assets	(344)	-	(344)	-	-
		Revaluation of defined benefit retirement					
2,325	(824)	plan schemes	145	72	73	101.4	216
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	93	Transfers to/(from) reserves	273	25	248	-	-
		(Gains)/losses transferred to the					
181	(22)	statement of financial performance	(64)	-	(64)	-	-
		Foreign currency translation differences on					
8	(119)	foreign operations	(64)	-	(64)	-	4
15	3	Other movements	(479)	(4)	(475)	-	(14)
<b>25,361</b>	<b>(1,071)</b>	<b>Total other comprehensive revenue and expense</b>	<b>(533)</b>	<b>93</b>	<b>(626)</b>	<b>-</b>	<b>206</b>
<b>41,637</b>	<b>(9,790)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,358)</b>	<b>(4,997)</b>	<b>(6,361)</b>	<b>(127.3)</b>	<b>(15,180)</b>
		<b>Attributable to:</b>					
488	57	- minority interest	190	(403)	593	147.1	259
41,149	(9,847)	- the Crown	(11,548)	(4,594)	(6,954)	(151.4)	(15,439)
<b>41,637</b>	<b>(9,790)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,358)</b>	<b>(4,997)</b>	<b>(6,361)</b>	<b>(127.3)</b>	<b>(15,180)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the four months ended 31 October 2021

Year to 30 June 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>115,943</b>	<b>115,943</b>	<b>Opening net worth</b>	<b>157,193</b>	<b>117,263</b>	<b>39,930</b>	<b>34.1</b>	<b>117,263</b>
16,276	(8,719)	Operating balance (including minority interest)	(10,825)	(5,090)	(5,735)	(112.7)	(15,386)
22,539	(202)	Net revaluations	(344)	-	(344)	-	-
		Net revaluations of defined benefit retirement					
2,325	(824)	plan schemes	145	72	73	101.4	216
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	93	Transfers to/(from) reserves	273	25	248	-	-
		(Gains)/losses transferred to the					
181	(22)	statement of financial performance	(64)	-	(64)	-	-
		Foreign currency translation differences on					
8	(119)	foreign operations	(64)	-	(64)	-	4
15	3	Other movements	(479)	(4)	(475)	-	(14)
<b>41,637</b>	<b>(9,790)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,358)</b>	<b>(4,997)</b>	<b>(6,361)</b>	<b>(127.3)</b>	<b>(15,180)</b>
(387)	(229)	Transactions with minority interests	(202)	(226)	24	10.6	(373)
<b>157,193</b>	<b>105,924</b>	<b>Closing net worth</b>	<b>145,633</b>	<b>112,040</b>	<b>33,593</b>	<b>30.0</b>	<b>102,187</b>

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

# STATEMENT OF CASH FLOWS

For the four months ended 31 October 2021

Year to 30 June 2021	4 months to 31 Oct 2020		Current Year Actual vs Forecast				Annual BEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
95,382	29,473	Taxation receipts		30,329	30,104	225	0.7	92,582
6,424	1,242	Other sovereign receipts		2,827	2,264	563	24.9	6,008
17,732	5,805	Sales of goods and services		6,204	6,216	(12)	(0.2)	17,995
1,670	580	Interest receipts		595	525	70	13.3	1,737
4,814	1,314	Other operating receipts		838	1,465	(627)	(42.8)	4,257
<b>126,022</b>	<b>38,414</b>	<b>Total cash provided from operations</b>		<b>40,793</b>	<b>40,574</b>	<b>219</b>	<b>0.5</b>	<b>122,579</b>
		<b>Cash was disbursed to</b>						
35,515	13,702	Transfer payments and subsidies		17,491	12,935	(4,556)	(35.2)	37,271
84,256	29,689	Personnel and operating payments		30,855	31,040	185	0.6	91,242
3,147	1,144	Interest payments		1,048	1,003	(45)	(4.5)	2,962
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(416)	(416)	(100.0)	(2,775)
<b>122,918</b>	<b>44,535</b>	<b>Total cash disbursed to operations</b>		<b>49,394</b>	<b>44,562</b>	<b>(4,832)</b>	<b>(10.8)</b>	<b>132,921</b>
<b>3,104</b>	<b>(6,121)</b>	<b>Net cash flows from operations</b>		<b>(8,601)</b>	<b>(3,988)</b>	<b>(4,613)</b>	<b>(115.7)</b>	<b>(10,342)</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(9,393)	(3,228)	Net (purchase)/sale of physical assets		(3,454)	(5,057)	1,603	31.7	(16,039)
4,189	5,553	Net (purchase)/sale of shares and other securities		(3,341)	(10,325)	6,984	67.6	(4,749)
(898)	(225)	Net (purchase)/sale of intangible assets		(274)	(263)	(11)	(4.2)	(951)
(5,663)	(646)	Net (issue)/repayment of advances		(3,874)	(4,503)	629	14.0	(16,195)
(392)	(220)	Net acquisition of investments in associates		(247)	(166)	(81)	(48.8)	(674)
-	-	Forecast new capital spending	7	-	-	-	-	(2,033)
-	-	Top-down capital adjustment	7	-	364	(364)	(100.0)	2,425
<b>(12,157)</b>	<b>1,234</b>	<b>Net cash flows from investing activities</b>		<b>(11,190)</b>	<b>(19,950)</b>	<b>8,760</b>	<b>43.9</b>	<b>(38,216)</b>
<b>(9,053)</b>	<b>(4,887)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(19,791)</b>	<b>(23,938)</b>	<b>4,147</b>	<b>17.3</b>	<b>(48,558)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
234	175	Issues of circulating currency		499	28	471	-	84
1,158	2,285	Net issue/(repayment) of Government bonds		10,439	1,351	9,088	-	464
348	990	Net issue/(repayment) of foreign currency borrowing		405	(162)	567	350.0	(210)
5,847	(4,298)	Net issue/(repayment) of other New Zealand dollar borrowing		7,285	16,274	(8,989)	(55.2)	45,958
(373)	(227)	Dividends paid to minority interests		(204)	(175)	(29)	(16.6)	(267)
<b>7,214</b>	<b>(1,075)</b>	<b>Net cash flows from financing activities</b>		<b>18,424</b>	<b>17,316</b>	<b>1,108</b>	<b>6.4</b>	<b>46,029</b>
<b>(1,839)</b>	<b>(5,962)</b>	<b>Net movement in cash</b>		<b>(1,367)</b>	<b>(6,622)</b>	<b>5,255</b>	<b>79.4</b>	<b>(2,529)</b>
21,927	21,927	<b>Opening cash balance</b>		18,755	14,947	3,808	25.5	14,947
(1,333)	(62)	Foreign-exchange gains/(losses) on opening cash		(319)	6	(325)	-	4
<b>18,755</b>	<b>15,903</b>	<b>Closing cash balance</b>		<b>17,069</b>	<b>8,331</b>	<b>8,738</b>	<b>104.9</b>	<b>12,422</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the four months ended 31 October 2021

Year to 30 June 2021	4 months to 31 Oct 2020		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Reconciliation between the net cash flows from operations and the operating balance</b>					
3,104	(6,121)	<b>Net cash flows from operations</b>	<b>(8,601)</b>	<b>(3,988)</b>	<b>(4,613)</b>	<b>(115.7)</b>	<b>(10,342)</b>
		<b>Gains/(losses) and other interests</b>					
18,130	2,212	Net gains/(losses) on financial instruments	610	1,165	(555)	(47.6)	3,769
6,869	(3,765)	Net gains/(losses) on non-financial instruments	(3,533)	(21)	(3,512)	-	(135)
(3,976)	(3,170)	Net gains/(losses) on large scale asset purchases	(1)	(360)	359	99.7	(791)
(360)	(268)	Net surplus from associates and joint ventures	(123)	(37)	(86)	(232.4)	(98)
(117)	(61)	Minority interests share of operating balance	(201)	(72)	(129)	(179.2)	(262)
<b>20,546</b>	<b>(5,052)</b>	<b>Total gains/(losses) and other interests</b>	<b>(3,248)</b>	<b>675</b>	<b>(3,923)</b>	<b>-</b>	<b>2,483</b>
		<b>Other non-cash items in operating balance</b>					
(6,764)	(2,117)	Depreciation and amortisation	(2,375)	(2,113)	(262)	(12.4)	(6,587)
(1,039)	(301)	Cost of concessionary lending	(178)	(175)	(3)	(1.7)	(746)
(1)	(28)	Impairment of financial assets (excluding receivables)	(23)	(33)	10	30.3	(100)
(1,868)	874	Decrease/(increase) in insurance liabilities	1,304	1,081	223	20.6	(1,445)
733	190	Change in accumulating pension expenses	287	250	37	14.8	751
149	-	Other	201	93	108	116.1	-
<b>(8,790)</b>	<b>(1,382)</b>	<b>Total other non-cash items</b>	<b>(784)</b>	<b>(897)</b>	<b>113</b>	<b>12.6</b>	<b>(8,127)</b>
		<b>Movements in working capital</b>					
1,481	(1,069)	Increase/(decrease) in receivables	(71)	(2,612)	2,541	97.3	(550)
1,126	353	Increase/(decrease) in accrued interest	277	369	(92)	(24.9)	983
421	79	Increase/(decrease) in inventories	116	76	40	52.6	424
63	309	Increase/(decrease) in prepayments	375	94	281	298.9	12
40	110	Decrease/(increase) in deferred revenue	(181)	(331)	150	45.3	(339)
(1,832)	3,993	Decrease/(increase) in payables/provisions	1,091	1,452	(361)	(24.9)	(192)
<b>1,299</b>	<b>3,775</b>	<b>Total movements in working capital</b>	<b>1,607</b>	<b>(952)</b>	<b>2,559</b>	<b>268.8</b>	<b>338</b>
<b>16,159</b>	<b>(8,780)</b>	<b>Operating balance (excluding minority interests)</b>	<b>(11,026)</b>	<b>(5,162)</b>	<b>(5,864)</b>	<b>(113.6)</b>	<b>(15,648)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

As at 30 June 2021 Actual \$m	As at 31 Oct 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
18,755	15,903	Cash and cash equivalents	9	17,069	8,331	8,738	104.9	12,422
26,829	27,433	Receivables	9	27,104	22,459	4,645	20.7	24,660
56,783	55,322	Marketable securities, deposits and derivatives in gain	9	58,837	57,739	1,098	1.9	57,208
48,539	36,947	Share investments	9	53,011	44,440	8,571	19.3	46,248
45,612	39,361	Advances	9	50,133	52,002	(1,869)	(3.6)	63,739
4,718	4,248	Investments in controlled enterprises	9	4,658	4,559	99	2.2	5,126
2,194	1,852	Inventory		2,310	2,151	159	7.4	2,499
3,928	3,968	Other assets		3,926	3,484	442	12.7	3,447
213,216	188,193	Property, plant and equipment	10	214,661	194,923	19,738	10.1	201,003
14,421	14,205	Equity accounted investments <sup>1</sup>		15,322	14,296	1,026	7.2	14,695
3,601	3,884	Intangible assets and goodwill		3,580	4,134	(554)	(13.4)	4,384
-	-	Forecast for new capital spending	7	-	-	-	-	2,033
-	-	Top-down capital adjustment	7	-	(1,164)	1,164	100.0	(3,225)
<b>438,596</b>	<b>391,316</b>	<b>Total assets</b>		<b>450,611</b>	<b>407,354</b>	<b>43,257</b>	<b>10.6</b>	<b>434,239</b>
<b>Liabilities</b>								
8,256	8,197	Issued currency		8,755	8,447	(308)	(3.6)	8,503
17,577	14,477	Payables	11	17,131	15,779	(1,352)	(8.6)	15,402
2,549	2,482	Deferred revenue		2,727	2,664	(63)	(2.4)	2,670
162,560	159,929	Borrowings	12	183,754	180,540	(3,214)	(1.8)	215,234
60,336	69,139	Insurance liabilities	13	59,961	57,448	(2,513)	(4.4)	59,973
11,038	14,616	Retirement plan liabilities		10,646	12,436	1,790	14.4	11,859
19,087	16,552	Provisions	14	22,004	18,000	(4,004)	(22.2)	18,411
<b>281,403</b>	<b>285,392</b>	<b>Total liabilities</b>		<b>304,978</b>	<b>295,314</b>	<b>(9,664)</b>	<b>(3.3)</b>	<b>332,052</b>
<b>157,193</b>	<b>105,924</b>	<b>Total assets less total liabilities</b>		<b>145,633</b>	<b>112,040</b>	<b>33,593</b>	<b>30.0</b>	<b>102,187</b>
<b>Net worth</b>								
19,857	(5,620)	Taxpayers' funds	15	8,396	(565)	8,961	-	(11,061)
134,003	112,131	Property, plant and equipment revaluation reserve	15	133,634	112,003	21,631	19.3	112,003
(1,560)	(4,709)	Defined benefit retirement plan revaluation reserve	15	(1,416)	(3,179)	1,763	55.5	(3,035)
(659)	(1,095)	Veterans' disability entitlements reserve	15	(659)	(1,095)	436	39.8	(1,095)
(172)	(234)	Other reserves	15	(34)	(245)	211	86.1	(261)
<b>151,469</b>	<b>100,473</b>	<b>Total net worth attributable to the Crown</b>		<b>139,921</b>	<b>106,919</b>	<b>33,002</b>	<b>30.9</b>	<b>96,551</b>
5,724	5,451	Net worth attributable to minority interest	15	5,712	5,121	591	11.5	5,636
<b>157,193</b>	<b>105,924</b>	<b>Total net worth</b>		<b>145,633</b>	<b>112,040</b>	<b>33,593</b>	<b>30.0</b>	<b>102,187</b>

1. Equity accounted investments include Universities and Wānanga and City Rail Link Limited.

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

# STATEMENT OF SEGMENTS

For the four months ended 31 October 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
<b>Revenue</b>										
Taxation revenue	31,793	29,337	-	-	-	-	(193)	(151)	31,600	29,186
Other sovereign revenue	1,303	791	2,121	2,114	-	-	(675)	(640)	2,749	2,265
Revenue from core Crown funding	-	-	12,615	12,459	195	95	(12,810)	(12,554)	-	-
Sales of goods and services	449	493	975	898	4,539	4,881	(200)	(198)	5,763	6,074
Interest and dividend revenue	802	747	414	409	267	314	(499)	(443)	984	1,027
Other revenue	257	250	1,713	1,736	316	295	(1,249)	(1,083)	1,037	1,198
<b>Total Revenue (excluding gains)</b>	<b>34,604</b>	<b>31,618</b>	<b>17,838</b>	<b>17,616</b>	<b>5,317</b>	<b>5,585</b>	<b>(15,626)</b>	<b>(15,069)</b>	<b>42,133</b>	<b>39,750</b>
<b>Expenses</b>										
Transfer payments and subsidies	17,117	12,663	-	-	-	-	(438)	(407)	16,679	12,256
Personnel expenses	3,212	3,081	6,025	6,143	937	702	(17)	(12)	10,157	9,914
Other operating expenses	20,870	21,024	11,703	11,511	4,171	4,402	(14,474)	(13,881)	22,270	23,056
Interest expenses	662	585	59	65	178	248	(94)	(121)	805	777
Forecast new operating spending and top-down adjustment	-	(416)	-	-	-	-	-	-	-	(416)
<b>Total Expenses (excluding losses)</b>	<b>41,861</b>	<b>36,937</b>	<b>17,787</b>	<b>17,719</b>	<b>5,286</b>	<b>5,352</b>	<b>(15,023)</b>	<b>(14,421)</b>	<b>49,911</b>	<b>45,587</b>
Gains/(losses) and other items	(2,708)	842	(1,245)	(47)	227	(92)	478	(28)	(3,248)	675
<b>Operating Balance (excluding minority interests)</b>	<b>(9,965)</b>	<b>(4,477)</b>	<b>(1,194)</b>	<b>(150)</b>	<b>258</b>	<b>141</b>	<b>(125)</b>	<b>(676)</b>	<b>(11,026)</b>	<b>(5,162)</b>
<b>Assets</b>										
Financial assets	139,567	118,008	65,305	61,474	33,424	34,805	(27,484)	(24,757)	210,812	189,530
Property, plant and equipment	52,476	46,871	120,520	108,762	41,666	39,290	-	-	214,661	194,923
Investments in associates, CEs and SOEs	54,958	56,624	12,772	12,312	1,127	519	(53,535)	(55,159)	15,322	14,296
Other assets	5,526	5,177	2,476	2,310	2,483	2,628	(669)	(346)	9,816	9,769
Forecast and top-down capital adjustments	-	(1,164)	-	-	-	-	-	-	-	(1,164)
<b>Total Assets</b>	<b>252,527</b>	<b>225,516</b>	<b>201,073</b>	<b>184,858</b>	<b>78,700</b>	<b>77,242</b>	<b>(81,688)</b>	<b>(80,262)</b>	<b>450,611</b>	<b>407,354</b>
<b>Liabilities</b>										
Borrowings	152,218	145,688	12,735	13,059	39,669	40,377	(20,868)	(18,584)	183,754	180,540
Other liabilities	50,016	45,010	73,283	70,283	9,116	8,823	(11,191)	(9,342)	121,224	114,774
<b>Total Liabilities</b>	<b>202,234</b>	<b>190,698</b>	<b>86,018</b>	<b>83,342</b>	<b>48,785</b>	<b>49,200</b>	<b>(32,059)</b>	<b>(27,926)</b>	<b>304,978</b>	<b>295,314</b>
<b>Net Worth</b>	<b>50,293</b>	<b>34,818</b>	<b>115,055</b>	<b>101,516</b>	<b>29,915</b>	<b>28,042</b>	<b>(49,629)</b>	<b>(52,336)</b>	<b>145,633</b>	<b>112,040</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>1,087</b>	<b>1,130</b>	<b>1,661</b>	<b>3,177</b>	<b>770</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>3,518</b>	<b>5,080</b>

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

## STATEMENT OF COMMITMENTS

As at 31 October 2021

	As at 31 Oct 2021 \$m	As at 30 Jun 2021 \$m	As at 31 Oct 2020 \$m
<b>Capital Commitments</b>			
State highways <sup>1</sup>	2,745	2,745	2,921
Specialist military equipment	2,354	2,598	2,550
Land and buildings	6,204	6,044	5,389
Other property, plant and equipment	4,473	4,431	3,828
Other capital commitments	942	1,031	1,819
Universities and Wānanga	875	875	400
<b>Total capital commitments</b>	<b>17,593</b>	<b>17,724</b>	<b>16,907</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,308	5,342	5,163
Other non-cancellable leases	3,855	3,866	3,861
Universities and Wānanga	1,137	1,137	1,084
<b>Total operating commitments</b>	<b>10,300</b>	<b>10,345</b>	<b>10,108</b>
<b>Total commitments</b>	<b>27,893</b>	<b>28,069</b>	<b>27,015</b>
<b>Total Commitments by Segment</b>			
Core Crown	13,796	14,090	14,155
Crown entities <sup>1</sup>	9,151	9,063	7,912
State-owned Enterprises	6,897	6,896	6,540
Inter-segment eliminations	(1,951)	(1,980)	(1,592)
<b>Total commitments</b>	<b>27,893</b>	<b>28,069</b>	<b>27,015</b>

1. A restatement to the 2020/21 state highway network capital commitments of \$1,867 million has been made to reflect the contracted work remaining.

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 October 2021

	As at 31 Oct 2021 \$m	As at 30 Jun 2021 \$m	As at 31 Oct 2020 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,306	8,568	8,351
Guarantees and indemnities	342	348	313
Legal proceedings and disputes	313	313	461
Other contingent liabilities	848	567	551
<b>Total quantifiable contingent liabilities</b>	<b>9,809</b>	<b>9,796</b>	<b>9,676</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,483	9,538	9,561
Crown entities	157	157	154
State-owned Enterprises	264	196	185
Inter-segment eliminations	(95)	(95)	(224)
<b>Total quantifiable contingent liabilities</b>	<b>9,809</b>	<b>9,796</b>	<b>9,676</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	38	37	17
Crown entities	21	21	28
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>59</b>	<b>58</b>	<b>45</b>

A list of unquantifiable contingent liabilities as at 30 June 2021 and their descriptions is included on the Treasury's website as part of the Financial Statements of the Government for the year ended 30 June 2021. This can be found on pages 116 to 126.

<https://www.treasury.govt.nz/publications/year-end/financial-statements-2021>

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies

#### Reporting Entity

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

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Kiwi Group Holdings Limited (including Kiwibank)
- 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 53 to 56 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2021* published on 12 October 2021.

The figures presented in these financial statements for 30 June 2021 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://www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/reporting-financial/accounting-policies>

#### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2022, based on the *BEFU 2021* published on 20 May 2021.

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, 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 57 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2021* published on 12 October 2021.

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2021	4 months to 31 Oct 2020		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation revenue</b>							
<b>Individuals</b>							
38,164	12,299	Source deductions	13,354	12,790	564	4.4	39,449
8,773	2,395	Other persons	2,801	2,009	792	39.4	7,076
(1,716)	(531)	Refunds	(449)	(598)	149	24.9	(2,015)
608	180	Fringe benefit tax	207	197	10	5.1	648
<b>45,829</b>	<b>14,343</b>	<b>Total individuals</b>	<b>15,913</b>	<b>14,398</b>	<b>1,515</b>	<b>10.5</b>	<b>45,158</b>
<b>Corporate tax</b>							
15,640	3,873	Gross companies tax	4,693	3,517	1,176	33.4	13,009
(344)	(86)	Refunds	(130)	(119)	(11)	(9.2)	(389)
472	104	Non-resident withholding tax	140	105	35	33.3	472
<b>15,768</b>	<b>3,891</b>	<b>Total corporate tax</b>	<b>4,703</b>	<b>3,503</b>	<b>1,200</b>	<b>34.3</b>	<b>13,092</b>
<b>Other direct income tax</b>							
1,000	361	Resident w/holding tax on interest income	229	315	(86)	(27.3)	1,016
1,519	239	Resident w/holding tax on dividend income	262	184	78	42.4	713
<b>2,519</b>	<b>600</b>	<b>Total other direct income tax</b>	<b>491</b>	<b>499</b>	<b>(8)</b>	<b>(1.6)</b>	<b>1,729</b>
<b>64,116</b>	<b>18,834</b>	<b>Total direct income tax</b>	<b>21,107</b>	<b>18,400</b>	<b>2,707</b>	<b>14.7</b>	<b>59,979</b>
<b>Goods and services tax</b>							
39,814	12,707	Gross goods and services tax	13,386	13,333	53	0.4	40,118
(14,252)	(4,409)	Refunds	(5,414)	(5,051)	(363)	(7.2)	(15,070)
<b>25,562</b>	<b>8,298</b>	<b>Total goods and services tax</b>	<b>7,972</b>	<b>8,282</b>	<b>(310)</b>	<b>(3.7)</b>	<b>25,048</b>
<b>Other indirect taxation</b>							
2,145	700	Petroleum fuels excise and duty <sup>1</sup>	602	686	(84)	(12.2)	2,228
1,637	497	Tobacco excise and duty <sup>1</sup>	682	491	191	38.9	1,463
1,930	620	Road user charges	600	650	(50)	(7.7)	1,953
1,249	455	Alcohol excise and duty <sup>1</sup>	427	432	(5)	(1.2)	1,275
169	54	Other customs duty	60	59	1	1.7	161
554	169	Miscellaneous indirect tax	150	186	(36)	(19.4)	567
<b>7,684</b>	<b>2,495</b>	<b>Total other indirect taxation</b>	<b>2,521</b>	<b>2,504</b>	<b>17</b>	<b>0.7</b>	<b>7,647</b>
<b>33,246</b>	<b>10,793</b>	<b>Total indirect taxation</b>	<b>10,493</b>	<b>10,786</b>	<b>(293)</b>	<b>(2.7)</b>	<b>32,695</b>
<b>97,362</b>	<b>29,627</b>	<b>Total taxation revenue</b>	<b>31,600</b>	<b>29,186</b>	<b>2,414</b>	<b>8.3</b>	<b>92,674</b>
<b>Other sovereign revenue</b>							
3,270	1,101	ACC levies	1,051	1,071	(20)	(1.9)	3,278
1,634	487	Emissions trading revenue	812	489	323	66.1	1,467
607	196	Fire Service levies	218	200	18	9.0	600
520	171	EQC levies	175	175	-	-	527
383	73	Child support and working for families penalties	151	68	83	122.1	203
138	47	Court fines	36	37	(1)	(2.7)	115
486	206	Other miscellaneous items	306	225	81	36.0	705
<b>7,038</b>	<b>2,281</b>	<b>Total other sovereign revenue</b>	<b>2,749</b>	<b>2,265</b>	<b>484</b>	<b>21.4</b>	<b>6,895</b>
<b>104,400</b>	<b>31,908</b>	<b>Total sovereign revenue</b>	<b>34,349</b>	<b>31,451</b>	<b>2,898</b>	<b>9.2</b>	<b>99,569</b>

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 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
1,943	698	Interest revenue	644	662	(18)	(2.7)	2,020
903	274	Dividends	340	365	(25)	(6.8)	1,101
<b>2,846</b>	<b>972</b>	<b>Total interest revenue and dividends</b>	<b>984</b>	<b>1,027</b>	<b>(43)</b>	<b>(4.2)</b>	<b>3,121</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
16,569	5,469	New Zealand superannuation	5,845	5,832	(13)	(0.2)	17,691
3,224	1,044	Jobseeker support and emergency benefit	1,116	1,253	137	10.9	3,857
2,302	755	Accommodation assistance	787	828	41	5.0	2,498
2,103	689	Family tax credit	625	668	43	6.4	2,064
1,826	609	Supported living payment	675	678	3	0.4	2,061
1,197	1,291	Wage Subsidy Scheme	3,672	167	(3,505)	-	500
1,455	477	Sole parent support	531	555	24	4.3	1,720
916	308	KiwiSaver subsidies	324	324	-	-	974
812	609	Winter energy payment	309	318	9	2.8	530
804	156	Official development assistance	211	204	(7)	(3.4)	820
590	253	Student allowances	250	280	30	10.7	656
585	178	Other working for families tax credits	155	187	32	17.1	647
479	158	Hardship assistance	159	189	30	15.9	591
409	136	Disability allowances	139	140	1	0.7	417
293	94	Orphan's/unsupported child's benefit	99	103	4	3.9	332
271	78	Best start	93	114	21	18.4	405
200	-	COVID-19 resurgence support payment	1,274	-	(1,274)	-	-
106	23	Income related rent subsidy	37	27	(10)	(37.0)	80
1,286	500	Other social assistance benefits	378	389	11	2.8	1,112
<b>35,427</b>	<b>12,827</b>	<b>Total transfer payments and subsidies</b>	<b>16,679</b>	<b>12,256</b>	<b>(4,423)</b>	<b>(36.1)</b>	<b>36,955</b>
<b>NOTE 5: Finance Costs</b>							
2,188	875	Interest on financial liabilities	780	739	(41)	(5.5)	2,232
84	32	Interest unwind on provisions and other interest	25	38	13	34.2	119
<b>2,272</b>	<b>907</b>	<b>Total finance costs</b>	<b>805</b>	<b>777</b>	<b>(28)</b>	<b>(3.6)</b>	<b>2,351</b>
<b>NOTE 6: Insurance Expenses</b>							
6,539	1,579	ACC	1,368	1,551	183	11.8	6,313
167	(9)	EQC	61	74	13	17.6	223
108	(5)	Southern Response	(6)	(6)	-	-	(18)
24	6	Other insurance expenses	7	7	-	-	20
<b>6,838</b>	<b>1,571</b>	<b>Total insurance expenses</b>	<b>1,430</b>	<b>1,626</b>	<b>196</b>	<b>12.1</b>	<b>6,538</b>

### NOTE 7: Forecast Adjustments

#### Top-down adjustment

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

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

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

Forecast new operating spending and forecast new capital spending includes unallocated contingencies. Unallocated contingencies represent expenses or capital spending from Budget 2021 and previous Budgets that has yet to be allocated to appropriations for departments.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Oct 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>NOTE 8: Net Gains and Losses on Non-financial instruments</b>					
8,222	(3,324)	Actuarial gains/(losses) on ACC liability	(929)	-	(929)	-	-
(1,489)	(358)	Gains/(losses) on the Emissions Trading Scheme	(2,953)	-	(2,953)	-	-
136	(83)	Other	349	(21)	370	-	(135)
<b>6,869</b>	<b>(3,765)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(3,533)</b>	<b>(21)</b>	<b>(3,512)</b>	<b>-</b>	<b>(135)</b>
		<b>NOTE 9: Financial Assets and Sovereign Receivables</b>					
18,755	15,903	Cash and cash equivalents	17,069	8,331	8,738	104.9	12,422
15,642	14,257	Tax receivables	16,724	13,587	3,137	23.1	13,942
11,187	13,176	Other receivables	10,380	8,872	1,508	17.0	10,718
25,155	23,152	Kiwibank mortgages	26,376	25,351	1,025	4.0	26,800
10,841	10,229	Student loans	10,605	10,630	(25)	(0.2)	10,615
2,558	-	Funding for Lending advances	5,214	8,500	(3,286)	(38.7)	18,620
7,058	5,980	Other advances	7,938	7,521	417	5.5	7,704
48,539	36,947	Share investments	53,011	44,440	8,571	19.3	46,248
4,718	4,248	Investments in controlled enterprises	4,658	4,559	99	2.2	5,126
44,687	42,818	Other marketable securities	43,680	45,181	(1,501)	(3.3)	44,980
5,108	4,686	Long-term deposits	5,133	3,943	1,190	30.2	3,997
4,509	5,253	Derivatives in gain	5,181	6,195	(1,014)	(16.4)	5,811
2,479	2,565	IMF financial assets	4,843	2,420	2,423	100.1	2,420
<b>201,236</b>	<b>179,214</b>	<b>Total financial assets and sovereign receivables</b>	<b>210,812</b>	<b>189,530</b>	<b>21,282</b>	<b>11.2</b>	<b>209,403</b>
		<b>Financial assets by entity</b>					
54,903	51,310	The Treasury	57,879	54,531	3,348	6.1	47,233
44,935	37,629	Reserve Bank of New Zealand	51,273	67,610	(16,337)	(24.2)	94,474
62,312	49,041	NZ Superannuation Fund	63,781	61,427	2,354	3.8	64,862
35,095	30,405	Other core Crown	37,321	22,388	14,933	66.7	27,855
(68,586)	(55,026)	Intra-segment eliminations	(70,687)	(87,948)	17,261	19.6	(99,029)
<b>128,659</b>	<b>113,359</b>	<b>Total core Crown segment</b>	<b>139,567</b>	<b>118,008</b>	<b>21,559</b>	<b>18.3</b>	<b>135,395</b>
54,271	52,196	ACC	53,086	50,163	2,923	5.8	51,340
602	821	EQC	543	487	56	11.5	452
16,788	14,077	Other Crown entities	15,214	13,957	1,257	9.0	13,834
(4,132)	(3,249)	Intra-segment eliminations	(3,538)	(3,133)	(405)	(12.9)	(2,991)
<b>67,529</b>	<b>63,845</b>	<b>Total Crown entities segment</b>	<b>65,305</b>	<b>61,474</b>	<b>3,831</b>	<b>6.2</b>	<b>62,635</b>
<b>32,872</b>	<b>30,821</b>	<b>Total State-owned Enterprises segment</b>	<b>33,424</b>	<b>34,805</b>	<b>(1,381)</b>	<b>(4.0)</b>	<b>35,827</b>
(27,824)	(28,811)	Inter-segment eliminations	(27,484)	(24,757)	(2,727)	(11.0)	(24,454)
<b>201,236</b>	<b>179,214</b>	<b>Total financial assets and sovereign receivables</b>	<b>210,812</b>	<b>189,530</b>	<b>21,282</b>	<b>11.2</b>	<b>209,403</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Oct 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>1</sup></b>							
<i>By class of asset:</i>							
70,292	57,839	Land	70,236	58,272	11,964	20.5	58,185
53,507	46,014	Buildings	54,003	49,925	4,078	8.2	53,466
42,666	39,889	State highways	43,037	41,722	1,315	3.2	43,348
17,979	17,016	Electricity generation assets	17,847	16,455	1,392	8.5	16,583
4,318	4,265	Electricity distribution network (cost)	4,317	4,309	8	0.2	4,485
3,611	3,834	Aircraft (excl military)	3,610	3,636	(26)	(0.7)	4,005
3,649	3,375	Specialist military equipment	3,861	3,745	116	3.1	4,194
3,156	2,990	Specified cultural and heritage assets	3,092	3,092	-	-	3,103
7,407	6,923	Rail network	7,425	6,836	589	8.6	6,755
6,631	6,048	Other plant and equipment (cost)	7,233	6,931	302	4.4	6,879
<b>213,216</b>	<b>188,193</b>	<b>Total net carrying value</b>	<b>214,661</b>	<b>194,923</b>	<b>19,738</b>	<b>10.1</b>	<b>201,003</b>
<b>Land breakdown by usage</b>							
25,826	19,956	Housing stock	25,823	20,034	5,789	28.9	20,065
18,469	14,715	State highway corridor land	18,459	14,698	3,761	25.6	14,323
7,159	6,716	Conservation estate	7,156	6,725	431	6.4	6,726
7,106	6,032	Schools	7,115	6,112	1,003	16.4	6,165
3,802	3,779	Rail network corridor land	3,819	3,833	(14)	(0.4)	3,875
1,167	1,174	Commercial (SOE) excluding rail	1,212	1,123	89	7.9	1,196
6,763	5,467	Other	6,652	5,747	905	15.7	5,835
<b>70,292</b>	<b>57,839</b>	<b>Total land</b>	<b>70,236</b>	<b>58,272</b>	<b>11,964</b>	<b>20.5</b>	<b>58,185</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
205,689	205,689	Opening balance	231,234	215,933	15,301	7	215,933
10,762	3,665	Additions	3,716	5,339	(1,623)	(30.4)	16,094
(1,101)	(184)	Disposals	(309)	(294)	(15)	(5.1)	(1,062)
16,131	2	Net revaluations	(67)	-	(67)	-	-
(247)	(27)	Other	(21)	8	(29)	(362.5)	(82)
<b>231,234</b>	<b>209,145</b>	<b>Total cost or valuation</b>	<b>234,553</b>	<b>220,986</b>	<b>13,567</b>	<b>6.1</b>	<b>230,883</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
19,187	19,187	Opening balance	18,018	24,376	(6,358)	(26)	24,376
(636)	(80)	Eliminated on disposal	(218)	(170)	(48)	(28.2)	(252)
(5,979)	-	Eliminated on revaluation	-	-	-	-	-
(58)	-	Impairment losses charged to operating balance	-	-	-	-	-
5,566	1,843	Depreciation expense and impairment losses	2,074	1,836	238	13.0	5,756
(62)	2	Other	18	21	(3)	(14.3)	-
<b>18,018</b>	<b>20,952</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>19,892</b>	<b>26,063</b>	<b>(6,171)</b>	<b>(23.7)</b>	<b>29,880</b>
<b>213,216</b>	<b>188,193</b>	<b>Total property, plant and equipment</b>	<b>214,661</b>	<b>194,923</b>	<b>19,738</b>	<b>10.1</b>	<b>201,003</b>

1. Using a revaluation methodology unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Oct 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
12,179	10,108	Accounts payable	12,180	11,353	(827)	(7.3)	10,235
5,398	4,369	Taxes repayable	4,951	4,426	(525)	(11.9)	5,167
<b>17,577</b>	<b>14,477</b>	<b>Total payables</b>	<b>17,131</b>	<b>15,779</b>	<b>(1,352)</b>	<b>(8.6)</b>	<b>15,402</b>
<b>NOTE 12: Borrowings</b>							
70,653	75,361	Government bonds	81,553	70,141	(11,412)	(16.3)	69,350
29,466	21,245	Settlement deposits with Reserve Bank	35,413	44,313	8,900	20.1	79,152
7,593	9,237	Treasury bills	7,538	6,646	(892)	(13.4)	4,797
5,056	6,015	Derivatives in loss	4,224	3,228	(996)	(30.9)	2,982
1,307	1,421	Finance lease liabilities	1,198	1,305	107	8.2	1,309
182	226	Government retail stock	168	214	46	21.5	214
48,303	46,424	Other borrowings	53,660	54,693	1,033	1.9	57,430
<b>162,560</b>	<b>159,929</b>	<b>Total borrowings</b>	<b>183,754</b>	<b>180,540</b>	<b>(3,214)</b>	<b>(1.8)</b>	<b>215,234</b>
117,641	115,922	Sovereign-guaranteed debt	137,068	132,561	(4,507)	(3.4)	162,365
44,919	44,007	Non sovereign-guaranteed debt	46,686	47,979	1,293	2.7	52,869
<b>162,560</b>	<b>159,929</b>	<b>Total borrowings</b>	<b>183,754</b>	<b>180,540</b>	<b>(3,214)</b>	<b>(1.8)</b>	<b>215,234</b>

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.

<b>NOTE 13: Insurance Liabilities</b>							
59,133	67,624	ACC liability	59,058	56,659	(2,399)	(4.2)	59,328
803	1,372	EQC property damage liability	709	693	(16)	(2.3)	542
353	94	Southern Response	149	53	(96)	(181.1)	53
47	49	Other insurance liabilities	45	43	(2)	(4.7)	50
<b>60,336</b>	<b>69,139</b>	<b>Total insurance liabilities</b>	<b>59,961</b>	<b>57,448</b>	<b>(2,513)</b>	<b>(4.4)</b>	<b>59,973</b>

The most recent valuation of the ACC liability was as at 30 June 2021, updated monthly for changes to discount rates.

<b>NOTE 14: Provisions</b>							
5,824	3,956	Provision for emissions trading scheme credits	9,490	5,224	(4,266)	(81.7)	10,677
6,363	5,640	Provision for employee entitlements	6,472	5,724	(748)	(13.1)	6,396
3,036	3,463	Veterans disability entitlements	3,006	3,489	483	13.8	3,452
762	826	Provision for National Provident Fund guarantee	735	754	19	2.5	709
3,102	2,667	Other provisions	2,301	2,809	508	18.1	(2,823)
<b>19,087</b>	<b>16,552</b>	<b>Total provisions</b>	<b>22,004</b>	<b>18,000</b>	<b>(4,004)</b>	<b>(22.2)</b>	<b>18,411</b>

Further information on the ETS, can be found on the Ministry for the Environment's website: <https://environment.govt.nz>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Oct 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 15: Changes in Net Worth</b>							
19,857	(5,620)	Taxpayers' funds	8,396	(565)	8,961	-	(11,061)
134,003	112,131	Property, plant and equipment revaluation reserve	133,634	112,003	21,631	19.3	112,003
(1,560)	(4,709)	Defined benefit retirement plan revaluation reserve	(1,416)	(3,179)	1,763	55.5	(3,035)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(1,095)	436	39.8	(1,095)
5,724	5,451	Net worth attributable to minority interests	5,712	5,121	591	11.5	5,636
(172)	(234)	Other reserves	(34)	(245)	211	86.1	(261)
<b>157,193</b>	<b>105,924</b>	<b>Total net worth</b>	<b>145,633</b>	<b>112,040</b>	<b>33,593</b>	<b>30.0</b>	<b>102,187</b>
3,154	3,154	Opening taxpayers funds	19,857	4,600	15,257	331.7	4,600
16,159	(8,780)	Operating balance excluding minority interests	(11,026)	(5,162)	(5,864)	(113.6)	(15,648)
544	6	Transfers from/(to) other reserves	(435)	(3)	(432)	-	(13)
<b>19,857</b>	<b>(5,620)</b>	<b>Closing taxpayers funds</b>	<b>8,396</b>	<b>(565)</b>	<b>8,961</b>	<b>-</b>	<b>(11,061)</b>
112,334	112,334	Opening property, plant and equipment revaluation reserve	134,003	112,003	22,000	19.6	112,003
22,539	(202)	Net revaluations	(344)	-	(344)	-	-
(870)	(1)	Transfers from/(to) other reserves	(25)	-	(25)	-	-
<b>134,003</b>	<b>112,131</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>133,634</b>	<b>112,003</b>	<b>21,631</b>	<b>19.3</b>	<b>112,003</b>
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,273	451	8.6	5,273
101	(172)	Net movements	(12)	(152)	140	92.1	363
<b>5,724</b>	<b>5,451</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,712</b>	<b>5,121</b>	<b>591</b>	<b>11.5</b>	<b>5,636</b>
(187)	(187)	Opening other reserves	(172)	(267)	95	35.6	(267)
15	(47)	Net movements	138	22	116	-	6
<b>(172)</b>	<b>(234)</b>	<b>Closing other reserves</b>	<b>(34)</b>	<b>(245)</b>	<b>211</b>	<b>86.1</b>	<b>(261)</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2021

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

Year to 30 June 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
129,335	39,865	Total revenue	42,133	39,750	2,383	6.0	123,869
133,722	43,593	Less total expenses	49,911	45,587	4,324	9.5	142,000
21,023	(4,723)	Total gains/(losses)	(2,924)	784	(3,708)	(473.0)	2,843
(360)	(268)	Net surplus from associates and joint ventures	(123)	(37)	(86)	(232.4)	(98)
(117)	(61)	Minority interests share of operating balance	(201)	(72)	(129)	(179.2)	(262)
<b>16,159</b>	<b>(8,780)</b>	<b>Operating balance</b>	<b>(11,026)</b>	<b>(5,162)</b>	<b>(5,864)</b>	<b>(113.6)</b>	<b>(15,648)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>16,159</b>	<b>(8,780)</b>	<b>Operating balance</b>	<b>(11,026)</b>	<b>(5,162)</b>	<b>(5,864)</b>	<b>(113.6)</b>	<b>(15,648)</b>
		Less items excluded from OBEGAL:					
(3,976)	(3,170)	Net gains/(losses) on large scale asset purchases	(1)	(360)	359	99.7	(791)
18,130	2,212	Net gains/(losses) on financial instruments	610	1,165	(555)	(47.6)	3,769
6,869	(3,765)	Net gains/(losses) on non-financial instruments	(3,533)	(21)	(3,512)	-	(135)
(360)	(268)	Net surplus from associates and joint ventures	(123)	(37)	(86)	(232.4)	(98)
56	29	Minority interests share of total gains/(losses)	(217)	17	(234)	-	16
<b>(4,560)</b>	<b>(3,818)</b>	<b>OBEGAL</b>	<b>(7,762)</b>	<b>(5,926)</b>	<b>(1,836)</b>	<b>(31.0)</b>	<b>(18,409)</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2021

## Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
42,892	15,174	Social security and welfare		17,369	14,288	(3,081)	(21.6)	45,005
22,598	7,434	Health		8,426	8,468	42	0.5	24,609
17,384	5,598	Education		6,608	6,720	112	1.7	19,166
5,602	1,606	Core government services		1,485	1,491	6	0.4	5,641
5,533	1,721	Law and order		1,886	1,885	(1)	(0.1)	5,848
10,335	2,973	Transport and communications		3,019	3,641	622	17.1	11,960
13,429	4,114	Economic and industrial services		5,284	3,792	(1,492)	(39.3)	11,010
2,648	807	Defence		925	825	(100)	(12.1)	2,735
3,023	1,251	Heritage, culture and recreation		1,247	1,152	(95)	(8.2)	3,179
2,398	786	Primary services		831	707	(124)	(17.5)	2,439
3,351	653	Housing and community development		1,244	1,563	319	20.4	4,389
1,889	485	Environmental protection		734	595	(139)	(23.4)	1,905
114	29	GSF pension expenses		32	28	(4)	(14.3)	103
254	55	Other		16	71	55	77.5	214
2,272	907	Finance costs		805	777	(28)	(3.6)	2,351
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(416)	(416)	(100.0)	(2,775)
<b>133,722</b>	<b>43,593</b>	<b>Total Crown expenses excluding losses</b>		<b>49,911</b>	<b>45,587</b>	<b>(4,324)</b>	<b>(9.5)</b>	<b>142,000</b>

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

Year to 30 June 2021 Actual \$m	4 months to 31 Oct 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
36,759	13,312	Social security and welfare		16,144	12,822	(3,322)	(25.9)	38,917
22,784	7,594	Health		8,652	8,590	(62)	(0.7)	25,048
16,039	4,851	Education		5,945	5,985	40	0.7	17,869
5,754	1,742	Core government services		1,553	1,622	69	4.3	5,639
5,202	1,663	Law and order		1,761	1,761	-	-	5,361
5,656	1,346	Transport and communications		1,233	1,265	32	2.5	4,371
4,481	1,546	Economic and industrial services		2,633	1,393	(1,240)	(89.0)	4,403
2,664	814	Defence		932	832	(100)	(12.0)	2,752
1,420	617	Heritage, culture and recreation		612	556	(56)	(10.1)	1,392
1,015	289	Primary services		273	314	41	13.1	1,063
1,813	574	Housing and community development		685	934	249	26.7	2,565
1,906	486	Environmental protection		734	599	(135)	(22.5)	1,918
99	23	GSF pension expenses		26	24	(2)	(8.3)	71
254	55	Other		16	71	55	77.5	214
1,918	770	Finance costs		662	585	(77)	(13.2)	1,688
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(416)	(416)	(100.0)	(2,775)
<b>107,764</b>	<b>35,682</b>	<b>Core Crown expenses excluding losses</b>		<b>41,861</b>	<b>36,937</b>	<b>(4,924)</b>	<b>(13.3)</b>	<b>114,717</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2021

## Core Crown Residual Cash

Year to 30 June 2021 \$m	4 months to 31 Oct 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown Cash Flows from Operations</b>							
96,551	29,831	Tax receipts	32,306	32,366	(60)	(0.2)	95,986
2,287	272	Other sovereign receipts	1,041	471	570	121.0	1,612
249	60	Interest receipts	91	64	27	42.2	217
2,980	1,036	Sale of goods & services and other receipts	1,106	951	155	16.3	2,834
(36,574)	(14,061)	Transfer payments and subsidies	(17,945)	(13,341)	(4,604)	(34.5)	(38,492)
(63,894)	(21,854)	Personnel and operating costs	(23,786)	(23,684)	(102)	(0.4)	(70,364)
(2,642)	(948)	Interest payments	(905)	(818)	(87)	(10.6)	(2,082)
-	-	Forecast for future new operating spending	-	-	-	-	(4,221)
-	-	Top-down expense adjustment	-	416	(416)	(100.0)	2,775
<b>(1,043)</b>	<b>(5,664)</b>	<b>Net core Crown operating cash flows</b>	<b>(8,092)</b>	<b>(3,575)</b>	<b>(4,517)</b>	<b>(126.3)</b>	<b>(11,735)</b>
(3,137)	(981)	Net purchase of physical and intangible assets	(1,208)	(1,295)	87	6.7	(4,612)
(3,868)	(540)	Net increase in advances	(3,127)	(3,621)	494	13.6	(14,175)
(3,599)	(2,004)	Net purchase of investments	(997)	(1,875)	878	46.8	(6,682)
(2,120)	(707)	Contributions to New Zealand Superannuation Fund	(807)	(807)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(2,033)
-	-	Top-down capital adjustment	-	364	(364)	(100.0)	2,425
<b>(12,724)</b>	<b>(4,232)</b>	<b>Net core Crown capital cash flows</b>	<b>(6,139)</b>	<b>(7,234)</b>	<b>1,095</b>	<b>15.1</b>	<b>(27,497)</b>
<b>(13,767)</b>	<b>(9,896)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(14,231)</b>	<b>(10,809)</b>	<b>(3,422)</b>	<b>(31.7)</b>	<b>(39,232)</b>
<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>							
<b>Debt Programme Cash Flows</b>							
Market:							
48,497	24,615	Issue of government bonds	11,193	12,517	(1,324)	(10.6)	31,046
(11,059)	-	Repayment of government bonds	-	-	-	-	-
(4,148)	(2,706)	Net issue/(repayment) of short-term borrowing	126	(1,000)	1,126	112.6	(2,800)
<b>33,290</b>	<b>21,909</b>	<b>Total market debt cash flows</b>	<b>11,319</b>	<b>11,517</b>	<b>(198)</b>	<b>(1.7)</b>	<b>28,246</b>
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(327)	(327)	-	-	(460)
-	-	<b>Total non-market debt cash flows</b>	<b>(327)</b>	<b>(327)</b>	<b>-</b>	<b>-</b>	<b>(460)</b>
<b>33,290</b>	<b>21,909</b>	<b>Total debt programme cash flows</b>	<b>10,992</b>	<b>11,190</b>	<b>(198)</b>	<b>(1.8)</b>	<b>27,786</b>
<b>Other Borrowing Cash Flows</b>							
(30,089)	(3,126)	Net (repayment)/issue of other New Zealand dollar borrowing	5,599	3,701	1,898	51.3	13,095
608	1,524	Net (repayment)/issue of foreign currency borrowing	205	(169)	374	221.0	(229)
<b>(29,481)</b>	<b>(1,602)</b>	<b>Total other borrowing cash flows</b>	<b>5,804</b>	<b>3,532</b>	<b>2,272</b>	<b>272.3</b>	<b>12,866</b>
<b>Investing Cash Flows</b>							
6,043	6,811	Other net sale/(purchase) of marketable securities and deposits	(1,754)	(8,931)	7,177	80.4	(1,581)
234	175	Issues of circulating currency	499	28	471	-	84
3,681	(17,397)	Decrease/(increase) in cash	(1,310)	4,990	(6,300)	(126.3)	77
<b>9,958</b>	<b>(10,411)</b>	<b>Total investing cash flows</b>	<b>(2,565)</b>	<b>(3,913)</b>	<b>1,348</b>	<b>34.4</b>	<b>(1,420)</b>
<b>13,767</b>	<b>9,896</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>14,231</b>	<b>10,809</b>	<b>3,422</b>	<b>31.7</b>	<b>39,232</b>

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

# FISCAL INDICATOR ANALYSIS

As at 31 October 2021

## Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 31 Oct 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Net Debt:</b>					
131,256	129,617	Gross sovereign-issued debt	150,620	140,984	(9,636)	(6.8)	174,495
(29,176)	(32,659)	Less liquid financial assets (per net debt definition)	(34,494)	(16,350)	18,144	111.0	(21,184)
<b>102,080</b>	<b>96,958</b>	<b>Net core Crown Debt</b>	<b>116,126</b>	<b>124,634</b>	<b>8,508</b>	<b>6.8</b>	<b>153,311</b>
		<b>Analysis of financial liabilities and assets included in net debt</b>					
		<b>Gross sovereign-issued debt:</b>					
133,473	131,747	Core Crown borrowings	152,976	145,690	(7,286)	(5.0)	177,605
(2,217)	(2,130)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,356)	(4,706)	(2,350)	(49.9)	(3,110)
<b>131,256</b>	<b>129,617</b>	<b>Gross sovereign-issued debt</b>	<b>150,620</b>	<b>140,984</b>	<b>(9,636)</b>	<b>(6.8)</b>	<b>174,495</b>
		<b>Liquid financial assets:</b>					
108,461	95,045	Core Crown financial assets	118,238	100,531	(17,707)	(17.6)	117,335
(60,557)	(47,506)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(61,975)	(60,197)	1,778	3.0	(61,895)
(3,059)	-	Less FLP advances	(6,015)	(8,600)	(2,585)	(30.1)	(18,720)
(15,669)	(14,880)	Less other advances	(15,754)	(15,384)	370	2.4	(15,536)
(79,285)	(62,386)	NZS Fund and advances	(83,744)	(84,181)	(437)	(0.5)	(96,151)
<b>29,176</b>	<b>32,659</b>	<b>Liquid financial assets (per net debt definition)</b>	<b>34,494</b>	<b>16,350</b>	<b>(18,144)</b>	<b>(111.0)</b>	<b>21,184</b>
		<b>Additional net debt analysis</b>					
102,080	96,958	Net core Crown debt	116,126	124,634	8,508	6.8	153,311
(79,285)	(62,386)	Less NZS Fund and advances	(83,744)	(84,181)	(437)	(0.5)	(96,151)
<b>22,795</b>	<b>34,572</b>	<b>Net core Crown debt (incl. NZS Fund and advances)</b>	<b>32,382</b>	<b>40,453</b>	<b>8,071</b>	<b>20.0</b>	<b>57,160</b>
102,080	96,958	Net core Crown debt	116,126	124,634	8,508	6.8	153,311
(3,059)	-	less FLP advances	(6,015)	(8,600)	(2,585)	(30.1)	(18,720)
<b>99,021</b>	<b>96,958</b>	<b>Net core Crown debt (incl. FLP advances)</b>	<b>110,111</b>	<b>116,034</b>	<b>5,923</b>	<b>5.1</b>	<b>134,591</b>
		<b>Gross Debt:</b>					
131,256	129,617	Gross sovereign-issued debt	150,620	140,984	(9,636)	(6.8)	174,495
(30,421)	(21,722)	Less Reserve Bank settlement cash and Reserve Bank bills	(37,046)	(47,112)	(10,066)	(21.4)	(80,152)
1,600	1,600	Add back changes to government borrowing owing to settlement cash	1,600	1,600	-	-	1,600
<b>102,435</b>	<b>109,495</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>115,174</b>	<b>95,472</b>	<b>(19,702)</b>	<b>(20.6)</b>	<b>95,943</b>
		<b>Monetary Liabilities</b>					
8,256	8,197	Issued currency	8,755	8,447	(308)	(3.6)	8,503
29,466	21,245	Settlement deposits with Reserve Bank	35,413	44,313	8,900	20.1	79,152
<b>37,722</b>	<b>29,442</b>	<b>Total Monetary Liabilities</b>	<b>44,168</b>	<b>52,760</b>	<b>8,592</b>	<b>16.3</b>	<b>87,655</b>

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 Oct 2021 Actual \$m	31 Oct 2021 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	31,793	29,337	2,456	8.4	93,188
...combined with other core Crown revenue...	2,811	2,281	530	23.2	6,590
...funds core Crown expenses...	(41,861)	(36,937)	(4,924)	(13.3)	(114,717)
...and including SOE and Crown entity revenues and expenses...	(505)	(607)	102	16.8	(3,470)
...results in an <b>OBEGAL</b> ...	(7,762)	(5,926)	(1,836)	(31.0)	(18,409)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	(11,026)	(5,162)	(5,864)	(113.6)	(15,648)
...removing net income in SOEs, Crown entities and the NZS Fund...	154	(371)	525	141.5	361
...and some items do not impact cash.	2,780	1,958	822	42.0	3,552
<b>This leads to a core Crown operating residual cash surplus/(deficit)...</b>	<b>(8,092)</b>	<b>(3,575)</b>	<b>(4,517)</b>	<b>(126.3)</b>	<b>(11,735)</b>
...used to make contributions to the NZS Fund...	(807)	(807)	-	-	(2,420)
...and to use for purchase of physical and intangible assets...	(1,208)	(1,295)	87	6.7	(4,612)
...and to make advances (eg, to students) and investments...	(4,124)	(5,496)	1,372	25.0	(20,857)
Adjusting for forecast adjustments (top-down/new spending)...	-	364	(364)	(100.0)	392
...results in a borrowing requirement <b>(Core Crown residual cash surplus/(deficit))</b> ...	<b>(14,231)</b>	<b>(10,809)</b>	<b>(3,422)</b>	<b>(31.7)</b>	<b>(39,232)</b>
Opening net core Crown debt...	102,080	113,655	11,575	10.2	113,655
...when combined with the residual cash (surplus)/deficit...	14,231	10,809	(3,422)	(31.7)	39,232
...and other fair value movements in financial assets and financial liabilities...	(185)	170	355	208.8	424
...results in a closing <b>net core Crown debt</b> ...	<b>116,126</b>	<b>124,634</b>	<b>8,508</b>	<b>6.8</b>	<b>153,311</b>
...which as a % of GDP is	<b>34.2%</b>	<b>36.7%</b>			<b>43.8%</b>