

# Interim Financial Statements of the Government of New Zealand

For the Eight Months Ended  
28 February 2022



Prepared by the Treasury  
5 April 2022

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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 28 February 2022, and the financial results of operations and cash flows for the period ended on that date.

The February results are reported against forecasts based on the *Half Year Economic and Fiscal Update 2021* (HYEFU 2021), published on 15 December 2021.

### Comparison against forecast

The February 2022 Interim Financial Statements of the Government show most key operating indicators are better than forecast at HYEFU. Core Crown revenue was \$2.2 billion higher than forecasts, while core Crown expenses were \$1.4 billion lower than forecast.

As expected, the year to date results continue to report an operating balance before gains and losses (OBEGAL) deficit, being \$8.3 billion and a continued increase in the level of net core Crown debt at \$123.1 billion (35.2% of GDP). Gross debt and total borrowings are both greater than forecast.

**Table 1** – Key indicators for the eight months ended 28 February 2022 compared to HYEFU 2021

	Year to date				Full Year
	February	February	Variance <sup>2</sup>		June
	2022	2022			2022
	Actual <sup>1</sup>	HYEFU 2021 Forecast <sup>1</sup>	HYEFU 2021	HYEFU 2021	HYEFU 2021 Forecast <sup>3</sup>
	\$m	\$m	\$m	%	\$m
<b>Core Crown</b>					
Core Crown tax revenue	68,039	66,220	1,819	2.7	102,561
Core Crown revenue	73,732	71,511	2,221	3.1	110,733
Core Crown expenses	81,432	82,824	1,392	1.7	128,028
Core Crown residual cash	(21,025)	(22,634)	1,609	7.1	(34,100)
Net core Crown debt <sup>4</sup>	123,113	124,970	1,857	1.5	136,305
as a percentage of GDP	35.2%	35.7%			37.6%
Gross debt <sup>5</sup>	118,076	115,029	(3,047)	(2.6)	113,973
as a percentage of GDP	33.7%	32.9%			31.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(8,276)	(12,716)	4,440	34.9	(20,844)
Operating balance (excluding minority interests)	(18,152)	(17,086)	(1,066)	(6.2)	(23,826)
Total borrowings	192,106	187,095	(5,011)	(2.7)	200,357
Net worth attributable to the Crown	133,742	134,227	(485)	(0.4)	127,282
as a percentage of GDP	38.2%	38.3%			35.1%

1 Using the most recently published GDP (for the year ended 31 December 2021) of \$350,083 million (Source: Stats NZ).

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

3 Using HYEFU 2021 forecast GDP for the year ending 30 June 2022 of \$362,788 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 eight months to 28 February 2022 was \$1.8 billion (2.7%) above forecast. The largest contributors to the variance were:

- Corporate and other individuals tax revenue was \$1.2 billion (12.2%) and \$0.6 billion (11.3%) above forecast respectively as terminal tax filings exceeded forecast.
- Source deductions revenue was \$0.5 billion (2.0%) above forecast as the labour market was stronger than anticipated.
- GST revenue was \$0.3 billion (1.8%) below forecast. At this stage it is unclear whether this was owing to the holiday period being weaker than forecast or there has been a longer-term reduction in consumption and residential investment.

**Core Crown expenses** were \$81.4 billion, lower than expected by \$1.4 billion (1.7%) below forecast, spread across a number of areas. The largest contributors include:

- social security and welfare expenses being below forecast by \$0.8 billion as a result of COVID-19 business support subsidies being below forecast
- economic and industrial services being less than forecast by \$0.7 billion with COVID-19 resurgence support payments and grant schemes being less than forecast
- core government services being below forecast by \$0.5 billion which is spread across a range of programmes and agencies, and
- health expenditure being less than forecast by \$0.3 billion with the COVID-19 response impacting spending profiles.

These variances are partially offset by the top-down adjustment included in the forecasts of \$1.4 billion.

The **OBEGAL** deficit of \$8.3 billion was \$4.4 billion better than the forecast deficit of \$12.7 billion. This variance mainly reflects the core Crown results discussed above. In addition, the results of Crown entities (CEs) and state-owned enterprises (SOEs), were stronger than forecast by \$0.5 billion and \$0.4 billion respectively.

When net gains and losses are added to the OBEGAL result, the **operating balance** was an \$18.2 billion deficit, and \$1.1 billion greater than the deficit forecast. This was primarily as a result of net losses on financial and non-financial instruments being \$5.2 billion higher than forecast, specifically:

- Net gains/losses on financial instruments were weaker than forecast by \$3.9 billion. This result was largely due to changes in market conditions resulting in the returns on the NZSF and ACC's investment portfolios being below forecast.
- Net losses on non-financial instruments were \$1.4 billion higher than forecast for the period. Losses on the Emissions trading scheme (ETS) were \$2.3 billion greater than forecast reflecting changes in the ETS unit price when compared to HYEPU. These losses were partially offset by changes in the assumptions (eg, discount rates) used to value the ACC outstanding claims liability, with losses now being \$0.7 billion less than forecast.

The **core Crown residual cash** deficit of \$21.0 billion was lower than forecast by \$1.6 billion. Net operating cash outflows were \$0.6 billion lower than forecast, largely owing to lower operating payments. Core Crown capital cash outflows were also lower than forecast by \$1.0 billion mainly owing to lower than forecast uptake of the Reserve Bank's Funding for Lending Programme (FLP).

**Net core Crown debt** was \$123.1 billion or (35.2% of GDP) at 28 February 2022, below forecast by \$1.9 billion due to the core Crown residual cash variance described above and the issuance of circulating currency being \$0.4 billion higher than forecast.

**Gross debt** at \$118.1 billion (33.7% of GDP), was \$3.0 billion higher than forecast mainly owing to issuances of \$2.3 billion of euro-commercial paper and financial instrument valuations.

**Total borrowings** were \$192.1 billion, higher than forecast by \$5.0 billion (2.7%). The increase is largely owing to the variance in gross debt above, in addition to a higher level of settlement deposits held with the Reserve Bank (\$2.3 billion).

**Total assets** at \$454.2 billion were \$7.7 billion above forecast. This was primarily owing to holdings of marketable securities, long-term deposits and derivative assets being above forecast by \$5.6 billion, along with cash and receivables being above forecast by \$3.1 billion. Share investments and property, plant and equipment were below forecast by \$1.8 billion and \$1.4 billion respectively.

**Total liabilities** at \$314.2 billion were \$7.9 billion higher than forecast largely owing to higher total borrowings of \$5.0 billion and increased provisions (mainly ETS, as mentioned above) of \$2.4 billion.

**Net worth attributable to the Crown** was \$133.7 billion at 28 February 2022, \$0.5 billion lower than forecast. Most of this variance relates to the operating balance discussed above.



## Comparison against the prior year actuals

**Table 2** – Key indicators for the eight months ended 28 February 2022 compared to prior year actuals

	Year to date				Full Year
	February 2022	February 2021	Variance <sup>3</sup>	Variance	June 2021
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	to 2020 \$m	to 2020 %	Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	68,039	60,896	7,143	11.7	97,983
Core Crown revenue	73,732	65,177	8,555	13.1	104,968
Core Crown expenses	81,432	68,921	(12,511)	(18.2)	107,764
Core Crown residual cash	(21,025)	(15,156)	(5,869)	(38.7)	(13,767)
Net core Crown debt <sup>5</sup>	123,113	103,316	(19,797)	(19.2)	102,080
as a percentage of GDP	35.2%	31.9%			29.8%
Gross debt <sup>6</sup>	118,076	107,941	(10,135)	(9.4)	102,435
as a percentage of GDP	33.7%	33.3%			29.9%
<b>Total Crown</b>					
Operating balance before gains and losses	(8,276)	(4,507)	(3,769)	(83.6)	(4,560)
Operating balance (excluding minority interests)	(18,152)	9,844	(27,996)	(284.4)	16,159
Total Borrowings	192,106	164,312	(27,794)	(16.9)	162,560
Net worth attributable to the Crown	133,742	120,501	13,241	11.0	151,469
as a percentage of GDP	38.2%	37.2%			44.2%

1 Using the most recently published GDP (for the year ended 31 December 2021) of \$350,083 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 31 December 2020) of \$324,140 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 \$342,477 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 eight months to February 2022 was \$7.1 billion (11.7%) higher than the 28 February 2021 results. The largest movements came from the following tax types:

- Corporate tax revenue was \$2.7 billion (31.4%) and other individuals' tax revenue was \$1.6 billion (36.4%) up on last year, mainly owing to an increase in taxable profits through the 2021 income tax year, and forecast growth in taxable profits for the 2022 income tax year.
- Source deduction revenue increased by \$2.6 billion (10.7%) compared to last year, mainly owing to growth in wages and employment.
- GST revenue was \$0.4 billion (2.3%) greater than the previous year. The varying levels of restrictions due to COVID-19 over the current and prior periods is causing variability in GST revenue when compared to the prior period.
- Other direct tax revenue was \$0.2 billion (18.4%) down on last year, owing to lower resident withholding tax on interest, partially offset by higher resident withholding tax on dividends.

**Core Crown expenses** at \$81.4 billion, were \$12.5 billion (18.2%) higher than the same time last year. The variance was largely relates to wage subsidy payments (\$3.6 billion higher than last year), COVID-19 resurgence support payments being \$2.7 billion higher than last year and increased expenses in health and tertiary education (being \$2.8 billion higher and \$1.9 billion higher than last year, respectively) as a result of COVID-19 funding.

**Core Crown residual cash** was a deficit of \$21.0 billion, \$5.9 billion greater than the deficit for February 2021. Increased net operating cash outflows account for \$2.3 billion of the larger deficit, primarily driven by the factors mentioned in core Crown tax revenue and core Crown expenses above. Net capital cash outflows are higher by \$3.5 billion, with the main contributor to this increase being advances of \$3.3 billion, which largely relates to the introduction of the FLP.

**Net core Crown debt** was \$19.8 billion higher than the same time last year and as a share of the economy, net core Crown debt increased to 35.2% (compared to 31.9% of GDP a year earlier). This increase is largely driven by greater spending, in part due to COVID-19 fiscal support measures introduced following the COVID-19 outbreaks, resulting in accumulated cash deficits of \$19.6 billion since February 2021.

**Net worth attributable to the Crown** was \$133.7 billion or (38.2% of GDP) at 28 February 2022, which is \$13.2 billion higher than the prior year. This variance is mostly driven by an increase in the property revaluations of \$21.9 billion, in addition to a favourable valuation change of \$2.8 billion from the revaluations of the defined benefit retirement plan and veteran's disability entitlements. The operating balance since February 2021 contributes a net \$11.8 billion unfavourable impact to the net worth position.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the eight months ended 28 February 2022

Year to 30 June 2021	8 months to 28 Feb 2021			Current Year Actual vs Forecast				Annual HYEPU Forecast
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
		<b>Revenue</b>						
97,362	60,456	Taxation revenue	2	67,632	65,820	1,812	2.8	102,081
7,038	4,449	Other sovereign revenue	2	5,800	5,308	492	9.3	8,083
<b>104,400</b>	<b>64,905</b>	<b>Total revenue levied through the Crown's Sovereign Power</b>		<b>73,432</b>	<b>71,128</b>	<b>2,304</b>	<b>3.2</b>	<b>110,164</b>
18,500	11,673	Sales of goods and services		10,451	11,098	(647)	(5.8)	17,271
2,846	1,833	Interest revenue and dividends	3	2,042	2,093	(51)	(2.4)	3,179
3,589	2,262	Other revenue		2,549	2,309	240	10.4	3,652
<b>24,935</b>	<b>15,768</b>	<b>Total revenue earned through the Crown's operations</b>		<b>15,042</b>	<b>15,500</b>	<b>(458)</b>	<b>(3.0)</b>	<b>24,102</b>
<b>129,335</b>	<b>80,673</b>	<b>Total revenue (excluding gains)</b>		<b>88,474</b>	<b>86,628</b>	<b>1,846</b>	<b>2.1</b>	<b>134,266</b>
		<b>Expenses</b>						
35,427	23,345	Transfer payments and subsidies	4	30,568	31,547	979	3.1	44,182
29,817	19,041	Personnel expenses		20,809	21,332	523	2.5	31,700
6,764	4,447	Depreciation and amortisation		4,411	4,566	155	3.4	7,018
52,604	33,424	Other operating expenses		35,965	38,306	2,341	6.1	62,028
2,272	1,609	Finance costs	5	1,908	1,891	(17)	(0.9)	3,121
6,838	3,207	Insurance expenses	6	3,072	3,197	125	3.9	6,763
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,447)	(1,447)	(100.0)	(4,130)
<b>133,722</b>	<b>85,073</b>	<b>Total expenses (excluding losses)</b>		<b>96,733</b>	<b>99,392</b>	<b>2,659</b>	<b>2.7</b>	<b>155,094</b>
		<b>Gains/(losses)</b>						
(3,976)	(3,894)	Net gains/(losses) on large scale asset purchases		(1)	(1)	-	-	(1)
18,130	10,614	Net gains/(losses) on financial instruments		(2,231)	1,646	(3,877)	(235.5)	3,039
6,869	8,337	Net gains/(losses) on non-financial instruments	8	(7,249)	(5,884)	(1,365)	(23.2)	(5,939)
<b>21,023</b>	<b>15,057</b>	<b>Total gains/(losses)</b>		<b>(9,481)</b>	<b>(4,239)</b>	<b>(5,242)</b>	<b>(123.7)</b>	<b>(2,901)</b>
		<b>Other interests</b>						
(360)	(544)	Net surplus/(deficit) from associates and joint ventures		(18)	63	(81)	(128.6)	106
(117)	(269)	Less minority interests share of operating balance		(394)	(146)	(248)	(169.9)	(203)
<b>16,159</b>	<b>9,844</b>	<b>Operating balance (excluding minority interests)</b>		<b>(18,152)</b>	<b>(17,086)</b>	<b>(1,066)</b>	<b>(6.2)</b>	<b>(23,826)</b>
117	269	Minority interests share of operating balance		394	146	248	169.9	203
<b>16,276</b>	<b>10,113</b>	<b>Operating balance (including minority interests)</b>		<b>(17,758)</b>	<b>(16,940)</b>	<b>(818)</b>	<b>(4.8)</b>	<b>(23,623)</b>

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

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the eight months ended 28 February 2022

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,276	10,113	Operating balance (including minority interest)	(17,758)	(16,940)	(818)	(4.8)	(23,623)
		<b>Other comprehensive revenue and expense</b>					
22,539	(269)	Revaluation of physical assets	(16)	140	(156)	(111.4)	(69)
		Revaluation of defined benefit retirement					
2,325	569	plan schemes	634	225	409	181.8	332
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	15	Transfers to/(from) reserves	599	260	339	130.4	(25)
		(Gains)/losses transferred to the					
181	(13)	statement of financial performance	(102)	(87)	(15)	(17.2)	(138)
		Foreign currency translation differences on					
8	(60)	foreign operations	23	(14)	37	264.3	(12)
15	(7)	Other movements	(803)	(715)	(88)	(12.3)	(459)
25,361	235	<b>Total other comprehensive revenue and expense</b>	335	(191)	526	275.4	(371)
41,637	10,348	<b>Total comprehensive revenue and expense</b>	(17,423)	(17,131)	(292)	(1.7)	(23,994)
		<b>Attributable to:</b>					
488	167	- minority interest	615	386	229	59.3	193
41,149	10,181	- the Crown	(18,038)	(17,517)	(521)	(3.0)	(24,187)
41,637	10,348	<b>Total comprehensive revenue and expense</b>	(17,423)	(17,131)	(292)	(1.7)	(23,994)

# STATEMENT OF CHANGES IN NET WORTH

For the eight months ended 28 February 2022

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
115,943	115,943	Opening net worth	157,193	157,193	-	-	157,193
16,276	10,113	Operating balance (including minority interest)	(17,758)	(16,940)	(818)	(4.8)	(23,623)
22,539	(269)	Net revaluations	(16)	140	(156)	(111.4)	(69)
		Net revaluations of defined benefit retirement					
2,325	569	plan schemes	634	225	409	181.8	332
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	15	Transfers to/(from) reserves	599	260	339	130.4	(25)
		(Gains)/losses transferred to the					
181	(13)	statement of financial performance	(102)	(87)	(15)	(17.2)	(138)
		Foreign currency translation differences on					
8	(60)	foreign operations	23	(14)	37	264.3	(12)
-	-	Net increase in equity issued	311	275	36	13.1	-
15	(7)	Other movements	(803)	(715)	(88)	(12.3)	(459)
41,637	10,348	<b>Total comprehensive revenue and expense</b>	(17,112)	(16,856)	(256)	(1.5)	(23,994)
		Increase in minority interest from Government					
		share offers	-	-	-	-	-
-	-	Increase/(decrease) in minority interests	311	275	36	13.1	-
(387)	(207)	Transactions with minority interests	(446)	(488)	42	8.6	(369)
157,193	126,084	<b>Closing net worth</b>	139,946	140,124	(178)	(0.1)	132,830

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

# STATEMENT OF CASH FLOWS

For the eight months ended 28 February 2022

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
95,382	57,663	Taxation receipts		65,446	65,542	(96)	(0.1)	100,978
6,424	3,494	Other sovereign receipts		4,836	4,566	270	5.9	6,775
17,732	11,233	Sales of goods and services		10,852	11,755	(903)	(7.7)	17,122
1,670	1,108	Interest receipts		1,186	1,104	82	7.4	1,671
4,814	2,805	Other operating receipts		2,959	2,874	85	3.0	4,307
<b>126,022</b>	<b>76,303</b>	<b>Total cash provided from operations</b>		<b>85,279</b>	<b>85,841</b>	<b>(562)</b>	<b>(0.7)</b>	<b>130,853</b>
		<b>Cash was disbursed to</b>						
35,515	23,601	Transfer payments and subsidies		31,446	32,459	1,013	3.1	44,345
84,256	55,990	Personnel and operating payments		60,202	62,855	2,653	4.2	96,098
3,147	1,439	Interest payments		1,535	1,540	5	0.3	3,112
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,447)	(1,447)	(100.0)	(4,130)
<b>122,918</b>	<b>81,030</b>	<b>Total cash disbursed to operations</b>		<b>93,183</b>	<b>95,407</b>	<b>2,224</b>	<b>2.3</b>	<b>143,837</b>
<b>3,104</b>	<b>(4,727)</b>	<b>Net cash flows from operations</b>		<b>(7,904)</b>	<b>(9,566)</b>	<b>1,662</b>	<b>17.4</b>	<b>(12,984)</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(9,393)	(6,466)	Net (purchase)/sale of physical assets		(6,967)	(8,638)	1,671	19.3	(15,607)
		Net (purchase)/sale of shares and other securities		(4,533)	4,832	(9,365)	(193.8)	15,302
(898)	(469)	Net (purchase)/sale of intangible assets		(500)	(616)	116	18.8	(1,208)
(5,663)	(2,453)	Net (issue)/repayment of advances		(6,909)	(7,818)	909	11.6	(11,260)
(392)	(290)	Net acquisition of investments in associates		(413)	(384)	(29)	(7.6)	(615)
-	-	Forecast new capital spending	7	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	7	-	1,232	(1,232)	(100.0)	2,240
<b>(12,157)</b>	<b>(3,492)</b>	<b>Net cash flows from investing activities</b>		<b>(19,322)</b>	<b>(11,392)</b>	<b>(7,930)</b>	<b>(69.6)</b>	<b>(12,893)</b>
<b>(9,053)</b>	<b>(8,219)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(27,226)</b>	<b>(20,958)</b>	<b>(6,268)</b>	<b>(29.9)</b>	<b>(25,877)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
234	215	Issues of circulating currency		737	298	439	147.3	326
1,158	5,917	Net issue/(repayment) of Government bonds		15,169	14,888	281	1.9	16,538
		Net issue/(repayment) of foreign currency borrowing		572	(1,877)	2,449	130.5	(3,628)
		Net issue/(repayment) of other New Zealand dollar borrowing		9,076	6,096	2,980	48.9	11,230
-	-	Net issue/(purchase) of equity		246	250	(4)	(1.6)	-
(373)	(226)	Dividends paid to minority interests		(205)	(224)	19	8.5	(365)
<b>7,214</b>	<b>3,057</b>	<b>Net cash flows from financing activities</b>		<b>25,595</b>	<b>19,431</b>	<b>6,164</b>	<b>31.7</b>	<b>24,101</b>
<b>(1,839)</b>	<b>(5,162)</b>	<b>Net movement in cash</b>		<b>(1,631)</b>	<b>(1,527)</b>	<b>(104)</b>	<b>(6.8)</b>	<b>(1,776)</b>
21,927	21,927	<b>Opening cash balance</b>		18,755	18,755	-	-	18,755
(1,333)	(1,305)	Foreign-exchange gains/(losses) on opening cash		50	(146)	196	134.2	(163)
<b>18,755</b>	<b>15,460</b>	<b>Closing cash balance</b>		<b>17,174</b>	<b>17,082</b>	<b>92</b>	<b>0.5</b>	<b>16,816</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the eight months ended 28 February 2022

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		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							
3,104	(4,727)	Net cash flows from operations	(7,904)	(9,566)	1,662	17.4	(12,984)
Gains/(losses) and other interests							
18,130	10,614	Net gains/(losses) on financial instruments	(2,231)	1,646	(3,877)	(235.5)	3,039
6,869	8,337	Net gains/(losses) on non-financial instruments	(7,249)	(5,884)	(1,365)	(23.2)	(5,939)
(3,976)	(3,894)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
(360)	(544)	Net surplus from associates and joint ventures	(18)	63	(81)	(128.6)	106
(117)	(269)	Minority interests share of operating balance	(394)	(146)	(248)	(169.9)	(203)
20,546	14,244	Total gains/(losses) and other interests	(9,893)	(4,322)	(5,571)	(128.9)	(2,998)
Other non-cash Items in operating balance							
(6,764)	(4,447)	Depreciation and amortisation	(4,411)	(4,566)	155	3.4	(7,018)
(1,039)	(438)	Cost of concessionary lending	(467)	(508)	41	8.1	(763)
(1)	(39)	Impairment of financial assets (excluding receivables)	(20)	(31)	11	35.5	(73)
(1,868)	1,852	Decrease/(increase) in insurance liabilities	2,202	2,302	(100)	(4.3)	(1,492)
733	447	Change in accumulating pension expenses	550	142	408	287.3	979
149	-	Other	431	224	207	92.4	-
(8,790)	(2,625)	Total other non-cash Items	(1,715)	(2,437)	722	29.6	(8,367)
Movements in working capital							
1,481	694	Increase/(decrease) in receivables	(502)	(2,920)	2,418	82.8	(681)
1,126	67	Increase/(decrease) in accrued interest	(217)	(57)	(160)	(280.7)	377
421	83	Increase/(decrease) in inventories	282	103	179	173.8	137
63	266	Increase/(decrease) in prepayments	953	341	612	179.5	49
40	110	Decrease/(increase) in deferred revenue	(216)	(133)	(83)	(62.4)	(141)
(1,832)	1,732	Decrease/(increase) in payables/provisions	1,060	1,905	(845)	(44.4)	782
1,299	2,952	Total movements in working capital	1,360	(761)	2,121	278.7	523
16,159	9,844	Operating balance (excluding minority interests)	(18,152)	(17,086)	(1,066)	(6.2)	(23,826)

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

# STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

As at 30 June 2021 Actual \$m	As at 28 Feb 2021 Actual \$m			Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Note	Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
18,755	15,460	Cash and cash equivalents	9	17,174	17,082	92	0.5	16,816
26,829	26,211	Receivables	9	27,054	23,917	3,137	13.1	25,809
		Marketable securities, deposits and derivatives in gain	9	58,434	52,791	5,643	10.7	51,081
56,783	60,818	Share investments	9	50,022	51,801	(1,779)	(3.4)	52,436
48,539	42,610	Advances	9	54,383	54,030	353	0.7	57,409
45,612	42,575	Investments in controlled enterprises	9	4,753	5,046	(293)	(5.8)	5,273
4,718	4,158	Inventory		2,476	2,297	179	7.8	2,331
2,194	1,856	Other assets		4,567	3,844	723	18.8	3,614
3,928	3,685	Property, plant and equipment	10	216,913	218,319	(1,406)	(0.6)	223,315
213,216	189,193	Equity accounted investments <sup>1</sup>		14,776	14,850	(74)	(0.5)	15,084
14,421	14,007	Intangible assets and goodwill		3,633	3,703	(70)	(1.9)	4,061
3,601	3,887	Forecast for new capital spending	7	-	-	-	-	1,745
-	-	Top-down capital adjustment	7	-	(1,232)	1,232	100.0	(2,240)
-	-							
<b>438,596</b>	<b>404,460</b>	<b>Total assets</b>		<b>454,185</b>	<b>446,448</b>	<b>7,737</b>	<b>1.7</b>	<b>456,734</b>
<b>Liabilities</b>								
8,256	8,238	Issued currency		8,993	8,554	(439)	(5.1)	8,582
17,577	18,173	Payables	11	15,559	14,616	(943)	(6.5)	16,088
2,549	2,480	Deferred revenue		2,765	2,679	(86)	(3.2)	2,690
162,560	164,312	Borrowings	12	192,106	187,095	(5,011)	(2.7)	200,357
60,336	55,389	Insurance liabilities	13	60,569	61,160	591	1.0	65,062
11,038	12,973	Retirement plan liabilities		9,954	10,356	402	3.9	10,040
19,087	16,811	Provisions	14	24,293	21,864	(2,429)	(11.1)	21,085
<b>281,403</b>	<b>278,376</b>	<b>Total liabilities</b>		<b>314,239</b>	<b>306,324</b>	<b>(7,915)</b>	<b>(2.6)</b>	<b>323,904</b>
<b>157,193</b>	<b>126,084</b>	<b>Total assets less total liabilities</b>		<b>139,946</b>	<b>140,124</b>	<b>(178)</b>	<b>(0.1)</b>	<b>132,830</b>
<b>Net worth</b>								
19,857	13,077	Taxpayers' funds	15	1,290	2,367	(1,077)	(45.5)	(4,400)
		Property, plant and equipment revaluation reserve	15	133,954	134,108	(154)	(0.1)	133,902
134,003	112,079	Defined benefit retirement plan revaluation reserve	15	(926)	(1,335)	409	30.6	(1,228)
(1,560)	(3,317)	Veterans' disability entitlements reserve	15	(659)	(659)	-	-	(659)
(659)	(1,095)	Other reserves	15	83	(254)	337	132.7	(333)
(172)	(243)							
<b>151,469</b>	<b>120,501</b>	<b>Total net worth attributable to the Crown</b>		<b>133,742</b>	<b>134,227</b>	<b>(485)</b>	<b>(0.4)</b>	<b>127,282</b>
5,724	5,583	Net worth attributable to minority interest	15	6,204	5,897	307	5.2	5,548
<b>157,193</b>	<b>126,084</b>	<b>Total net worth</b>		<b>139,946</b>	<b>140,124</b>	<b>(178)</b>	<b>(0.1)</b>	<b>132,830</b>

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



# STATEMENT OF SEGMENTS

For the eight months ended 28 February 2022

	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	68,039	66,220	-	-	-	-	(407)	(400)	67,632	65,820
Other sovereign revenue	2,943	2,470	4,209	4,192	-	-	(1,352)	(1,354)	5,800	5,308
Revenue from core Crown funding	-	-	26,283	26,580	588	367	(26,871)	(26,947)	-	-
Sales of goods and services	893	997	1,760	1,727	8,199	8,850	(401)	(476)	10,451	11,098
Interest and dividend revenue	1,288	1,312	804	780	565	597	(615)	(596)	2,042	2,093
Other revenue	569	512	2,266	2,439	598	659	(884)	(1,301)	2,549	2,309
<b>Total Revenue (excluding gains)</b>	<b>73,732</b>	<b>71,511</b>	<b>35,322</b>	<b>35,718</b>	<b>9,950</b>	<b>10,473</b>	<b>(30,530)</b>	<b>(31,074)</b>	<b>88,474</b>	<b>86,628</b>
<b>Expenses</b>										
Transfer payments and subsidies	34,105	35,530	-	-	-	-	(3,537)	(3,983)	30,568	31,547
Personnel expenses	6,325	6,452	12,674	13,083	1,844	1,824	(34)	(27)	20,809	21,332
Other operating expenses	39,368	40,682	22,681	23,185	7,402	8,248	(26,003)	(26,046)	43,448	46,069
Interest expenses	1,634	1,607	123	115	364	421	(213)	(252)	1,908	1,891
Forecast new operating spending and top-down adjustment	-	(1,447)	-	-	-	-	-	-	-	(1,447)
<b>Total Expenses (excluding losses)</b>	<b>81,432</b>	<b>82,824</b>	<b>35,478</b>	<b>36,383</b>	<b>9,610</b>	<b>10,493</b>	<b>(29,787)</b>	<b>(30,308)</b>	<b>96,733</b>	<b>99,392</b>
Gains/(losses) and other items	(7,114)	(1,811)	(3,863)	(2,678)	434	274	650	(107)	(9,893)	(4,322)
<b>Operating Balance (excluding minority interests)</b>	<b>(14,814)</b>	<b>(13,124)</b>	<b>(4,019)</b>	<b>(3,343)</b>	<b>774</b>	<b>254</b>	<b>(93)</b>	<b>(873)</b>	<b>(18,152)</b>	<b>(17,086)</b>
<b>Assets</b>										
Financial assets	140,430	133,836	63,326	64,160	34,913	35,039	(26,849)	(28,368)	211,820	204,667
Property, plant and equipment	53,035	53,282	121,604	122,262	42,274	42,775	-	-	216,913	218,319
Investments in associates, CEs and SOEs	56,147	56,107	12,925	12,930	337	296	(54,633)	(54,483)	14,776	14,850
Other assets	6,046	5,470	2,644	2,488	2,588	2,445	(602)	(559)	10,676	9,844
Forecast and top-down capital adjustments	-	(1,232)	-	-	-	-	-	-	-	(1,232)
<b>Total Assets</b>	<b>255,658</b>	<b>247,463</b>	<b>200,499</b>	<b>201,840</b>	<b>80,112</b>	<b>80,555</b>	<b>(82,084)</b>	<b>(83,410)</b>	<b>454,185</b>	<b>446,448</b>
<b>Liabilities</b>										
Borrowings	159,840	153,738	13,053	13,906	40,002	40,846	(20,789)	(21,395)	192,106	187,095
Other liabilities	49,841	46,466	73,925	73,855	9,171	9,767	(10,804)	(10,859)	122,133	119,229
<b>Total Liabilities</b>	<b>209,681</b>	<b>200,204</b>	<b>86,978</b>	<b>87,761</b>	<b>49,173</b>	<b>50,613</b>	<b>(31,593)</b>	<b>(32,254)</b>	<b>314,239</b>	<b>306,324</b>
<b>Net Worth</b>	<b>45,977</b>	<b>47,259</b>	<b>113,521</b>	<b>114,079</b>	<b>30,939</b>	<b>29,942</b>	<b>(50,491)</b>	<b>(51,156)</b>	<b>139,946</b>	<b>140,124</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>2,205</b>	<b>2,473</b>	<b>3,442</b>	<b>4,549</b>	<b>1,486</b>	<b>1,709</b>	<b>-</b>	<b>-</b>	<b>7,132</b>	<b>8,731</b>

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

## STATEMENT OF COMMITMENTS

As at 28 February 2022

	As at 28 Feb 2022 \$m	As at 30 Jun 2021 \$m	As at 28 Feb 2021 \$m
<b>Capital Commitments</b>			
State highways <sup>1</sup>	2,745	2,745	3,226
Specialist military equipment	2,372	2,598	2,585
Land and buildings	6,632	6,044	5,765
Other property, plant and equipment	4,838	4,431	3,845
Other capital commitments	790	1,031	1,633
Universities and Wānanga	875	875	400
<b>Total capital commitments</b>	<b>18,252</b>	<b>17,724</b>	<b>17,454</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,181	5,342	4,953
Other non-cancellable leases	3,574	3,866	3,906
Universities and Wānanga	1,137	1,137	1,084
<b>Total operating commitments</b>	<b>9,892</b>	<b>10,345</b>	<b>9,943</b>
<b>Total commitments</b>	<b>28,144</b>	<b>28,069</b>	<b>27,397</b>
<b>Total Commitments by Segment</b>			
Core Crown	15,156	14,090	13,733
Crown entities <sup>1</sup>	9,438	9,063	8,581
State-owned Enterprises	6,968	6,896	6,608
Inter-segment eliminations	(3,418)	(1,980)	(1,525)
<b>Total commitments</b>	<b>28,144</b>	<b>28,069</b>	<b>27,397</b>

1. The February 2021 state highway network capital commitments have been restated to \$3,226 million to reflect the contracted work remaining.

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 28 February 2022

	As at 28 Feb 2022 \$m	As at 30 Jun 2021 \$m	As at 28 Feb 2021 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,879	8,568	8,375
Guarantees and indemnities	414	348	293
Legal proceedings and disputes	313	313	452
Other contingent liabilities	857	567	569
<b>Total quantifiable contingent liabilities</b>	<b>10,463</b>	<b>9,796</b>	<b>9,689</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	10,113	9,538	9,533
Crown entities	153	157	177
State-owned Enterprises	262	196	203
Inter-segment eliminations	(65)	(95)	(224)
<b>Total quantifiable contingent liabilities</b>	<b>10,463</b>	<b>9,796</b>	<b>9,689</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	26	37	22
Crown entities	21	21	26
State-owned Enterprises	-	-	-
Inter-segment eliminations	1	-	-
<b>Total quantifiable contingent assets</b>	<b>48</b>	<b>58</b>	<b>48</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

Government departments are defined by the Public Finance Act 1989 and include departments (as defined in the Public Service Act 2020), departmental agencies, interdepartmental executive boards, interdepartmental ventures, the New Zealand Defence Force, the New Zealand Police, the Parliamentary Counsel Office, the Office of the Clerk of the House of Representatives and the Parliamentary Service.

The Crown has a full residual interest in all the above entities with the exception of Air New Zealand Limited, Tāmaki Redevelopment Company Limited and City Rail Link Limited (listed in Schedule 4A of the Public Finance Act 1989) and the entities listed in Schedule 5 of the Public Finance Act 1989 (Mixed ownership model companies).

Corresponding assets, liabilities, revenue and expenses, are added together line by line (with the exception of the New Zealand Superannuation Fund investments in controlled enterprises). Transactions and balances between these sub-entities are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies into line with those used by the Government reporting entity.

As a consequence of the agreements with Auckland Council, City Rail Link Limited (CRL) is reported as a joint venture in these financial statements and is, therefore, equity accounted. This treatment recognises the government share of CRL's net assets, including asset revaluation movements, surpluses and deficits.

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 *HYEFU 2021* published on 15 December 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 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
38,164	24,677	Source deductions	27,306	26,787	519	1.9	41,172
8,773	5,072	Other persons	6,456	5,945	511	8.6	9,244
(1,716)	(1,109)	Refunds	(984)	(1,043)	59	5.7	(1,829)
608	387	Fringe benefit tax	460	426	34	8.0	622
45,829	29,027	Total individuals	33,238	32,115	1,123	3.5	49,209
Corporate tax							
15,640	8,163	Gross companies tax	11,005	9,639	1,366	14.2	16,350
(344)	(167)	Refunds	(305)	(217)	(88)	(40.6)	(407)
472	268	Non-resident withholding tax	313	355	(42)	(11.8)	579
15,768	8,264	Total corporate tax	11,013	9,777	1,236	12.6	16,522
Other direct income tax							
1,000	680	Resident w/holding tax on interest income	455	520	(65)	(12.5)	869
1,519	555	Resident w/holding tax on dividend income	553	498	55	11.0	859
2,519	1,235	Total other direct income tax	1,008	1,018	(10)	(1.0)	1,728
64,116	38,526	Total direct income tax	45,259	42,910	2,349	5.5	67,459
Goods and services tax							
39,814	25,892	Gross goods and services tax	28,299	27,913	386	1.4	41,984
(14,252)	(9,092)	Refunds	(11,115)	(10,408)	(707)	(6.8)	(15,242)
25,562	16,800	Total goods and services tax	17,184	17,505	(321)	(1.8)	26,742
Other indirect taxation							
2,145	1,444	Petroleum fuels excise and duty <sup>1</sup>	1,239	1,340	(101)	(7.5)	2,083
1,637	1,100	Tobacco excise and duty <sup>1</sup>	1,391	1,413	(22)	(1.6)	1,761
1,930	1,255	Road and track user charges	1,253	1,252	1	0.1	1,929
1,249	884	Alcohol excise and duty <sup>1</sup>	869	923	(54)	(5.9)	1,357
169	96	Other customs duty	117	122	(5)	(4.1)	179
554	351	Miscellaneous indirect tax	320	355	(35)	(9.9)	571
7,684	5,130	Total other indirect taxation	5,189	5,405	(216)	(4.0)	7,880
33,246	21,930	Total indirect taxation	22,373	22,910	(537)	(2.3)	34,622
97,362	60,456	Total taxation revenue	67,632	65,820	1,812	2.8	102,081
Other sovereign revenue							
3,270	2,081	ACC levies	2,167	2,156	11	0.5	3,243
1,634	1,012	Emissions trading revenue	2,150	1,726	424	24.6	2,674
607	366	Fire Service levies	385	373	12	3.2	616
520	346	EQC levies	352	352	-	-	528
383	152	Child support and working for families penalties	218	205	13	6.3	285
138	83	Court fines	65	79	(14)	(17.7)	115
486	409	Other miscellaneous items	463	417	46	11.0	622
7,038	4,449	Total other sovereign revenue	5,800	5,308	492	9.3	8,083
104,400	64,905	Total sovereign revenue	73,432	71,128	2,304	3.2	110,164

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	8 months to 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
1,943	1,345	Interest revenue	1,374	1,417	(43)	(3.0)	2,110
903	488	Dividends	668	676	(8)	(1.2)	1,069
<b>2,846</b>	<b>1,833</b>	<b>Total interest revenue and dividends</b>	<b>2,042</b>	<b>2,093</b>	<b>(51)</b>	<b>(2.4)</b>	<b>3,179</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
16,569	10,871	New Zealand superannuation	11,591	11,608	17	0.1	17,794
3,224	2,160	Jobseeker support and emergency benefit	2,195	2,204	9	0.4	3,340
2,302	1,526	Accommodation assistance	1,590	1,559	(31)	(2.0)	2,325
2,103	1,331	Family tax credit	1,265	1,290	25	1.9	2,098
1,826	1,202	Supported living payment	1,332	1,330	(2)	(0.2)	2,040
1,197	1,136	Wage Subsidy Scheme	4,709	5,301	592	11.2	5,345
1,455	957	Sole parent support	1,095	1,096	1	0.1	1,698
916	616	KiwiSaver subsidies	648	648	-	-	977
812	609	Winter energy payment	309	309	-	-	514
804	348	Official development assistance	469	576	107	18.6	840
590	335	Student allowances	330	335	5	1.5	625
585	343	Other working for families tax credits	309	300	(9)	(3.0)	598
479	325	Hardship assistance	328	331	3	0.9	505
409	271	Disability allowances	273	274	1	0.4	414
293	196	Orphan's/unsupported child's benefit	206	207	1	0.5	319
271	159	Best start	190	201	11	5.5	374
200	22	COVID-19 resurgence support payment	2,716	3,157	441	14.0	3,157
106	57	Income related rent subsidy	88	73	(15)	(20.5)	110
1,286	881	Other social assistance benefits	925	748	(177)	(23.6)	1,109
<b>35,427</b>	<b>23,345</b>	<b>Total transfer payments and subsidies</b>	<b>30,568</b>	<b>31,547</b>	<b>979</b>	<b>3.1</b>	<b>44,182</b>
<b>NOTE 5: Finance Costs</b>							
2,188	1,548	Interest on financial liabilities	1,833	1,840	7	0.4	3,019
84	61	Interest unwind on provisions and other interest	75	51	(24)	(47.1)	102
<b>2,272</b>	<b>1,609</b>	<b>Total finance costs</b>	<b>1,908</b>	<b>1,891</b>	<b>(17)</b>	<b>(0.9)</b>	<b>3,121</b>
<b>NOTE 6: Insurance Expenses</b>							
6,539	3,200	ACC	2,829	3,037	208	6.8	6,520
167	1	EQC	235	154	(81)	(52.6)	232
108	(8)	Southern Response	(12)	(12)	-	-	(18)
24	14	Other insurance expenses	20	18	(2)	(11.1)	29
<b>6,838</b>	<b>3,207</b>	<b>Total insurance expenses</b>	<b>3,072</b>	<b>3,197</b>	<b>125</b>	<b>3.9</b>	<b>6,763</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 28 Feb 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-financial instruments</b>							
8,222	9,239	Actuarial gains/(losses) on ACC liability	(2,436)	(3,126)	690	22.1	(3,235)
(1,489)	(840)	Gains/(losses) on the Emissions Trading Scheme	(5,394)	(3,094)	(2,300)	(74.3)	(3,033)
136	(62)	Other	581	336	245	72.9	329
<b>6,869</b>	<b>8,337</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(7,249)</b>	<b>(5,884)</b>	<b>(1,365)</b>	<b>(23.2)</b>	<b>(5,939)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
18,755	15,460	Cash and cash equivalents	17,174	17,082	92	0.5	16,816
15,642	17,298	Tax receivables	17,615	15,107	2,508	16.6	15,020
11,187	8,913	Other receivables	9,439	8,810	629	7.1	10,789
25,155	24,185	Kiwibank mortgages	27,189	26,895	294	1.1	27,769
10,841	10,294	Student loans	10,558	10,679	(121)	(1.1)	10,561
2,558	-	Funding for Lending advances	7,252	8,123	(871)	(10.7)	11,894
7,058	8,096	Other advances	9,384	8,333	1,051	12.6	7,185
48,539	42,610	Share investments	50,022	51,801	(1,779)	(3.4)	52,436
4,718	4,158	Investments in controlled enterprises	4,753	5,046	(293)	(5.8)	5,273
44,687	46,606	Other marketable securities	42,667	39,197	3,470	8.9	37,582
5,108	3,955	Long-term deposits	5,965	4,902	1,063	21.7	4,939
4,509	7,898	Derivatives in gain	4,661	3,661	1,000	27.3	3,529
2,479	2,359	IMF financial assets	5,141	5,031	110	2.2	5,031
<b>201,236</b>	<b>191,832</b>	<b>Total financial assets and sovereign receivables</b>	<b>211,820</b>	<b>204,667</b>	<b>7,153</b>	<b>3.5</b>	<b>208,824</b>
<b>Financial assets by entity</b>							
54,903	55,414	The Treasury	55,795	56,004	(209)	(0.4)	43,304
44,935	39,779	Reserve Bank of New Zealand	54,884	50,048	4,836	9.7	51,780
62,312	60,863	NZ Superannuation Fund	62,147	63,494	(1,347)	(2.1)	65,741
35,095	34,476	Other core Crown	37,015	32,441	4,574	14.1	33,803
(68,586)	(65,755)	Intra-segment eliminations	(69,411)	(68,151)	(1,260)	(1.8)	(58,158)
<b>128,659</b>	<b>124,777</b>	<b>Total core Crown segment</b>	<b>140,430</b>	<b>133,836</b>	<b>6,594</b>	<b>4.9</b>	<b>136,470</b>
54,271	50,064	ACC	51,424	52,418	(994)	(1.9)	54,498
602	342	EQC	520	527	(7)	(1.3)	566
16,788	12,913	Other Crown entities	15,602	15,152	450	3.0	15,360
(4,132)	(2,898)	Intra-segment eliminations	(4,220)	(3,937)	(283)	(7.2)	(4,671)
<b>67,529</b>	<b>60,421</b>	<b>Total Crown entities segment</b>	<b>63,326</b>	<b>64,160</b>	<b>(834)</b>	<b>(1.3)</b>	<b>65,753</b>
<b>32,872</b>	<b>31,702</b>	<b>Total State-owned Enterprises segment</b>	<b>34,913</b>	<b>35,039</b>	<b>(126)</b>	<b>(0.4)</b>	<b>35,215</b>
(27,824)	(25,068)	Inter-segment eliminations	(26,849)	(28,368)	1,519	5.4	(28,614)
<b>201,236</b>	<b>191,832</b>	<b>Total financial assets and sovereign receivables</b>	<b>211,820</b>	<b>204,667</b>	<b>7,153</b>	<b>3.5</b>	<b>208,824</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 28 Feb 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>2</sup></b>							
<b>By class of asset:</b>							
70,292	58,100	Land	70,536	70,907	(371)	(0.5)	71,096
53,507	46,440	Buildings	54,700	54,855	(155)	(0.3)	58,247
42,666	40,313	State highways	43,477	43,735	(258)	(0.6)	44,752
17,979	16,639	Electricity generation assets	18,201	18,698	(497)	(2.7)	18,820
4,318	4,279	Electricity distribution network (cost)	4,345	4,203	142	3.4	4,240
3,611	3,765	Aircraft (excl military)	3,655	3,510	145	4.1	3,901
3,649	3,487	Specialist military equipment	3,997	3,999	(2)	(0.1)	4,262
3,156	3,078	Specified cultural and heritage assets	3,161	3,163	(2)	(0.1)	3,173
7,407	6,849	Rail network	7,532	7,586	(54)	(0.7)	7,737
6,631	6,243	Other plant and equipment (cost)	7,309	7,663	(354)	(4.6)	7,087
<b>213,216</b>	<b>189,193</b>	<b>Total net carrying value</b>	<b>216,913</b>	<b>218,319</b>	<b>(1,406)</b>	<b>(0.6)</b>	<b>223,315</b>
<b>Land breakdown by usage</b>							
25,826	19,982	Housing stock	25,879	26,233	(354)	(1.3)	26,481
18,469	14,707	State highway corridor land	18,450	18,469	(19)	(0.1)	18,243
7,159	6,720	Conservation estate	7,166	7,144	22	0.3	7,144
7,106	6,042	Schools	7,164	7,216	(52)	(0.7)	7,239
3,802	3,789	Rail network corridor land	3,820	3,822	(2)	(0.1)	3,855
1,167	1,306	Commercial (SOE) excluding rail	1,236	1,233	3	0.2	1,232
6,763	5,554	Other	6,821	6,790	31	0.5	6,902
<b>70,292</b>	<b>58,100</b>	<b>Total land</b>	<b>70,536</b>	<b>70,907</b>	<b>(371)</b>	<b>(0.5)</b>	<b>71,096</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
205,689	205,689	Opening balance	231,234	231,234	-	-	231,234
10,762	7,095	Additions	7,279	9,110	(1,831)	(20.1)	16,556
(1,101)	(517)	Disposals	(382)	(118)	(264)	(223.7)	(549)
16,131	(439)	Net revaluations	(68)	-	(68)	-	(69)
(247)	49	Other	527	22	505	-	(79)
<b>231,234</b>	<b>211,877</b>	<b>Total cost or valuation</b>	<b>238,590</b>	<b>240,248</b>	<b>(1,658)</b>	<b>(0.7)</b>	<b>247,093</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
19,187	19,187	Opening balance	18,018	18,018	-	-	18,018
(636)	(231)	Eliminated on disposal	(214)	(151)	(63)	(41.7)	(393)
(5,979)	(193)	Eliminated on revaluation	(33)	-	(33)	-	-
(58)	-	Impairment losses charged to operating balance	-	-	-	-	-
5,566	3,900	Depreciation expense and impairment losses	3,822	4,007	(185)	(4.6)	6,145
(62)	21	Other	84	55	29	52.7	8
<b>18,018</b>	<b>22,684</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>21,677</b>	<b>21,929</b>	<b>(252)</b>	<b>(1.1)</b>	<b>23,778</b>
<b>213,216</b>	<b>189,193</b>	<b>Total property, plant and equipment</b>	<b>216,913</b>	<b>218,319</b>	<b>(1,406)</b>	<b>(0.6)</b>	<b>223,315</b>

2. Using a revaluation methodology unless otherwise stated.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 28 Feb 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,179	12,882	Accounts payable	10,111	9,571	(540)	(5.6)	10,597
5,398	5,291	Taxes repayable	5,448	5,045	(403)	(8.0)	5,491
17,577	18,173	Total payables	15,559	14,616	(943)	(6.5)	16,088
NOTE 12: Borrowings							
70,653	76,752	Government bonds	86,509	86,011	(498)	(0.6)	87,410
29,466	23,975	Settlement deposits with Reserve Bank	39,444	37,169	(2,275)	(6.1)	48,296
7,593	7,476	Treasury bills	4,936	5,437	501	9.2	3,588
5,056	5,289	Derivatives in loss	5,773	5,271	(502)	(9.5)	5,022
1,307	1,320	Finance lease liabilities	1,185	1,321	136	10.3	1,363
182	212	Government retail stock	159	169	10	5.9	170
48,303	49,288	Other borrowings	54,100	51,717	(2,383)	(4.6)	54,508
162,560	164,312	Total borrowings	192,106	187,095	(5,011)	(2.7)	200,357
117,641	120,710	Sovereign-guaranteed debt	144,664	139,053	(5,611)	(4.0)	149,675
44,919	43,602	Non sovereign-guaranteed debt	47,442	48,042	600	1.2	50,682
162,560	164,312	Total borrowings	192,106	187,095	(5,011)	(2.7)	200,357

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	54,451	ACC liability	59,702	60,359	657	1.1	64,309
803	791	EQC property damage liability	735	670	(65)	(9.7)	632
353	100	Southern Response	90	90	-	-	58
47	47	Other insurance liabilities	42	41	(1)	(2.4)	63
-	-	Inter-segment eliminations	-	-	-	-	-
<b>60,336</b>	<b>55,389</b>	<b>Total insurance liabilities</b>	<b>60,569</b>	<b>61,160</b>	<b>591</b>	<b>1.0</b>	<b>65,062</b>

The most recent valuation of the ACC liability was as at 31 December 2021, updated monthly for changes to discount rates.

<b>NOTE 14: Provisions</b>							
5,824	4,189	Provision for emissions trading scheme credits	11,172	9,233	(1,939)	(21.0)	9,092
6,363	5,844	Provision for employee entitlements	6,617	6,197	(420)	(6.8)	5,557
3,036	3,444	Veterans disability entitlements	2,981	2,971	(10)	(0.3)	2,944
762	802	Provision for National Provident Fund guarantee	712	717	5	0.7	694
3,102	2,532	Other provisions	2,811	2,746	(65)	(2.4)	2,798
<b>19,087</b>	<b>16,811</b>	<b>Total provisions</b>	<b>24,293</b>	<b>21,864</b>	<b>(2,429)</b>	<b>(11.1)</b>	<b>21,085</b>

Further information on the emissions trading scheme, 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 28 Feb 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Changes in Net Worth							
19,857	13,077	Taxpayers' funds	1,290	2,367	(1,077)	(45.5)	(4,400)
134,003	112,079	Property, plant and equipment revaluation reserve	133,954	134,108	(154)	(0.1)	133,902
(1,560)	(3,317)	Defined benefit retirement plan revaluation reserve	(926)	(1,335)	409	30.6	(1,228)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(659)	-	-	(659)
5,724	5,583	Net worth attributable to minority interests	6,204	5,897	307	5.2	5,548
(172)	(243)	Other reserves	83	(254)	337	132.7	(333)
157,193	126,084	Total net worth	139,946	140,124	(178)	(0.1)	132,830
3,154	3,154	Opening taxpayers funds	19,857	19,857	-	-	19,857
16,159	9,844	Operating balance excluding minority interests	(18,152)	(17,086)	(1,066)	(6.2)	(23,826)
-	-	Net increase in equity issued <sup>3</sup>	311	275	36	13.1	-
544	79	Transfers from/(to) other reserves	(726)	(679)	(47)	(6.9)	(431)
19,857	13,077	Closing taxpayers funds	1,290	2,367	(1,077)	(45.5)	(4,400)
112,334	112,334	Opening property, plant and equipment revaluation reserve	134,003	134,003	-	-	134,003
22,539	(269)	Net revaluations	(16)	140	(156)	(111.4)	(69)
(870)	14	Transfers from/(to) other reserves	(33)	(35)	2	5.7	(32)
134,003	112,079	Closing property, plant and equipment revaluation reserve	133,954	134,108	(154)	(0.1)	133,902
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,724	-	-	5,724
-	-	Increase/(decrease) in minority interests <sup>3</sup>	311	275	36	13.1	-
101	(40)	Net movements	169	(102)	271	265.7	(176)
5,724	5,583	Closing net worth attributable to minority interests	6,204	5,897	307	5.2	5,548
(187)	(187)	Opening other reserves	(172)	(172)	-	-	(172)
15	(56)	Net movements	255	(82)	337	411.0	(161)
(172)	(243)	Closing other reserves	83	(254)	337	132.7	(333)

3. This line relates to equity in SOEs which has been issued to third parties. This line includes the perpetual preference shares of \$250 million issued by Kiwibank Limited.

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2022

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

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Operating Balance</b>							
129,335	80,673	Total revenue	88,474	86,628	1,846	2.1	134,266
133,722	85,073	Less total expenses	96,733	99,392	2,659	2.7	155,094
21,023	15,057	Total gains/(losses)	(9,481)	(4,239)	(5,242)	(123.7)	(2,901)
(360)	(544)	Net surplus from associates and joint ventures	(18)	63	(81)	(128.6)	106
(117)	(269)	Minority interests share of operating balance	(394)	(146)	(248)	(169.9)	(203)
<b>16,159</b>	<b>9,844</b>	<b>Operating balance</b>	<b>(18,152)</b>	<b>(17,086)</b>	<b>(1,066)</b>	<b>(6.2)</b>	<b>(23,826)</b>
<b>Reconciliation Between the Operating Balance and OBEGAL</b>							
<b>16,159</b>	<b>9,844</b>	<b>Operating balance</b>	<b>(18,152)</b>	<b>(17,086)</b>	<b>(1,066)</b>	<b>(6.2)</b>	<b>(23,826)</b>
Less items excluded from OBEGAL:							
(3,976)	(3,894)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
18,130	10,614	Net gains/(losses) on financial instruments	(2,231)	1,646	(3,877)	(235.5)	3,039
6,869	8,337	Net gains/(losses) on non-financial instruments	(7,249)	(5,884)	(1,365)	(23.2)	(5,939)
(360)	(544)	Net surplus from associates and joint ventures	(18)	63	(81)	(128.6)	106
56	(162)	Minority interests share of total gains/(losses)	(377)	(194)	(183)	(94.3)	(187)
<b>(4,560)</b>	<b>(4,507)</b>	<b>OBEGAL</b>	<b>(8,276)</b>	<b>(12,716)</b>	<b>4,440</b>	<b>34.9</b>	<b>(20,844)</b>

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2022

## Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	8 months to 28 Feb 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
42,892	27,644	Social security and welfare		31,729	32,787	1,058	3.2	49,554
22,598	15,310	Health		17,764	18,154	390	2.1	27,411
17,384	10,559	Education		12,167	12,209	42	0.3	19,017
5,602	3,033	Core government services		3,067	3,591	524	14.6	6,315
5,533	3,496	Law and order		3,734	3,933	199	5.1	5,999
10,335	6,366	Transport and communications		6,417	7,317	900	12.3	12,162
13,429	7,966	Economic and industrial services		10,175	10,906	731	6.7	14,846
2,648	1,640	Defence		1,761	1,779	18	1.0	2,780
3,023	2,221	Heritage, culture and recreation		2,102	2,235	133	6.0	3,328
2,398	1,668	Primary services		1,564	1,720	156	9.1	2,589
3,351	2,207	Housing and community development		2,538	2,393	(145)	(6.1)	4,474
1,889	978	Environmental protection		1,556	1,605	49	3.1	2,712
114	60	GSF pension expenses		72	59	(13)	(22.0)	91
254	316	Other		180	260	80	30.8	413
2,272	1,609	Finance costs		1,907	1,891	(16)	(0.8)	3,121
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,447)	(1,447)	(100.0)	(4,130)
<b>133,722</b>	<b>85,073</b>	<b>Total Crown expenses excluding losses</b>		<b>96,733</b>	<b>99,392</b>	<b>2,659</b>	<b>2.7</b>	<b>155,094</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	8 months to 28 Feb 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
36,759	24,621	Social security and welfare		29,159	29,933	774	2.6	43,342
22,784	15,262	Health		18,104	18,420	316	1.7	27,813
16,039	9,327	Education		11,249	11,325	76	0.7	18,227
5,754	3,339	Core government services		3,218	3,707	489	13.2	6,158
5,202	3,324	Law and order		3,467	3,643	176	4.8	5,537
5,656	2,741	Transport and communications		2,661	2,705	44	1.6	4,834
4,481	2,975	Economic and industrial services		5,546	6,230	684	11.0	7,682
2,664	1,652	Defence		1,775	1,780	5	0.3	2,797
1,420	1,024	Heritage, culture and recreation		954	1,082	128	11.8	1,537
1,015	643	Primary services		570	702	132	18.8	1,195
1,813	1,328	Housing and community development		1,297	1,219	(78)	(6.4)	2,672
1,906	981	Environmental protection		1,557	1,609	52	3.2	2,776
99	49	GSF pension expenses		61	49	(12)	(24.5)	75
254	316	Other		180	260	80	30.8	413
1,918	1,339	Finance costs		1,634	1,607	(27)	(1.7)	2,688
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,447)	(1,447)	(100.0)	(4,130)
<b>107,764</b>	<b>68,921</b>	<b>Core Crown expenses excluding losses</b>		<b>81,432</b>	<b>82,824</b>	<b>1,392</b>	<b>1.7</b>	<b>128,028</b>

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2022

## Core Crown Residual Cash

Year to 30 June 2021 \$m	8 months to 28 Feb 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown Cash Flows from Operations							
96,551	58,371	Tax receipts	67,802	67,863	(61)	(0.1)	104,033
2,287	595	Other sovereign receipts	1,690	1,596	94	5.9	2,532
249	123	Interest receipts	184	242	(58)	(24.0)	374
2,980	1,906	Sale of goods & services and other receipts	1,763	1,921	(158)	(8.2)	3,162
(36,574)	(24,293)	Transfer payments and subsidies	(32,260)	(33,284)	1,024	3.1	(45,583)
(63,894)	(42,304)	Personnel and operating costs	(47,214)	(48,411)	1,197	2.5	(74,766)
(2,642)	(1,354)	Interest payments	(1,251)	(1,271)	20	1.6	(2,635)
-	-	Forecast for future new operating spending	-	-	-	-	(4,412)
-	-	Top-down expense adjustment	-	1,447	(1,447)	(100.0)	4,130
(1,043)	(6,956)	Net core Crown operating cash flows	(9,286)	(9,897)	611	6.2	(13,165)
(3,137)	(1,950)	Net purchase of physical and intangible assets	(2,485)	(2,803)	318	11.3	(4,781)
(3,868)	(2,212)	Net increase in advances	(5,546)	(7,391)	1,845	25.0	(9,183)
(3,599)	(2,625)	Net purchase of investments	(2,095)	(2,162)	67	3.1	(5,046)
(2,120)	(1,413)	Contributions to New Zealand Superannuation Fund	(1,613)	(1,613)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	-	1,232	(1,232)	(100.0)	2,240
(12,724)	(8,200)	Net core Crown capital cash flows	(11,739)	(12,737)	998	7.8	(20,935)
(13,767)	(15,156)	Core Crown residual cash surplus / (deficit)	(21,025)	(22,634)	1,609	7.1	(34,100)
The core Crown residual cash surplus / (deficit) is funded or invested as follows:							
Debt Programme Cash Flows							
Market:							
48,497	39,591	Issue of government bonds	15,923	16,206	(283)	(1.7)	19,730
(11,059)	-	Repayment of government bonds	-	(631)	631	100.0	(2,506)
(4,148)	(4,392)	Net issue/(repayment) of short-term borrowing	(1,559)	(3,363)	1,804	53.6	(5,359)
33,290	35,199	Total market debt cash flows	14,364	12,212	2,152	17.6	11,865
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(327)	(327)	-	-	(812)
-	-	Total non-market debt cash flows	(327)	(327)	-	-	(812)
33,290	35,199	Total debt programme cash flows	14,037	11,885	2,152	18.1	11,053
Other Borrowing Cash Flows							
Net (repayment)/issue of other New Zealand dollar borrowing							
(30,089)	(32,334)		9,860	5,752	4,108	71.4	9,090
608	315	Net (repayment)/issue of foreign currency borrowing	(566)	(709)	143	20.2	(2,335)
(29,481)	(32,019)	Total other borrowing cash flows	9,294	5,043	4,251	91.6	6,755
Investing Cash Flows							
Other net sale/(purchase) of marketable securities and deposits							
6,042	4,965		(928)	6,482	(7,410)	(114.3)	16,824
234	215	Issues of circulating currency	742	298	444	149.0	326
3,682	6,796	Decrease/(increase) in cash	(2,120)	(1,074)	(1,046)	(97.4)	(858)
9,958	11,976	Total investing cash flows	(2,306)	5,706	(8,012)	(140.4)	16,292
Core Crown residual cash deficit / (surplus) funding							
13,767	15,156		21,025	22,634	(1,609)	(7.1)	34,100

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

# FISCAL INDICATOR ANALYSIS

As at 28 February 2022

## Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 28 Feb 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Net Debt:</b>							
131,256	131,210	Gross sovereign-issued debt	157,129	151,500	(5,629)	(3.7)	161,569
(29,176)	(27,894)	Less liquid financial assets (per net debt definition)	(34,016)	(26,530)	7,486	28.2	(25,264)
<b>102,080</b>	<b>103,316</b>	<b>Net core Crown Debt</b>	<b>123,113</b>	<b>124,970</b>	<b>1,857</b>	<b>1.5</b>	<b>136,305</b>
<b>Analysis of financial liabilities and assets included in net debt</b>							
<b>Gross sovereign-issued debt:</b>							
133,473	135,928	Core Crown borrowings	159,872	153,740	(6,132)	(4.0)	163,809
(2,217)	(4,718)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,743)	(2,240)	503	22.5	(2,240)
<b>131,256</b>	<b>131,210</b>	<b>Gross sovereign-issued debt</b>	<b>157,129</b>	<b>151,500</b>	<b>(5,629)</b>	<b>(3.7)</b>	<b>161,569</b>
<b>Liquid financial assets:</b>							
108,461	103,296	Core Crown financial assets	117,480	114,107	(3,373)	(3.0)	116,682
(60,557)	(59,026)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(59,517)	(61,776)	(2,259)	(3.7)	(63,894)
(3,059)	(1,040)	Less FLP advances	(8,178)	(9,226)	(1,048)	(11.4)	(11,894)
(15,669)	(15,336)	Less other advances	(15,769)	(16,575)	(806)	(4.9)	(15,630)
(79,285)	(75,402)	NZS Fund and advances	(83,464)	(87,577)	(4,113)	(4.7)	(91,418)
<b>29,176</b>	<b>27,894</b>	<b>Liquid financial assets (per net debt definition)</b>	<b>34,016</b>	<b>26,530</b>	<b>(7,486)</b>	<b>(28.2)</b>	<b>25,264</b>
<b>Additional net debt analysis</b>							
102,080	103,316	Net core Crown debt	123,113	124,970	1,857	1.5	136,305
(79,285)	(75,402)	Less NZS Fund and advances	(83,464)	(87,577)	(4,113)	(4.7)	(91,418)
<b>22,795</b>	<b>27,914</b>	<b>Net core Crown debt (incl. NZS Fund and advances)</b>	<b>39,649</b>	<b>37,393</b>	<b>(2,256)</b>	<b>(6.0)</b>	<b>44,887</b>
102,080	103,316	Net core Crown debt	123,113	124,970	1,857	1.5	136,305
(3,059)	(1,040)	less FLP advances	(8,178)	(9,226)	(1,048)	(11.4)	(11,894)
<b>99,021</b>	<b>102,276</b>	<b>Net core Crown debt (incl. FLP advances)</b>	<b>114,935</b>	<b>115,744</b>	<b>809</b>	<b>0.7</b>	<b>124,411</b>
<b>Gross Debt:</b>							
131,256	131,210	Gross sovereign-issued debt	157,129	151,500	(5,629)	(3.7)	161,569
(30,421)	(24,869)	Less Reserve Bank settlement cash and Reserve Bank bills	(40,653)	(38,071)	2,582	6.8	(49,196)
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>107,941</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>118,076</b>	<b>115,029</b>	<b>(3,047)</b>	<b>(2.6)</b>	<b>113,973</b>
<b>Monetary Liabilities</b>							
8,256	8,238	Issued currency	8,993	8,554	(439)	(5.1)	8,582
29,466	23,975	Settlement deposits with Reserve Bank	39,444	37,169	(2,275)	(6.1)	48,296
<b>37,722</b>	<b>32,213</b>	<b>Total Monetary Liabilities</b>	<b>48,437</b>	<b>45,723</b>	<b>(2,714)</b>	<b>(5.9)</b>	<b>56,878</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	28 Feb 2022 Actual \$m	28 Feb 2022 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	68,039	66,220	1,819	2.7	102,561
...combined with other core Crown revenue...	5,693	5,291	402	7.6	8,172
...funds core Crown expenses...	(81,432)	(82,824)	1,392	1.7	(128,028)
...and including SOE and Crown entity revenues and expenses...	(576)	(1,403)	827	58.9	(3,549)
...results in an <b>OBEGAL</b> ...	(8,276)	(12,716)	4,440	34.9	(20,844)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	(18,152)	(17,086)	(1,066)	(6.2)	(23,826)
...removing net income in SOEs, Crown entities and the NZS Fund...	3,992	2,606	1,386	53.2	3,693
...and some items do not impact cash.	4,874	4,583	291	6.3	6,968
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(9,286)</b>	<b>(9,897)</b>	<b>611</b>	<b>6.2</b>	<b>(13,165)</b>
...used to make contributions to the NZS Fund...	(1,613)	(1,613)	-	-	(2,420)
...and to use for purchase of physical and intangible assets...	(2,485)	(2,803)	318	11.3	(4,781)
...and to make advances (eg, to students) and investments...	(7,641)	(9,553)	1,912	20.0	(14,229)
Adjusting for forecast adjustments (top-down/new spending)...	-	1,232	(1,232)	(100.0)	495
...results in a borrowing requirement <b>(Core Crown residual cash surplus/(deficit))</b> ...	<b>(21,025)</b>	<b>(22,634)</b>	<b>1,609</b>	<b>7.1</b>	<b>(34,100)</b>
Opening net core Crown debt...	102,080	102,080	-	-	102,080
...when combined with the residual cash (surplus)/deficit...	21,025	22,634	1,609	7.1	34,100
...and other fair value movements in financial assets and financial liabilities...	8	256	248	96.9	125
...results in a closing <b>net core Crown debt</b> ...	<b>123,113</b>	<b>124,970</b>	<b>1,857</b>	<b>1.5</b>	<b>136,305</b>
...which as a % of GDP is	<b>35.2%</b>	<b>35.7%</b>			<b>37.6%</b>