

# Interim Financial Statements of the Government of New Zealand

For the five months ended  
30 November 2022



Prepared by the Treasury  
26 January 2023

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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 November 2022, and the financial results of operations and cash flows for the period ended on that date.

The November results are reported against forecasts based on the *Half Year Economic and Fiscal Update 2022 (HYEFU 2022)*, published on 14 December 2022 and the results against the same period for the previous year.

### Comparison against forecast

The significant variances to key indicators reported in the November Financial Statements are either timing in nature or reflect market changes (eg, equity markets, interest rates) which can be volatile. Stronger investment market conditions were a key factor in both the operating balance and net debt position being better than expected in November. While timing issues have contributed to the variances reported in core Crown expenses and residual cash.

**Table 1** – Key indicators for the five months ended 30 November 2022 compared to *HYEFU 2022*

	Year to date				Full Year
	November	November	Variance <sup>2</sup>	Variance	June
	2022	2022	HYEFU 2022	HYEFU 2022	2023
	Actual <sup>1</sup>	Forecast <sup>1</sup>	HYEFU 2022	HYEFU 2022	HYEFU 2022
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	45,428	45,350	78	0.2	118,061
Core Crown revenue	49,954	49,768	186	0.4	130,193
Core Crown expenses	51,727	50,985	(742)	(1.5)	129,331
Core Crown residual cash	(19,591)	(17,620)	(1,971)	(11.2)	(25,364)
Net debt <sup>4</sup>	71,797	75,626	3,829	5.1	78,655
<i>as a percentage of GDP</i>	19.2%	20.3%			19.9%
Gross debt	135,015	133,403	(1,612)	(1.2)	138,989
<i>as a percentage of GDP</i>	36.2%	35.7%			35.2%
Operating balance before gains and losses	(2,438)	(2,499)	61	2.4	(3,631)
Operating balance (excluding minority interests)	176	(2,941)	3,117	106.0	(725)
Total borrowings	224,362	224,534	172	0.1	229,918
Net worth attributable to the Crown	167,570	164,417	3,153	1.9	166,246
<i>as a percentage of GDP</i>	44.9%	44.0%			42.1%

1 Using the most recently published GDP (for the year ended 30 September 2022) of \$373,329 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 2022 forecast GDP for the year ending 30 June 2023 of \$394,778 million (Source: The Treasury).

4 The net debt indicator includes core Crown advances, Crown entity borrowings (excluding Kiwi Group) and the financial assets and borrowings of the New Zealand Super Fund (NZS Fund). A reconciliation between net debt and net core Crown debt can be found later in the document.

**Core Crown tax revenue** for the five months ended 30 November 2022 was close to forecast. The main driver of the small variances to forecast was in relation to corporate tax revenue, which was \$72 million (1.1%) above forecast mainly owing to provisional tax assessments coming in a little higher than expected.

**Core Crown revenue** was \$50.0 billion, \$0.2 billion (0.4%) above forecast. In addition to the small variance in core Crown tax revenue, interest revenue was higher than forecast reflecting a higher-than-expected interest rate track.

**Core Crown expenses** at \$51.7 billion were \$0.7 billion higher-than-forecast, with spending being higher in the following areas:

- **Finance costs:** were higher than forecast by \$0.3 billion, with the key driver being interest costs on settlement deposits at the Reserve Bank (which are a floating rate debt), reflecting a higher-than-expected interest rate track.

- **Health expenses:** were higher than forecast by \$0.2 billion, mainly as a result of funding being provided earlier than anticipated to Te Whatu Ora.

Spending in other areas were lower than forecast by around \$0.5 billion, comprising underspends spread across several departments. However, this was somewhat anticipated by the Treasury's top-down adjustment of \$0.7 billion.

The **OBEHAL** deficit of \$2.4 billion was close to forecast. The core Crown tax revenue and expenses (discussed above), which overall were weaker than expected, are being offset by stronger than expected State-owned Enterprises (SOE) and Crown entities (CE) results spread across several entities.

The **operating balance** operating balance for 30 November 2022 was a surplus of \$0.2 billion, \$3.1 billion stronger than the forecast deficit. In addition to the OBEHAL variance, the main drivers were:

- Net gains on financial instruments of \$3.0 billion, which were \$5.3 billion favourable to the forecast loss of \$2.3 billion. This substantial improvement largely reflects gains on derivatives and stronger investment returns from the Government's investment portfolios – namely NZS Fund.
- Partially offsetting the positive movement above, net losses on non-financial instruments were \$2.3 billion unfavourable compared to the forecast. This was mainly driven by a lower-than-expected ACC actuarial gain, \$2.7 billion less than the gain forecast, largely due to decreases in the discount rates from when the forecast was prepared (the forecast uses September 2022 as a base month).

The **core Crown residual** deficit of \$19.6 billion was \$2.0 billion more than the deficit forecast. Similar to core Crown expenses, the cash outflows from operating activities were higher than forecast. In addition, net core Crown capital cash flows were higher than expected largely owing to the Funding for Lending Programme (FLP), with issuances of loans happening earlier than anticipated.

As at 30 November 2022, **net debt** was \$71.8 billion (19.2% of GDP), \$3.8 billion lower than expected. The main driver in the improvement in the net debt level is the results of the NZS Fund, which were stronger than expected due to market conditions. NZS Fund net financial assets were \$4.4 billion higher than forecast, largely reflecting lower-than-expected valuation losses on derivatives held for investment purposes. In addition, Crown entity borrowings (excluding Kiwi Group) were lower than forecast by \$0.5 billion. The higher cash outflows from operating (mentioned above) partially offset these improvements in net debt.

Table 2 below, shows a reconciliation between net core Crown debt and net debt. Net core Crown debt was \$2.2 billion higher than forecast at \$148.9 billion (39.9% of GDP) and is largely reflective of the residual cash variance.

**Table 2** – 30 November 2022 reconciliation of net debt and net core Crown debt

	Year to date				Full Year
	November 2022	November 2022	Variance	Variance	June 2023
	Actual \$m	HYEFU 2022 Forecast \$m	HYEFU 2022 \$m	HYEFU 2022 %	HYEFU 2022 Forecast \$m
<b>Net core Crown debt</b>	<b>148,872</b>	<b>146,704</b>	<b>(2,168)</b>	<b>(1.5)</b>	<b>154,625</b>
<i>Include</i>					
Core Crown advances	(32,654)	(31,552)	1,102	3.5	(36,605)
Net NZSF financial assets and borrowings	(59,352)	(54,959)	4,393	8.0	(58,821)
Crown entity borrowings	14,931	15,433	502	3.3	19,456
<b>Net Debt</b>	<b>71,797</b>	<b>75,626</b>	<b>3,829</b>	<b>5.1</b>	<b>78,655</b>
%of GDP					
Net core Crown debt	39.9%	39.3%			39.2%
<b>Net debt</b>	<b>19.2%</b>	<b>20.3%</b>			<b>19.9%</b>

**Gross debt** at \$135.0 billion (36.2% of GDP), was \$1.6 billion higher than forecast due to multiple factors, including foreign currency borrowing (through the issuance of Euro Commercial Papers), borrowings by the Reserve Bank for operational purposes and short-term Treasury Bill borrowings.

**Total borrowings** were close to forecast at \$224.4 billion, with lower borrowings by SOEs and lower derivatives in losses (mainly NZS Fund) offsetting the variance in gross debt.

**Total assets** at \$518.6 billion were \$8.0 billion above forecast, primarily owing to financial assets being above forecast.

**Total liabilities** at \$343.8 billion were \$4.8 billion above forecast, primarily owing to the ACC outstanding claims liability increasing, reflecting changes in interest rates.

**Net worth attributable to the Crown** at \$167.6 billion was \$3.2 billion higher than forecast largely reflecting the operating balance variance mentioned above.

### Treatment of Kiwi Group Capital Limited

The November Financial Statements reflect the Government's purchase of Kiwi Group Holdings (which includes Kiwibank) through the new Schedule 4A company – Kiwi Group Capital Limited. However, the acquisition is purely transferring assets and liabilities within the Crown, so will not change the overall balance sheet of the Government.

There has been a change in segment reporting (from State-owned Enterprise to Crown entity) and the calculation of net debt. For further details on the treatment of Kiwi Group Holdings, refer to page 37 in *HYEFU 2022*.

## Comparison against the prior year actuals

**Table 3** – Key indicators for the five months ended 30 November 2022 compared to prior year actuals

	Year to date				Full Year
	November 2022	November 2021	Variance <sup>3</sup>	Variance	June 2022
	Actual <sup>1</sup>	Prior Year	to 2021	to 2021	Prior Year
	\$m	Actual <sup>2</sup>	\$m	%	Actual <sup>4</sup>
		\$m			\$m
Core Crown tax revenue	45,428	41,129	4,299	10.5	108,458
Core Crown revenue	49,954	44,609	5,345	12.0	117,516
Core Crown expenses	51,727	52,751	1,024	1.9	125,641
Core Crown residual cash	(19,591)	(16,815)	(2,776)	(16.5)	(27,043)
Net debt <sup>5</sup>	71,797	51,138	(20,659)	(40.4)	61,850
as a percentage of GDP	19.2%	14.8%			17.2%
Gross debt	135,015	115,141	(19,874)	(17.3)	118,950
as a percentage of GDP	36.2%	33.4%			33.1%
Operating balance before gains and losses	(2,438)	(8,353)	5,915	70.8	(9,691)
Operating balance (excluding minority interests)	176	(12,702)	12,878	101.4	(16,932)
Total Borrowings	224,362	188,436	(35,926)	(19.1)	203,965
Net worth attributable to the Crown	167,570	138,728	28,842	20.8	167,036
as a percentage of GDP	44.9%	40.2%			46.5%

1 Using the most recently published GDP (for the year ended 30 September 2022) of \$373,329 million (Source: Stats NZ).

2 Using published GDP (revised) (for the year ended 30 September 2021) of \$345,067 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 (revised) (for the year ended 30 June 2022) of \$359,387 million (Source: Stats NZ).

5 The net debt indicator includes core Crown advances, Crown entity borrowings (excluding Kiwi Group) and the financial assets and borrowings of the New Zealand Super Fund (NZS Fund).



**Core Crown tax revenue** for the five months ended November 2022 was \$4.3 billion (10.5%) above the same period last year. The largest movements came from:

- Source deduction revenue was up \$2.4 billion (14.4%), owing to a stronger labour market, characterised by strong wage growth.
- GST revenue was up \$1.7 billion (17.1%), owing to year-on-year growth in nominal consumption that is in part being driven by the high rate of consumer price inflation.

The drivers of the stronger tax revenue mentioned above also impacted **core Crown tax receipts** which were \$5.0 billion (12.9%), up on the corresponding period last year.

In addition, revenue from interest bearing investments and the New Zealand Emissions Trading Scheme (NZ ETS) were more than the same time last year, driven by an increase in interest rates and the price of New Zealand Units (NZUs). This has contributed to **core Crown revenue** being \$5.3 billion above the same period last year.

**Core Crown expenses** at \$51.7 billion were \$1.0 billion higher than the same period last year. However, the composition of expenses has changed significantly since last year, with the most notable changes include:

- Spending on COVID-19 business support measures like the wage subsidy scheme and resurgence support payments have not been required in the five months of the 2022/23 fiscal year leading to expenses being around \$6.6 billion lower than the same period last year.
- The introduction of the Cost of Living Payment and funding to compensate the National Land Transport Fund from the temporary reduction in fuel excise levies and road user charges have increased expense by around \$1.1 billion since the same period last year.
- Finance costs are up by \$1.3 billion on last year, reflecting increases to interest rates and borrowings.
- Health expenditure was \$1.1 billion higher than last year, reflecting additional funding provided at Budget 2022 and additional cost for the public health response to COVID-19.
- New Zealand Superannuation payments are up by \$0.7 billion, reflecting an increase in the number of recipients and payment rates (which are indexed to wage growth).

The **OBEGAL** deficit has improved by \$5.9 billion from the same time last year primarily owing to the core Crown changes noted above.

The **operating balance** has improved by \$12.9 billion. In addition to the improvements in OBEGAL, the other drivers include:

- Net losses on non-financial instruments were \$0.5 billion this year compared to \$4.2 billion net losses last year which mainly resulted from the actuarial gains on ACC liability of \$0.4 billion compared to last year's \$1.5 billion actuarial losses partly offset by the losses on NZ ETS which were smaller by \$1.9 billion compared to last year.
- Net gains on financial instruments were \$3.0 billion this year compared to \$0.1 billion net gains last year.

The **core Crown residual cash** deficit of \$19.6 billion, was \$2.8 billion more than the cash deficit for 30 November 2021. Net operating cash outflows were \$3.5 billion higher than the previous year, while net capital payments were \$6.2 billion higher than the same period last year.

**Net debt** was \$20.7 billion higher than for the same time last year and as a share of the economy, net debt increased to 19.2% of GDP from 14.8% of GDP a year earlier. The increase in net debt was driven by funding needed to cover the residual cash deficit since November 2021 and losses in financial instruments particularly from the investment portfolio managed by the NZS Fund. In addition, Crown entity borrowings increased primarily due to higher Kāinga Ora borrowings and losses on derivatives held by ACC.

**Net worth attributable to the Crown** was \$167.6 billion (44.9% of GDP) at 30 November 2022, \$28.8 billion higher than at 30 November 2021. This is primarily owing to a stronger starting net worth position for the five months ended 30 November 2022, largely driven by an increase in the property revaluations of \$30.5 billion, offset by a reduction in taxpayers funds due to the operating balance deficits incurred since November 2021.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the five months ended 30 November 2022

Year to 30 June 2022	5 months to 30 Nov 2021		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
107,873	40,890	Taxation revenue	2	45,178	45,069	109	0.2	117,442
8,894	3,465	Other sovereign revenue	2	4,110	4,029	81	2.0	10,328
<b>116,767</b>	<b>44,355</b>	<b>Total sovereign revenue</b>		<b>49,288</b>	<b>49,098</b>	<b>190</b>	<b>0.4</b>	<b>127,770</b>
17,442	6,977	Sales of goods and services		8,655	8,765	(110)	(1.3)	22,397
3,540	1,233	Interest revenue and dividends	3	2,088	2,235	(147)	(6.6)	5,264
3,878	1,356	Other revenue		1,653	1,759	(106)	(6.0)	4,227
<b>24,860</b>	<b>9,566</b>	<b>Total revenue earned through operations</b>		<b>12,396</b>	<b>12,759</b>	<b>(363)</b>	<b>(2.8)</b>	<b>31,888</b>
<b>141,627</b>	<b>53,921</b>	<b>Total revenue (excluding gains)</b>		<b>61,684</b>	<b>61,857</b>	<b>(173)</b>	<b>(0.3)</b>	<b>159,658</b>
		<b>Expenses</b>						
44,087	21,107	Transfer payments and subsidies	4	16,103	16,094	(9)	(0.1)	39,320
32,648	12,963	Personnel expenses		14,216	14,122	(94)	(0.7)	34,163
6,152	2,577	Depreciation		2,675	2,660	(15)	(0.6)	6,622
58,273	22,864	Other operating expenses		25,881	26,703	822	3.1	68,733
3,349	1,017	Interest expenses	5	2,481	2,655	174	6.6	7,223
6,447	1,770	Insurance expenses	6	2,543	2,646	103	3.9	8,220
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(700)	(700)	(100.0)	(6,400)
<b>150,956</b>	<b>62,298</b>	<b>Total expenses (excluding losses)</b>		<b>63,899</b>	<b>64,180</b>	<b>281</b>	<b>0.4</b>	<b>162,861</b>
		<b>Gains/(losses)</b>						
(9,687)	65	Net gains/(losses) on financial instruments		3,045	(2,300)	5,345	232.4	1,071
2,965	(4,153)	Net gains/(losses) on non-financial instruments	8	(463)	1,862	(2,325)	(124.9)	1,779
<b>(6,722)</b>	<b>(4,088)</b>	<b>Total gains/(losses)</b>		<b>2,582</b>	<b>(438)</b>	<b>3,020</b>	<b>-</b>	<b>2,850</b>
		<b>Other interests</b>						
(126)	(46)	Net surplus/(deficit) from associates and joint ventures		32	14	18	128.6	34
(755)	(191)	Less minority interests' share of operating balance		(223)	(194)	(29)	(14.9)	(406)
<b>(16,932)</b>	<b>(12,702)</b>	<b>Operating balance (excluding minority interests)</b>		<b>176</b>	<b>(2,941)</b>	<b>3,117</b>	<b>106.0</b>	<b>(725)</b>
755	191	Minority interests' share of operating balance		223	194	29	14.9	406
<b>(16,177)</b>	<b>(12,511)</b>	<b>Operating balance (including minority interests)</b>		<b>399</b>	<b>(2,747)</b>	<b>3,146</b>	<b>114.5</b>	<b>(319)</b>

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

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the five months ended 30 November 2022

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(16,177)	(12,511)	Operating balance (including minority interest)	399	(2,747)	3,146	114.5	(319)
		<b>Other comprehensive revenue and expense</b>					
30,920	(105)	Revaluation of physical assets	(29)	(14)	(15)	(107.1)	16
		Revaluation of defined benefit retirement plan schemes	507	612	(105)	(17.2)	560
1,615	134						
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	337	Transfers into/(out of) cash flow hedge reserve	175	57	118	207.0	(314)
(23)	(36)	Transfers into/(out of) reserves	(35)	26	(61)	(234.6)	36
		(Gains)/losses transferred to the statement of financial performance	(25)	(66)	41	62.1	(133)
(12)	(90)	Foreign currency translation differences on foreign operations	(2)	(2)	-	-	(2)
39	(90)						
(385)	(207)	Other movements	(239)	(305)	66	21.6	(237)
<b>32,944</b>	<b>(57)</b>	<b>Total other comprehensive revenue and expense</b>	<b>352</b>	<b>308</b>	<b>44</b>	<b>14.3</b>	<b>(74)</b>
<b>16,767</b>	<b>(12,568)</b>	<b>Total comprehensive revenue and expense</b>	<b>751</b>	<b>(2,439)</b>	<b>3,190</b>	<b>130.8</b>	<b>(393)</b>
		<b>Attributable to:</b>					
999	173	- minority interests	217	180	37	20.6	397
15,768	(12,741)	- the Crown	534	(2,619)	3,153	120.4	(790)
<b>16,767</b>	<b>(12,568)</b>	<b>Total comprehensive revenue and expense</b>	<b>751</b>	<b>(2,439)</b>	<b>3,190</b>	<b>130.8</b>	<b>(393)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the five months ended 30 November 2022

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>156,992</b>	<b>157,193</b>	<b>Opening net worth</b>	<b>174,319</b>	<b>174,319</b>	<b>-</b>	<b>-</b>	<b>174,319</b>
(16,177)	(12,511)	Operating balance (including minority interest)	399	(2,747)	3,146	114.5	(319)
30,920	(105)	Revaluations	(29)	(14)	(15)	(107.1)	16
		Revaluations of defined benefit retirement plan schemes	507	612	(105)	(17.2)	560
1,615	134						
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	337	Transfers into/(out of) cash flow hedge reserve	175	57	118	207.0	(314)
(23)	(36)	Transfers into/(out of) other reserves	(35)	26	(61)	(234.6)	36
		(Gains)/losses transferred to the statement of financial performance	(25)	(66)	41	62.1	(133)
(12)	(90)	Foreign currency translation differences on foreign operations	(2)	(2)	-	-	(2)
39	(90)						
(385)	(207)	Other movements	(239)	(305)	66	21.6	(237)
<b>16,767</b>	<b>(12,568)</b>	<b>Total comprehensive revenue and expense</b>	<b>751</b>	<b>(2,439)</b>	<b>3,190</b>	<b>130.8</b>	<b>(393)</b>
949	-	Increase in minority interest from equity issues	43	32	11	34.4	41
(389)	(201)	Transactions with minority interests	(280)	(269)	(11)	(4.1)	(440)
<b>174,319</b>	<b>144,424</b>	<b>Closing net worth</b>	<b>174,833</b>	<b>171,643</b>	<b>3,190</b>	<b>1.9</b>	<b>173,527</b>

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

# STATEMENT OF CASH FLOWS

For the five months ended 30 November 2022

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
102,712	38,477	Taxation receipts		43,276	43,591	(315)	(0.7)	115,968
7,803	3,272	Other sovereign receipts		3,454	3,358	96	2.9	7,895
17,834	7,203	Sales of goods and services		9,229	9,272	(43)	(0.5)	22,236
1,961	698	Interest receipts		1,069	1,334	(265)	(19.9)	3,326
4,802	1,705	Other operating receipts		2,528	2,476	52	2.1	5,740
<b>135,112</b>	<b>51,355</b>	<b>Total cash provided from operations</b>		<b>59,556</b>	<b>60,031</b>	<b>(475)</b>	<b>(0.8)</b>	<b>155,165</b>
		<b>Cash was disbursed to</b>						
44,273	23,110	Transfer payments and subsidies		16,923	16,772	(151)	(0.9)	39,708
92,965	37,254	Personnel and operating payments		43,030	44,105	1,075	2.4	105,309
3,251	1,268	Interest payments		2,131	2,348	217	9.2	6,234
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(700)	(700)	(100.0)	(6,400)
<b>140,489</b>	<b>61,632</b>	<b>Total cash disbursed to operations</b>		<b>62,084</b>	<b>62,525</b>	<b>441</b>	<b>0.7</b>	<b>149,831</b>
<b>(5,377)</b>	<b>(10,277)</b>	<b>Net cash flows from operations</b>		<b>(2,528)</b>	<b>(2,494)</b>	<b>(34)</b>	<b>(1.4)</b>	<b>5,334</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(10,572)	(4,403)	Net (purchase)/sale of physical assets		(5,349)	(5,906)	557	9.4	(19,492)
(4,986)	(5,444)	Net (purchase)/sale of shares and other securities		(2,852)	(7,565)	4,713	62.3	(4,978)
(709)	(381)	Net (purchase)/sale of intangible assets		(401)	(417)	16	3.8	(1,058)
(12,958)	(4,151)	Net (issue)/repayment of advances		(7,960)	(5,655)	(2,305)	(40.8)	(8,821)
(449)	(268)	Net acquisition of investments in associates		56	(259)	315	121.6	(245)
-	-	Forecast new capital spending	7	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	7	-	330	(330)	(100.0)	2,850
<b>(29,674)</b>	<b>(14,647)</b>	<b>Net cash flows from investing activities</b>		<b>(16,506)</b>	<b>(19,472)</b>	<b>2,966</b>	<b>15.2</b>	<b>(33,183)</b>
<b>(35,051)</b>	<b>(24,924)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(19,034)</b>	<b>(21,966)</b>	<b>2,932</b>	<b>13.3</b>	<b>(27,849)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
805	587	Issues of circulating currency		38	(57)	95	166.7	(5)
18,373	12,764	Net issue/(repayment) of Government bonds		11,024	11,310	(286)	(2.5)	19,051
2,259	851	Net issue/(repayment) of foreign currency borrowing		(376)	(2,301)	1,925	83.7	(4,806)
11,879	7,246	Net issue/(repayment) of other New Zealand dollar borrowing		13,099	9,314	3,785	40.6	10,880
898	-	Net issue/(purchase) of equity		-	93	(93)	(100.0)	-
(304)	(206)	Dividends paid to minority interests		(234)	(284)	50	17.6	(354)
<b>33,910</b>	<b>21,242</b>	<b>Net cash flows from financing activities</b>		<b>23,551</b>	<b>18,075</b>	<b>5,476</b>	<b>30.3</b>	<b>24,766</b>
<b>(1,141)</b>	<b>(3,682)</b>	<b>Net movement in cash</b>		<b>4,517</b>	<b>(3,891)</b>	<b>8,408</b>	<b>216.1</b>	<b>(3,083)</b>
18,755	18,755	<b>Opening cash balance</b>		17,835	17,835	-	-	17,835
221	29	Foreign-exchange gains/(losses) on opening cash		(742)	789	(1,531)	(194.0)	927
<b>17,835</b>	<b>15,102</b>	<b>Closing cash balance</b>		<b>21,610</b>	<b>14,733</b>	<b>6,877</b>	<b>46.7</b>	<b>15,679</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the five months ended 30 November 2022

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Reconciliation between the net cash flows from operations and the operating balance</b>							
(5,377)	(10,277)	<b>Net cash flows from operations</b>	(2,528)	(2,494)	(34)	(1.4)	5,334
<b>Gains/(losses) and other interests</b>							
(9,687)	65	Net gains/(losses) on financial instruments	3,045	(2,300)	5,345	232.4	1,071
2,965	(4,153)	Net gains/(losses) on non-financial instruments	(463)	1,862	(2,325)	(124.9)	1,779
(126)	(46)	Net surplus from associates and joint ventures	32	14	18	128.6	34
<b>(6,848)</b>	<b>(4,134)</b>	<b>Total gains/(losses) and other interests</b>	<b>2,614</b>	<b>(424)</b>	<b>3,038</b>	<b>-</b>	<b>2,884</b>
<b>Other non-cash items in operating balance</b>							
(6,152)	(2,577)	Depreciation	(2,675)	(2,660)	(15)	(0.6)	(6,622)
		Amortisation and net impairment of non-financial assets	(764)	(778)	(14)	(1.8)	(1,359)
(858)	(215)	Cost of concessionary lending	(245)	(244)	(1)	(0.4)	(1,012)
(38)	(17)	Impairment of financial assets (excl receivables)	(73)	(76)	3	3.9	(81)
(1,696)	1,665	Decrease/(increase) in insurance liabilities	1,192	1,149	43	3.7	(2,523)
790	95	Change in accumulating pension expenses	273	328	(55)	(16.8)	812
-	-	Emissions trading scheme revenue and expense	(947)	156	(1,103)	-	-
45	191	Other	-	-	-	-	-
<b>(7,685)</b>	<b>(1,228)</b>	<b>Total other non-cash items</b>	<b>(3,239)</b>	<b>(2,125)</b>	<b>(1,114)</b>	<b>(53.7)</b>	<b>(10,785)</b>
<b>Movements in working capital</b>							
5,027	370	Increase/(decrease) in receivables	619	(107)	726	-	1,488
197	366	Increase/(decrease) in accrued interest	41	(17)	58	341.2	(256)
874	167	Increase/(decrease) in inventories	194	79	115	145.6	52
303	937	Increase/(decrease) in prepayments	535	463	72	15.6	(48)
(819)	(80)	Decrease/(increase) in deferred revenue	(437)	(302)	(135)	(44.7)	19
(1,849)	1,368	Decrease/(increase) in payables/provisions	2,600	2,180	420	19.3	993
<b>3,733</b>	<b>3,128</b>	<b>Total movements in working capital</b>	<b>3,552</b>	<b>2,296</b>	<b>1,256</b>	<b>54.7</b>	<b>2,248</b>
<b>(16,177)</b>	<b>(12,511)</b>	<b>Operating balance (including minority interests)</b>	<b>399</b>	<b>(2,747)</b>	<b>3,118</b>	<b>113.5</b>	<b>(319)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 November 2022

As at 30 June 2022 Actual \$m	As at 30 Nov 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
17,835	15,102	Cash and cash equivalents	9	21,610	14,733	6,877	46.7	15,679
35,135	28,078	Receivables	9	35,492	34,990	502	1.4	36,498
65,456	59,834	Marketable securities, deposits and derivatives in gain	9	68,182	68,776	(594)	(0.9)	65,363
46,261	53,796	Share investments	9	44,070	43,873	197	0.4	45,429
54,659	50,303	Advances	9	62,765	61,518	1,247	2.0	64,582
6,096	4,722	Investments in controlled enterprises	9	6,569	6,862	(293)	(4.3)	7,382
3,068	2,361	Inventory		3,262	3,147	115	3.7	3,120
4,208	4,552	Other assets		4,944	4,919	25	0.5	4,224
249,182	215,779	Property, plant and equipment	10	251,457	251,828	(371)	(0.1)	260,306
16,247	14,667	Equity accounted investments <sup>1</sup>		16,440	16,482	(42)	(0.3)	16,695
3,697	3,599	Intangible assets and goodwill		3,844	3,849	(5)	(0.1)	3,931
-	-	Forecast for new capital spending	7	-	-	-	-	1,439
-	-	Top-down capital adjustment	7	-	(330)	330	100.0	(2,850)
<b>501,844</b>	<b>452,793</b>	<b>Total assets</b>		<b>518,635</b>	<b>510,647</b>	<b>7,988</b>	<b>1.6</b>	<b>521,798</b>
<b>Liabilities</b>								
9,061	8,843	Issued currency		9,099	9,004	(95)	(1.1)	9,056
21,420	15,400	Payables	11	18,679	16,829	(1,850)	(11.0)	17,355
3,368	2,630	Deferred revenue		3,805	3,670	(135)	(3.7)	3,348
203,965	188,436	Borrowings	12	224,362	224,534	172	0.1	229,918
11,308	9,207	New Zealand Emissions Trading Scheme	13	12,255	12,378	123	1.0	12,837
55,301	60,156	Insurance liabilities	14	53,718	51,051	(2,667)	(5.2)	54,762
8,769	10,581	Retirement plan liabilities		8,168	7,972	(196)	(2.5)	7,835
14,333	13,116	Provisions	15	13,716	13,566	(150)	(1.1)	13,160
<b>327,525</b>	<b>308,369</b>	<b>Total liabilities</b>		<b>343,802</b>	<b>339,004</b>	<b>(4,798)</b>	<b>(1.4)</b>	<b>348,271</b>
<b>174,319</b>	<b>144,424</b>	<b>Total assets less total liabilities</b>		<b>174,833</b>	<b>171,643</b>	<b>3,190</b>	<b>1.9</b>	<b>173,527</b>
<b>Net worth</b>								
2,681	7,003	Taxpayers' funds	16	2,708	(515)	3,223	-	1,757
164,385	133,862	Property, plant and equipment revaluation reserve	16	164,274	164,326	(52)	-	164,372
55	(1,427)	Defined benefit retirement plan revaluation reserve	16	561	667	(106)	(15.9)	615
(566)	(659)	Veterans' disability entitlements reserve	16	(566)	(566)	-	-	(566)
481	(51)	Other reserves	16	593	505	88	17.4	68
<b>167,036</b>	<b>138,728</b>	<b>Total net worth attributable to the Crown</b>		<b>167,570</b>	<b>164,417</b>	<b>3,153</b>	<b>1.9</b>	<b>166,246</b>
7,283	5,696	Net worth attributable to minority interest	16	7,263	7,226	37	0.5	7,281
<b>174,319</b>	<b>144,424</b>	<b>Total net worth</b>		<b>174,833</b>	<b>171,643</b>	<b>3,190</b>	<b>1.9</b>	<b>173,527</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 five months ended 30 November 2022

	Current Year Actual vs Forecast									
	Core Crown		Crown entities <sup>1</sup>		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	45,428	45,350	-	-	-	-	(250)	(281)	45,178	45,069
Other sovereign revenue	2,090	2,042	2,928	2,925	-	-	(908)	(938)	4,110	4,029
Revenue from core Crown funding	-	-	18,376	18,325	298	317	(18,674)	(18,642)	-	-
Sales of goods and services	667	693	1,434	1,439	6,843	6,901	(289)	(268)	8,655	8,765
Interest and dividend revenue	1,364	1,242	759	1,569	559	23	(594)	(599)	2,088	2,235
Other revenue	405	441	2,407	3,030	314	344	(1,473)	(2,056)	1,653	1,759
<b>Total Revenue (excluding gains)</b>	<b>49,954</b>	<b>49,768</b>	<b>25,904</b>	<b>27,288</b>	<b>8,014</b>	<b>7,585</b>	<b>(22,188)</b>	<b>(22,784)</b>	<b>61,684</b>	<b>61,857</b>
<b>Expenses</b>										
Transfer payments and subsidies	16,596	16,639	-	-	-	-	(493)	(545)	16,103	16,094
Personnel expenses	4,265	4,211	8,582	8,682	1,394	1,248	(25)	(19)	14,216	14,122
Other operating expenses	28,658	28,898	14,722	15,678	5,916	6,058	(20,740)	(21,271)	28,556	29,363
Interest expenses	2,208	1,935	182	689	364	166	(273)	(135)	2,481	2,655
Insurance expenses	2	2	2,537	2,641	4	4	-	-	2,543	2,646
Forecast new operating spending and top-down adjustment	-	(700)	-	-	-	-	-	-	-	(700)
<b>Total Expenses (excluding losses)</b>	<b>51,729</b>	<b>50,985</b>	<b>26,023</b>	<b>27,690</b>	<b>7,678</b>	<b>7,476</b>	<b>(21,531)</b>	<b>(21,970)</b>	<b>63,899</b>	<b>64,180</b>
Gains/(losses) and other items	1,232	(3,009)	1,184	2,098	(3)	(206)	(22)	500	2,391	(618)
<b>Operating Balance (excluding minority interests)</b>	<b>(543)</b>	<b>(4,226)</b>	<b>1,065</b>	<b>1,696</b>	<b>333</b>	<b>(97)</b>	<b>(679)</b>	<b>(314)</b>	<b>176</b>	<b>(2,941)</b>
<b>Assets</b>										
Financial assets	161,725	155,769	94,740	92,640	8,722	8,042	(26,499)	(25,698)	238,688	230,752
Property, plant and equipment	56,795	56,825	147,303	147,216	47,359	47,787	-	1	251,457	251,828
Investments in associates, CEs and SOEs	62,548	62,696	14,317	14,304	372	428	(60,797)	(60,946)	16,440	16,482
Other assets	5,965	5,957	3,586	3,585	3,104	2,903	(605)	(530)	12,050	11,915
Forecast and top-down capital adjustments	-	(330)	-	-	-	-	-	-	-	(330)
<b>Total Assets</b>	<b>287,033</b>	<b>280,917</b>	<b>259,946</b>	<b>257,745</b>	<b>59,557</b>	<b>59,160</b>	<b>(87,901)</b>	<b>(87,173)</b>	<b>518,635</b>	<b>510,647</b>
<b>Liabilities</b>										
Borrowings	190,149	190,718	44,951	45,142	12,048	11,680	(22,786)	(23,006)	224,362	224,534
Other liabilities	51,670	48,525	68,116	65,424	10,566	10,651	(10,912)	(10,130)	119,440	114,470
<b>Total Liabilities</b>	<b>241,819</b>	<b>239,243</b>	<b>113,067</b>	<b>110,566</b>	<b>22,614</b>	<b>22,331</b>	<b>(33,698)</b>	<b>(33,136)</b>	<b>343,802</b>	<b>339,004</b>
<b>Net Worth</b>	<b>45,214</b>	<b>41,674</b>	<b>146,879</b>	<b>147,179</b>	<b>36,943</b>	<b>36,829</b>	<b>(54,203)</b>	<b>(54,037)</b>	<b>174,833</b>	<b>171,643</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>1,675</b>	<b>1,782</b>	<b>2,658</b>	<b>2,740</b>	<b>1,108</b>	<b>1,408</b>	<b>-</b>	<b>-</b>	<b>5,441</b>	<b>5,930</b>

1. Kiwi Group Capital is reported in the Crown entities segment due to the acquisition on 30 November 2022 of Kiwi Group Holdings Limited by Kiwi Group Capital Limited.

However, the operating activity up to 30 November 2022 is reported in the State-owned Enterprises segment. For preparing the forecast it was assumed that operating activities of Kiwi Group Capital for the full year would be reported in the Crown entities segment. Refer to the commentary for further details on the transaction.

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

## STATEMENT OF COMMITMENTS

As at 30 November 2022

	As at 30 Nov 2022 \$m	As at 30 Jun 2022 \$m	As at 30 Nov 2021 \$m
<b>Capital Commitments</b>			
State highways	2,380	2,380	2,745
Specialist military equipment	1,710	2,169	2,455
Land and buildings	6,388	7,249	6,133
Other property, plant and equipment	5,125	5,192	4,473
Other capital commitments	855	1,045	928
Universities and Wānanga	763	763	875
<b>Total capital commitments</b>	<b>17,221</b>	<b>18,798</b>	<b>17,609</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,260	5,645	5,291
Other non-cancellable leases	3,089	3,184	3,854
Universities and Wānanga	1,279	1,279	1,137
<b>Total operating commitments</b>	<b>9,628</b>	<b>10,108</b>	<b>10,282</b>
<b>Total commitments</b>	<b>26,849</b>	<b>28,906</b>	<b>27,891</b>
<b>Total Commitments by Segment</b>			
Core Crown	11,433	11,979	13,814
Crown entities	8,714	10,107	9,097
State-owned Enterprises	7,002	7,131	6,896
Inter-segment eliminations	(300)	(311)	(1,916)
<b>Total commitments</b>	<b>26,849</b>	<b>28,906</b>	<b>27,891</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 November 2022

	As at 30 Nov 2022 \$m	As at 30 Jun 2022 \$m	As at 30 Nov 2021 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	9,083	9,198	8,641
Guarantees and indemnities	344	387	344
Legal proceedings and disputes	720	553	313
Other contingent liabilities	811	778	860
<b>Total quantifiable contingent liabilities</b>	<b>10,958</b>	<b>10,916</b>	<b>10,158</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	10,200	10,366	9,832
Crown entities	570	392	157
State-owned Enterprises	226	206	264
Inter-segment eliminations	(38)	(48)	(95)
<b>Total quantifiable contingent liabilities</b>	<b>10,958</b>	<b>10,916</b>	<b>10,158</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	29	26	37
Crown entities	25	37	21
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>54</b>	<b>63</b>	<b>58</b>

For further detail a list of unquantifiable contingent liabilities and their descriptions is included on the Treasury's website as part of the *HYEFU 2022*, pages 98 to 109.

*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 have been prepared in accordance with the Public Finance Act 1989 and with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as defined in the Financial Reporting Act 2013.

Entities included in the consolidated financial statements of the Government Reporting Entity Judgement is required to determine what entities are controlled and therefore consolidated in financial statements. The Government Reporting Entity is defined as the Sovereign in right of New Zealand and the legislative, executive, and judicial branches of the Government of New Zealand. The Government Reporting Entity is assessed as controlling another entity when it is exposed to, or has rights to, variable benefits from its involvement with that entity and can affect the nature or amount of those benefits through the exercise of its power over that entity.

### Basis of combination

These financial statements consolidate the following entities into the Government Reporting Entity:

#### Core Crown entities

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown Entities (including Kiwi Group Capital Limited (which in turn includes Kiwibank), excluding Universities and Wānanga)

#### Other entities

- State-owned Enterprises
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Christ Church Cathedral Reinstatement Trust
- Venture Capital Fund
- Organisations listed in Schedule 4 and 4A (non-listed companies in which the Crown is majority or sole shareholder) of the Public Finance Act 1989
- Organisations listed in Schedule 5 (Mixed ownership model companies) of the Public Finance Act 1989
- Legal entities listed in Schedule 6 (Legal entities created by Treaty of Waitangi Settlement Acts) of the Public Finance Act 1989

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.

These financial statements include the acquisition on 30 November 2022 of Kiwi Group Holdings Limited by Kiwi Group Capital Limited, a new Crown Entity. Kiwi Group Capital Limited purchased those shares from New Zealand Post Limited, the NZ Super Fund and ACC. The Crown provided funding of \$2.1 billion to Kiwi Group Capital Limited to purchase shares. As all the parties to this transaction are within the Government Reporting entity there are no changes to the consolidated Statement of Financial Performance and the consolidated Statement of Financial Position. However, the financial performance of Kiwi Group Holdings Limited from 1 July 2022 until 30 November 2022 is included in the State-owned Enterprise reporting segment and the assets and liabilities of that company at 30 November 2022 are included in the Crown Entities reporting segment (prior to that date these assets and liabilities were recorded in the State-owned Enterprise reporting segment).

For further detail a schedule of the entities that are included in the Government reporting entity was set out on pages 59 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2022* published on 5 October 2022.

The 30 June 2022 results 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 2023, based on the *HYEFU 2022* published on 14 December 2022.

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.

At 30 June 2022 an adjustment was made to reflect the IFRS Interpretation Committee agenda decision “Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)”. In 2022 this change resulted in previously capitalised intangible assets being recognised as an expense. This change is reflected in all periods except for the five months ended 30 November 2021. This change was not considered to be material for the comparative period.

## **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 62 to 66 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2022* published on 5 October 2022.

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation revenue</b>							
<b>Individuals</b>							
42,448	16,805	Source deductions	19,225	19,203	22	0.1	47,377
11,120	3,819	Other persons	3,742	3,774	(32)	(0.8)	11,533
(1,739)	(590)	Refunds	(679)	(683)	4	0.6	(1,883)
684	261	Fringe benefit tax	291	293	(2)	(0.7)	714
<b>52,513</b>	<b>20,295</b>	<b>Total individuals</b>	<b>22,579</b>	<b>22,587</b>	<b>(8)</b>	<b>-</b>	<b>57,741</b>
<b>Corporate tax</b>							
20,010	6,448	Gross companies tax	6,754	6,642	112	1.7	21,307
(630)	(152)	Refunds	(243)	(214)	(29)	(13.6)	(526)
516	210	Non-resident withholding tax	212	187	25	13.4	522
<b>19,896</b>	<b>6,506</b>	<b>Total corporate tax</b>	<b>6,723</b>	<b>6,615</b>	<b>108</b>	<b>1.6</b>	<b>21,303</b>
<b>Other direct income tax</b>							
842	269	Resident withholding tax on interest income	566	552	14	2.5	1,414
1,108	380	Resident withholding tax on dividend income	420	435	(15)	(3.4)	1,146
<b>1,950</b>	<b>649</b>	<b>Total other direct income tax</b>	<b>986</b>	<b>987</b>	<b>(1)</b>	<b>(0.1)</b>	<b>2,560</b>
<b>74,359</b>	<b>27,450</b>	<b>Total direct income tax</b>	<b>30,288</b>	<b>30,189</b>	<b>99</b>	<b>0.3</b>	<b>81,604</b>
<b>Goods and services tax</b>							
43,044	17,075	Gross goods and services tax	20,049	20,069	(20)	(0.1)	47,381
(16,920)	(6,839)	Refunds	(8,066)	(8,077)	11	0.1	(18,499)
<b>26,124</b>	<b>10,236</b>	<b>Total goods and services tax</b>	<b>11,983</b>	<b>11,992</b>	<b>(9)</b>	<b>(0.1)</b>	<b>28,882</b>
<b>Other indirect taxation</b>							
1,749	762	Petroleum fuels excise and duty <sup>1</sup>	535	530	5	0.9	1,459
1,866	826	Tobacco excise and duty <sup>1</sup>	936	907	29	3.2	1,923
1,840	781	Road and track user charges	543	534	9	1.7	1,458
1,241	563	Alcohol excise and duty <sup>1</sup>	575	599	(24)	(4.0)	1,354
178	74	Other customs duty	84	83	1	1.2	177
516	198	Miscellaneous indirect tax	234	235	(1)	(0.4)	585
<b>7,390</b>	<b>3,204</b>	<b>Total other indirect taxation</b>	<b>2,907</b>	<b>2,888</b>	<b>19</b>	<b>0.7</b>	<b>6,956</b>
<b>33,514</b>	<b>13,440</b>	<b>Total indirect taxation</b>	<b>14,890</b>	<b>14,880</b>	<b>10</b>	<b>0.1</b>	<b>35,838</b>
<b>107,873</b>	<b>40,890</b>	<b>Total taxation revenue</b>	<b>45,178</b>	<b>45,069</b>	<b>109</b>	<b>0.2</b>	<b>117,442</b>
<b>Other sovereign revenue</b>							
3,461	1,330	ACC levies	1,546	1,535	11	0.7	3,705
3,006	1,088	Emissions trading revenue	1,441	1,436	5	0.3	4,015
638	271	Fire Service levies	281	278	3	1.1	651
528	219	EQC levies	225	224	1	0.4	598
25	-	Clean vehicle discount	68	62	6	9.7	133
287	173	Child support and working for families penalties	98	100	(2)	(2.0)	244
100	44	Court fines	44	43	1	2.3	115
849	340	Other miscellaneous items	407	351	56	16.0	867
<b>8,894</b>	<b>3,465</b>	<b>Total other sovereign revenue</b>	<b>4,110</b>	<b>4,029</b>	<b>81</b>	<b>2.0</b>	<b>10,328</b>
<b>116,767</b>	<b>44,355</b>	<b>Total sovereign revenue</b>	<b>49,288</b>	<b>49,098</b>	<b>190</b>	<b>0.4</b>	<b>127,770</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Receipts (continued)</b>							
<b>Taxation Receipts (cash)</b>							
<b>Individuals</b>							
42,436	16,730	Source deductions	18,851	18,946	(95)	(0.5)	47,121
9,723	2,747	Other persons	3,097	3,101	(4)	(0.1)	11,761
(2,423)	(880)	Refunds	(870)	(875)	5	0.6	(2,444)
674	307	Fringe benefit tax	337	344	(7)	(2.0)	714
<b>50,410</b>	<b>18,904</b>	<b>Total individuals</b>	<b>21,415</b>	<b>21,516</b>	<b>(101)</b>	<b>(0.5)</b>	<b>57,152</b>
<b>Corporate Tax</b>							
18,343	6,283	Gross companies tax	7,639	7,864	(225)	(2.9)	21,838
(1,317)	(437)	Refunds	(645)	(648)	3	0.5	(1,509)
529	257	Non-resident withholding tax	261	227	34	15.0	522
<b>17,555</b>	<b>6,103</b>	<b>Total corporate tax</b>	<b>7,255</b>	<b>7,443</b>	<b>(188)</b>	<b>(2.5)</b>	<b>20,851</b>
<b>Other Direct Income Tax</b>							
813	286	Resident withholding tax on interest income	544	539	5	0.9	1,414
1,098	459	Resident withholding tax on dividend income	495	509	(14)	(2.8)	1,136
<b>1,911</b>	<b>745</b>	<b>Total other direct income tax</b>	<b>1,039</b>	<b>1,048</b>	<b>(9)</b>	<b>(0.9)</b>	<b>2,550</b>
<b>69,876</b>	<b>25,752</b>	<b>Total income tax</b>	<b>29,709</b>	<b>30,007</b>	<b>(298)</b>	<b>(1.0)</b>	<b>80,553</b>
<b>Goods and Services Tax</b>							
41,973	16,134	Gross goods and services tax	18,314	18,440	(126)	(0.7)	46,634
(16,473)	(6,548)	Refunds	(7,573)	(7,705)	132	1.7	(18,239)
<b>25,500</b>	<b>9,586</b>	<b>Total goods and services tax</b>	<b>10,741</b>	<b>10,735</b>	<b>6</b>	<b>0.1</b>	<b>28,395</b>
<b>Other Indirect Taxation</b>							
1,853	777	Road and track user charges	543	534	9	1.7	1,468
1,630	721	Excise duties	288	298	(10)	(3.4)	826
3,360	1,457	Customs duty	1,734	1,767	(33)	(1.9)	4,151
493	184	Miscellaneous indirect taxation	261	250	11	4.4	575
<b>7,336</b>	<b>3,139</b>	<b>Total other indirect taxation</b>	<b>2,826</b>	<b>2,849</b>	<b>(23)</b>	<b>(0.8)</b>	<b>7,020</b>
<b>32,836</b>	<b>12,725</b>	<b>Total indirect taxation</b>	<b>13,567</b>	<b>13,584</b>	<b>(17)</b>	<b>(0.1)</b>	<b>35,415</b>
<b>102,712</b>	<b>38,477</b>	<b>Total tax receipts collected</b>	<b>43,276</b>	<b>43,591</b>	<b>(315)</b>	<b>(0.7)</b>	<b>115,968</b>
<b>Other Sovereign Receipts (cash)</b>							
3,363	1,623	ACC levies	1,803	1,848	(45)	(2.4)	3,565
2,096	637	Emissions trading receipts	562	410	152	37.1	1,767
634	283	Fire Service levies	298	293	5	1.7	651
530	232	EQC levies	235	233	2	0.9	546
25	-	Clean vehicle discount	68	62	6	9.7	133
212	68	Child support and working for families penalties	95	107	(12)	(11.2)	250
110	49	Court fines	49	49	-	-	115
833	380	Other miscellaneous items	344	356	(12)	(3.4)	868
<b>7,803</b>	<b>3,272</b>	<b>Total other sovereign receipts</b>	<b>3,454</b>	<b>3,358</b>	<b>96</b>	<b>2.9</b>	<b>7,895</b>
<b>110,515</b>	<b>41,749</b>	<b>Total sovereign receipts</b>	<b>46,730</b>	<b>46,949</b>	<b>(219)</b>	<b>(0.5)</b>	<b>123,863</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>

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 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>							
2,292	812	Interest revenue	1,479	1,589	(110)	(6.9)	4,069
1,248	421	Dividends	609	646	(37)	(5.7)	1,195
<b>3,540</b>	<b>1,233</b>	<b>Total interest revenue and dividends</b>	<b>2,088</b>	<b>2,235</b>	<b>(147)</b>	<b>(6.6)</b>	<b>5,264</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
17,764	7,278	New Zealand superannuation	7,956	7,959	3	-	19,530
3,330	1,376	Jobseeker support and emergency benefit	1,410	1,410	-	-	3,434
2,386	988	Accommodation assistance	982	985	3	0.3	2,343
2,047	840	Supported living payment	943	944	1	0.1	2,302
2,017	805	Family tax credit	855	875	20	2.3	2,240
1,704	669	Sole parent support	784	785	1	0.1	1,917
-	-	Cost of living payment	538	510	(28)	(5.5)	800
513	309	Winter energy payment	311	311	-	-	518
964	405	KiwiSaver subsidies	426	426	-	-	1,035
556	295	Student allowances	277	281	4	1.4	570
497	198	Hardship assistance	229	229	-	-	581
827	236	Official development assistance	190	203	13	6.4	1,073
519	200	Other working for families tax credits	180	196	16	8.2	537
412	173	Disability allowances	177	177	-	-	428
313	123	Orphan's/unsupported child's benefit	140	139	(1)	(0.7)	348
308	119	Best start	124	130	6	4.6	347
145	53	Income related rent subsidy	61	55	(6)	(10.9)	133
4,019	2,097	COVID-19 resurgence and support payment	-	-	-	-	-
4,689	4,475	Wage Subsidy Scheme	-	-	-	-	-
1,077	468	Other social assistance benefits	520	479	(41)	(8.6)	1,184
<b>44,087</b>	<b>21,107</b>	<b>Total transfer payments and subsidies</b>	<b>16,103</b>	<b>16,094</b>	<b>(9)</b>	<b>(2)</b>	<b>39,320</b>
<b>NOTE 5: Finance Costs</b>							
3,251	999	Interest on financial liabilities	2,327	2,474	147	5.9	6,844
98	18	Interest unwind on provisions and other interest	154	181	27	14.9	379
<b>3,349</b>	<b>1,017</b>	<b>Total finance costs</b>	<b>2,481</b>	<b>2,655</b>	<b>174</b>	<b>6.6</b>	<b>7,223</b>
<b>NOTE 6: Insurance Expenses</b>							
5,833	1,689	ACC	2,399	2,491	92	3.7	7,839
496	76	EQC	119	132	13	9.8	324
92	(8)	Southern Response	(6)	(6)	-	-	(14)
26	13	Other insurance expenses	31	29	(2)	(6.9)	71
<b>6,447</b>	<b>1,770</b>	<b>Total insurance expenses</b>	<b>2,543</b>	<b>2,646</b>	<b>103</b>	<b>3.9</b>	<b>8,220</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 2022 and previous Budgets that has yet to be allocated to appropriations for departments.



# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Nov 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>							
6,730	(1,485)	Actuarial gains/(losses) on ACC liability	391	3,101	(2,710)	(87.4)	3,062
(4,917)	(3,000)	Gains/(losses) on the Emissions Trading Scheme	(1,083)	(1,226)	143	11.7	(1,432)
1,152	332	Other <sup>1</sup>	229	(13)	242	-	149
<b>2,965</b>	<b>(4,153)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(463)</b>	<b>1,862</b>	<b>(2,325)</b>	<b>(124.9)</b>	<b>1,779</b>

1. Includes gains realised by Kiwi Group Holdings Limited from the sale to a third party of 100% of the shares in Kiwi Wealth Management Limited.

<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
17,835	15,102	Cash and cash equivalents	21,610	14,733	6,877	46.7	15,679
20,076	17,682	Tax receivables	22,236	21,565	671	3.1	21,023
15,059	10,396	Other receivables	13,256	13,425	(169)	(1.3)	15,475
27,786	26,669	Kiwi Group loans and advances	28,760	28,714	46	0.2	30,002
9,209	10,534	Student loans	8,956	8,952	4	-	8,846
11,277	5,216	Funding for Lending advances	17,818	16,222	1,596	9.8	17,608
6,387	7,884	Other advances	7,231	7,630	(399)	(5.2)	8,126
46,261	53,796	Share investments	44,070	43,873	197	0.4	45,429
6,096	4,722	Investments in controlled enterprises	6,569	6,862	(293)	(4.3)	7,382
45,045	43,923	Other marketable securities	45,055	46,797	(1,742)	(3.7)	44,002
8,444	5,655	Long-term deposits	8,379	8,518	(139)	(1.6)	8,614
6,643	5,203	Derivatives in gain	9,442	7,864	1,578	20.1	7,150
5,324	5,053	IMF financial assets	5,306	5,597	(291)	(5.2)	5,597
<b>225,442</b>	<b>211,835</b>	<b>Total financial assets and sovereign receivables</b>	<b>238,688</b>	<b>230,752</b>	<b>7,936</b>	<b>3.4</b>	<b>234,933</b>
<b>Financial assets by entity</b>							
54,178	56,585	The Treasury	50,963	51,582	(619)	(1.2)	40,443
60,590	51,666	Reserve Bank of New Zealand	72,819	70,473	2,346	3.3	66,952
65,411	63,647	NZ Superannuation Fund	65,343	63,118	2,225	3.5	66,897
42,846	38,289	Other core Crown	45,142	43,910	1,232	2.8	43,003
(73,598)	(70,439)	Intra-segment eliminations	(72,542)	(73,314)	772	1.1	(57,687)
<b>149,427</b>	<b>139,748</b>	<b>Total core Crown segment</b>	<b>161,725</b>	<b>155,769</b>	<b>5,956</b>	<b>3.8</b>	<b>159,608</b>
50,041	53,311	ACC	50,141	48,795	1,346	2.8	50,929
541	531	EQC	535	519	16	3.1	627
-	-	Kiwi Group loans and advances <sup>1</sup>	28,760	28,714	46	0	30,002
17,547	15,976	Other Crown entities	48,476	47,687	789	1.7	20,382
(4,318)	(4,339)	Intra-segment eliminations	(4,412)	(4,361)	(51)	(1.2)	(3,069)
<b>63,811</b>	<b>65,479</b>	<b>Total Crown entities segment</b>	<b>94,740</b>	<b>92,640</b>	<b>2,100</b>	<b>2.3</b>	<b>98,871</b>
<b>38,443</b>	<b>33,884</b>	<b>Total State-owned Enterprises segment<sup>1</sup></b>	<b>8,722</b>	<b>8,042</b>	<b>680</b>	<b>8.5</b>	<b>6,495</b>
(26,239)	(27,276)	Inter-segment eliminations	(26,499)	(25,699)	(800)	(3.1)	(30,041)
<b>225,442</b>	<b>211,835</b>	<b>Total financial assets and sovereign receivables</b>	<b>238,688</b>	<b>230,752</b>	<b>7,936</b>	<b>3.4</b>	<b>234,933</b>

1. The 30 June 2022 and 30 November 2021 actuals represent Kiwi Group Holdings (KGH) loans and advances, which were reported within the State-owned Enterprise segment. For the 30 November 2022 actuals and the forecast, the assets of KGH are transferred to a newly incorporated Schedule 4A company, called Kiwi Group Capital (Kiwi Group), which is reported in the Crown entity segment.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Nov 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>1</sup></b>							
<b>By class of asset:</b>							
84,744	70,455	Land	84,952	85,295	(343)	(0.4)	86,141
59,781	53,984	Buildings	61,501	61,380	121	0.2	65,505
51,915	43,183	State highways	52,274	52,144	130	0.2	53,679
19,027	18,603	Electricity generation assets	18,655	18,720	(65)	(0.3)	18,897
4,353	4,318	Electricity distribution network (cost)	4,379	4,173	206	4.9	4,206
4,220	3,595	Aircraft (excl military)	4,226	4,259	(33)	(0.8)	4,322
4,293	3,879	Specialist military equipment	4,280	4,339	(59)	(1.4)	5,060
3,254	3,158	Specified cultural and heritage assets	3,151	3,154	(3)	(0.1)	3,190
10,583	7,406	Rail network	10,688	10,774	(86)	(0.8)	11,013
7,012	7,198	Other plant and equipment (cost)	7,351	7,590	(239)	(3.1)	8,293
<b>249,182</b>	<b>215,779</b>	<b>Total net carrying value</b>	<b>251,457</b>	<b>251,828</b>	<b>(371)</b>	<b>(0.1)</b>	<b>260,306</b>
<b>Land breakdown by usage</b>							
32,802	25,809	Housing stock	32,854	33,200	(346)	(1.0)	33,608
23,486	18,457	State highway corridor land	23,475	23,486	(11)	-	23,418
7,826	7,158	Conservation estate	7,826	7,807	19	0.2	7,815
7,478	7,143	Schools	7,556	7,528	28	0.4	7,563
4,309	3,819	Rail network corridor land	4,323	4,366	(43)	(1.0)	4,377
1,582	1,257	Commercial (SOE) excluding rail	1,591	1,591	-	-	1,636
7,261	6,812	Other	7,327	7,317	10	0.1	7,724
<b>84,744</b>	<b>70,455</b>	<b>Total land</b>	<b>84,952</b>	<b>85,295</b>	<b>(343)</b>	<b>(0.4)</b>	<b>86,141</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
231,234	231,234	Opening balance	268,071	268,071	-	-	268,071
12,880	5,432	Additions	5,166	5,154	12	0.2	17,686
(2,011)	(419)	Disposals	(156)	(50)	(106)	(212.0)	(323)
26,271	(68)	Net revaluations	144	136	8	5.9	97
(303)	10	Other	(283)	(105)	(178)	(169.5)	(144)
<b>268,071</b>	<b>236,189</b>	<b>Total cost or valuation</b>	<b>272,942</b>	<b>273,206</b>	<b>(264)</b>	<b>(0.1)</b>	<b>285,387</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
18,018	18,018	Opening balance	18,889	18,889	-	-	18,889
(1,039)	(314)	Eliminated on disposal	(92)	(26)	(66)	(253.8)	(688)
(3,377)	-	Eliminated on revaluation	2	(109)	111	102	-
(851)	-	Impairment losses charged to operating balance	312	312	-	-	312
6,152	2,577	Depreciation expense and impairment losses	2,675	2,660	15	0.6	6,622
(14)	129	Other	(301)	(348)	47	13.5	(54)
<b>18,889</b>	<b>20,410</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>21,485</b>	<b>21,378</b>	<b>107</b>	<b>0.5</b>	<b>25,081</b>
<b>249,182</b>	<b>215,779</b>	<b>Total property, plant and equipment</b>	<b>251,457</b>	<b>251,828</b>	<b>(371)</b>	<b>(0.1)</b>	<b>260,306</b>

1. Using a revaluation methodology unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Nov 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
15,933	10,547	Accounts payable	13,307	11,634	(1,673)	(14.4)	11,604
5,487	4,853	Taxes repayable	5,372	5,195	(177)	(3.4)	5,751
<b>21,420</b>	<b>15,400</b>	<b>Total payables</b>	<b>18,679</b>	<b>16,829</b>	<b>(1,850)</b>	<b>(11.0)</b>	<b>17,355</b>
<b>NOTE 12: Borrowings</b>							
89,489	83,593	Government bonds	98,662	97,807	(855)	(0.9)	104,544
23,709	26,184	Kiwi Group	27,935	28,046	110	0.4	29,253
43,521	35,865	Settlement deposits	50,884	49,789	(1,095)	(2.2)	47,740
3,487	7,584	Treasury bills	2,890	2,677	(213)	(8.0)	2,919
10,275	6,850	Derivatives in loss	7,951	14,519	6,568	45.2	13,845
1,177	1,202	Finance lease liabilities	1,295	1,241	(54)	(4.4)	1,140
152	165	Government retail stock	145	148	3	2.0	148
32,155	26,993	Other borrowings	34,600	30,307	(4,292)	(14.2)	30,329
<b>203,965</b>	<b>188,436</b>	<b>Total borrowings</b>	<b>224,362</b>	<b>224,534</b>	<b>172</b>	<b>0.1</b>	<b>229,918</b>
153,263	141,051	Sovereign-guaranteed debt	173,060	173,142	82	-	176,536
50,702	47,385	Non sovereign-guaranteed debt	51,302	51,392	90	0.2	53,382
<b>203,965</b>	<b>188,436</b>	<b>Total borrowings</b>	<b>224,362</b>	<b>224,534</b>	<b>172</b>	<b>0.1</b>	<b>229,918</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: New Zealand Emissions Trading Scheme</b>							
5,824	5,824	Opening liability	11,308	11,308	-	-	11,308
2,096	637	Units sold	562	410	(152)	(37.1)	1,767
1,489	561	Allocated units	819	825	6	0.7	2,396
(3,006)	(1,068)	Units surrendered	(1,441)	(1,436)	5	0.3	(4,015)
4,917	2,999	(Gains)/ losses due to revaluation in NZ Units	1,086	1,226	140	11.4	1,432
(12)	254	Other movements	(79)	45	124	275.6	(51)
<b>11,308</b>	<b>9,207</b>	<b>Closing liability</b>	<b>12,255</b>	<b>12,378</b>	<b>123</b>	<b>1.0</b>	<b>12,837</b>

The New Zealand Emissions Trading Scheme (NZ ETS) encourages emissions abatement by putting a price on emissions and rewarding carbon removal activities such as forestry. Tradeable units (NZUs) are allocated into the market through government auctions. NZUs are also allocated free-of-charge to foresters for forestry removals and to certain industrial activities that are both emission-intensive and trade-exposed (industrial allocation). NZ ETS participants must meet their emissions obligations by surrendering NZUs to the government. The NZ ETS liability represents the NZUs outstanding at the reporting date that can be used to settle these emission obligations in the future.

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

<b>NOTE 14: Insurance Liabilities</b>							
54,115	59,335	ACC liability	52,741	50,088	(2,653)	(5.3)	53,834
863	686	EQC property damage liability	807	805	(2)	(0.2)	770
284	90	Southern Response	102	102	-	-	102
39	45	Other insurance liabilities	68	56	(12)	(21.4)	56
<b>55,301</b>	<b>60,156</b>	<b>Total insurance liabilities</b>	<b>53,718</b>	<b>51,051</b>	<b>(2,667)</b>	<b>(5.2)</b>	<b>54,762</b>

The most recent valuation of the ACC liability was as at 30 June 2022, updated monthly for changes to discount rates.

<b>NOTE 15: Provisions</b>							
7,543	6,634	Provision for employee entitlements	7,278	7,194	(84)	(1.2)	7,106
2,843	2,997	Veterans disability entitlements	2,832	2,823	(9)	(0.3)	2,798
660	729	Provision for National Provident Fund guarantee	553	652	99	15.2	624
3,287	2,756	Other provisions	3,053	2,897	(156)	(5.4)	2,632
<b>14,333</b>	<b>13,116</b>	<b>Total provisions</b>	<b>13,716</b>	<b>13,566</b>	<b>(150)</b>	<b>(1.1)</b>	<b>13,160</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Nov 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 16: Changes in Net Worth</b>							
2,681	7,003	Taxpayers' funds	2,708	(515)	3,223	-	1,757
164,385	133,862	Property, plant and equipment revaluation reserve	164,274	164,326	(52)	-	164,372
55	(1,427)	Defined benefit retirement plan revaluation reserve	561	667	(106)	(15.9)	615
(566)	(659)	Veterans' disability entitlements reserve	(566)	(566)	-	-	(566)
7,283	5,696	Net worth attributable to minority interests	7,263	7,226	37	0.5	7,281
481	(51)	Other reserves	593	505	88	17.4	68
<b>174,319</b>	<b>144,424</b>	<b>Total net worth</b>	<b>174,833</b>	<b>171,643</b>	<b>3,190</b>	<b>1.9</b>	<b>173,527</b>
19,656	19,857	Opening taxpayers funds	2,681	2,681	-	-	2,681
(16,932)	(12,702)	Operating balance excluding minority interests	176	(2,941)	3,117	106.0	(725)
(43)	(152)	Transfers from/(to) other reserves	(149)	(255)	106	41.6	(199)
<b>2,681</b>	<b>7,003</b>	<b>Closing taxpayers funds</b>	<b>2,708</b>	<b>(515)</b>	<b>3,223</b>	<b>-</b>	<b>1,757</b>
134,003	134,003	Opening property, plant and equipment revaluation reserve	164,385	164,385	-	-	164,385
30,920	(105)	Net revaluations	(29)	(14)	(15)	(107.1)	16
(538)	(36)	Transfers from/(to) other reserves	(82)	(45)	(37)	(82.2)	(29)
<b>164,385</b>	<b>133,862</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>164,274</b>	<b>164,326</b>	<b>(52)</b>	<b>-</b>	<b>164,372</b>
5,724	5,724	Opening net worth attributable to minority interests	7,283	7,283	-	-	7,283
949	-	Increase/(decrease) in minority interest from changes in equity	43	32	11	34.4	41
610	(28)	Net movements	(63)	(89)	26	29.2	(43)
<b>7,283</b>	<b>5,696</b>	<b>Closing net worth attributable to minority interests</b>	<b>7,263</b>	<b>7,226</b>	<b>37</b>	<b>0.5</b>	<b>7,281</b>
(172)	(172)	Opening other reserves	481	481	-	-	481
653	121	Net movements	112	24	88	366.7	(413)
<b>481</b>	<b>(51)</b>	<b>Closing other reserves</b>	<b>593</b>	<b>505</b>	<b>88</b>	<b>17.4</b>	<b>68</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2022

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

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
141,627	53,921	Total revenue	61,684	61,857	(173)	(0.3)	159,658
150,956	62,298	Less total expenses	63,899	64,180	281	0.4	162,861
(6,722)	(4,088)	Total gains/(losses)	2,582	(438)	3,020	-	2,850
(126)	(46)	Net surplus from associates and joint ventures	32	14	18	128.6	34
(755)	(191)	Minority interests share of operating balance	(223)	(194)	(29)	(14.9)	(406)
<b>(16,932)</b>	<b>(12,702)</b>	<b>Operating balance</b>	<b>176</b>	<b>(2,941)</b>	<b>3,117</b>	<b>106.0</b>	<b>(725)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>(16,932)</b>	<b>(12,702)</b>	<b>Operating balance</b>	<b>176</b>	<b>(2,941)</b>	<b>3,117</b>	<b>106.0</b>	<b>(725)</b>
		Less items excluded from OBEGAL:					
(9,687)	65	Net gains/(losses) on financial instruments	3,045	(2,300)	5,345	232.4	1,071
2,965	(4,153)	Net gains/(losses) on non-financial instruments	(463)	1,862	(2,325)	(124.9)	1,779
(126)	(46)	Net surplus from associates and joint ventures	32	14	18	128.6	34
(393)	(215)	Minority interests share of total gains/(losses)	-	(18)	18	100.0	22
<b>(9,691)</b>	<b>(8,353)</b>	<b>OBEGAL</b>	<b>(2,438)</b>	<b>(2,499)</b>	<b>61</b>	<b>2.4</b>	<b>(3,631)</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2022

## Expenses by Functional Classification

Year to 30 June 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
48,303	21,458	Social security and welfare		19,371	19,553	182	0.9	49,341
27,658	10,652	Health		11,945	11,779	(166)	(1.4)	28,849
18,911	8,074	Education		8,284	8,246	(38)	(0.5)	19,844
5,426	1,939	Core government services		2,006	2,098	92	4.4	6,410
5,921	2,356	Law and order		2,612	2,676	64	2.4	6,670
9,528	3,779	Transport and communications		5,912	5,693	(219)	(3.8)	14,019
16,673	6,929	Economic and industrial services		4,433	5,011	578	11.5	13,157
2,803	1,166	Defence		1,121	1,156	35	3.0	2,970
3,260	1,380	Heritage, culture and recreation		1,438	1,488	50	3.4	3,550
2,302	990	Primary services		1,028	1,078	50	4.6	2,819
3,935	1,568	Housing and community development		1,829	1,977	148	7.5	5,171
2,535	936	Environmental protection		1,365	1,377	12	0.9	3,996
110	32	GSF pension expenses		47	32	(15)	(46.9)	73
242	22	Other		27	61	34	55.7	189
3,349	1,017	Finance costs		2,481	2,655	174	6.6	7,223
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(700)	(700)	(100.0)	(6,400)
<b>150,956</b>	<b>62,298</b>	<b>Total Crown expenses excluding losses</b>		<b>63,899</b>	<b>64,180</b>	<b>281</b>	<b>0.4</b>	<b>162,861</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 2022 Actual \$m	5 months to 30 Nov 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
42,860	19,948	Social security and welfare		17,230	17,289	59	0.3	42,073
27,781	10,876	Health		11,956	11,730	(226)	(1.9)	28,835
18,023	7,514	Education		7,625	7,637	12	0.2	18,751
5,720	2,010	Core government services		2,080	2,147	67	3.1	6,532
5,444	2,198	Law and order		2,436	2,483	47	1.9	6,184
4,657	1,567	Transport and communications		2,034	1,977	(57)	(2.9)	5,230
8,078	3,761	Economic and industrial services		1,570	1,651	81	4.9	4,243
2,832	1,175	Defence		1,133	1,168	35	3.0	2,999
1,468	653	Heritage, culture and recreation		661	718	57	7.9	1,713
949	348	Primary services		387	431	44	10.2	1,297
2,033	855	Housing and community development		972	1,052	80	7.6	2,976
2,549	937	Environmental protection		1,368	1,380	12	0.9	3,997
94	25	GSF pension expenses		40	26	(14)	(53.8)	56
269	22	Other		27	61	34	55.7	189
2,884	862	Finance costs		2,208	1,935	(273)	(14.1)	5,676
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(700)	(700)	(100.0)	(6,400)
<b>125,641</b>	<b>52,751</b>	<b>Core Crown expenses excluding losses</b>		<b>51,727</b>	<b>50,985</b>	<b>(742)</b>	<b>(1.5)</b>	<b>129,331</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2022

## Core Crown Residual Cash

Year to 30 June 2022 \$m	5 months to 30 Nov 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown Cash Flows from Operations</b>					
105,487	40,745	Tax receipts	43,413	43,659	(246)	(0.6)	116,154
3,364	1,135	Other sovereign receipts	1,138	1,006	132	13.1	3,186
393	107	Interest receipts	234	185	49	26.5	611
2,883	1,123	Sale of goods & services and other receipts	1,268	1,234	34	2.8	4,000
(45,440)	(22,388)	Transfer payments and subsidies	(17,479)	(17,316)	(163)	(0.9)	(41,037)
(71,980)	(29,768)	Personnel and operating costs	(33,342)	(33,322)	(20)	(0.1)	(78,964)
(2,841)	(1,090)	Interest payments	(1,897)	(1,641)	(256)	(15.6)	(4,577)
-	-	Forecast for future new operating spending	-	-	-	-	(4,980)
-	-	Top-down expense adjustment	-	700	(700)	(100.0)	6,400
<b>(8,134)</b>	<b>(10,136)</b>	<b>Net core Crown operating cash flows</b>	<b>(6,665)</b>	<b>(5,495)</b>	<b>(1,170)</b>	<b>(21.3)</b>	<b>793</b>
(3,474)	(1,516)	Net purchase of physical and intangible assets	(1,756)	(1,943)	187	9.6	(5,061)
(9,192)	(3,142)	Net increase in advances	(6,352)	(5,426)	(926)	(17.1)	(10,412)
(3,823)	(1,013)	Net purchase of investments	(3,752)	(4,020)	268	6.7	(9,537)
(2,420)	(1,008)	Contributions to New Zealand Superannuation Fund	(1,066)	(1,066)	-	-	(2,558)
-	-	Forecast for future new capital spending	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	-	330	(330)	(100.0)	2,850
<b>(18,909)</b>	<b>(6,679)</b>	<b>Net core Crown capital cash flows</b>	<b>(12,926)</b>	<b>(12,125)</b>	<b>(801)</b>	<b>(6.6)</b>	<b>(26,157)</b>
<b>(27,043)</b>	<b>(16,815)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(19,591)</b>	<b>(17,620)</b>	<b>(1,971)</b>	<b>(11.2)</b>	<b>(25,364)</b>
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		<b>Debt Programme Cash Flows</b>					
		Market:					
19,275	13,519	Issue of government bonds	13,200	13,189	11	0.1	26,944
-	-	Repayment of government bonds	(3,275)	(3,278)	3	0.1	(21,848)
(4,158)	(230)	Net issue/(repayment) of short-term borrowing	(876)	(1,529)	653	42.7	(2,076)
<b>15,117</b>	<b>13,289</b>	<b>Total market debt cash flows</b>	<b>9,049</b>	<b>8,382</b>	<b>667</b>	<b>8.0</b>	<b>3,020</b>
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(412)	(327)	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(100)	(100)	-	-	(400)
<b>(412)</b>	<b>(327)</b>	<b>Total non-market debt cash flows</b>	<b>(100)</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>(400)</b>
<b>14,705</b>	<b>12,962</b>	<b>Total debt programme cash flows</b>	<b>8,949</b>	<b>8,282</b>	<b>667</b>	<b>8.1</b>	<b>2,620</b>
		<b>Other Borrowing Cash Flows</b>					
		Net (repayment)/issue of other New Zealand dollar borrowing	13,780	11,498	2,282	19.8	23,587
1,589	801	Net (repayment)/issue of foreign currency borrowing	(125)	(1,499)	1,374	91.7	(3,262)
<b>13,989</b>	<b>6,253</b>	<b>Total other borrowing cash flows</b>	<b>13,655</b>	<b>9,999</b>	<b>3,656</b>	<b>111.5</b>	<b>20,325</b>
		<b>Investing Cash Flows</b>					
		Other net sale/(purchase) of marketable securities and deposits	(1,151)	(4,216)	3,065	72.7	(247)
805	587	Issues of circulating currency	38	(57)	95	166.7	(5)
(2,428)	(585)	Decrease/(increase) in cash	(1,900)	3,612	(5,512)	(152.6)	2,671
<b>(1,651)</b>	<b>(2,400)</b>	<b>Total investing cash flows</b>	<b>(3,013)</b>	<b>(661)</b>	<b>(2,352)</b>	<b>(355.8)</b>	<b>2,419</b>
<b>27,043</b>	<b>16,815</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>19,591</b>	<b>17,620</b>	<b>1,971</b>	<b>11.2</b>	<b>25,364</b>

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

# FISCAL INDICATOR ANALYSIS

As at 30 November 2022

## Net Debt and Gross Debt

As at 30 June 2022 Actual \$m	As at 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Net Debt:</b>							
168,986	155,706	Core Crown borrowings <sup>1</sup>	190,149	190,718	569	0.3	194,257
14,345	13,351	Crown entity borrowings <sup>2</sup>	44,951	45,142	191	0.4	50,469
-	-	Less Kiwi Group borrowings <sup>3</sup>	(28,211)	(28,217)	(6)	-	(29,375)
-	-	Add back interentity eliminations <sup>3</sup>	(1,809)	(1,492)	317	21.2	(1,638)
(343)	(1,372)	Net unsettled purchases/(sales) of securities <sup>4</sup>	(938)	(4,378)	(3,440)	(78.6)	(4,365)
(121,138)	(116,547)	Less core Crown financial assets (per net debt definition) <sup>5</sup>	(132,345)	(126,147)	6,198	4.9	(130,693)
<b>61,850</b>	<b>51,138</b>	<b>Net debt (incl. NZS Fund)</b>	<b>71,797</b>	<b>75,626</b>	<b>3,829</b>	<b>5.1</b>	<b>78,655</b>
<b>Additional net debt analysis</b>							
61,850	51,138	Net debt (incl. NZS Fund)	71,797	75,626	3,829	5.1	78,655
(5,040)	(3,258)	Less NZS Fund borrowings	(2,918)	(7,283)	(4,365)	(59.9)	(7,285)
		Less NZS Fund net unsettled purchases/(sales) of securities	229	3,360	3,131	93.2	3,347
60,070	61,188	Less NZS Fund financial assets	62,041	58,882	(3,159)	(5.4)	62,759
<b>117,115</b>	<b>110,108</b>	<b>Net debt (excl. NZS Fund)</b>	<b>131,149</b>	<b>130,585</b>	<b>(564)</b>	<b>(0.4)</b>	<b>137,476</b>
<b>Gross Debt:</b>							
168,986	155,706	Core Crown borrowings	190,149	190,718	569	0.3	194,257
5,042	1,285	Unsettled purchases of securities	3,442	710	(2,732)	(384.8)	635
(9,990)	(4,517)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(5,795)	(7,961)	(2,166)	(27.2)	(7,888)
(45,088)	(37,333)	Less Reserve Bank settlement cash and Reserve Bank bills	(52,781)	(50,064)	2,717	5.4	(48,015)
<b>118,950</b>	<b>115,141</b>	<b>Gross Debt</b>	<b>135,015</b>	<b>133,403</b>	<b>(1,612)</b>	<b>(1.2)</b>	<b>138,989</b>

### Notes on borrowings

1. Core Crown borrowings represent the total debt obligations of the consolidated core Crown segment. This includes any government stock held by ACC and EQC the includes settlement deposits with the Reserve Bank.
2. Crown entity borrowings represents the total debt obligations of the consolidated Crown entities. This includes debt issued by Crown entities, such as Kāinga Ora.
3. The 30 June 2022 and 30 November 2021 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned Enterprise segment. For the 30 November 2022 actuals and the forecast, the assets and liabilities of KGH are transferred to a newly incorporated Schedule 4A company, called Kiwi Group Capital (Kiwi Group), which is reported in the Crown entity segment. This amount includes derivative balances.
4. Unsettled sales and purchases of securities are classified in the Statement of Financial Position as receivables and accounts payable, respectively.
5. Core Crown financial assets per the net debt definition includes any asset that is cash, deposits, share investments, advances, other marketable securities or a right to exchange a financial asset or liability on favourable terms (derivatives in gain).

For the five months ended 30 November 2022

## Movement in Net Debt

As at 30 June 2022 Actual \$m	As at 30 Nov 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>35,921</b>	<b>35,921</b>	<b>Opening net debt</b>	<b>61,850</b>	<b>61,850</b>	<b>-</b>	<b>-</b>	<b>61,850</b>
27,043	16,815	Core Crown residual cash (surplus)/deficit	19,591	17,620	(1,971)	(11.2)	25,364
(9,192)	(3,142)	Less net increase in advances	(6,352)	(5,426)	926	17.1	(10,412)
(2,420)	(1,008)	Less contributions to the NZS Fund	(1,066)	(1,066)	-	-	(2,558)
2,509	1,515	Net increase/(decrease) in Crown entity borrowings	586	1,088	502	46.1	5,111
(805)	(587)	Issues of circulating currency	(38)	57	95	166.7	5
8,794	1,624	Other fair value movements in financial assets and financial liabilities (gains)/losses (including NZSF)	(2,774)	1,503	4,277	284.6	(705)
<b>61,850</b>	<b>51,138</b>	<b>Closing net debt</b>	<b>71,797</b>	<b>75,626</b>	<b>3,829</b>	<b>5.1</b>	<b>78,655</b>



# FISCAL INDICATOR ANALYSIS

## New Zealand Superannuation Fund

As at 30 June 2022 \$m	As at 30 Nov 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NZ Superannuation Fund</b>							
1,077	357	Revenue	494	466	28	6.0	1,018
35	112	Less current tax expense	17	19	2	10.5	16
(517)	(52)	Less other expenses	(580)	599	1,179	196.8	(92)
(5,133)	423	Add gains/(losses)	2,333	(2,047)	4,380	214.0	(129)
<b>(3,574)</b>	<b>840</b>	<b>Operating balance</b>	<b>2,264</b>	<b>(963)</b>	<b>3,227</b>	<b>335.1</b>	<b>813</b>
57,365	57,365	Opening net worth	56,210	56,210	-	-	56,210
2,420	1,008	Contributions from the Crown	1,066	1,066	-	-	2,558
(3,574)	840	Operating balance	2,264	(963)	3,227	335.1	813
(1)	(1)	Other movements in reserves	-	1	(1)	(100.0)	-
<b>56,210</b>	<b>59,212</b>	<b>Closing net worth</b>	<b>59,540</b>	<b>56,314</b>	<b>3,226</b>	<b>5.7</b>	<b>59,581</b>
<b>Comprising:</b>							
65,411	63,647	Financial assets	65,343	63,118	2,225	3.5	66,897
(9,102)	(4,436)	Financial liabilities	(5,705)	(6,701)	996	14.9	(7,191)
(99)	1	Net other assets	(98)	(103)	5	4.9	(125)
<b>56,210</b>	<b>59,212</b>	<b>Closing net worth</b>	<b>59,540</b>	<b>56,314</b>	<b>3,226</b>	<b>5.7</b>	<b>59,581</b>

## FISCAL INDICATOR ANALYSIS

### Reconciliation Between the Financial Statements, the Operating Balance before Gains and Losses and Core Crown Residual Cash

Financial Results	30 Nov 2022 Actual \$m	30 Nov 2022 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	45,428	45,350	78	0.2	118,061
...combined with other core Crown revenue...	4,526	4,418	108	2.4	12,133
...funds core Crown expenses...	(51,727)	(50,985)	(742)	(1.5)	(129,331)
...and including SOE and Crown entity revenues and expenses...	(665)	(1,282)	617	48.1	(4,494)
...results in an <b>OBEGAL</b> ...	(2,438)	(2,499)	61	2.4	(3,631)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	176	(2,941)	3,117	106.0	(725)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	(2,983)	(322)	(2,661)	-	(284)
...and some items do not impact cash.	(3,858)	(2,232)	(1,626)	(72.8)	1,234
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(6,665)</b>	<b>(5,495)</b>	<b>(1,170)</b>	<b>(21.3)</b>	<b>793</b>
...used to make contributions to the NZS Fund...	(1,066)	(1,066)	-	-	(2,558)
...and to use for capital expenditure	(1,756)	(1,943)	187	9.6	(5,061)
...and to make advances (eg, to students) and investments...	(6,352)	(5,426)	(926)	(17.1)	(10,412)
...and to purchase investments	(1,066)	(1,066)	-	-	(9,537)
Adjusting for forecast adjustments (top-down/new spending)...	-	330	(330)	(100.0)	1,411
...results in a <b>borrowing requirement (cash deficit)/surplus</b>	<b>(19,591)</b>	<b>(17,620)</b>	<b>(1,971)</b>	<b>(11.2)</b>	<b>(25,364)</b>