

# Interim Financial Statements of the Government of New Zealand

For the eight months ended  
28 February 2023



Prepared by the Treasury  
4 April 2023

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



# CONTENTS

## Commentary

Comparison against forecast	2
Comparison against the prior year actuals	5

## Unaudited Interim Financial Statements

Statement of Financial Performance	8
<i>The statement outlines the operating results of the total Government (ie, the revenue and expenses of all departments + Reserve Bank + NZSF (core Crown), State-owned Enterprises (SOEs) (including Air New Zealand) and Crown entities).</i>	
Statement of Comprehensive Revenue and Expense	9
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	9
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	10
<i>The statement sets out the cash flows that result from the operating, investing, and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	12
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	13
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Commitments	14
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	14
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	15
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	
Fiscal Indicator Analysis	25
<i>The fiscal indicator analysis provides a link between the Financial Statements (based on Generally Accepted Accounting Practice) and the key fiscal indicators used to measure performance against fiscal objectives set out in the Government's Fiscal Strategy.</i>	

### Officer for Enquiries

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





# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 28 February 2023, 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 2022 (HYEFU 2022)*, published on 14 December 2022 and the results against the same period for the previous year.

### Comparison against forecast

**Table 1** – Key indicators for the eight months ended 28 February 2023 compared to *HYEFU 2022*

	Year to date				Full Year
	February	February	Variance <sup>2</sup>	Variance	June
	2023	2023			HYEFU 2022
	Actual <sup>1</sup>	Forecast <sup>1</sup>	HYEFU 2022	HYEFU 2022	Forecast <sup>3</sup>
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	73,255	74,288	(1,033)	(1.4)	118,061
Core Crown revenue	80,553	81,953	(1,400)	(1.7)	130,193
Core Crown expenses	81,663	82,473	810	1.0	129,331
Core Crown residual cash	(20,334)	(20,033)	(301)	(1.5)	(25,364)
Net debt <sup>4</sup>	71,868	76,217	4,349	5.7	78,655
<i>as a percentage of GDP</i>	18.9%	20.0%			19.9%
Gross debt	138,090	134,767	(3,323)	(2.5)	138,989
<i>as a percentage of GDP</i>	36.3%	35.4%			35.2%
Operating balance before gains and losses	(3,212)	(2,618)	(594)	(22.7)	(3,631)
Operating balance (excluding minority interests)	3,955	(1,460)	5,415	370.9	(725)
Total borrowings	227,734	227,241	(493)	(0.2)	229,918
Net worth attributable to the Crown	172,134	165,790	6,344	3.8	166,246
<i>as a percentage of GDP</i>	45.3%	43.6%			42.1%

1 Using the most recently published GDP (for the year ended 31 December 2022) of \$380,326 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 Capital) 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** \$73.3 billion, was \$1.0 billion below forecast with:

- GST revenue being \$0.5 billion (2.8%) below forecast due to lower than forecast household consumption expenditure and residential investment.
- Other individuals' tax revenue being \$0.3 billion (4.7%) below forecast due to provisional tax for the 2023 tax year being weaker than forecast.
- Total customs and excise duties revenue was \$0.2 billion (6.5%) below forecast. Tobacco, alcohol and fuel duty are all below forecast. Fuel duty was below forecast as a result of the extension of the cost of living reduction in fuel excise duty. With the increase in the cost of living, households are likely to be reducing spending on luxuries including tobacco and alcohol which are the main contributors to this variance.
- Source deductions revenue was \$0.2 billion (0.7%) below forecast due to a weaker than forecast labour market.
- Partially offsetting these, other direct tax revenue was \$0.2 billion (12.1%) above forecast, mainly due to higher-than-forecast resident withholding tax on interest.

**Core Crown revenue** was at \$80.6 billion, was \$1.4 billion lower than forecast largely due to core Crown tax revenue discussed above and the lower than forecast Emissions Trading Scheme (ETS) revenue (\$0.7 billion) as the price of New Zealand Unit (NZU) remains below forecast. These were partially offset by the \$0.3 billion increase in interest revenue.

**Core Crown expenses** at \$81.7 billion, were \$0.8 billion lower than forecast largely due to:

- **Health expenses (\$0.6 billion)** – most of the lower than forecast spending relates to COVID-19 expenditure, which was around \$0.7 billion lower than forecast. Partially offsetting this was higher than forecast spending on pharmaceutical purchases.
- **Core government services expenses (\$0.4 billion)** – the largest variance relates to payments to councils for the Three Waters Reforms – Better Off Support Package, the timing of agreeing funding arrangements with councils has not occurred as quickly as expected. This package is a multi-year appropriation, and it is expected that actual expenditure will better align with the planned spending profile once the eligible council's funding arrangements are approved, and payment schedules are agreed.
- **Social security and welfare expenses (\$0.3 billion)** – the variance was primarily due to flexi-wage employment assistance. The remaining variance was spread across various welfare benefits including lower than forecast income related rents, family tax credit, in work tax credit and COVID-19 leave support.
- **Environmental protection (\$0.3 billion)** – this was mainly due to lower expenses in relation to ETS, as a result of the NZU price decreasing to \$67 from the forecast price of \$85.
- **Housing and community development expenses (\$0.3 billion)** – housing initiatives such as the land for housing, buy off the plan, He Kuku ki te Kāinga and transitional housing were all lower than forecast.
- **Economic and industrial expenses (\$0.3 billion)** – most of this variance relates to longer than expected contract settlements for Provincial Growth Fund related grants and infrastructure investment grants.
- **Education expenses (\$0.2 billion)** – around a half of the variance relates to lower spending on tertiary education due to a lower than forecast number of students. The remaining variance was spread across a number of the Ministry of Education's functions including early learning and curriculum support.

While spending in most categories were lower than forecast, core Crown finance costs were \$0.5 billion higher than forecast mainly as a result of higher than forecast interest rates following increases in the OCR.

The operating balance before gains and losses (**OBEGAL**) deficit of \$3.2 billion was higher than the forecast by \$0.6 billion largely as a result of the core Crown revenue and expenses variances.

The **operating balance** was a surplus of \$4.0 billion, compared to a forecast deficit of \$1.5 billion.

The variance was mostly driven by valuation changes, with:

- Net gains on financial instruments being \$4.3 billion better than the forecast losses. This was largely from the NZS Fund and ACC investment portfolios and reflected better than forecast market conditions and investment performance.
- Net gains on non-financial instruments were \$1.7 billion more than forecast. This variance is largely driven by the gains from the valuation of the ETS liability, which was \$1.5 billion compared to a forecast loss of \$1.3 billion mainly as a result of a decrease in NZU price. This was partly offset by gains on the ACC outstanding claims liability being \$1.1 billion lower than expected, largely driven by the impact of changes in inflation and discount rate assumptions and claims experience.

The **core Crown residual cash** deficit of \$20.3 billion was \$0.3 billion higher than forecast, primarily driven by higher than forecast net operating cash outflows due to tax receipts being lower than forecast and differences in the timing of operating payments being made.

**Net debt** at \$71.9 billion (18.9% of GDP), was lower than forecast by \$4.3 billion. \$4.0 billion is attributable to favourable movements in the fair value of financial assets and liabilities (which includes the NZS Fund) and \$0.5 billion is due to lower than forecast borrowings by Crown entities. Partially offsetting these was the core Crown residual cash deficit, which is \$0.3 billion more than forecast, as discussed above.

Table 2 below, shows a reconciliation between net debt and **net core Crown debt**. Net core Crown debt was \$0.1 billion higher than forecast at \$150.1 billion (39.5% of GDP), with the variance in net core Crown debt largely a result of the core Crown residual cash variance discussed above.

**Table 2** – 28 February 2023 reconciliation of net debt and net core Crown debt

	Year to date				Full Year
	February 2023 Actual \$m	February 2023 HYEFU 2022 Forecast \$m	Variance HYEFU 2022 \$m	Variance HYEFU 2022 %	June 2023 HYEFU 2022 Forecast \$m
<b>Net core Crown debt</b>	<b>150,083</b>	<b>150,011</b>	<b>(72)</b>	<b>-</b>	<b>154,625</b>
<i>Include</i>					
Core Crown advances	(33,899)	(33,639)	260	0.8	(36,605)
Net NZSF financial assets and borrowings	(60,270)	(56,612)	3,658	6.5	(58,821)
Crown entity borrowings	15,954	16,457	503	3.1	19,456
<b>Net Debt</b>	<b>71,868</b>	<b>76,217</b>	<b>4,349</b>	<b>5.7</b>	<b>78,655</b>
% of GDP					
Net core Crown debt	39.5%	39.4%			39.2%
<b>Net debt</b>	<b>18.9%</b>	<b>20.0%</b>			<b>19.9%</b>

**Gross debt** at \$138.1 billion (36.3% of GDP), was \$3.3 billion higher than forecast due to several offsetting factors including Government bonds, foreign currency borrowing, higher RBNZ operating balances and unsettled trades being above forecast. This was partially offset by lower than forecast core Crown derivative liabilities and lower International Monetary Fund liabilities.

**Net worth attributable to the Crown** was \$172.1 billion which was \$6.3 billion higher than forecast. \$5.4 billion of this variance relates to the favourable operating balance discussed previously and \$1.2 billion relates to the revaluation of electricity generation assets.



## Comparison against the prior year actuals

**Table 3** – Key indicators for the eight months ended 28 February 2023 compared to prior year actuals

	Year to date				Full Year
	February 2023	February 2022	Variance <sup>3</sup> to 2022	Variance to 2022	June 2022
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	\$m	%	Prior Year Actual <sup>4</sup> \$m
Core Crown tax revenue	73,255	68,039	5,216	7.7	108,458
Core Crown revenue	80,553	73,732	6,821	9.3	117,516
Core Crown expenses	81,663	81,432	(231)	(0.3)	125,641
Core Crown residual cash	(20,334)	(21,025)	691	3.3	(27,043)
Net debt <sup>5</sup>	71,868	54,052	(17,816)	(33.0)	61,850
<i>as a percentage of GDP</i>	18.9%	15.3%			17.0%
Gross debt	138,090	116,475	(21,614)	(18.6)	118,950
<i>as a percentage of GDP</i>	36.3%	33.1%			32.8%
Operating balance before gains and losses	(3,212)	(8,276)	5,064	61.2	(9,691)
Operating balance (excluding minority interests)	3,955	(18,152)	22,107	121.8	(16,932)
Total Borrowings	227,734	192,106	(35,628)	(18.5)	203,965
Net worth attributable to the Crown	172,134	133,742	38,392	28.7	167,036
<i>as a percentage of GDP</i>	45.3%	38.0%			46.0%

1 Using the most recently published GDP (for the year ended 31 December 2022) of \$380,326 million (Source: Stats NZ).

2 Using published GDP (revised) (for the year ended 31 December 2021) of \$352,397 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 \$363,110 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** was \$5.2 billion (7.7%) higher than the same period last year. The largest movements came from:

- Source deductions revenue which was up \$3.3 billion (12.1%) owing to a strong labour market.
- GST revenue which was up \$1.7 billion (9.9%) as a result of year-on-year growth in nominal consumption that was in part driven by the high rate of consumer price inflation.
- Other direct tax revenue was up \$0.7 billion (67.9%) mainly owing to increases in deposit interest rates.

These were offset by customs and excise duties and other indirect taxes which were \$0.4 billion (11.1%) and \$0.3 billion (16.3%) down respectively. This is mainly owing to lower fuel excise and road user charges rates compared to the prior year.

In addition, revenue and dividends from investments were more than the same time last year, driven by an increase in interest rates.

The increase in tax revenue and other revenue has contributed to core Crown revenue being \$6.8 billion above the same period last year.

**Core Crown expenses** at \$81.7 billion were \$0.2 billion higher than the same period last year. The composition of expenses has changed significantly since last year, with the most notable changes including:

- Spending on COVID-19 business support measures like the wage subsidy scheme and resurgence support payments have not been required in the eight months of the 2022/23 fiscal year leading to expenses being around \$7.4 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 duties and road user charges have increased expenses by around \$1.1 billion since the same period last year.

- Finance costs are up by \$2.3 billion on last year, reflecting increases to interest rates and borrowings.
- Health expenditure was \$1.2 billion higher than last year, reflecting additional funding provided at Budget 2022 and additional costs for the public health response to COVID-19.
- New Zealand Superannuation payments are up by \$1.1 billion, reflecting an increase in the number of recipients and payment rates (which are indexed to wage growth).

The **OBEGAL** deficit has improved by \$5.1 billion from the same time last year primarily owing to the core Crown changes noted above.

The **operating balance** has improved by \$22.1 billion. In addition to the improvements in OBEGAL, the other drivers include:

- Net gains/(losses) on financial instruments are \$5.7 billion more favourable compared to the same time last year largely owing to improved market conditions. In February 2023, a net gain of \$3.5 billion has been reported while a net loss of \$2.2 billion was recorded in February 2022.
- Net gains on non-financial instruments were \$3.7 billion this year compared to net losses of \$7.2 billion last year, an increase of \$10.9 billion. This mainly resulted from the NZ ETS recording a gain of \$1.5 billion in February 2023 compared to a loss of \$5.4 billion in February 2022 and ACC recording an actuarial gain on liabilities of \$1.9 billion compared to \$2.4 billion of losses in the same period last year.

The **Core Crown residual cash** deficit of \$20.3 billion, was \$0.7 billion less than the cash deficit for 28 February 2022. Net operating cash outflows were \$5.5 billion lower than the same period last year while net capital payments were \$4.8 billion higher than the previous year.

**Net debt** at \$71.9 billion was \$17.8 billion higher than for the same time last year and as a share of the economy, net debt increased to 18.9% of GDP from 15.3% of GDP a year earlier.

The increase in net debt was driven by funding needed to cover the residual cash deficit since February 2022 and losses in financial instruments particularly from the investment portfolio managed by the NZS Fund. In addition, Crown entity borrowings (excl. Kiwi Group Capital) increased primarily due to higher Kāinga Ora and Waka Kotahi borrowings which were funded by Capital Markets and external debt.

**Net worth attributable to the Crown** was \$172.1 billion (45.3% of GDP) at 28 February 2023, \$38.4 billion higher than the same time last year. This is primarily owing to the operating balance since 28 February 2022 and an increase in property plant and equipment valuations of \$31.1 billion.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the eight months ended 28 February 2023

Year to 30 June 2022	8 months to 28 Feb 2022		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
107,873	67,632	Taxation revenue	2	72,810	73,859	(1,049)	(1.4)	117,442
8,894	5,800	Other sovereign revenue	2	6,079	6,562	(483)	(7.4)	10,328
<b>116,767</b>	<b>73,432</b>	<b>Total sovereign revenue</b>		<b>78,889</b>	<b>80,421</b>	<b>(1,532)</b>	<b>(1.9)</b>	<b>127,770</b>
17,442	10,451	Sales of goods and services		14,276	14,222	54	0.4	22,397
3,540	2,042	Interest revenue and dividends	3	3,299	3,026	273	9.0	5,264
3,878	2,549	Other revenue		2,709	2,822	(113)	(4.0)	4,227
<b>24,860</b>	<b>15,042</b>	<b>Total revenue earned through operations</b>		<b>20,284</b>	<b>20,070</b>	<b>214</b>	<b>1.1</b>	<b>31,888</b>
<b>141,627</b>	<b>88,474</b>	<b>Total revenue (excluding gains)</b>		<b>99,173</b>	<b>100,491</b>	<b>(1,318)</b>	<b>(1.3)</b>	<b>159,658</b>
		<b>Expenses</b>						
44,087	30,568	Transfer payments and subsidies	4	25,094	25,296	202	0.8	39,320
32,648	20,809	Personnel expenses		22,488	22,558	70	0.3	34,163
6,152	4,411	Depreciation		4,296	4,259	(37)	(0.9)	6,622
58,273	35,965	Other operating expenses		41,313	43,939	2,626	6.0	68,733
3,349	1,908	Interest expenses	5	4,424	4,043	(381)	(9.4)	7,223
6,447	3,072	Insurance expenses	6	4,346	4,285	(61)	(1.4)	8,220
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,600)	(1,600)	(100.0)	(6,400)
<b>150,956</b>	<b>96,733</b>	<b>Total expenses (excluding losses)</b>		<b>101,961</b>	<b>102,780</b>	<b>819</b>	<b>0.8</b>	<b>162,861</b>
		<b>Gains/(losses)</b>						
(9,687)	(2,232)	Net gains/(losses) on financial instruments		3,484	(809)	4,293	-	1,071
2,965	(7,249)	Net gains/(losses) on non-financial instruments	8	3,676	1,957	1,719	87.8	1,779
<b>(6,722)</b>	<b>(9,481)</b>	<b>Total gains/(losses)</b>		<b>7,160</b>	<b>1,148</b>	<b>6,012</b>	<b>-</b>	<b>2,850</b>
		<b>Other interests</b>						
(126)	(18)	Net surplus/(deficit) from associates and joint ventures		30	25	5	20.0	34
(755)	(394)	Less minority interests' share of operating balance		(447)	(344)	(103)	(29.9)	(406)
<b>(16,932)</b>	<b>(18,152)</b>	<b>Operating balance (excluding minority interests)</b>		<b>3,955</b>	<b>(1,460)</b>	<b>5,415</b>	<b>370.9</b>	<b>(725)</b>
755	394	Minority interests' share of operating balance		447	344	103	29.9	406
<b>(16,177)</b>	<b>(17,758)</b>	<b>Operating balance (including minority interests)</b>		<b>4,402</b>	<b>(1,116)</b>	<b>5,518</b>	<b>494.4</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 eight months ended 28 February 2023

Year to 30 June 2022 Actual \$m	8 months to 28 Feb 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(16,177)	(17,758)	Operating balance (including minority interest)	4,402	(1,116)	5,518	494.4	(319)
		<b>Other comprehensive revenue and expense</b>					
30,920	(16)	Revaluation of physical assets	1,120	(36)	1,156	-	16
1,615	634	Revaluation of defined benefit retirement plan schemes	530	590	(60)	(10.2)	560
93	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
697	434	Transfers into/(out of) cash flow hedge reserve	15	(247)	262	106.1	(314)
(23)	165	Transfers into/(out of) reserves	(12)	32	(44)	(137.5)	36
		(Gains)/losses transferred to the statement of financial performance					
(12)	(102)	Foreign currency translation differences on	(55)	(72)	17	23.6	(133)
		foreign operations					
39	23		(2)	(2)	-	-	(2)
(385)	(492)	Other movements	(61)	(69)	8	11.6	(237)
<b>32,944</b>	<b>646</b>	<b>Total other comprehensive revenue and expense</b>	<b>1,535</b>	<b>196</b>	<b>1,339</b>	<b>-</b>	<b>(74)</b>
<b>16,767</b>	<b>(17,112)</b>	<b>Total comprehensive revenue and expense</b>	<b>5,937</b>	<b>(920)</b>	<b>6,857</b>	<b>-</b>	<b>(393)</b>
		<b>Attributable to:</b>					
244	532	- minority interests	839	326	513	157.4	397
16,523	(17,644)	- the Crown	5,098	(1,246)	6,344	-	(790)
<b>16,767</b>	<b>(17,112)</b>	<b>Total comprehensive revenue and expense</b>	<b>5,937</b>	<b>(920)</b>	<b>6,857</b>	<b>-</b>	<b>(393)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the eight months ended 28 February 2023

Year to 30 June 2022 Actual \$m	8 months to 28 Feb 2022 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)	(17,758)	Operating balance (including minority interest)	4,402	(1,116)	5,518	494.4	(319)
30,920	(16)	Revaluations of physical assets	1,120	(36)	1,156	-	16
		Revaluations of defined benefit retirement plan schemes					
1,615	634		530	590	(60)	(10.2)	560
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	434	Transfers into/(out of) cash flow hedge reserve	15	(247)	262	106.1	(314)
(23)	165	Transfers into/(out of) other reserves	(12)	32	(44)	(137.5)	36
		(Gains)/losses transferred to the statement of financial performance					
(12)	(102)	Foreign currency translation differences on	(55)	(72)	17	23.6	(133)
		foreign operations					
39	23		(2)	(2)	-	-	(2)
(385)	(492)	Other movements	(61)	(69)	8	11.6	(237)
<b>16,767</b>	<b>(17,112)</b>	<b>Total comprehensive revenue and expense</b>	<b>5,937</b>	<b>(920)</b>	<b>6,857</b>	<b>-</b>	<b>(393)</b>
		share offers <sup>1</sup>	-	-	-	-	-
949	311	Increase in minority interest from equity issues	30	32	(2)	(6.3)	41
(389)	(446)	Transactions with minority interests	(270)	(269)	(1)	(0.4)	(440)
<b>174,319</b>	<b>139,946</b>	<b>Closing net worth</b>	<b>180,016</b>	<b>173,162</b>	<b>6,854</b>	<b>4.0</b>	<b>173,527</b>

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

# STATEMENT OF CASH FLOWS

For the eight months ended 28 February 2023

Year to 30 June 2022	8 months to 28 Feb 2022		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	65,446	Taxation receipts		72,058	73,153	(1,095)	(1.5)	115,968
7,803	4,836	Other sovereign receipts		5,296	5,116	180	3.5	7,895
17,834	10,852	Sales of goods and services		14,273	14,414	(141)	(1.0)	22,236
1,961	1,186	Interest receipts		1,921	1,761	160	9.1	3,326
4,802	2,959	Other operating receipts		3,890	3,806	84	2.2	5,740
<b>135,112</b>	<b>85,279</b>	<b>Total cash provided from operations</b>		<b>97,438</b>	<b>98,250</b>	<b>(812)</b>	<b>(0.8)</b>	<b>155,165</b>
		<b>Cash was disbursed to</b>						
44,273	31,446	Transfer payments and subsidies		26,272	26,347	75	0.3	39,708
92,965	60,202	Personnel and operating payments		66,518	69,429	2,911	4.2	105,309
3,251	1,535	Interest payments		3,058	2,908	(150)	(5.2)	6,234
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,600)	(1,600)	(100.0)	(6,400)
<b>140,489</b>	<b>93,183</b>	<b>Total cash disbursed to operations</b>		<b>95,848</b>	<b>97,084</b>	<b>1,236</b>	<b>1.3</b>	<b>149,831</b>
<b>(5,377)</b>	<b>(7,904)</b>	<b>Net cash flows from operations</b>		<b>1,590</b>	<b>1,166</b>	<b>424</b>	<b>36.4</b>	<b>5,334</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(10,572)	(6,967)	Net (purchase)/sale of physical assets		(8,830)	(10,021)	1,191	11.9	(19,492)
(4,986)	(4,533)	Net (purchase)/sale of shares and other securities		(2,426)	(10,606)	8,180	77.1	(4,978)
(709)	(500)	Net (purchase)/sale of intangible assets		(646)	(678)	32	4.7	(1,058)
(12,958)	(6,909)	Net (issue)/repayment of advances		(8,129)	(7,817)	(312)	(4.0)	(8,821)
(449)	(413)	Net acquisition of investments in associates		(136)	(99)	(37)	(37.4)	(245)
-	-	Forecast new capital spending	7	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	7	-	460	(460)	(100.0)	2,850
<b>(29,674)</b>	<b>(19,322)</b>	<b>Net cash flows from investing activities</b>		<b>(20,167)</b>	<b>(28,761)</b>	<b>8,594</b>	<b>29.9</b>	<b>(33,183)</b>
<b>(35,051)</b>	<b>(27,226)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(18,577)</b>	<b>(27,595)</b>	<b>9,018</b>	<b>32.7</b>	<b>(27,849)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
805	737	Issues of circulating currency		64	(35)	99	282.9	(5)
18,373	15,169	Net issue/(repayment) of Government bonds		14,337	14,286	51	0.4	19,051
2,259	572	Net issue/(repayment) of foreign currency borrowing		(423)	(4,014)	3,591	89.5	(4,806)
11,879	9,076	Net issue/(repayment) of other New Zealand dollar borrowing		12,467	12,050	417	3.5	10,880
898	246	Net issue/(purchase) of equity		-	-	-	-	-
(304)	(205)	Dividends paid to minority interests		(234)	(187)	(47)	(25.1)	(354)
<b>33,910</b>	<b>25,595</b>	<b>Net cash flows from financing activities</b>		<b>26,211</b>	<b>22,100</b>	<b>4,111</b>	<b>18.6</b>	<b>24,766</b>
<b>(1,141)</b>	<b>(1,631)</b>	<b>Net movement in cash</b>		<b>7,634</b>	<b>(5,495)</b>	<b>13,129</b>	<b>238.9</b>	<b>(3,083)</b>
18,755	18,755	<b>Opening cash balance</b>		17,835	17,835	-	-	17,835
221	50	Foreign-exchange gains/(losses) on opening cash		(427)	801	(1,228)	(153.3)	927
<b>17,835</b>	<b>17,174</b>	<b>Closing cash balance</b>		<b>25,042</b>	<b>13,141</b>	<b>11,901</b>	<b>90.6</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 eight months ended 28 February 2023

Year to 30 June 2022 Actual \$m	8 months to 28 Feb 2022 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)	(7,904)	Net cash flows from operations	1,590	1,166	424	36.4	5,334
		<b>Gains/(losses) and other interests</b>					
(9,687)	(2,232)	Net gains/(losses) on financial instruments	3,484	(809)	4,293	-	1,071
2,965	(7,249)	Net gains/(losses) on non-financial instruments	3,676	1,957	1,719	87.8	1,779
(126)	(18)	Net surplus from associates and joint ventures	30	25	5	20.0	34
<b>(6,848)</b>	<b>(9,499)</b>	<b>Total gains/(losses) and other interests</b>	<b>7,190</b>	<b>1,173</b>	<b>6,017</b>	<b>-</b>	<b>2,884</b>
		<b>Other non-cash items in operating balance</b>					
(6,152)	(3,822)	Depreciation	(4,296)	(4,259)	(37)	(0.9)	(6,622)
		Amortisation and net impairment of non-financial assets	(992)	(1,015)	(23)	(2.3)	(1,359)
(858)	(467)	Cost of concessionary lending	(534)	(552)	18	3.3	(1,012)
(38)	(20)	Impairment of financial assets (excl receivables)	(84)	(83)	(1)	(1.2)	(81)
(1,696)	2,202	Decrease/(increase) in insurance liabilities	1,422	1,664	(242)	(14.5)	(2,523)
1,529	960	Emissions trading scheme revenue and expense	496	993	(497)	(50.1)	1,672
45	431	Other	-	-	-	-	-
<b>(6,946)</b>	<b>(1,305)</b>	<b>Total other non-cash items</b>	<b>(3,988)</b>	<b>(3,252)</b>	<b>(782)</b>	<b>(24.0)</b>	<b>(9,925)</b>
		<b>Movements in working capital</b>					
5,027	(502)	Increase/(decrease) in receivables	(478)	(1,516)	1,038	68.5	1,488
197	(217)	Increase/(decrease) in accrued interest	(822)	(721)	(101)	(14.0)	(256)
874	282	Increase/(decrease) in inventories	260	70	190	271.4	52
303	953	Increase/(decrease) in prepayments	361	177	184	104.0	(48)
(819)	(216)	Decrease/(increase) in deferred revenue	(153)	(98)	(55)	(56.1)	19
(2,588)	650	Decrease/(increase) in payables/provisions	442	1,885	(1,443)	(76.6)	133
<b>2,994</b>	<b>950</b>	<b>Total movements in working capital</b>	<b>(390)</b>	<b>(203)</b>	<b>(187)</b>	<b>(92.1)</b>	<b>1,388</b>
<b>(16,177)</b>	<b>(17,758)</b>	<b>Operating balance (including minority interests)</b>	<b>4,402</b>	<b>(1,116)</b>	<b>5,472</b>	<b>490.3</b>	<b>(319)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 28 February 2023

As at 30 June 2022 Actual \$m	As at 28 Feb 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
17,835	17,174	Cash and cash equivalents	9	25,042	13,141	11,901	90.6	15,679
35,135	27,054	Receivables	9	32,689	33,543	(854)	(2.5)	36,498
65,456	58,434	Marketable securities, deposits and derivatives in gain	9	65,745	69,598	(3,853)	(5.5)	65,363
46,261	50,022	Share investments	9	43,614	44,531	(917)	(2.1)	45,429
54,659	54,383	Advances	9	64,042	63,475	567	0.9	64,582
6,096	4,753	Investments in controlled enterprises	9	6,672	7,085	(413)	(5.8)	7,382
3,068	2,476	Inventory		3,328	3,138	190	6.1	3,120
4,208	4,567	Other assets		4,713	4,462	251	5.6	4,224
249,182	216,913	Property, plant and equipment	10	253,949	254,465	(516)	(0.2)	260,306
16,247	14,776	Equity accounted investments <sup>1</sup>		16,578	16,598	(20)	(0.1)	16,695
3,697	3,633	Intangible assets and goodwill		3,890	3,898	(8)	(0.2)	3,931
-	-	Forecast for new capital spending	7	-	-	-	-	1,439
-	-	Top-down capital adjustment	7	-	(460)	460	100.0	(2,850)
<b>501,844</b>	<b>454,185</b>	<b>Total assets</b>		<b>520,262</b>	<b>513,474</b>	<b>6,788</b>	<b>1.3</b>	<b>521,798</b>
<b>Liabilities</b>								
9,061	8,993	Issued currency		9,124	9,026	(98)	(1.1)	9,056
21,420	15,559	Payables	11	16,197	16,144	(53)	(0.3)	17,355
3,368	2,765	Deferred revenue		3,521	3,466	(55)	(1.6)	3,348
203,965	192,106	Borrowings	12	227,734	227,241	(493)	(0.2)	229,918
11,308	11,172	New Zealand Emissions Trading Scheme	13	10,078	12,457	2,379	19.1	12,837
55,301	60,569	Insurance liabilities	14	51,944	50,558	(1,386)	(2.7)	54,762
8,769	9,954	Retirement plan liabilities		7,966	7,913	(53)	(0.7)	7,835
14,333	13,121	Provisions	15	13,682	13,507	(175)	(1.3)	13,160
<b>327,525</b>	<b>314,239</b>	<b>Total liabilities</b>		<b>340,246</b>	<b>340,312</b>	<b>66</b>	<b>-</b>	<b>348,271</b>
<b>174,319</b>	<b>139,946</b>	<b>Total assets less total liabilities</b>		<b>180,016</b>	<b>173,162</b>	<b>6,854</b>	<b>4.0</b>	<b>173,527</b>
<b>Net worth</b>								
2,681	1,290	Taxpayers' funds	16	6,679	1,176	5,503	467.9	1,757
164,385	133,954	Property, plant and equipment revaluation reserve	16	165,008	164,326	682	0.4	164,372
55	(926)	Defined benefit retirement plan revaluation reserve	16	585	644	(59)	(9.2)	615
(566)	(659)	Veterans' disability entitlements reserve	16	(566)	(566)	-	-	(566)
481	83	Other reserves	16	428	210	218	103.8	68
<b>167,036</b>	<b>133,742</b>	<b>Total net worth attributable to the Crown</b>		<b>172,134</b>	<b>165,790</b>	<b>6,344</b>	<b>3.8</b>	<b>166,246</b>
7,283	6,204	Net worth attributable to minority interest	16	7,882	7,372	510	6.9	7,281
<b>174,319</b>	<b>139,946</b>	<b>Total net worth</b>		<b>180,016</b>	<b>173,162</b>	<b>6,854</b>	<b>4.0</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 eight months ended 28 February 2023

	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	73,255	74,288	-	-	-	-	(445)	(429)	72,810	73,859
Other sovereign revenue	2,813	3,421	4,720	4,630	-	-	(1,454)	(1,489)	6,079	6,562
Revenue from core Crown funding	-	-	29,733	30,535	495	519	(30,228)	(31,054)	-	-
Sales of goods and services	1,055	1,081	2,243	2,272	11,393	11,296	(415)	(427)	14,276	14,222
Interest and dividend revenue	2,775	2,512	1,312	1,974	607	29	(1,395)	(1,489)	3,299	3,026
Other revenue	655	651	2,853	3,016	517	543	(1,316)	(1,388)	2,709	2,822
<b>Total Revenue (excluding gains)</b>	<b>80,553</b>	<b>81,953</b>	<b>40,861</b>	<b>42,427</b>	<b>13,012</b>	<b>12,387</b>	<b>(35,253)</b>	<b>(36,276)</b>	<b>99,173</b>	<b>100,491</b>
<b>Expenses</b>										
Transfer payments and subsidies	25,876	26,173	-	-	-	-	(782)	(877)	25,094	25,296
Personnel expenses	6,570	6,682	13,768	13,883	2,189	2,022	(39)	(29)	22,488	22,558
Other operating expenses	45,261	47,753	23,311	24,538	9,494	9,626	(32,457)	(33,719)	45,609	48,198
Interest expenses	3,956	3,463	443	705	493	257	(468)	(382)	4,424	4,043
Insurance expenses	2	2	4,338	4,277	6	6	-	-	4,346	4,285
Forecast new operating spending and top-down adjustment	-	(1,600)	-	-	-	-	-	-	-	(1,600)
<b>Total Expenses (excluding losses)</b>	<b>81,665</b>	<b>82,473</b>	<b>41,860</b>	<b>43,403</b>	<b>12,182</b>	<b>11,911</b>	<b>(33,746)</b>	<b>(35,007)</b>	<b>101,961</b>	<b>102,780</b>
Gains/(losses) and other items	4,265	(2,013)	2,721	2,616	(164)	(351)	(79)	577	6,743	829
<b>Operating Balance (excluding minority interests)</b>	<b>3,153</b>	<b>(2,533)</b>	<b>1,722</b>	<b>1,640</b>	<b>666</b>	<b>125</b>	<b>(1,586)</b>	<b>(692)</b>	<b>3,955</b>	<b>(1,460)</b>
<b>Assets</b>										
Financial assets	163,293	157,666	92,980	93,540	8,156	6,977	(26,625)	(26,810)	237,804	231,373
Property, plant and equipment	57,186	57,395	148,004	148,930	48,759	48,140	-	-	253,949	254,465
Investments in associates, CEs and SOEs	62,835	64,198	14,304	14,304	377	411	(60,938)	(62,315)	16,578	16,598
Other assets	5,844	5,693	3,614	3,515	3,170	2,888	(697)	(598)	11,931	11,498
Forecast and top-down capital adjustments	-	(460)	-	-	-	-	-	-	-	(460)
<b>Total Assets</b>	<b>289,158</b>	<b>284,492</b>	<b>258,902</b>	<b>260,289</b>	<b>60,462</b>	<b>58,416</b>	<b>(88,260)</b>	<b>(89,723)</b>	<b>520,262</b>	<b>513,474</b>
<b>Liabilities</b>										
Borrowings	193,142	193,071	46,143	46,719	11,635	11,356	(23,186)	(23,905)	227,734	227,241
Other liabilities	47,041	48,074	65,169	65,141	11,198	10,608	(10,896)	(10,752)	112,512	113,071
<b>Total Liabilities</b>	<b>240,183</b>	<b>241,145</b>	<b>111,312</b>	<b>111,860</b>	<b>22,833</b>	<b>21,964</b>	<b>(34,082)</b>	<b>(34,657)</b>	<b>340,246</b>	<b>340,312</b>
<b>Net Worth</b>	<b>48,975</b>	<b>43,347</b>	<b>147,590</b>	<b>148,429</b>	<b>37,629</b>	<b>36,452</b>	<b>(54,178)</b>	<b>(55,066)</b>	<b>180,016</b>	<b>173,162</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>2,529</b>	<b>2,723</b>	<b>4,602</b>	<b>5,093</b>	<b>1,838</b>	<b>2,239</b>	<b>-</b>	<b>-</b>	<b>8,969</b>	<b>10,055</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 28 February 2023

	As at 28 Feb 2023 \$m	As at 30 Jun 2022 \$m	As at 28 Feb 2022 \$m
<b>Capital Commitments</b>			
State highways	1,982	2,380	2,745
Specialist military equipment	1,617	2,169	2,372
Land and buildings	8,476	7,249	6,632
Other property, plant and equipment	5,337	5,192	4,838
Other capital commitments	767	1,045	790
Universities and Wānanga	763	763	875
<b>Total capital commitments</b>	<b>18,942</b>	<b>18,798</b>	<b>18,252</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,605	5,645	5,181
Other non-cancellable leases	3,215	3,184	3,574
Universities and Wānanga	1,279	1,279	1,137
<b>Total operating commitments</b>	<b>10,099</b>	<b>10,108</b>	<b>9,892</b>
<b>Total commitments</b>	<b>29,041</b>	<b>28,906</b>	<b>28,144</b>
<b>Total Commitments by Segment</b>			
Core Crown	11,121	11,979	11,984
Crown entities	10,978	10,107	9,438
State-owned Enterprises	7,264	7,131	6,968
Inter-segment eliminations	(322)	(311)	(246)
<b>Total commitments</b>	<b>29,041</b>	<b>28,906</b>	<b>28,144</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 28 February 2023

	As at 28 Feb 2023 \$m	As at 30 Jun 2022 \$m	As at 28 Feb 2022 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	9,279	9,198	8,879
Guarantees and indemnities	412	387	414
Legal proceedings and disputes	800	553	313
Other contingent liabilities	607	778	857
<b>Total quantifiable contingent liabilities</b>	<b>11,098</b>	<b>10,916</b>	<b>10,463</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	10,359	10,366	10,113
Crown entities	637	392	153
State-owned Enterprises	137	206	262
Inter-segment eliminations	(35)	(48)	(65)
<b>Total quantifiable contingent liabilities</b>	<b>11,098</b>	<b>10,916</b>	<b>10,463</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	49	26	26
Crown entities	28	37	21
State-owned Enterprises	41	-	-
Inter-segment eliminations	-	-	1
<b>Total quantifiable contingent assets</b>	<b>118</b>	<b>63</b>	<b>48</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

---

## 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, while the financial performance subsequent to 30 November 2022 and the assets and liabilities of that company at 28 February 2023 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). This has also led to a change in functional classification of expenses from transportation and communications to economic and industrial services, from acquisition date.

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 eight months ended 28 February 2022. 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	8 months to 28 Feb 2022 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	27,306	Source deductions	30,597	30,837	(240)	(0.8)	47,377
11,120	6,456	Other persons	6,403	6,737	(334)	(5.0)	11,533
(1,739)	(984)	Refunds	(1,089)	(1,103)	14	1.3	(1,883)
684	460	Fringe benefit tax	511	478	33	6.9	714
<b>52,513</b>	<b>33,238</b>	<b>Total individuals</b>	<b>36,422</b>	<b>36,949</b>	<b>(527)</b>	<b>(1.4)</b>	<b>57,741</b>
<b>Corporate tax</b>							
20,010	11,005	Gross companies tax	11,383	11,349	34	0.3	21,307
(630)	(305)	Refunds	(427)	(326)	(101)	(31.0)	(526)
516	313	Non-resident withholding tax	333	297	36	12.1	522
<b>19,896</b>	<b>11,013</b>	<b>Total corporate tax</b>	<b>11,289</b>	<b>11,320</b>	<b>(31)</b>	<b>(0.3)</b>	<b>21,303</b>
<b>Other direct income tax</b>							
842	455	Resident withholding tax on interest income	1,095	883	212	24.0	1,414
1,108	553	Resident withholding tax on dividend income	597	627	(30)	(4.8)	1,146
<b>1,950</b>	<b>1,008</b>	<b>Total other direct income tax</b>	<b>1,692</b>	<b>1,510</b>	<b>182</b>	<b>12.1</b>	<b>2,560</b>
<b>74,359</b>	<b>45,259</b>	<b>Total direct income tax</b>	<b>49,403</b>	<b>49,779</b>	<b>(376)</b>	<b>(0.8)</b>	<b>81,604</b>
<b>Goods and services tax</b>							
43,044	28,299	Gross goods and services tax	31,564	31,991	(427)	(1.3)	47,381
(16,920)	(11,115)	Refunds	(12,680)	(12,565)	(115)	(0.9)	(18,499)
<b>26,124</b>	<b>17,184</b>	<b>Total goods and services tax</b>	<b>18,884</b>	<b>19,426</b>	<b>(542)</b>	<b>(2.8)</b>	<b>28,882</b>
<b>Other indirect taxation</b>							
1,749	1,239	Petroleum fuels excise and duty <sup>1</sup>	864	885	(21)	(2.4)	1,459
1,866	1,391	Tobacco excise and duty <sup>1</sup>	1,340	1,500	(160)	(10.7)	1,923
1,840	1,253	Road and track user charges	925	838	87	10.4	1,458
1,241	869	Alcohol excise and duty <sup>1</sup>	884	931	(47)	(5.0)	1,354
178	117	Other customs duty	127	124	3	2.4	177
516	320	Miscellaneous indirect tax	383	376	7	1.9	585
<b>7,390</b>	<b>5,189</b>	<b>Total other indirect taxation</b>	<b>4,523</b>	<b>4,654</b>	<b>(131)</b>	<b>(2.8)</b>	<b>6,956</b>
<b>33,514</b>	<b>22,373</b>	<b>Total indirect taxation</b>	<b>23,407</b>	<b>24,080</b>	<b>(673)</b>	<b>(2.8)</b>	<b>35,838</b>
<b>107,873</b>	<b>67,632</b>	<b>Total taxation revenue</b>	<b>72,810</b>	<b>73,859</b>	<b>(1,049)</b>	<b>(1.4)</b>	<b>117,442</b>
<b>Other sovereign revenue</b>							
3,461	2,167	ACC levies	2,538	2,438	100	4.1	3,705
3,006	2,150	Emissions trading revenue	1,777	2,500	(723)	(28.9)	4,015
638	385	Fire Service levies	406	397	9	2.3	651
528	352	EQC levies	378	374	4	1.1	598
25	-	Clean vehicle discount	104	93	11	11.8	133
287	218	Child support and working for families penalties	157	159	(2)	(1.3)	244
100	65	Court fines	68	66	2	3.0	115
849	463	Other miscellaneous items	651	535	116	21.7	867
<b>8,894</b>	<b>5,800</b>	<b>Total other sovereign revenue</b>	<b>6,079</b>	<b>6,562</b>	<b>(483)</b>	<b>(7.4)</b>	<b>10,328</b>
<b>116,767</b>	<b>73,432</b>	<b>Total sovereign revenue</b>	<b>78,889</b>	<b>80,421</b>	<b>(1,532)</b>	<b>(1.9)</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	8 months to 28 Feb 2022 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	27,720	Source deductions	30,800	31,003	(203)	(0.7)	47,121
9,723	4,998	Other persons	5,535	5,728	(193)	(3.4)	11,761
(2,423)	(1,175)	Refunds	(1,153)	(1,155)	2	0.2	(2,444)
674	487	Fringe benefit tax	530	517	13	2.5	714
<b>50,410</b>	<b>32,030</b>	<b>Total individuals</b>	<b>35,712</b>	<b>36,093</b>	<b>(381)</b>	<b>(1.1)</b>	<b>57,152</b>
<b>Corporate Tax</b>							
18,343	10,835	Gross companies tax	12,237	12,504	(267)	(2.1)	21,838
(1,317)	(700)	Refunds	(916)	(895)	(21)	(2.3)	(1,509)
529	359	Non-resident withholding tax	382	336	46	13.7	522
<b>17,555</b>	<b>10,494</b>	<b>Total corporate tax</b>	<b>11,703</b>	<b>11,945</b>	<b>(242)</b>	<b>(2.0)</b>	<b>20,851</b>
<b>Other Direct Income Tax</b>							
813	469	Resident withholding tax on interest income	1,029	884	145	16.4	1,414
1,098	634	Resident withholding tax on dividend income	680	681	(1)	(0.1)	1,136
<b>1,911</b>	<b>1,103</b>	<b>Total other direct income tax</b>	<b>1,709</b>	<b>1,565</b>	<b>144</b>	<b>9.2</b>	<b>2,550</b>
<b>69,876</b>	<b>43,627</b>	<b>Total income tax</b>	<b>49,124</b>	<b>49,603</b>	<b>(479)</b>	<b>(1.0)</b>	<b>80,553</b>
<b>Goods and Services Tax</b>							
41,973	27,235	Gross goods and services tax	30,163	30,858	(695)	(2.3)	46,634
(16,473)	(10,714)	Refunds	(11,911)	(12,160)	249	2.0	(18,239)
<b>25,500</b>	<b>16,521</b>	<b>Total goods and services tax</b>	<b>18,252</b>	<b>18,698</b>	<b>(446)</b>	<b>(2.4)</b>	<b>28,395</b>
<b>Other Indirect Taxation</b>							
1,853	1,245	Road and track user charges	920	838	82	9.8	1,468
1,630	1,226	Excise duties	509	534	(25)	(4.7)	826
3,360	2,516	Customs duty	2,872	3,086	(214)	(6.9)	4,151
493	312	Miscellaneous indirect taxation	381	394	(13)	(3.3)	575
<b>7,336</b>	<b>5,299</b>	<b>Total other indirect taxation</b>	<b>4,682</b>	<b>4,852</b>	<b>(170)</b>	<b>(3.5)</b>	<b>7,020</b>
<b>32,836</b>	<b>21,820</b>	<b>Total indirect taxation</b>	<b>22,934</b>	<b>23,550</b>	<b>(616)</b>	<b>(2.6)</b>	<b>35,415</b>
<b>102,712</b>	<b>65,447</b>	<b>Total tax receipts collected</b>	<b>72,058</b>	<b>73,153</b>	<b>(1,095)</b>	<b>(1.5)</b>	<b>115,968</b>
<b>Other Sovereign Receipts (cash)</b>							
3,363	2,382	ACC levies	2,660	2,554	106	4.2	3,565
2,096	916	Emissions trading receipts	801	807	(6)	(0.7)	1,767
634	445	Fire Service levies	470	459	11	2.4	651
530	366	EQC levies	440	429	11	2.6	546
25	-	Clean vehicle discount	104	93	11	11.8	133
212	120	Child support and working for families penalties	150	164	(14)	(8.5)	250
110	73	Court fines	77	71	6	8.5	115
833	534	Other miscellaneous items	594	539	55	10.2	868
<b>7,803</b>	<b>4,836</b>	<b>Total other sovereign receipts</b>	<b>5,296</b>	<b>5,116</b>	<b>180</b>	<b>3.5</b>	<b>7,895</b>
<b>110,515</b>	<b>70,283</b>	<b>Total sovereign receipts</b>	<b>77,354</b>	<b>78,269</b>	<b>(915)</b>	<b>(1.2)</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	8 months to 28 Feb 2022 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	1,374	Interest revenue	2,613	2,146	467	21.8	4,069
1,248	668	Dividends	686	880	(194)	(22.0)	1,195
<b>3,540</b>	<b>2,042</b>	<b>Total interest revenue and dividends</b>	<b>3,299</b>	<b>3,026</b>	<b>273</b>	<b>9.0</b>	<b>5,264</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
17,764	11,591	New Zealand superannuation	12,686	12,688	2	-	19,530
3,330	2,195	Jobseeker support and emergency benefit	2,272	2,282	10	0.4	3,434
2,386	1,590	Accommodation assistance	1,565	1,572	7	0.4	2,343
2,047	1,332	Supported living payment	1,504	1,504	-	-	2,302
2,017	1,265	Family tax credit	1,330	1,388	58	4.2	2,240
1,704	1,095	Sole parent support	1,250	1,255	5	0.4	1,917
-	-	Cost of living payment	561	570	9	1.6	800
513	309	Winter energy payment	311	311	-	-	518
964	648	KiwiSaver subsidies	684	685	1	0.1	1,035
556	330	Student allowances	306	318	12	3.8	570
497	328	Hardship assistance	436	377	(59)	(15.6)	581
827	469	Official development assistance	416	471	55	11.7	1,073
519	309	Other working for families tax credits	272	310	38	12.3	537
412	273	Disability allowances	282	282	-	-	428
313	206	Orphan's/unsupported child's benefit	231	231	-	-	348
308	190	Best start	195	206	11	5.3	347
145	88	Income related rent subsidy	81	89	8	9.0	133
4,019	2,716	COVID-19 resurgence and support payment	-	-	-	-	-
4,689	4,709	Wage Subsidy Scheme	-	-	-	-	-
1,077	925	Other social assistance benefits	712	757	45	5.9	1,184
<b>44,087</b>	<b>30,568</b>	<b>Total transfer payments and subsidies</b>	<b>25,094</b>	<b>25,296</b>	<b>202</b>	<b>39.5</b>	<b>39,320</b>
<b>NOTE 5: Finance Costs</b>							
3,251	1,833	Interest on financial liabilities	4,146	3,773	(373)	(9.9)	6,844
98	75	Interest unwind on provisions and other interest	278	270	(8)	(3.0)	379
<b>3,349</b>	<b>1,908</b>	<b>Total finance costs</b>	<b>4,424</b>	<b>4,043</b>	<b>(381)</b>	<b>(9.4)</b>	<b>7,223</b>
<b>NOTE 6: Insurance Expenses</b>							
5,833	2,829	ACC	3,949	4,036	87	2.2	7,839
496	235	EQC	359	211	(148)	(70.1)	324
92	(12)	Southern Response	(10)	(10)	-	-	(14)
26	20	Other insurance expenses	48	48	-	-	71
<b>6,447</b>	<b>3,072</b>	<b>Total insurance expenses</b>	<b>4,346</b>	<b>4,285</b>	<b>(61)</b>	<b>(1.4)</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 28 Feb 2022 \$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	(2,436)	Actuarial gains/(losses) on ACC liability	1,934	3,080	(1,146)	(37.2)	3,062
(4,888)	(5,394)	Gains/(losses) on the Emissions Trading Scheme	1,535	(1,335)	2,870	215.0	(1,432)
1,123	581	Other <sup>1</sup>	207	212	(5)	(2.4)	149
<b>2,965</b>	<b>(7,249)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>3,676</b>	<b>1,957</b>	<b>1,719</b>	<b>87.8</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>							
<b>Receivables</b>							
17,835	17,174	Cash and cash equivalents	25,042	13,141	11,901	90.6	15,679
20,076	17,615	Tax receivables	21,394	20,699	695	3.4	21,023
15,059	9,439	Other receivables	11,295	12,844	(1,549)	(12.1)	15,475
27,786	27,189	Kiwi Group loans and advances	29,219	29,261	(42)	(0.1)	30,002
9,209	10,558	Student loans	9,026	8,992	34	0.4	8,846
11,277	7,252	Funding for Lending advances	17,995	17,594	401	2.3	17,608
6,387	9,384	Other advances	7,802	7,628	174	2.3	8,126
46,261	50,022	Share investments	43,614	44,531	(917)	(2.1)	45,429
6,096	4,753	Investments in controlled enterprises	6,672	7,085	(413)	(5.8)	7,382
45,045	42,667	Other marketable securities	43,893	47,963	(4,070)	(8.5)	44,002
8,444	5,965	Long-term deposits	8,244	8,570	(326)	(3.8)	8,614
6,643	4,661	Derivatives in gain	8,176	7,468	708	9.5	7,150
5,324	5,141	IMF financial assets	5,432	5,597	(165)	(2.9)	5,597
<b>225,442</b>	<b>211,820</b>	<b>Total financial assets and sovereign receivables</b>	<b>237,804</b>	<b>231,373</b>	<b>6,431</b>	<b>2.8</b>	<b>234,933</b>
<b>Financial assets by entity</b>							
54,178	55,795	The Treasury	53,362	54,927	(1,565)	(2.8)	40,443
60,590	54,884	Reserve Bank of New Zealand	72,095	70,736	1,359	1.9	66,952
65,411	62,147	NZ Superannuation Fund	64,384	64,737	(353)	(0.5)	66,897
42,846	37,015	Other core Crown	42,560	39,454	3,106	7.9	43,003
(73,598)	(69,411)	Intra-segment eliminations	(69,108)	(72,188)	3,080	4.3	(57,687)
<b>149,427</b>	<b>140,430</b>	<b>Total core Crown segment</b>	<b>163,293</b>	<b>157,666</b>	<b>5,627</b>	<b>3.6</b>	<b>159,608</b>
50,041	51,424	ACC	48,235	48,314	(79)	(0.2)	50,929
541	520	EQC	601	537	64	11.9	627
-	-	Kiwi Group loans and advances <sup>1</sup>	29,219	29,261	(42)	(0)	30,002
17,547	15,602	Other Crown entities	48,618	48,967	(349)	(0.7)	20,382
(4,318)	(4,220)	Intra-segment eliminations	(4,474)	(4,279)	(195)	(4.6)	(3,069)
<b>63,811</b>	<b>63,326</b>	<b>Total Crown entities segment</b>	<b>92,980</b>	<b>93,539</b>	<b>(559)</b>	<b>(0.6)</b>	<b>98,871</b>
<b>38,443</b>	<b>34,913</b>	<b>Total State-owned Enterprises segment<sup>1</sup></b>	<b>8,157</b>	<b>6,976</b>	<b>1,181</b>	<b>16.9</b>	<b>6,495</b>
(26,239)	(26,849)	Inter-segment eliminations	(26,626)	(26,808)	182	0.7	(30,041)
<b>225,442</b>	<b>211,820</b>	<b>Total financial assets and sovereign receivables</b>	<b>237,804</b>	<b>231,373</b>	<b>6,431</b>	<b>2.8</b>	<b>234,933</b>

1. The 30 June 2022 and 28 February 2022 actuals represent Kiwi Group Holdings (KGH) loans and advances, which were reported within the State-owned Enterprise segment. In November 2022, the assets of KGH were 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 28 Feb 2022 \$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	70,536	Land	84,971	85,479	(508)	(0.6)	86,141
59,781	54,700	Buildings	61,979	62,934	(955)	(1.5)	65,505
51,915	43,477	State highways	52,508	52,280	228	0.4	53,679
19,027	18,201	Electricity generation assets	19,824	18,754	1,070	5.7	18,897
4,353	4,345	Electricity distribution network (cost)	4,398	4,417	(19)	(0.4)	4,206
4,220	3,655	Aircraft (excl military)	4,349	4,318	31	0.7	4,322
4,293	3,997	Specialist military equipment	4,432	4,582	(150)	(3.3)	5,060
3,254	3,161	Specified cultural and heritage assets	3,267	3,178	89	2.8	3,190
10,583	7,532	Rail network	10,808	10,804	4	-	11,013
7,012	7,309	Other plant and equipment (cost)	7,413	7,719	(306)	(4.0)	8,293
<b>249,182</b>	<b>216,913</b>	<b>Total net carrying value</b>	<b>253,949</b>	<b>254,465</b>	<b>(516)</b>	<b>(0.2)</b>	<b>260,306</b>
<b>Land breakdown by usage</b>							
32,802	25,879	Housing stock	32,861	33,340	(479)	(1.4)	33,608
23,486	18,450	State highway corridor land	23,474	23,486	(12)	(0.1)	23,418
7,826	7,166	Conservation estate	7,826	7,810	16	0.2	7,815
7,478	7,164	Schools	7,562	7,542	20	0.3	7,563
4,309	3,820	Rail network corridor land	4,329	4,382	(53)	(1.2)	4,377
1,582	1,236	Commercial (SOE) excluding rail	1,590	1,591	(1)	(0.1)	1,636
7,261	6,821	Other	7,329	7,328	1	-	7,724
<b>84,744</b>	<b>70,536</b>	<b>Total land</b>	<b>84,971</b>	<b>85,479</b>	<b>(508)</b>	<b>(0.6)</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	7,279	Additions	8,292	9,635	(1,343)	(13.9)	17,686
(2,011)	(382)	Disposals	(256)	(78)	(178)	(228.2)	(323)
26,271	(68)	Net revaluations	1,043	136	907	-	97
(303)	527	Other	(36)	(28)	(8)	(28.6)	(144)
<b>268,071</b>	<b>238,590</b>	<b>Total cost or valuation</b>	<b>277,114</b>	<b>277,736</b>	<b>(622)</b>	<b>(0.2)</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)	(214)	Eliminated on disposal	(144)	(30)	(114)	(380.0)	(688)
(3,377)	(33)	Eliminated on revaluation	(203)	(179)	(24)	(13)	-
(851)	-	Impairment losses charged to operating balance	312	312	-	-	312
6,152	3,822	Depreciation expense and impairment losses	4,296	4,259	37	0.9	6,622
(14)	84	Other	15	20	(5)	(25.0)	(54)
<b>18,889</b>	<b>21,677</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>23,165</b>	<b>23,271</b>	<b>(106)</b>	<b>(0.5)</b>	<b>25,081</b>
<b>249,182</b>	<b>216,913</b>	<b>Total property, plant and equipment</b>	<b>253,949</b>	<b>254,465</b>	<b>(516)</b>	<b>(0.2)</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 28 Feb 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
15,933	10,111	Accounts payable	10,086	10,685	599	5.6	11,604
5,487	5,448	Taxes repayable	6,111	5,459	(652)	(11.9)	5,751
<b>21,420</b>	<b>15,559</b>	<b>Total payables</b>	<b>16,197</b>	<b>16,144</b>	<b>(53)</b>	<b>(0.3)</b>	<b>17,355</b>
<b>NOTE 12: Borrowings</b>							
89,489	86,509	Government bonds	102,671	100,342	(2,329)	(2.3)	104,544
23,709	26,736	Kiwi Group	28,260	28,558	299	1.0	29,253
43,521	39,444	Settlement deposits	48,069	50,051	1,982	4.0	47,740
3,487	4,936	Treasury bills	2,896	2,931	35	1.2	2,919
10,275	5,773	Derivatives in loss	8,092	14,216	6,124	43.1	13,845
1,177	1,185	Finance lease liabilities	1,356	1,199	(157)	(13.1)	1,140
152	159	Government retail stock	141	148	7	4.7	148
32,155	27,364	Other borrowings	36,249	29,796	(6,454)	(21.7)	30,329
<b>203,965</b>	<b>192,106</b>	<b>Total borrowings</b>	<b>227,734</b>	<b>227,241</b>	<b>(493)</b>	<b>(0.2)</b>	<b>229,918</b>
153,263	144,664	Sovereign-guaranteed debt	176,535	175,265	(1,270)	(0.7)	176,536
50,702	47,442	Non sovereign-guaranteed debt	51,199	51,976	777	1.5	53,382
<b>203,965</b>	<b>192,106</b>	<b>Total borrowings</b>	<b>227,734</b>	<b>227,241</b>	<b>(493)</b>	<b>(0.2)</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	916	Units sold	801	807	6	0.7	1,767
1,489	989	Allocated units	1,219	1,457	238	16.3	2,396
(3,006)	(2,106)	Units surrendered	(1,776)	(2,500)	(724)	(29.0)	(4,015)
4,917	5,392	(Gains)/ losses due to revaluation in NZ Units	(1,535)	1,335	2,870	215.0	1,432
(12)	157	Other movements	61	50	(11)	(22.0)	(53)
<b>11,308</b>	<b>11,172</b>	<b>Closing liability</b>	<b>10,078</b>	<b>12,457</b>	<b>2,379</b>	<b>19.1</b>	<b>12,835</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	59,702	ACC liability	50,799	49,625	(1,174)	(2.4)	53,834
863	735	EQC property damage liability	968	774	(194)	(25.1)	770
284	90	Southern Response	102	102	-	-	102
39	42	Other insurance liabilities	75	57	(18)	(31.6)	56
<b>55,301</b>	<b>60,569</b>	<b>Total insurance liabilities</b>	<b>51,944</b>	<b>50,558</b>	<b>(1,386)</b>	<b>(2.7)</b>	<b>54,762</b>

The most recent valuation of the ACC liability was as at 31 December 2022 and is updated monthly for changes to discount rates.

<b>NOTE 15: Provisions</b>							
7,543	6,617	Provision for employee entitlements	7,205	7,187	(18)	(0.3)	7,106
2,843	2,981	Veterans disability entitlements	2,827	2,808	(19)	(0.7)	2,798
660	712	Provision for National Provident Fund guarantee	640	640	-	-	624
3,287	2,811	Other provisions	3,010	2,872	(138)	(4.8)	2,632
<b>14,333</b>	<b>13,121</b>	<b>Total provisions</b>	<b>13,682</b>	<b>13,507</b>	<b>(175)</b>	<b>(1.3)</b>	<b>13,160</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 28 Feb 2022 \$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	1,290	Taxpayers' funds	6,679	1,176	5,503	467.9	1,757
164,385	133,954	Property, plant and equipment revaluation reserve	165,008	164,326	682	0.4	164,372
55	(926)	Defined benefit retirement plan revaluation reserve	585	644	(59)	(9.2)	615
(566)	(659)	Veterans' disability entitlements reserve	(566)	(566)	-	-	(566)
7,283	6,204	Net worth attributable to minority interests	7,882	7,372	510	6.9	7,281
481	83	Other reserves	428	210	218	103.8	68
<b>174,319</b>	<b>139,946</b>	<b>Total net worth</b>	<b>180,016</b>	<b>173,162</b>	<b>6,854</b>	<b>4.0</b>	<b>173,527</b>
19,656	19,857	Opening taxpayers funds	2,681	2,681	-	-	2,681
(16,932)	(18,152)	Operating balance excluding minority interests	3,955	(1,460)	5,415	370.9	(725)
(43)	(415)	Transfers from/(to) other reserves	43	(45)	88	195.6	(199)
<b>2,681</b>	<b>1,290</b>	<b>Closing taxpayers funds</b>	<b>6,679</b>	<b>1,176</b>	<b>5,503</b>	<b>467.9</b>	<b>1,757</b>
134,003	134,003	Opening property, plant and equipment revaluation reserve	164,385	164,385	-	-	164,385
30,920	(16)	Net revaluations	1,120	(36)	1,156	-	16
(153)	44	Revaluation reserve attributable to minority interest	(394)	-	(394)	-	-
(385)	(77)	Transfers from/(to) other reserves	(103)	(23)	(80)	(347.8)	(29)
<b>164,385</b>	<b>133,954</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>165,008</b>	<b>164,326</b>	<b>682</b>	<b>0.4</b>	<b>164,372</b>
5,724	5,724	Opening net worth attributable to minority interests	7,283	7,283	-	-	7,283
949	311	Increase/(decrease) in minority interest from changes in equity	30	32	(2)	(6.3)	41
755	394	Operating balance attributable to minority interests	447	344	103	29.9	407
(145)	(225)	Net movements	122	(287)	409	142.5	(450)
<b>7,283</b>	<b>6,204</b>	<b>Closing net worth attributable to minority interests</b>	<b>7,882</b>	<b>7,372</b>	<b>510</b>	<b>6.9</b>	<b>7,281</b>
(172)	(172)	Opening other reserves	481	481	-	-	481
653	255	Net movements	(53)	(271)	218	80.4	(413)
<b>481</b>	<b>83</b>	<b>Closing other reserves</b>	<b>428</b>	<b>210</b>	<b>218</b>	<b>103.8</b>	<b>68</b>

### NOTE 17: Upper North Island flooding and Cyclone Gabrielle

Towards the end of January 2023, the upper North Island experienced a severe weather event causing widespread flooding due to heavy rainfall and in February 2023, Cyclone Gabrielle hit the country and caused widespread damage across a number of regions in the North Island. These events (collectively referred to as North Island weather events) have impacts across the financial statements of Government.

The Government will need to meet its existing commitments from the flooding and cyclone (eg, covering the response costs to the states of emergency, contributing to the replacement of damaged local government infrastructure, and paying out insurance claims lodged through Toke Tū Ake EQC). Furthermore, there are assets owned by the Government that were likely damaged by these weather events which may need to be repaired or replaced.

In addition to the costs from existing commitments, the Government has provided support and may provide further financial support to the affected regions and there is also likely to be an impact on economic activity that may have an impact on tax revenue.

These interim consolidated financial statements include Toke Tū2 Ake EQC's initial provision for insurance expenses and certain expenses associated with the Government's response to the North Island weather events such as hardship benefit payments. Apart from these, the remaining financial effect to the Government of these events are not recorded as they cannot be reliably measured at this stage. However, it is expected to have an adverse impact on the operating balance and net worth. Work is on-going to measure these costs.

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2023

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

Year to 30 June 2022 Actual \$m	8 months to 28 Feb 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
141,627	88,474	Total revenue	99,173	100,491	(1,318)	(1.3)	159,658
150,956	96,733	Less total expenses	101,961	102,780	819	0.8	162,861
(6,722)	(9,481)	Total gains/(losses)	7,160	1,148	6,012	-	2,850
(126)	(18)	Net surplus from associates and joint ventures	30	25	5	20.0	34
(755)	(394)	Minority interests share of operating balance	(447)	(344)	(103)	(29.9)	(406)
<b>(16,932)</b>	<b>(18,152)</b>	<b>Operating balance</b>	<b>3,955</b>	<b>(1,460)</b>	<b>5,415</b>	<b>370.9</b>	<b>(725)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>(16,932)</b>	<b>(18,152)</b>	<b>Operating balance</b>	<b>3,955</b>	<b>(1,460)</b>	<b>5,415</b>	<b>370.9</b>	<b>(725)</b>
		Less items excluded from OBEGAL:					
(9,687)	(2,232)	Net gains/(losses) on financial instruments	3,484	(809)	4,293	-	1,071
2,965	(7,249)	Net gains/(losses) on non-financial instruments	3,676	1,957	1,719	87.8	1,779
(126)	(18)	Net surplus from associates and joint ventures	30	25	5	20.0	34
(393)	(377)	Minority interests share of total gains/(losses)	(23)	(15)	(8)	(53.3)	22
<b>(9,691)</b>	<b>(8,276)</b>	<b>OBEGAL</b>	<b>(3,212)</b>	<b>(2,618)</b>	<b>(594)</b>	<b>(22.7)</b>	<b>(3,631)</b>

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2023

## Expenses by Functional Classification

Year to 30 June 2022 Actual \$m	8 months to 28 Feb 2022 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	31,729	Social security and welfare		30,766	31,209	443	1.4	49,341
27,658	17,764	Health		19,291	19,795	504	2.5	28,849
18,911	12,167	Education		12,581	12,782	201	1.6	19,844
5,426	3,067	Core government services		3,357	3,743	386	10.3	6,410
5,921	3,734	Law and order		4,130	4,277	147	3.4	6,670
9,528	6,417	Transport and communications		9,485	8,903	(582)	(6.5)	14,019
16,673	10,175	Economic and industrial services		7,512	8,073	561	6.9	13,157
2,803	1,761	Defence		1,666	1,808	142	7.9	2,970
3,260	2,102	Heritage, culture and recreation		2,224	2,350	126	5.4	3,550
2,302	1,564	Primary services		1,678	1,785	107	6.0	2,819
3,935	2,538	Housing and community development		2,690	3,102	412	13.3	5,171
2,535	1,556	Environmental protection		2,037	2,336	299	12.8	3,996
110	72	GSF pension expenses		43	50	7	14.0	73
242	180	Other		77	124	47	37.9	189
3,349	1,907	Finance costs		4,424	4,043	(381)	(9.4)	7,223
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,600)	(1,600)	(100.0)	(6,400)
<b>150,956</b>	<b>96,733</b>	<b>Total Crown expenses excluding losses</b>		<b>101,961</b>	<b>102,780</b>	<b>819</b>	<b>0.8</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	8 months to 28 Feb 2022 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	29,159	Social security and welfare		27,041	27,351	310	1.1	42,073
27,781	18,104	Health		19,347	19,908	561	2.8	28,835
18,023	11,249	Education		11,535	11,771	236	2.0	18,751
5,720	3,218	Core government services		3,400	3,798	398	10.5	6,532
5,444	3,467	Law and order		3,882	3,960	78	2.0	6,184
4,657	2,661	Transport and communications		3,176	3,242	66	2.0	5,230
8,078	5,546	Economic and industrial services		2,460	2,710	250	9.2	4,243
2,832	1,775	Defence		1,687	1,829	142	7.8	2,999
1,468	954	Heritage, culture and recreation		1,020	1,127	107	9.5	1,713
949	570	Primary services		634	743	109	14.7	1,297
2,033	1,297	Housing and community development		1,378	1,669	291	17.4	2,976
2,549	1,557	Environmental protection		2,039	2,339	300	12.8	3,997
94	61	GSF pension expenses		31	39	8	20.5	56
269	180	Other		77	124	47	37.9	189
2,884	1,634	Finance costs		3,956	3,463	(493)	(14.2)	5,676
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,600)	(1,600)	(100.0)	(6,400)
<b>125,641</b>	<b>81,432</b>	<b>Core Crown expenses excluding losses</b>		<b>81,663</b>	<b>82,473</b>	<b>810</b>	<b>1.0</b>	<b>129,331</b>

# FISCAL INDICATOR ANALYSIS

For the eight months ended 28 February 2023

## Core Crown Residual Cash

Year to 30 June 2022 \$m	8 months to 28 Feb 2022 \$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	67,802	Tax receipts	72,190	73,276	(1,086)	(1.5)	116,154
3,364	1,690	Other sovereign receipts	1,776	1,704	72	4.2	3,186
393	184	Interest receipts	427	351	76	21.7	611
2,883	1,763	Sale of goods & services and other receipts	2,704	2,652	52	2.0	4,000
(45,440)	(32,260)	Transfer payments and subsidies	(27,095)	(27,222)	127	0.5	(41,037)
(71,980)	(47,214)	Personnel and operating costs	(51,223)	(52,831)	1,608	3.0	(78,964)
(2,841)	(1,251)	Interest payments	(2,576)	(2,236)	(340)	(15.2)	(4,577)
-	-	Forecast for future new operating spending	-	-	-	-	(4,980)
-	-	Top-down expense adjustment	-	1,600	(1,600)	(100.0)	6,400
<b>(8,134)</b>	<b>(9,286)</b>	<b>Net core Crown operating cash flows</b>	<b>(3,797)</b>	<b>(2,706)</b>	<b>(1,091)</b>	<b>(40.3)</b>	<b>793</b>
(3,474)	(2,485)	Net purchase of physical and intangible assets	(2,693)	(2,988)	295	9.9	(5,061)
(9,192)	(5,546)	Net increase in advances	(7,661)	(7,586)	(75)	(1.0)	(10,412)
(3,823)	(2,095)	Net purchase of investments	(4,478)	(5,508)	1,030	18.7	(9,537)
(2,420)	(1,613)	Contributions to New Zealand Superannuation Fund	(1,705)	(1,705)	-	-	(2,558)
-	-	Forecast for future new capital spending	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	-	460	(460)	(100.0)	2,850
<b>(18,909)</b>	<b>(11,739)</b>	<b>Net core Crown capital cash flows</b>	<b>(16,537)</b>	<b>(17,327)</b>	<b>790</b>	<b>4.6</b>	<b>(26,157)</b>
<b>(27,043)</b>	<b>(21,025)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(20,334)</b>	<b>(20,033)</b>	<b>(301)</b>	<b>(1.5)</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	15,923	Issue of government bonds	16,439	16,187	252	1.6	26,944
-	-	Repayment of government bonds	(4,544)	(4,538)	(6)	(0.1)	(21,848)
(4,158)	(1,559)	Net issue/(repayment) of short-term borrowing	(185)	(1,988)	1,802	90.7	(2,076)
<b>15,117</b>	<b>14,364</b>	<b>Total market debt cash flows</b>	<b>11,710</b>	<b>9,661</b>	<b>2,048</b>	<b>21.2</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>14,037</b>	<b>Total debt programme cash flows</b>	<b>11,610</b>	<b>9,561</b>	<b>2,048</b>	<b>21.4</b>	<b>2,620</b>
		<b>Other Borrowing Cash Flows</b>					
12,400	9,860	Net (repayment)/issue of other New Zealand dollar borrowing	14,483	14,670	(187)	(1.3)	23,587
1,589	(566)	Net (repayment)/issue of foreign currency borrowing	(1,117)	(2,717)	1,601	58.9	(3,262)
<b>13,989</b>	<b>9,294</b>	<b>Total other borrowing cash flows</b>	<b>13,366</b>	<b>11,953</b>	<b>1,414</b>	<b>57.6</b>	<b>20,325</b>
		<b>Investing Cash Flows</b>					
(28)	(928)	Other net sale/(purchase) of marketable securities and deposits	3,046	(6,184)	9,230	149.3	(246)
805	742	Issues of circulating currency	64	(35)	99	282.9	(5)
(2,428)	(2,120)	Decrease/(increase) in cash	(7,752)	4,738	(12,490)	(263.6)	2,670
<b>(1,651)</b>	<b>(2,306)</b>	<b>Total investing cash flows</b>	<b>(4,642)</b>	<b>(1,481)</b>	<b>(3,161)</b>	<b>(213.4)</b>	<b>2,419</b>
<b>27,043</b>	<b>21,025</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>20,334</b>	<b>20,033</b>	<b>301</b>	<b>1.5</b>	<b>25,364</b>

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

# FISCAL INDICATOR ANALYSIS

As at 28 February 2023

## Net Debt and Gross Debt

As at 30 June 2022 Actual \$m	As at 28 Feb 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Net Debt:</b>							
168,986	159,840	Core Crown borrowings <sup>1</sup>	193,142	193,071	(71)	-	194,257
14,345	13,053	Crown entity borrowings <sup>2</sup>	46,143	46,719	576	1.2	50,469
-	-	Less Kiwi Group borrowings <sup>3</sup>	(28,514)	(28,708)	(194)	(0.7)	(29,375)
-	-	Add back interentity eliminations <sup>3</sup>	(1,675)	(1,554)	121	7.8	(1,638)
(343)	(1,576)	Net unsettled purchases/(sales) of securities <sup>4</sup>	(1,894)	(4,373)	(2,479)	(56.7)	(4,365)
(121,138)	(117,265)	Less core Crown financial assets (per net debt definition) <sup>5</sup>	(135,334)	(128,938)	6,396	5.0	(130,693)
<b>61,850</b>	<b>54,052</b>	<b>Net debt (incl. NZS Fund)</b>	<b>71,868</b>	<b>76,217</b>	<b>4,349</b>	<b>5.7</b>	<b>78,655</b>
<b>Additional net debt analysis</b>							
61,850	54,052	Net debt (incl. NZS Fund)	71,868	76,217	4,349	5.7	78,655
(5,040)	(2,742)	Less NZS Fund borrowings	(2,416)	(7,285)	(4,869)	(66.8)	(7,285)
		Less NZS Fund net unsettled purchases/(sales)					
235	1,391	of securities	1,766	3,355	1,589	47.4	3,347
60,070	59,518	Less NZS Fund financial assets	60,920	60,542	(378)	(0.6)	62,759
<b>117,115</b>	<b>112,219</b>	<b>Net debt (excl. NZS Fund)</b>	<b>132,138</b>	<b>132,829</b>	<b>691</b>	<b>0.5</b>	<b>137,476</b>
<b>Gross Debt:</b>							
168,986	159,840	Core Crown borrowings	193,142	193,071	(71)	-	194,257
5,042	1,112	Unsettled purchases of securities	1,720	678	(1,042)	(153.7)	635
		Add back NZS Fund holdings of sovereign-issued					
(9,990)	(3,823)	debt and NZS Fund borrowings	(3,902)	(7,931)	(4,029)	(50.8)	(7,888)
		Less Reserve Bank settlement cash and					
(45,088)	(40,654)	Reserve Bank bills	(52,870)	(51,051)	1,819	3.6	(48,015)
<b>118,950</b>	<b>116,475</b>	<b>Gross Debt</b>	<b>138,090</b>	<b>134,767</b>	<b>(3,323)</b>	<b>(2.5)</b>	<b>138,989</b>

### Notes on borrowings

- Core Crown borrowings represent the total debt obligations of the consolidated core Crown segment. This includes any government stock held by ACC and EQC and includes settlement deposits with the Reserve Bank.
- Crown entity borrowings represents the total debt obligations of the consolidated Crown entities. This includes debt issued by Crown entities, such as Kāinga Ora.
- The 30 June 2022 and 28 February 2022 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned enterprise segment. For the 28 February 2023 actuals and 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.
- Unsettled sales and purchases of securities are classified in the Statement of Financial Position as receivables and accounts payable, respectively.
- 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 eight months ended 28 February 2023

## Movement in Net Debt

As at 30 June 2022 Actual \$m	As at 28 Feb 2022 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	21,025	Core Crown residual cash (surplus)/deficit	20,334	20,033	(301)	(1.5)	25,364
(9,192)	(5,546)	Less net increase in advances	(7,661)	(7,586)	75	1.0	(10,412)
(2,420)	(1,613)	Less contributions to the NZS Fund	(1,705)	(1,705)	-	-	(2,558)
2,509	1,217	Net increase/(decrease) in Crown entity borrowings	1,609	2,112	503	23.8	5,111
(805)	(742)	Issues of circulating currency	(64)	35	99	282.9	5
		Other fair value movements in financial assets and					
8,794	3,790	financial liabilities (gains)/losses (including NZSF)	(2,495)	1,478	3,973	268.8	(705)
<b>61,850</b>	<b>54,052</b>	<b>Closing net debt</b>	<b>71,868</b>	<b>76,217</b>	<b>4,349</b>	<b>5.7</b>	<b>78,655</b>



# FISCAL INDICATOR ANALYSIS

## New Zealand Superannuation Fund

30 June 2022 \$m	28 Feb 2022 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual HYEFU Forecast \$m
<b>NZ Superannuation Fund</b>							
1,077	593	Revenue	773	702	71	10.1	1,018
35	30	Less current tax expense	23	18	(5)	(27.8)	16
(517)	(91)	Less other expenses <sup>1</sup>	(696)	303	999	329.7	(92)
(5,133)	(1,186)	Add gains/(losses)	2,369	(1,225)	3,594	293.4	(129)
<b>(3,574)</b>	<b>(654)</b>	<b>Operating balance</b>	<b>2,469</b>	<b>(202)</b>	<b>2,671</b>	<b>-</b>	<b>813</b>
57,365	57,365	Opening net worth	56,210	56,210	-	-	56,210
2,420	1,613	Contributions from the Crown	1,705	1,705	-	-	2,558
(3,574)	(654)	Operating balance	2,469	(202)	2,671	-	813
(1)	-	Other movements in reserves	1	1	-	-	-
<b>56,210</b>	<b>58,324</b>	<b>Closing net worth</b>	<b>60,385</b>	<b>57,714</b>	<b>2,671</b>	<b>4.6</b>	<b>59,581</b>
<b>Comprising:</b>							
65,411	62,147	Financial assets	64,384	64,737	(353)	(0.5)	66,897
(9,102)	(3,824)	Financial liabilities	(3,901)	(6,911)	3,010	43.6	(7,191)
(99)	1	Net other assets	(98)	(112)	14	12.5	(125)
<b>56,210</b>	<b>58,324</b>	<b>Closing net worth</b>	<b>60,385</b>	<b>57,714</b>	<b>2,671</b>	<b>4.6</b>	<b>59,581</b>

1. This includes deferred tax expenses which can vary from month to month.

## FISCAL INDICATOR ANALYSIS

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

Financial Results	28 Feb 2023 Actual \$m	28 Feb 2023 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	73,255	74,288	(1,033)	(1.4)	118,061
...combined with other core Crown revenue...	7,298	7,665	(367)	(4.8)	12,133
...funds core Crown expenses...	(81,663)	(82,473)	810	1.0	(129,331)
...and including SOE and Crown entity revenues and expenses...	(2,102)	(2,098)	(4)	(0.2)	(4,494)
...results in an <b>OBEGAL</b> ...	(3,212)	(2,618)	(594)	(22.7)	(3,631)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	3,955	(1,460)	5,415	370.9	(725)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	(2,469)	202	(2,671)	-	(284)
...and some items do not impact cash.	(5,283)	(1,448)	(3,835)	(264.8)	1,234
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(3,797)</b>	<b>(2,706)</b>	<b>(1,091)</b>	<b>(40.3)</b>	<b>793</b>
...used to make contributions to the NZS Fund...	(1,705)	(1,705)	-	-	(2,558)
...and to use for capital expenditure	(2,693)	(2,988)	295	9.9	(5,061)
...and to make advances (eg, to students) and investments...	(7,661)	(7,586)	(75)	(1.0)	(10,412)
...and to purchase investments	(4,478)	(5,508)	1,030	18.7	(9,537)
Adjusting for forecast adjustments (top-down/new spending)...	-	460	(460)	(100.0)	1,411
...results in a <b>borrowing requirement (cash deficit)/surplus</b>	<b>(20,334)</b>	<b>(20,033)</b>	<b>(301)</b>	<b>(1.5)</b>	<b>(25,364)</b>