

Interim Financial Statements of the Government of New Zealand

For the nine months ended
31 March 2023



Prepared by the Treasury
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CONTENTS

Commentary

Comparison against forecast	2
Comparison against the prior year actuals	4

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>	

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Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 March 2023, and the financial results of operations and cash flows for the period ended on that date.

The March results are reported against forecasts based on the *Half Year Economic and Fiscal Update 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 nine months ended 31 March 2023 compared to HYEFU 2022

	Year to date				Full Year
	March	March	Variance ²	Variance	June
	2023	2023			HYEFU 2022
	Actual ¹	Forecast ¹	HYEFU 2022	HYEFU 2022	Forecast ³
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	83,615	85,950	(2,335)	(2.7)	118,061
Core Crown revenue	91,737	94,611	(2,874)	(3.0)	130,193
Core Crown expenses	92,520	93,243	723	0.8	129,331
Core Crown residual cash	(22,756)	(21,871)	(885)	(4.0)	(25,364)
Net debt ⁴	72,801	77,584	4,783	6.2	78,655
<i>as a percentage of GDP</i>	19.1%	20.4%			19.9%
Gross debt	143,351	140,339	(3,012)	(2.1)	138,989
<i>as a percentage of GDP</i>	37.7%	36.9%			35.2%
Operating balance before gains and losses	(3,388)	(913)	(2,475)	(271.1)	(3,631)
Operating balance (excluding minority interests)	4,470	733	3,737	-	(725)
Total borrowings	225,242	232,663	7,421	3.2	229,918
Net worth attributable to the Crown	172,218	167,971	4,247	2.5	166,246
<i>as a percentage of GDP</i>	45.3%	44.2%			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 at \$83.6 billion, was \$2.3 billion below forecast with:

- Corporate tax revenue being \$0.9 billion (6.4%) lower than forecast as a result of terminal tax assessments for the 2022 tax year being weaker than anticipated.
- GST revenue being \$0.8 billion (3.5%) below forecast due to the economy tracking weaker than expected, consistent with GDP.
- Other individuals' tax revenue being \$0.6 billion (7.9%) below forecast due to both terminal tax for the 2022 tax year and provisional tax for the 2023 tax year being weaker than forecast.

Core Crown revenue at \$91.7 billion, was \$2.9 billion lower than forecast largely due to core Crown tax revenue discussed above and the lower than forecast Emissions Trading Scheme (ETS) revenue (\$1.2 billion) as the price of New Zealand Unit (NZU) remains below forecast. These were partially offset by interest revenue being above forecast as a result of higher than forecast interest rates.

Core Crown expenses at \$92.5 billion, were \$0.7 billion lower than forecast largely due to:

- **Social security and welfare expenses (\$0.6 billion)** – this is being driven by a number of factors, including delays in service delivery and business transformation, lower than forecast rental costs through the income related rent subsidy scheme and working for family tax credits as a result of strong income growth, low migration and less than forecast eligible children.
- **Environmental protection expenses (\$0.5 billion)** – this continues to be mainly due to lower expenses in relation to the ETS. At March 2023, the NZU price was \$54.50 compared to the forecast price of \$85.
- **Core government services expenses (\$0.4 billion)** – the variance was spread across several departments. The largest variance relates to the Water Services Reform – Better Off Support Package council payments. The 2022/23 forecast spend was \$0.3 billion, however actual payments have been incurred later than initially projected. DIA is working with councils to re-phase a significant proportion of spend into later financial years. In addition, the official development assistance payments programme has experienced sequencing, contracting and resourcing challenges.
- **Housing and community development expenses (\$0.4 billion)** – underspends have been incurred in the 'land for housing' and 'buy off the plan' programmes due to lower than expected purchases. Additionally, Māori Housing initiatives were underspent due to delays in Māori Housing providers meeting milestones and an underspend in transitional housing.
- **Health expenses (\$0.4 billion)** – the variance is primarily due to COVID-19 related expenditure (\$0.5 billion), partially offset by spend relating to pharmaceutical purchases (\$0.2 billion). Both are expected to be timing in nature and reverse by year end.

While spending in most categories were lower than forecast, core Crown finance costs were \$0.6 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 \$3.4 billion was higher than the forecast by \$2.5 billion largely as a result of the core Crown revenue and expenses variances and additional expenditure outside of the core Crown relating to the North Island weather events.

The operating balance was a surplus of \$4.5 billion, compared to a forecast surplus of \$0.7 billion. The variance was mostly driven by valuation changes, with:

- Net gains on financial instruments being \$4.9 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 \$1.3 billion more than forecast. This variance is largely driven by the gains from the valuation of the ETS liability, which was \$3.5 billion gain 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 \$3.5 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 \$22.8 billion was \$0.9 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 \$72.8 billion (19.1% of GDP), was lower than forecast by \$4.8 billion. \$4.9 billion of this is due to favourable movements in the fair value of financial assets and liabilities (which includes the New Zealand Super Fund) and \$1.1 billion was due to lower than forecast Crown Entity borrowings. This was offset by a higher than forecast residual cash deficit.

Table 2 below, shows a reconciliation between **net debt** and net core Crown debt. Net core Crown debt was \$0.7 billion higher than forecast at \$152.7 billion (40.1% of GDP), with the variance in net core Crown debt largely a result of the core Crown residual cash variance discussed above.

Table 2 – 31 March 2023 reconciliation of net debt and net core Crown debt

	Year to date				Full Year
	March 2023	March 2023	Variance	Variance	June 2023
	Actual	HYEFU 2022 Forecast	HYEFU 2022	HYEFU 2022	HYEFU 2022 Forecast
	\$m	\$m	\$m	%	\$m
Net core Crown debt	152,690	152,019	(671)	(0.4)	154,625
<i>Include</i>					
Core Crown advances	(34,343)	(34,380)	(37)	(0.1)	(36,605)
Net NZSF financial assets and borrowings	(61,589)	(57,164)	4,425	7.7	(58,821)
Crown entity borrowings	16,043	17,109	1,066	6.2	19,456
Net Debt	72,801	77,584	4,783	6.2	78,655
% of GDP					
Net core Crown debt	40.1%	40.0%			39.2%
Net debt	19.1%	20.4%			19.9%

Gross debt at \$143.4 billion (37.7% of GDP), was \$3.0 billion higher than forecast due to several factors including foreign currency borrowings, unsettled trades and government bonds. These factors were partly offset by lower core Crown derivative liabilities, Reserve Bank liability balances and International Monetary Fund liabilities.

Net worth attributable to the Crown was \$172.2 billion which was \$4.2 billion higher than forecast largely as a result of a favourable operating balance and property, plant and equipment revaluations.

Comparison against the prior year actuals

Table 3 – Key indicators for the nine months ended 31 March 2023 compared to prior year actuals

	Year to date				Full Year
	March 2023	March 2022	Variance ³	Variance	June 2022
	Actual ¹	Prior Year Actual ²	to 2022	to 2022	Prior Year Actual ⁴
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	83,615	78,620	4,995	6.4	108,458
Core Crown revenue	91,737	85,159	6,578	7.7	117,516
Core Crown expenses	92,520	92,596	76	0.1	125,641
Core Crown residual cash	(22,756)	(24,698)	1,942	7.9	(27,043)
Net debt ⁵	72,801	55,859	(16,942)	(30.3)	61,850
<i>as a percentage of GDP</i>	19.1%	15.9%			17.0%
Gross debt	143,351	116,022	(27,329)	(23.6)	118,950
<i>as a percentage of GDP</i>	37.7%	32.9%			32.8%
Operating balance before gains and losses	(3,388)	(8,111)	4,723	58.2	(9,691)
Operating balance (excluding minority interests)	4,470	(15,586)	20,056	128.7	(16,932)
Total Borrowings	225,242	197,057	(28,185)	(14.3)	203,965
Net worth attributable to the Crown	172,218	136,414	35,804	26.2	167,036
<i>as a percentage of GDP</i>	45.3%	38.7%			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 \$5.0 billion (6.4%) higher than the same period last year. The largest movements came from:

- Source deductions revenue which was up \$3.6 billion (11.4%) owing to a strong labour market.
- GST revenue which was up \$1.7 billion (8.9%) 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 \$0.8 billion (66.8%) mainly owing to increases in deposit interest rates.

These were partially offset by customs & excise duties, other indirect taxes and other individuals taxes which were \$0.4 billion (10.3%), \$0.3 billion (17.3%) and \$0.3 billion (4.7%) down respectively. Customs and excise duties and other indirect taxes were down mainly owing to lower fuel excise and road user charges rates compared to the prior year. Other individuals taxes was lower owing to weaker taxable profit levels.

In addition to core Crown tax revenue, interest revenue and dividends from investments were \$1.7 billion more than the same time last year, as a result of higher interest rates while ETS revenue is \$0.6 billion lower than the same time last year due to lower NZU prices.

The increase in tax revenue and other revenue has contributed to **core Crown revenue** being \$6.6 billion (7.7%) above the same period last year.

Core Crown expenses at \$92.5 billion were \$0.1 billion lower 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 nine months of the 2022/23 fiscal year leading to expenses being around \$8.5 billion lower than the same period last year.
- Finance costs are up by \$2.7 billion on last year, reflecting increases to interest rates and borrowings.
- Health expenditure was \$1.3 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 \$1.2 billion, reflecting an increase in the number of recipients and payment rates (which are indexed to wage growth).
- Transport costs are up by \$0.6 billion as a result of higher costs relating to repairs and maintenance of State Highways and more spending on local roads than the previous year.
- The payment of the one-off cost of living payment of \$0.6 billion which impacted 2022/23 only.

The **OBEGAL** deficit has improved by \$4.7 billion from the same time last year primarily owing to the core Crown changes noted above.

The **operating balance** has improved by \$20.1 billion. In addition to the improvements in OBEGAL, the other drivers include:

- Net gains/(losses) on financial instruments are \$6.8 billion more favourable than the same time last year largely owing to improved market conditions. In March 2023, a net gain of \$4.6 billion has been reported while a net loss of \$2.1 billion was recorded in March 2022.
- Net gains on non-financial instruments were \$3.2 billion this year compared to net losses of \$4.9 billion last year, an increase of \$8.2 billion. This is due to the NZ ETS recording a gain of \$3.5 billion in March 2023 compared to a loss of \$4.7 billion in March 2022.

The **core Crown residual cash** deficit of \$22.8 billion, was \$1.9 billion lower than the cash deficit for the same period last year. Net operating cash outflows were \$5.3 billion lower than the same period last year while net capital payments were \$3.3 billion higher than the previous year.

Net debt at \$72.8 billion was \$16.9 billion higher than for the same time last year and as a share of the economy, net debt increased to 19.1% of GDP from 15.9% of GDP a year earlier.

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

Net worth attributable to the Crown was \$172.2 billion (45.3% of GDP) at 31 March 2023, \$35.8 billion higher than the same time last year. This is primarily owing to the operating balance since March 2022 and revaluation increases in property plant and equipment of \$31.1 billion.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the nine months ended 31 March 2023

Year to 30 June 2022	9 months to 31 Mar 2022		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
107,873	78,131	Taxation revenue	2	83,082	85,472	(2,390)	(2.8)	117,442
8,894	6,480	Other sovereign revenue	2	6,539	7,410	(871)	(11.8)	10,328
116,767	84,611	Total sovereign revenue		89,621	92,882	(3,261)	(3.5)	127,770
17,442	12,012	Sales of goods and services		16,335	16,229	106	0.7	22,397
3,540	2,415	Interest revenue and dividends	3	3,911	3,450	461	13.4	5,264
3,878	2,850	Other revenue		3,065	3,188	(123)	(3.9)	4,227
24,860	17,277	Total revenue earned through operations		23,311	22,867	444	1.9	31,888
141,627	101,888	Total revenue (excluding gains)		112,932	115,749	(2,817)	(2.4)	159,658
		Expenses						
44,087	34,303	Transfer payments and subsidies	4	28,217	28,758	541	1.9	39,320
32,648	23,689	Personnel expenses		25,467	25,444	(23)	(0.1)	34,163
6,152	4,971	Depreciation		4,852	4,819	(33)	(0.7)	6,622
58,273	41,281	Other operating expenses		46,710	49,566	2,856	5.8	68,733
3,349	2,257	Interest expenses	5	5,085	4,670	(415)	(8.9)	7,223
6,447	3,464	Insurance expenses	6	5,534	4,943	(591)	(12.0)	8,220
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,900)	(1,900)	(100.0)	(6,400)
150,956	109,965	Total expenses (excluding losses)		115,865	116,300	435	0.4	162,861
		Gains/(losses)						
(9,687)	(2,144)	Net gains/(losses) on financial instruments		4,598	(320)	4,918	-	1,071
2,965	(4,921)	Net gains/(losses) on non-financial instruments	8	3,247	1,935	1,312	67.8	1,779
(6,722)	(7,065)	Total gains/(losses)		7,845	1,615	6,230	385.8	2,850
		Other interests						
(126)	(8)	Net surplus/(deficit) from associates and joint ventures		23	39	(16)	(41.0)	34
(755)	(436)	Less minority interests' share of operating balance		(465)	(370)	(95)	(25.7)	(406)
(16,932)	(15,586)	Operating balance (excluding minority interests)		4,470	733	3,737	-	(725)
755	436	Minority interests' share of operating balance		465	370	95	25.7	406
(16,177)	(15,150)	Operating balance (including minority interests)		4,935	1,103	3,832	347.4	(319)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the nine months ended 31 March 2023

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(16,177)	(15,150)	Operating balance (including minority interest)	4,935	1,103	3,832	347.4	(319)
		Other comprehensive revenue and expense					
30,920	(62)	Revaluation of physical assets	1,108	(36)	1,144	-	16
1,615	653	Revaluation of defined benefit retirement plan schemes	118	582	(464)	(79.7)	560
93	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
697	511	Transfers into/(out of) cash flow hedge reserve	41	(258)	299	115.9	(314)
(23)	(56)	Transfers into/(out of) reserves	15	35	(20)	(57.1)	36
(12)	(83)	(Gains)/losses transferred to the statement of financial performance	(68)	(75)	7	9.3	(133)
39	23	Foreign currency translation differences on foreign operations	(2)	(2)	-	-	(2)
(385)	(447)	Other movements	(65)	(62)	(3)	(4.8)	(237)
32,944	539	Total other comprehensive revenue and expense	1,147	184	963	-	(74)
16,767	(14,611)	Total comprehensive revenue and expense	6,082	1,287	4,795	372.6	(393)
		Attributable to:					
1,754	1,191	- minority interests	900	352	548	155.7	397
15,013	(15,802)	- the Crown	5,182	935	4,247	454.2	(790)
16,767	(14,611)	Total comprehensive revenue and expense	6,082	1,287	4,795	372.6	(393)

STATEMENT OF CHANGES IN NET WORTH

For the nine months ended 31 March 2023

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
156,992	157,193	Opening net worth	174,319	174,319	-	-	174,319
(16,177)	(15,150)	Operating balance (including minority interest)	4,935	1,103	3,832	347.4	(319)
30,920	(62)	Revaluations of physical assets	1,108	(36)	1,144	-	16
1,615	653	Revaluations of defined benefit retirement plan schemes	118	582	(464)	(79.7)	560
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	511	Transfers into/(out of) cash flow hedge reserve	41	(258)	299	115.9	(314)
(23)	(56)	Transfers into/(out of) other reserves	15	35	(20)	(57.1)	36
(12)	(83)	(Gains)/losses transferred to the statement of financial performance	(68)	(75)	7	9.3	(133)
39	23	Foreign currency translation differences on foreign operations	(2)	(2)	-	-	(2)
(385)	(447)	Other movements	(65)	(62)	(3)	(4.8)	(237)
16,767	(14,611)	Total comprehensive revenue and expense	6,082	1,287	4,795	372.6	(393)
		share offers ¹	-	-	-	-	-
949	311	Increase in minority interest from equity issues	42	41	1	2.4	41
(389)	(323)	Transactions with minority interests	(394)	(314)	(80)	(25.5)	(440)
174,319	142,570	Closing net worth	180,049	175,333	4,716	2.7	173,527

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

STATEMENT OF CASH FLOWS

For the nine months ended 31 March 2023

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
102,712	72,734	Taxation receipts		79,872	81,711	(1,839)	(2.3)	115,968
7,803	5,952	Other sovereign receipts		5,889	5,917	(28)	(0.5)	7,895
17,834	12,491	Sales of goods and services		16,206	16,299	(93)	(0.6)	22,236
1,961	1,355	Interest receipts		2,240	2,038	202	9.9	3,326
4,802	3,549	Other operating receipts		4,416	4,282	134	3.1	5,740
135,112	96,081	Total cash provided from operations		108,623	110,247	(1,624)	(1.5)	155,165
		Cash was disbursed to						
44,273	34,285	Transfer payments and subsidies		29,126	29,537	411	1.4	39,708
92,965	69,222	Personnel and operating payments		75,440	78,240	2,800	3.6	105,309
3,251	1,712	Interest payments		3,457	3,280	(177)	(5.4)	6,234
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,900)	(1,900)	(100.0)	(6,400)
140,489	105,219	Total cash disbursed to operations		108,023	109,157	1,134	1.0	149,831
(5,377)	(9,138)	Net cash flows from operations		600	1,090	(490)	(45.0)	5,334
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(10,572)	(8,046)	Net (purchase)/sale of physical assets		(10,069)	(11,845)	1,776	15.0	(19,492)
(4,986)	(5,077)	Net (purchase)/sale of shares and other securities		(1,396)	(14,489)	13,093	90.4	(4,978)
(709)	(583)	Net (purchase)/sale of intangible assets		(747)	(764)	17	2.2	(1,058)
(12,958)	(8,764)	Net (issue)/repayment of advances		(8,207)	(8,205)	(2)	-	(8,821)
(449)	(467)	Net acquisition of investments in associates		(152)	(108)	(44)	(40.7)	(245)
-	-	Forecast new capital spending	7	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	7	-	500	(500)	(100.0)	2,850
(29,674)	(22,937)	Net cash flows from investing activities		(20,571)	(34,911)	14,340	41.1	(33,183)
(35,051)	(32,075)	Net cash flows from operating and investing activities		(19,971)	(33,821)	13,850	41.0	(27,849)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
805	847	Issues of circulating currency		157	(27)	184	-	(5)
18,373	16,212	Net issue/(repayment) of Government bonds		18,106	20,085	(1,979)	(9.9)	19,051
2,259	1,527	Net issue/(repayment) of foreign currency borrowing		(1,394)	(4,302)	2,908	67.6	(4,806)
11,879	12,765	Net issue/(repayment) of other New Zealand dollar borrowing		8,258	12,755	(4,497)	(35.3)	10,880
898	246	Net issue/(purchase) of equity		-	-	-	-	-
(304)	(279)	Dividends paid to minority interests		(355)	(222)	(133)	(59.9)	(354)
33,910	31,318	Net cash flows from financing activities		24,772	28,289	(3,517)	(12.4)	24,766
(1,141)	(757)	Net movement in cash		4,801	(5,532)	10,333	186.8	(3,083)
18,755	18,755	Opening cash balance		17,835	17,835	-	-	17,835
221	(322)	Foreign-exchange gains/(losses) on opening cash		(449)	816	(1,265)	(155.0)	927
17,835	17,676	Closing cash balance		22,187	13,119	9,068	69.1	15,679

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the nine months ended 31 March 2023

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
(5,377)	(9,138)	Net cash flows from operations	600	1,090	(490)	(45.0)	5,334
		Gains/(losses) and other interests					
(9,687)	(2,144)	Net gains/(losses) on financial instruments	4,598	(320)	4,918	-	1,071
2,965	(4,921)	Net gains/(losses) on non-financial instruments	3,247	1,935	1,312	67.8	1,779
(126)	(8)	Net surplus from associates and joint ventures	23	39	(16)	(41.0)	34
(6,848)	(7,073)	Total gains/(losses) and other interests	7,868	1,654	6,214	375.7	2,884
		Other non-cash items in operating balance					
(6,152)	(4,300)	Depreciation	(4,852)	(4,819)	(33)	(0.7)	(6,622)
		Amortisation and net impairment of non-financial assets	(1,074)	(1,095)	(21)	(1.9)	(1,359)
(858)	(617)	Cost of concessionary lending	(617)	(659)	42	6.4	(1,012)
(38)	(22)	Impairment of financial assets (excl receivables)	(77)	(86)	9	10.5	(81)
(1,696)	2,471	Decrease/(increase) in insurance liabilities	979	1,822	(843)	(46.3)	(2,523)
790	561	Change in accumulating pension expenses	(135)	548	(683)	(124.6)	812
1,529	1,034	Emissions trading scheme revenue and expense	324	1,122	(798)	(71.1)	1,670
45	480	Other	-	-	-	-	-
(6,156)	(1,064)	Total other non-cash items	(5,452)	(3,167)	(2,327)	(73.5)	(9,115)
		Movements in working capital					
5,027	3,117	Increase/(decrease) in receivables	1,917	1,211	706	58.3	1,488
197	(300)	Increase/(decrease) in accrued interest	(806)	(920)	114	12.4	(256)
874	410	Increase/(decrease) in inventories	236	110	126	114.5	52
303	1,024	Increase/(decrease) in prepayments	503	445	58	13.0	(48)
(819)	(459)	Decrease/(increase) in deferred revenue	(187)	(19)	(168)	-	19
(3,378)	(1,667)	Decrease/(increase) in payables/provisions	256	699	(443)	(63.4)	(677)
2,204	2,125	Total movements in working capital	1,919	1,526	393	25.8	578
(16,177)	(15,150)	Operating balance (including minority interests)	4,935	1,103	3,790	343.6	(319)

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

As at 30 June 2022 Actual \$m	As at 31 Mar 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
17,835	17,676	Cash and cash equivalents	9	22,187	13,119	9,068	69.1	15,679
35,135	29,700	Receivables	9	33,618	36,258	(2,640)	(7.3)	36,498
65,456	60,095	Marketable securities, deposits and derivatives in gain	9	65,234	72,405	(7,171)	(9.9)	65,363
46,261	50,473	Share investments	9	44,371	44,750	(379)	(0.8)	45,429
54,659	55,119	Advances	9	64,641	63,792	849	1.3	64,582
6,096	4,601	Investments in controlled enterprises	9	6,714	7,159	(445)	(6.2)	7,382
3,068	2,604	Inventory		3,304	3,178	126	4.0	3,120
4,208	4,672	Other assets		4,687	4,531	156	3.4	4,224
249,182	217,415	Property, plant and equipment	10	255,118	255,920	(802)	(0.3)	260,306
16,247	14,783	Equity accounted investments ¹		16,581	16,604	(23)	(0.1)	16,695
3,697	3,689	Intangible assets and goodwill		3,886	3,911	(25)	(0.6)	3,931
-	-	Forecast for new capital spending	7	-	-	-	-	1,439
-	-	Top-down capital adjustment	7	-	(500)	500	100.0	(2,850)
501,844	460,827	Total assets		520,341	521,127	(786)	(0.2)	521,798
Liabilities								
9,061	9,103	Issued currency		9,218	9,033	(185)	(2.0)	9,056
21,420	16,430	Payables	11	17,314	16,234	(1,080)	(6.7)	17,355
3,368	3,006	Deferred revenue		3,555	3,387	(168)	(5.0)	3,349
203,965	197,057	Borrowings	12	225,242	232,663	7,421	3.2	229,918
11,308	11,105	New Zealand Emissions Trading Scheme	13	8,281	12,694	4,413	34.8	12,837
55,301	58,663	Insurance liabilities	14	54,781	50,426	(4,355)	(8.6)	54,762
8,769	9,885	Retirement plan liabilities		8,358	7,893	(465)	(5.9)	7,834
14,333	13,008	Provisions	15	13,543	13,464	(79)	(0.6)	13,160
327,525	318,257	Total liabilities		340,292	345,794	5,502	1.6	348,271
174,319	142,570	Total assets less total liabilities		180,049	175,333	4,716	2.7	173,527
Net worth								
2,681	3,935	Taxpayers' funds	16	7,194	3,375	3,819	113.2	1,757
164,385	133,896	Property, plant and equipment revaluation reserve	16	164,992	164,326	666	0.4	164,372
55	(907)	Defined benefit retirement plan revaluation reserve	16	173	637	(464)	(72.8)	615
(566)	(659)	Veterans' disability entitlements reserve	16	(566)	(566)	-	-	(566)
481	149	Other reserves	16	425	199	226	113.6	68
167,036	136,414	Total net worth attributable to the Crown		172,218	167,971	4,247	2.5	166,246
7,283	6,156	Net worth attributable to minority interest	16	7,831	7,362	469	6.4	7,281
174,319	142,570	Total net worth		180,049	175,333	4,716	2.7	173,527

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 nine months ended 31 March 2023

	Current Year Actual vs Forecast									
	Core Crown		Crown entities ¹		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
Revenue										
Taxation revenue	83,615	85,950	-	-	-	-	(533)	(478)	83,082	85,472
Other sovereign revenue	2,819	3,864	5,351	5,230	-	-	(1,631)	(1,684)	6,539	7,410
Revenue from core Crown funding	-	-	33,799	34,139	571	591	(34,370)	(34,730)	-	-
Sales of goods and services	1,237	1,214	2,519	2,572	13,054	12,926	(475)	(483)	16,335	16,229
Interest and dividend revenue	3,299	2,863	1,617	2,203	627	31	(1,632)	(1,647)	3,911	3,450
Other revenue	767	720	3,208	3,404	583	614	(1,493)	(1,550)	3,065	3,188
Total Revenue (excluding gains)	91,737	94,611	46,494	47,548	14,835	14,162	(40,134)	(40,572)	112,932	115,749
Expenses										
Transfer payments and subsidies	29,100	29,744	-	-	-	-	(883)	(986)	28,217	28,758
Personnel expenses	7,518	7,553	15,524	15,626	2,468	2,299	(43)	(34)	25,467	25,444
Other operating expenses	51,319	53,838	26,441	27,374	10,857	10,999	(37,055)	(37,826)	51,562	54,385
Interest expenses	4,580	4,006	559	823	548	287	(602)	(446)	5,085	4,670
Insurance expenses	3	2	5,524	4,934	7	7	-	-	5,534	4,943
Forecast new operating spending and top-down adjustment	-	(1,900)	-	-	-	-	-	-	-	(1,900)
Total Expenses (excluding losses)	92,520	93,243	48,048	48,757	13,880	13,592	(38,583)	(39,292)	115,865	116,300
Gains/(losses) and other items	7,540	(1,658)	1,164	2,679	(197)	(386)	(1,104)	649	7,403	1,284
Operating Balance (excluding minority interests)	6,757	(290)	(390)	1,470	758	184	(2,655)	(631)	4,470	733
Assets										
Financial assets	162,470	164,683	94,030	93,490	7,924	6,875	(27,659)	(27,565)	236,765	237,483
Property, plant and equipment	57,490	57,801	148,767	149,852	48,861	48,267	-	-	255,118	255,920
Investments in associates, CEs and SOEs	63,316	64,539	14,293	14,304	390	417	(61,418)	(62,656)	16,581	16,604
Other assets	5,713	5,654	3,542	3,528	3,140	2,889	(518)	(451)	11,877	11,620
Forecast and top-down capital adjustments	-	(500)	-	-	-	-	-	-	-	(500)
Total Assets	288,989	292,177	260,632	261,174	60,315	58,448	(89,595)	(90,672)	520,341	521,127
Liabilities										
Borrowings	190,574	198,066	46,486	47,561	11,572	11,538	(23,390)	(24,502)	225,242	232,663
Other liabilities	46,257	48,530	68,224	65,037	11,273	10,489	(10,704)	(10,925)	115,050	113,131
Total Liabilities	236,831	246,596	114,710	112,598	22,845	22,027	(34,094)	(35,427)	340,292	345,794
Net Worth	52,158	45,581	145,922	148,576	37,470	36,421	(55,501)	(55,245)	180,049	175,333
Cost of Acquisition of Physical Assets (Cash)	2,869	3,101	5,210	6,240	2,152	2,543	-	-	10,230	11,884

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 31 March 2023

	As at 31 Mar 2023 \$m	As at 30 Jun 2022 \$m	As at 31 Mar 2022 \$m
Capital Commitments			
State highways	1,929	2,380	2,751
Specialist military equipment	1,531	2,169	2,123
Land and buildings	8,569	7,249	6,587
Other property, plant and equipment	5,346	5,192	4,836
Other capital commitments	724	1,045	788
Universities and Wānanga	763	763	875
Total capital commitments	18,862	18,798	17,960
Operating Commitments			
Non-cancellable accommodation leases	5,626	5,645	5,163
Other non-cancellable leases	3,218	3,184	3,578
Universities and Wānanga	1,279	1,279	1,137
Total operating commitments	10,123	10,108	9,878
Total commitments	28,985	28,906	27,838
Total Commitments by Segment			
Core Crown	10,842	11,979	11,719
Crown entities	11,147	10,107	9,398
State-owned Enterprises	7,319	7,131	6,965
Inter-segment eliminations	(323)	(311)	(244)
Total commitments	28,985	28,906	27,838

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 March 2023

	As at 31 Mar 2023 \$m	As at 30 Jun 2022 \$m	As at 31 Mar 2022 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	9,125	9,198	8,436
Guarantees and indemnities	324	387	405
Legal proceedings and disputes	732	553	325
Other contingent liabilities	685	778	897
Total quantifiable contingent liabilities	10,866	10,916	10,063
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	10,084	10,366	9,668
Crown entities	637	392	165
State-owned Enterprises	180	206	287
Inter-segment eliminations	(35)	(48)	(57)
Total quantifiable contingent liabilities	10,866	10,916	10,063
Quantifiable Contingent Assets			
Core Crown	49	26	27
Crown entities	28	37	21
State-owned Enterprises	41	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	118	63	48

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 31 March 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 nine months ended 31 March 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	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
42,448	31,485	Source deductions	35,077	35,222	(145)	(0.4)	47,377
11,120	7,666	Other persons	7,400	7,997	(597)	(7.5)	11,533
(1,739)	(1,132)	Refunds	(1,258)	(1,238)	(20)	(1.6)	(1,883)
684	524	Fringe benefit tax	581	543	38	7.0	714
52,513	38,543	Total individuals	41,800	42,524	(724)	(1.7)	57,741
Corporate tax							
20,010	13,476	Gross companies tax	13,458	14,395	(937)	(6.5)	21,307
(630)	(333)	Refunds	(472)	(365)	(107)	(29.3)	(526)
516	333	Non-resident withholding tax	368	319	49	15.4	522
19,896	13,476	Total corporate tax	13,354	14,349	(995)	(6.9)	21,303
Other direct income tax							
842	567	Resident withholding tax on interest income	1,369	1,063	306	28.8	1,414
1,108	670	Resident withholding tax on dividend income	693	732	(39)	(5.3)	1,146
1,950	1,237	Total other direct income tax	2,062	1,795	267	14.9	2,560
74,359	53,256	Total direct income tax	57,216	58,668	(1,452)	(2.5)	81,604
Goods and services tax							
43,044	31,710	Gross goods and services tax	35,120	35,549	(429)	(1.2)	47,381
(16,920)	(12,548)	Refunds	(14,247)	(13,927)	(320)	(2.3)	(18,499)
26,124	19,162	Total goods and services tax	20,873	21,622	(749)	(3.5)	28,882
Other indirect taxation							
1,749	1,391	Petroleum fuels excise and duty ¹	1,032	1,059	(27)	(2.5)	1,459
1,866	1,419	Tobacco excise and duty ¹	1,367	1,571	(204)	(13.0)	1,923
1,840	1,434	Road and track user charges	1,047	954	93	9.7	1,458
1,241	977	Alcohol excise and duty ¹	974	1,044	(70)	(6.7)	1,354
178	131	Other customs duty	143	138	5	3.6	177
516	361	Miscellaneous indirect tax	430	416	14	3.4	585
7,390	5,713	Total other indirect taxation	4,993	5,182	(189)	(3.6)	6,956
33,514	24,875	Total indirect taxation	25,866	26,804	(938)	(3.5)	35,838
107,873	78,131	Total taxation revenue	83,082	85,472	(2,390)	(2.8)	117,442
Other sovereign revenue							
3,461	2,462	ACC levies	2,848	2,739	109	4.0	3,705
3,006	2,314	Emissions trading revenue	1,637	2,834	(1,197)	(42.2)	4,015
638	443	Fire Service levies	472	457	15	3.3	651
528	396	EQC levies	432	427	5	1.2	598
25	-	Clean vehicle discount	119	103	16	15.5	133
287	233	Child support and working for families penalties	196	178	18	10.1	244
100	73	Court fines	76	74	2	2.7	115
849	559	Other miscellaneous items	759	598	161	26.9	867
8,894	6,480	Total other sovereign revenue	6,539	7,410	(871)	(11.8)	10,328
116,767	84,611	Total sovereign revenue	89,621	92,882	(3,261)	(3.5)	127,770

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Receipts (continued)							
Taxation Receipts (cash)							
Individuals							
42,436	31,229	Source deductions	34,633	34,825	(192)	(0.6)	47,121
9,723	5,658	Other persons	6,253	6,675	(422)	(6.3)	11,761
(2,423)	(1,386)	Refunds	(1,360)	(1,373)	13	0.9	(2,444)
674	489	Fringe benefit tax	533	520	13	2.5	714
50,410	35,990	Total individuals	40,059	40,647	(588)	(1.4)	57,152
Corporate Tax							
18,343	12,208	Gross companies tax	13,641	14,552	(911)	(6.3)	21,838
(1,317)	(856)	Refunds	(1,051)	(1,101)	50	4.5	(1,509)
529	379	Non-resident withholding tax	411	359	52	14.5	522
17,555	11,731	Total corporate tax	13,001	13,810	(809)	(5.9)	20,851
Other Direct Income Tax							
813	536	Resident withholding tax on interest income	1,210	998	212	21.2	1,414
1,098	699	Resident withholding tax on dividend income	748	745	3	0.4	1,136
1,911	1,235	Total other direct income tax	1,958	1,743	215	12.3	2,550
69,876	48,956	Total income tax	55,018	56,200	(1,182)	(2.1)	80,553
Goods and Services Tax							
41,973	29,949	Gross goods and services tax	33,162	33,873	(711)	(2.1)	46,634
(16,473)	(12,039)	Refunds	(13,544)	(13,676)	132	1.0	(18,239)
25,500	17,910	Total goods and services tax	19,618	20,197	(579)	(2.9)	28,395
Other Indirect Taxation							
1,853	1,423	Road and track user charges	1,039	954	85	8.9	1,468
1,630	1,357	Excise duties	568	592	(24)	(4.1)	826
3,360	2,716	Customs duty	3,173	3,331	(158)	(4.7)	4,151
493	372	Miscellaneous indirect taxation	456	437	19	4.3	575
7,336	5,868	Total other indirect taxation	5,236	5,314	(78)	(1.5)	7,020
32,836	23,778	Total indirect taxation	24,854	25,511	(657)	(2.6)	35,415
102,712	72,734	Total tax receipts collected	79,872	81,711	(1,839)	(2.3)	115,968
Other Sovereign Receipts (cash)							
3,363	2,602	ACC levies	2,923	2,781	142	5.1	3,565
2,096	1,620	Emissions trading receipts	814	1,192	(378)	(31.7)	1,767
634	479	Fire Service levies	509	494	15	3.0	651
530	401	EQC levies	495	481	14	2.9	546
25	-	Clean vehicle discount	119	103	16	15.5	133
212	136	Child support and working for families penalties	273	186	87	46.8	250
110	81	Court fines	86	80	6	7.5	115
833	634	Other miscellaneous items	670	600	70	11.7	868
7,803	5,953	Total other sovereign receipts	5,889	5,917	(28)	(0.5)	7,895
110,515	78,687	Total sovereign receipts	85,761	87,628	(1,867)	(2.1)	123,863

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	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
2,292	1,570	Interest revenue	3,030	2,492	538	21.6	4,069
1,248	845	Dividends	881	958	(77)	(8.0)	1,195
3,540	2,415	Total interest revenue and dividends	3,911	3,450	461	13.4	5,264
NOTE 4: Transfer Payments and Subsidies							
17,764	13,078	New Zealand superannuation	14,319	14,326	7	-	19,530
3,330	2,472	Jobseeker support and emergency benefit	2,566	2,556	(10)	(0.4)	3,434
2,386	1,790	Accommodation assistance	1,769	1,773	4	0.2	2,343
2,047	1,503	Supported living payment	1,700	1,696	(4)	(0.2)	2,302
2,017	1,421	Family tax credit	1,489	1,561	72	4.6	2,240
1,704	1,241	Sole parent support	1,413	1,414	1	0.1	1,917
-	-	Cost of living payment	590	800	210	26.3	800
513	309	Winter energy payment	311	311	-	-	518
964	729	KiwiSaver subsidies	770	771	1	0.1	1,035
556	375	Student allowances	356	372	16	4.3	570
497	374	Hardship assistance	511	429	(82)	(19.1)	581
827	524	Official development assistance	506	625	119	19.0	1,073
519	346	Other working for families tax credits	305	351	46	13.1	537
412	308	Disability allowances	319	319	-	-	428
313	230	Orphan's/unsupported child's benefit	260	259	(1)	(0.4)	348
308	214	Best start	220	235	15	6.4	347
145	99	Income related rent subsidy	75	99	24	24.2	133
4,019	3,768	COVID-19 resurgence and support payment	-	-	-	-	-
4,689	4,706	Wage Subsidy Scheme	-	-	-	-	-
1,077	816	Other social assistance benefits	738	861	123	14.3	1,184
44,087	34,303	Total transfer payments and subsidies	28,217	28,758	541	92.5	39,320
NOTE 5: Finance Costs							
3,251	2,190	Interest on financial liabilities	4,766	4,372	(394)	(9.0)	6,844
98	67	Interest unwind on provisions and other interest	319	298	(21)	(7.0)	379
3,349	2,257	Total finance costs	5,085	4,670	(415)	(8.9)	7,223
NOTE 6: Insurance Expenses							
5,833	3,206	ACC	4,511	4,663	152	3.3	7,839
496	252	EQC	980	238	(742)	(311.8)	324
92	(14)	Southern Response	(11)	(11)	-	-	(14)
26	20	Other insurance expenses	54	53	(1)	(1.9)	71
6,447	3,464	Total insurance expenses	5,534	4,943	(591)	(12.0)	8,220

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 31 Mar 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
6,730	(798)	Actuarial gains/(losses) on ACC liability	(458)	3,053	(3,511)	(115.0)	3,062
(4,888)	(4,697)	Gains/(losses) on the Emissions Trading Scheme	3,517	(1,316)	4,833	367.2	(1,432)
1,123	574	Other ¹	188	198	(10)	(5.1)	149
2,965	(4,921)	Net gains/(losses) on non-financial instruments	3,247	1,935	1,312	67.8	1,779

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.

		NOTE 9: Financial Assets and Sovereign Receivables					
		Receivables					
17,835	17,676	Cash and cash equivalents	22,187	13,119	9,068	69.1	15,679
20,076	21,120	Tax receivables	23,966	23,514	452	1.9	21,023
15,059	8,580	Other receivables	9,652	12,744	(3,092)	(24.3)	15,475
27,786	27,272	Kiwi Group loans and advances	29,453	29,449	4	-	30,002
9,209	10,541	Student loans	9,031	8,994	37	0.4	8,846
11,277	8,732	Funding for Lending advances	18,079	17,599	480	2.7	17,608
6,387	8,574	Other advances	8,078	7,750	328	4.2	8,126
46,261	50,473	Share investments	44,371	44,750	(379)	(0.8)	45,429
6,096	4,601	Investments in controlled enterprises	6,714	7,159	(445)	(6.2)	7,382
45,045	43,176	Other marketable securities	44,014	51,024	(7,010)	(13.7)	44,002
8,444	6,023	Long-term deposits	8,294	8,404	(110)	(1.3)	8,614
6,643	5,970	Derivatives in gain	7,494	7,380	114	1.5	7,150
5,324	4,926	IMF financial assets	5,432	5,597	(165)	(2.9)	5,597
225,442	217,664	Total financial assets and sovereign receivables	236,765	237,483	(718)	(0.3)	234,933
		Financial assets by entity					
54,178	52,373	The Treasury	55,908	59,779	(3,871)	(6.5)	40,443
60,590	60,127	Reserve Bank of New Zealand	66,604	70,098	(3,494)	(5.0)	66,952
65,411	61,983	NZ Superannuation Fund	65,057	65,277	(220)	(0.3)	66,897
42,846	43,739	Other core Crown	44,728	42,748	1,980	4.6	43,003
(73,598)	(71,770)	Intra-segment eliminations	(69,826)	(73,219)	3,393	4.6	(57,687)
149,427	146,452	Total core Crown segment	162,471	164,683	(2,212)	(1.3)	159,608
50,041	50,882	ACC	48,815	48,088	727	1.5	50,929
541	541	EQC	645	584	61	10.4	627
-	-	Kiwi Group loans and advances ¹	29,453	29,449	4	-	30,002
17,547	15,660	Other Crown entities	19,396	19,639	(243)	(1.2)	20,382
(4,318)	(4,043)	Intra-segment eliminations	(4,279)	(4,269)	(10)	(0.2)	(3,069)
63,811	63,040	Total Crown entities segment	94,030	93,491	539	0.6	98,871
38,443	34,675	Total State-owned Enterprises segment¹	7,923	6,875	1,048	15.2	6,495
(26,239)	(26,503)	Inter-segment eliminations	(27,659)	(27,566)	(93)	(0.3)	(30,041)
225,442	217,664	Total financial assets and sovereign receivables	236,765	237,483	(718)	(0.3)	234,933

1. The 30 June 2022 and 31 March 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 31 Mar 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
84,744	70,588	Land	84,969	85,831	(862)	(1.0)	86,141
59,781	54,888	Buildings	62,571	63,459	(888)	(1.4)	65,505
51,915	43,633	State highways	52,724	52,399	325	0.6	53,679
19,027	18,174	Electricity generation assets	19,832	18,811	1,021	5.4	18,897
4,353	4,355	Electricity distribution network (cost)	4,415	4,426	(11)	(0.2)	4,206
4,220	3,631	Aircraft (excl military)	4,346	4,315	31	0.7	4,322
4,293	4,115	Specialist military equipment	4,634	4,879	(245)	(5.0)	5,060
3,254	3,163	Specified cultural and heritage assets	3,270	3,182	88	2.8	3,190
10,583	7,561	Rail network	10,877	10,794	83	0.8	11,013
7,012	7,307	Other plant and equipment (cost)	7,480	7,824	(344)	(4.4)	8,293
249,182	217,415	Total net carrying value	255,118	255,920	(802)	(0.3)	260,306
Land breakdown by usage							
32,802	25,918	Housing stock	32,860	33,405	(545)	(1.6)	33,608
23,486	18,424	State highway corridor land	23,474	23,486	(12)	(0.1)	23,418
7,826	7,165	Conservation estate	7,826	7,812	14	0.2	7,815
7,478	7,171	Schools	7,562	7,549	13	0.2	7,563
4,309	3,821	Rail network corridor land	4,326	4,386	(60)	(1.4)	4,377
1,582	1,239	Commercial (SOE) excluding rail	1,590	1,591	(1)	(0.1)	1,636
7,261	6,850	Other	7,331	7,602	(271)	(3.6)	7,724
84,744	70,588	Total land	84,969	85,831	(862)	(1.0)	86,141
Schedule of Movements							
Cost or Valuation							
231,234	231,234	Opening balance	268,071	268,071	-	-	268,071
12,880	8,332	Additions	10,025	11,638	(1,613)	(13.9)	17,686
(2,011)	55	Disposals	(301)	(104)	(197)	(189.4)	(323)
26,271	(115)	Net revaluations	1,036	136	900	-	97
(303)	(7)	Other	(18)	(29)	11	37.9	(144)
268,071	239,499	Total cost or valuation	278,813	279,712	(899)	(0.3)	285,387
Accumulated Depreciation & Impairment							
18,018	18,018	Opening balance	18,889	18,889	-	-	18,889
(1,039)	(315)	Eliminated on disposal	(174)	(31)	(143)	(461.3)	(688)
(3,377)	(33)	Eliminated on revaluation	(203)	(208)	5	2	-
(851)	-	Impairment losses charged to operating balance	312	312	-	-	312
6,152	4,300	Depreciation expense and impairment losses	4,852	4,819	33	0.7	6,622
(14)	114	Other	19	11	8	72.7	(54)
18,889	22,084	Total accumulated depreciation & impairment	23,695	23,792	(97)	(0.4)	25,081
249,182	217,415	Total property, plant and equipment	255,118	255,920	(802)	(0.3)	260,306

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Mar 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
15,933	10,667	Accounts payable	11,029	10,830	(199)	(1.8)	11,604
5,487	5,763	Taxes repayable	6,285	5,404	(881)	(16.3)	5,751
21,420	16,430	Total payables	17,314	16,234	(1,080)	(6.7)	17,355
NOTE 12: Borrowings							
89,489	87,873	Government bonds	107,026	105,983	(1,043)	(1.0)	104,544
23,709	26,429	Kiwi Group	28,448	28,735	287	1.0	29,253
43,521	45,367	Settlement deposits	44,881	49,473	4,592	9.3	47,740
3,487	4,335	Treasury bills	2,925	2,930	5	0.2	2,919
10,275	5,280	Derivatives in loss	6,375	14,101	7,726	54.8	13,845
1,177	1,148	Finance lease liabilities	1,336	1,179	(157)	(13.3)	1,140
152	156	Government retail stock	147	148	1	0.7	148
32,155	26,469	Other borrowings	34,104	30,114	(3,990)	(13.2)	30,329
203,965	197,057	Total borrowings	225,242	232,663	7,421	3.2	229,918
153,263	149,553	Sovereign-guaranteed debt	174,075	180,007	5,932	3.3	176,536
50,702	47,504	Non sovereign-guaranteed debt	51,167	52,656	1,489	2.8	53,382
203,965	197,057	Total borrowings	225,242	232,663	7,421	3.2	229,918

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

Total borrowings can be split into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that borrowings by SOEs and Crown entities are not explicitly guaranteed by the Crown. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

NOTE 13: New Zealand Emissions Trading Scheme							
5,824	5,824	Opening liability	11,308	11,308	-	-	11,308
2,096	1,620	Units sold	814	1,192	378	31.7	1,767
1,489	1,089	Allocated units	1,264	1,657	393	23.7	2,396
(3,006)	(2,261)	Units surrendered	(1,637)	(2,834)	(1,197)	(42.2)	(4,015)
4,917	4,695	(Gains)/ losses due to revaluation in NZ Units	(3,517)	1,316	4,833	367.2	1,432
(12)	138	Other movements	49	55	6	10.9	(51)
11,308	11,105	Closing liability	8,281	12,694	4,413	34.8	12,837

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>

NOTE 14: Insurance Liabilities							
54,115	57,813	ACC liability	53,031	49,491	(3,540)	(7.2)	53,834
863	718	EQC property damage liability	1,570	777	(793)	(102.1)	770
284	90	Southern Response	102	102	-	-	102
39	42	Other insurance liabilities	78	56	(22)	(39.3)	56
55,301	58,663	Total insurance liabilities	54,781	50,426	(4,355)	(8.6)	54,762

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

NOTE 15: Provisions							
7,543	6,541	Provision for employee entitlements	7,119	7,149	30	0.4	7,106
2,843	2,966	Veterans disability entitlements	2,822	2,804	(18)	(0.6)	2,798
660	707	Provision for National Provident Fund guarantee	636	636	-	-	624
3,287	2,794	Other provisions	2,966	2,875	(91)	(3.2)	2,632
14,333	13,008	Total provisions	13,543	13,464	(79)	(0.6)	13,160

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Mar 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Changes in Net Worth							
2,681	3,935	Taxpayers' funds	7,194	3,375	3,819	113.2	1,757
164,385	133,896	Property, plant and equipment revaluation reserve	164,992	164,326	666	0.4	164,372
55	(907)	Defined benefit retirement plan revaluation reserve	173	637	(464)	(72.8)	615
(566)	(659)	Veterans' disability entitlements reserve	(566)	(566)	-	-	(566)
7,283	6,156	Net worth attributable to minority interests	7,831	7,362	469	6.4	7,281
481	149	Other reserves	425	199	226	113.6	68
174,319	142,570	Total net worth	180,049	175,333	4,716	2.7	173,527
19,656	19,857	Opening taxpayers funds	2,681	2,681	-	-	2,681
(16,932)	(15,586)	Operating balance excluding minority interests	4,470	733	3,737	-	(725)
(43)	(336)	Transfers from/(to) other reserves	43	(39)	82	210.3	(199)
2,681	3,935	Closing taxpayers funds	7,194	3,375	3,819	113.2	1,757
134,003	134,003	Opening property, plant and equipment revaluation reserve	164,385	164,385	-	-	164,385
30,920	(62)	Net revaluations	1,108	(36)	1,144	-	16
(153)	44	Revaluation reserve attributable to minority interest	(394)	-	(394)	-	-
(385)	(89)	Transfers from/(to) other reserves	(107)	(23)	(84)	(365.2)	(29)
164,385	133,896	Closing property, plant and equipment revaluation reserve	164,992	164,326	666	0.4	164,372
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	42	41	1	2.4	41
(755)	(436)	Operating balance attributable to minority interests	(465)	(370)	(95)	(25.7)	(406)
1,365	557	Net movements	971	408	563	138.0	363
7,283	6,156	Closing net worth attributable to minority interests	7,831	7,362	469	6.4	7,281
(172)	(172)	Opening other reserves	481	481	-	-	481
653	321	Net movements	(56)	(282)	226	80.1	(413)
481	149	Closing other reserves	425	199	226	113.6	68

NOTE 17: Upper North Island flooding and Cyclone Gabrielle

In late 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 Tū Ake EQC's provision for insurance expenses of \$0.7 billion and certain other initial expenses associated with the Government's response to the North Island weather events. These other expenses include emergency business and primary sector support, funding to help assess and fix roads, silt and solid waste removal, as well as other support measures.

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 nine months ended 31 March 2023

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

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
141,627	101,888	Total revenue	112,932	115,749	(2,817)	(2.4)	159,658
150,956	109,965	Less total expenses	115,865	116,300	435	0.4	162,861
(6,722)	(7,065)	Total gains/(losses)	7,845	1,615	6,230	385.8	2,850
(126)	(8)	(8) Net surplus from associates and joint ventures	23	39	(16)	(41.0)	34
(755)	(436)	Minority interests share of operating balance	(465)	(370)	(95)	(25.7)	(406)
(16,932)	(15,586)	Operating balance	4,470	733	3,737	-	(725)
		Reconciliation Between the Operating Balance and OBEGAL					
(16,932)	(15,586)	Operating balance	4,470	733	3,737	-	(725)
		Less items excluded from OBEGAL:					
(9,687)	(2,144)	Net gains/(losses) on financial instruments	4,598	(320)	4,918	-	1,071
2,965	(4,921)	Net gains/(losses) on non-financial instruments	3,247	1,935	1,312	67.8	1,779
(126)	(8)	(8) Net surplus from associates and joint ventures	23	39	(16)	(41.0)	34
(393)	(402)	Minority interests share of total gains/(losses)	(10)	(8)	(2)	(25.0)	22
(9,691)	(8,111)	OBEGAL	(3,388)	(913)	(2,475)	(271.1)	(3,631)

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2023

Expenses by Functional Classification

Year to 30 June 2022 Actual \$m	9 months to 31 Mar 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Total Crown expenses								
48,303	35,291	Social security and welfare		34,679	35,440	761	2.1	49,341
27,658	20,007	Health		21,679	21,974	295	1.3	28,849
18,911	13,972	Education		14,262	14,590	328	2.2	19,844
5,426	3,552	Core government services		3,912	4,338	426	9.8	6,410
5,921	4,253	Law and order		4,731	4,831	100	2.1	6,670
9,528	7,351	Transport and communications		10,682	10,148	(534)	(5.3)	14,019
16,673	12,219	Economic and industrial services		9,231	9,258	27	0.3	13,157
2,803	1,997	Defence		1,929	2,059	130	6.3	2,970
3,260	2,372	Heritage, culture and recreation		2,474	2,546	72	2.8	3,550
2,302	1,766	Primary services		1,934	2,004	70	3.5	2,819
3,935	2,876	Housing and community development		2,968	3,482	514	14.8	5,171
2,535	1,786	Environmental protection		2,157	2,675	518	19.4	3,996
110	81	GSF pension expenses		56	56	-	-	73
242	185	Other		86	129	43	33.3	189
3,349	2,257	Finance costs		5,085	4,670	(415)	(8.9)	7,223
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,900)	(1,900)	(100.0)	(6,400)
150,956	109,965	Total Crown expenses excluding losses		115,865	116,300	435	0.4	162,861

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	9 months to 31 Mar 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses								
42,860	32,384	Social security and welfare		30,403	30,989	586	1.9	42,073
27,781	20,442	Health		21,720	22,094	374	1.7	28,835
18,023	13,064	Education		13,311	13,630	319	2.3	18,751
5,720	3,688	Core government services		3,973	4,405	432	9.8	6,532
5,444	3,942	Law and order		4,435	4,466	31	0.7	6,184
4,657	3,090	Transport and communications		3,677	3,663	(14)	(0.4)	5,230
8,078	6,802	Economic and industrial services		2,833	3,074	241	7.8	4,243
2,832	2,012	Defence		1,951	2,081	130	6.2	2,999
1,468	1,062	Heritage, culture and recreation		1,120	1,181	61	5.2	1,713
949	657	Primary services		766	839	73	8.7	1,297
2,033	1,492	Housing and community development		1,458	1,866	408	21.9	2,976
2,549	1,787	Environmental protection		2,164	2,677	513	19.2	3,997
94	69	GSF pension expenses		43	43	-	-	56
269	185	Other		86	129	43	33.3	189
2,884	1,920	Finance costs		4,580	4,006	(574)	(14.3)	5,676
-	-	Forecast new operating spending	7	-	-	-	-	4,980
-	-	Top-down expense adjustment	7	-	(1,900)	(1,900)	(100.0)	(6,400)
125,641	92,596	Core Crown expenses excluding losses		92,520	93,243	723	0.8	129,331

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2023

Core Crown Residual Cash

Year to 30 June 2022 \$m	9 months to 31 Mar 2022 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown Cash Flows from Operations					
105,487	75,336	Tax receipts	80,180	82,024	(1,844)	(2.2)	116,154
3,364	2,553	Other sovereign receipts	2,010	2,200	(190)	(8.6)	3,186
393	221	Interest receipts	519	452	67	14.8	611
2,883	2,141	Sale of goods & services and other receipts	3,165	2,919	246	8.4	4,000
(45,440)	(35,223)	Transfer payments and subsidies	(30,083)	(30,523)	440	1.4	(41,037)
(71,980)	(53,990)	Personnel and operating costs	(57,982)	(59,328)	1,346	2.3	(78,964)
(2,841)	(1,405)	Interest payments	(2,922)	(2,507)	(415)	(16.6)	(4,577)
-	-	Forecast for future new operating spending	-	-	-	-	(4,980)
-	-	Top-down expense adjustment	-	1,900	(1,900)	(100.0)	6,400
(8,134)	(10,367)	Net core Crown operating cash flows	(5,113)	(2,863)	(2,250)	(78.6)	793
(3,474)	(2,907)	Net purchase of physical and intangible assets	(3,069)	(3,404)	335	9.8	(5,061)
(9,192)	(7,278)	Net increase in advances	(7,906)	(8,350)	444	5.3	(10,412)
(3,823)	(2,331)	Net purchase of investments	(4,749)	(5,835)	1,086	18.6	(9,537)
(2,420)	(1,815)	Contributions to New Zealand Superannuation Fund	(1,919)	(1,919)	-	-	(2,558)
-	-	Forecast for future new capital spending	-	-	-	-	(1,439)
-	-	Top-down capital adjustment	-	500	(500)	(100.0)	2,850
(18,909)	(14,331)	Net core Crown capital cash flows	(17,643)	(19,008)	1,365	7.2	(26,157)
(27,043)	(24,698)	Core Crown residual cash surplus / (deficit)	(22,756)	(21,871)	(885)	(4.0)	(25,364)
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
19,275	16,967	Issue of government bonds	21,427	21,980	(553)	(2.5)	26,944
-	-	Repayment of government bonds	(4,880)	(4,875)	(5)	(0.1)	(21,848)
(4,158)	(2,837)	Net issue/(repayment) of short-term borrowing	(60)	(1,988)	1,928	97.0	(2,076)
15,117	14,130	Total market debt cash flows	16,487	15,117	1,370	9.1	3,020
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(412)	(327)	Net issue/(repayment) of short-term borrowing ¹	(100)	(100)	-	-	(400)
(412)	(327)	Total non-market debt cash flows	(100)	(100)	-	-	(400)
14,705	13,803	Total debt programme cash flows	16,387	15,017	1,370	9.1	2,620
		Other Borrowing Cash Flows					
12,400	13,600	Net (repayment)/issue of other New Zealand dollar borrowing	8,649	15,256	(6,607)	(43.3)	23,587
1,589	1,061	Net (repayment)/issue of foreign currency borrowing	(1,889)	(2,946)	1,057	35.9	(3,262)
13,989	14,661	Total other borrowing cash flows	6,760	12,310	(5,550)	(7.4)	20,325
		Investing Cash Flows					
(28)	(1,316)	Other net sale/(purchase) of marketable securities and deposits	3,968	(10,183)	14,151	139.0	(247)
805	847	Issues of circulating currency	157	(27)	184	-	(5)
(2,428)	(3,297)	Decrease/(increase) in cash	(4,516)	4,754	(9,270)	(195.0)	2,671
(1,651)	(3,766)	Total investing cash flows	(391)	(5,456)	5,065	92.8	2,419
27,043	24,698	Core Crown residual cash deficit / (surplus) funding	22,756	21,871	885	4.0	25,364

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

FISCAL INDICATOR ANALYSIS

As at 31 March 2023

Net Debt and Gross Debt

As at 30 June 2022 Actual \$m	As at 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Net Debt:					
168,986	164,296	Core Crown borrowings ¹	190,574	198,066	7,492	3.8	194,257
14,345	13,353	Crown entity borrowings ²	46,486	47,561	1,075	2.3	50,469
-	-	Less Kiwi Group borrowings ³	(28,696)	(28,877)	(181)	(0.6)	(29,375)
-	-	Add back inter-entity eliminations ³	(1,747)	(1,575)	172	10.9	(1,638)
(343)	(870)	Net unsettled purchases/(sales) of securities ⁴	(442)	(4,371)	(3,929)	(89.9)	(4,365)
(121,138)	(120,920)	Less core Crown financial assets (per net debt definition) ⁵	(133,374)	(133,220)	154	0.1	(130,693)
61,850	55,859	Net debt (incl. NZS Fund)	72,801	77,584	4,783	6.2	78,655
		Additional net debt analysis					
61,850	55,859	Net debt (incl. NZS Fund)	72,801	77,584	4,783	6.2	78,655
(5,040)	(2,134)	Less NZS Fund borrowings	(1,787)	(7,286)	(5,499)	(75.5)	(7,285)
		Less NZS Fund net unsettled purchases/(sales)					
235	721	of securities	392	3,353	2,961	88.3	3,347
60,070	60,537	Less NZS Fund financial assets	62,984	61,097	(1,887)	(3.1)	62,759
117,115	114,983	Net debt (excl. NZS Fund)	134,390	134,748	358	0.3	137,476
		Gross Debt:					
168,986	164,296	Core Crown borrowings	190,574	198,066	7,492	3.8	194,257
5,042	722	Unsettled purchases of securities	1,775	667	(1,108)	(166.1)	635
		Add back NZS Fund holdings of sovereign-issued					
(9,990)	(2,702)	debt and NZS Fund borrowings	(3,233)	(7,921)	(4,688)	(59.2)	(7,888)
		Less Reserve Bank settlement cash and					
(45,088)	(46,294)	Reserve Bank bills	(45,765)	(50,473)	(4,708)	(9.3)	(48,015)
118,950	116,022	Gross Debt	143,351	140,339	(3,012)	(2.1)	138,989

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 31 January 2022 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned enterprise segment. For the 31 January 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 nine months ended 31 March 2023

Movement in Net Debt

As at 30 June 2022 Actual \$m	As at 31 Mar 2022 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
35,921	35,921	Opening net debt	61,850	61,850	-	-	61,850
27,043	24,698	Core Crown residual cash (surplus)/deficit	22,756	21,871	(885)	(4.0)	25,364
(9,192)	(7,278)	Less net increase in advances	(7,906)	(8,350)	(444)	(5.3)	(10,412)
(2,420)	(1,815)	Less contributions to the NZS Fund	(1,919)	(1,919)	-	-	(2,558)
2,509	1,517	Net increase/(decrease) in Crown entity borrowings	1,698	2,764	1,066	38.6	5,111
(805)	(847)	Issues of circulating currency	(157)	27	184	-	5
		Other fair value movements in financial assets and					
8,794	3,663	financial liabilities (gains)/losses (including NZSF)	(3,521)	1,341	4,862	362.6	(705)
61,850	55,859	Closing net debt	72,801	77,584	4,783	6.2	78,655

FISCAL INDICATOR ANALYSIS

New Zealand Superannuation Fund

30 June 2022 \$m	31 Mar 2022 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual HYEFU Forecast \$m
NZ Superannuation Fund							
1,077	741	Revenue	928	781	147	18.8	1,018
35	(292)	Less current tax expense	(72)	17	89	-	16
(517)	(102)	Less other expenses ¹	(945)	205	1,150	-	(92)
(5,133)	(566)	Add gains/(losses)	3,330	(951)	4,281	450.2	(129)
(3,574)	(219)	Operating balance	3,241	52	3,189	-	813
57,365	57,365	Opening net worth	56,210	56,210	-	-	56,210
2,420	1,815	Contributions from the Crown	1,919	1,919	-	-	2,558
(3,574)	(219)	Operating balance	3,241	52	3,189	-	813
(1)	-	Other movements in reserves	-	-	-	-	-
56,210	58,961	Closing net worth	61,370	58,181	3,189	5.5	59,581
Comprising:							
65,411	61,983	Financial assets	65,057	65,277	(220)	(0.3)	66,897
(9,102)	(3,024)	Financial liabilities	(3,589)	(6,981)	3,392	48.6	(7,191)
(99)	2	Net other assets	(98)	(115)	17	14.8	(125)
56,210	58,961	Closing net worth	61,370	58,181	3,189	5.5	59,581

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	31 Mar 2023 Actual \$m	31 Mar 2023 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	83,615	85,950	(2,335)	(2.7)	118,061
...combined with other core Crown revenue...	8,122	8,661	(539)	(6.2)	12,133
...funds core Crown expenses...	(92,520)	(93,243)	723	0.8	(129,331)
...and including SOE and Crown entity revenues and expenses...	(2,605)	(2,281)	(324)	(14.2)	(4,494)
...results in an OBEGAL ...	(3,388)	(913)	(2,475)	(271.1)	(3,631)
...with gains/losses leading to an operating surplus/(deficit) ...	4,470	733	3,737	-	(725)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	(3,241)	(52)	(3,189)	-	(284)
...and some items do not impact cash.	(6,342)	(3,544)	(2,798)	(79.0)	1,234
This leads to a core Crown operating residual cash surplus/(deficit)...	(5,113)	(2,863)	(2,250)	(78.6)	793
...used to make contributions to the NZS Fund...	(1,919)	(1,919)	-	-	(2,558)
...and to use for capital expenditure	(3,069)	(3,404)	335	9.8	(5,061)
...and to make advances (eg, to students) and investments...	(7,906)	(8,350)	444	5.3	(10,412)
...and to purchase investments	(4,749)	(5,835)	1,086	18.6	(9,537)
Adjusting for forecast adjustments (top-down/new spending)...	-	500	(500)	(100.0)	1,411
...results in a borrowing requirement (cash deficit)/surplus	(22,756)	(21,871)	(885)	(4.0)	(25,364)