

Interim Financial Statements of the Government of New Zealand

For the seven months ended
31 January 2024



Prepared by the Treasury
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Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 January 2024, and the financial results of operations and cash flows for the period ended on that date.

The December results are reported against forecasts based on the *Half Year Economic and Fiscal Update 2023 (HYEFU 2023)*, published on 20 December 2023 and the results against the same period for the previous year.

Comparison against forecast

Table 1 – Key indicators for the seven months ended 31 January 2024 compared to *HYEFU 2023*

	Year to date				Full Year
	January	January	Variance ²	Variance	June
	2024	2024			2024
	Actual ¹	HYEFU 2023 Forecast ¹	HYEFU 2023	HYEFU 2023	HYEFU 2023 Forecast ³
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	69,005	69,757	(752)	(1.1)	122,025
Core Crown revenue	76,824	77,444	(620)	(0.8)	135,740
Core Crown expenses	78,575	79,601	1,026	1.3	140,286
Core Crown residual cash	(14,958)	(13,019)	(1,939)	(14.9)	(25,831)
Net debt ⁴	82,854	85,770	2,916	3.4	97,414
<i>as a percentage of GDP</i>	20.7%	21.4%			23.2%
Gross debt	160,043	155,291	(4,752)	(3.1)	166,640
<i>as a percentage of GDP</i>	39.9%	38.7%			39.7%
Operating balance before gains and losses	(3,655)	(3,726)	71	1.9	(9,319)
Operating balance (excluding minority interests)	(3,226)	(3,852)	626	16.3	(6,873)
Net worth attributable to the Crown	180,841	180,186	655	0.4	177,160
<i>as a percentage of GDP</i>	45.1%	45.0%			42.2%

1 Using the most recently published GDP (for the year ended 30 September 2023) of \$400,818 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 2023 forecast GDP for the year ending 30 June 2023 of \$419,982 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).

Core Crown tax revenue at \$69.0 billion, was \$0.8 billion (1.1%) below forecast. The main variances related to:

- Corporate tax revenue and net other individuals' tax revenue were \$0.5 billion and \$0.3 billion below forecast, driven by lower terminal tax revenue for corporate tax and reduced assessed and estimated taxable profits.
- GST revenue was \$0.2 billion below forecast, hinting at potential weakness in March quarter consumption.
- Source deduction revenue was \$0.2 billion above forecast, due to deviations from the expected seasonal pattern.

Core Crown revenue was \$0.6 billion below forecast, with weaker core Crown tax revenue being offset by higher-than-expected interest revenue of \$0.2 billion. This increase is mainly due to higher yields on foreign currency bond investments.

Core Crown expenses at \$78.6 billion were \$1.0 billion (0.8%) lower than forecast. Excluding the top-down adjustment and finance costs, core Crown expenditure was \$1.9 billion lower than forecast. Notable variances included:

- **Core Government Services (\$0.7 billion lower):** The lower spending on core government services was driven by various departments. Notably, payments related to North Island Weather Events were \$0.3 billion lower, and this spending delay is expected to persist through June and potentially may now be spent in the next fiscal year. Additionally, the procurement of SouthPan satellites was below forecast

due to timing issues with contractual milestones and Official Development Assistance payments were below forecast due to reporting, invoicing, and contractual delays with external partners.

- **Social Security and Welfare (\$0.2 billion lower):** This is driven by a delay in spending related to a corporate platform build for MSD's core finance and payroll systems, and is expected to unwind in subsequent months. Additionally, decreased demand across various benefit types contributed to the lower spending, and it remains uncertain whether this is a timing issue or will persist.
- **Housing and Community Development (\$0.2 billion lower):** The lower-than-forecast expenditure in this category is spread across several agencies. The largest underspend is associated with lower costs related to housing policy loans.
- **Transport and communications (\$0.2 billion lower):** This variance is mainly due to the closure of programs such as Transport Choices & Vehicle Kilometres Travelled Reduction and the clean vehicle discount.
- **Health (\$0.1 billion lower):** The lower health spending is due to a delay in the delivery of Novavax vaccines, pending medical approval for use in New Zealand.

The operating balance before gains and losses (**OBEGAL**) deficit of \$3.7 billion was \$0.1 billion smaller than the forecast deficit. The variance this month is due to the core Crown results discussed earlier. Additionally, State-Owned Enterprises' results were \$0.5 billion weaker than forecast, primarily due to the impairment of assets associated with KiwiRail's Inter-island Resilient Connection (iReX) project.

The **operating balance** was a deficit of \$3.2 billion, \$0.6 billion less than the expected deficit. Overall, net gains on financial and non-financial instruments exceeded the forecast by \$0.6 billion.

- Net gains on financial instruments were \$4.5 billion, \$5.2 billion stronger than forecast. This was mainly due to higher-than-forecast returns on listed equities, derivatives gains on the New Zealand Superannuation Fund (NZS Fund), and gains on interest rate swaps and financial assets held by ACC.
- Net losses on non-financial instruments were \$3.9 billion, \$4.6 billion weaker than the forecast gain of \$0.7 billion. This was primarily due to an increase in the ACC outstanding claims liability, reflecting a decrease in the effective discount rate. Additionally, losses on the Emissions Trading Scheme (ETS) liability were \$0.6 billion more than forecast, due to the higher-than-expected price of ETS units.

The **core Crown residual cash** deficit of \$15.0 billion was higher than the forecast deficit by \$1.9 billion. This deficit was primarily driven by net core Crown operating cash outflows and net core Crown capital cash outflows, which were higher than forecast by \$1.6 billion and \$0.3 billion, respectively.

Net debt at \$82.9 billion (20.7% of GDP), was \$2.9 billion lower than forecast. The main factors influencing this difference were:

- Net gains on financial assets exceeding forecast by \$4.5 billion, primarily due to the performance of the NZS Fund.
- Partially offsetting this, the core Crown residual cash position was \$1.6 billion weaker than expected when excluding contributions to the NZS Fund and core Crown advances (as described above).

Gross debt at \$160.0 billion (39.9% of GDP), was \$4.8 billion higher than forecast. This variance was primarily driven by additional borrowings to address the Crown's short-term liquidity needs. Short-term borrowings were \$5.8 billion above forecast, consisting of Euro Commercial Paper being \$6.6 billion above forecast, partially offset by Treasury Bills being \$0.8 billion below forecast. Short-term borrowings are expected to fluctuate between \$6 and \$15 billion and amounted to \$14.2 billion as of 31 January 2024.

Net worth attributable to the Crown was \$180.8 billion which was \$0.7 billion higher than forecast. This was largely driven by the variance in the operating balance result.

Comparison against the prior year actuals

Table 2 – 31 January 2024 results compared to 31 January 2023 actuals

	Year to date				Full Year
	January 2024	January 2023	Variance ³ to 2022	Variance to 2022	June 2023
	Actual ¹ \$m	Prior Year Actual ² \$m	\$m	%	Prior Year Actual ⁴ \$m
Core Crown tax revenue	69,005	64,674	4,331	6.7	112,358
Core Crown revenue	76,824	71,274	5,550	7.8	123,398
Core Crown expenses	78,575	71,651	(6,924)	(9.7)	127,574
Core Crown residual cash	(14,958)	(19,679)	4,721	24.0	(25,648)
Net debt ⁵	82,854	70,504	(12,350)	(17.5)	71,367
<i>as a percentage of GDP</i>	20.7%	18.9%			18.0%
Gross debt	160,043	133,789	(26,254)	(19.6)	135,789
<i>as a percentage of GDP</i>	39.9%	35.8%			34.3%
Operating balance before gains and losses	(3,655)	(2,364)	(1,291)	(54.6)	(9,446)
Operating balance (excluding minority interests)	(3,226)	2,958	(6,184)	(209.1)	5,321
Net worth attributable to the Crown	180,841	171,138	9,703	5.7	183,514
<i>as a percentage of GDP</i>	45.1%	45.8%			46.4%

1 Using the most recently published GDP (for the year ended 30 September 2023) of \$400,818 million (Source: Stats NZ).

2 Using published GDP (revised) (for the year ended 30 September 2022) of \$373,689 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 2023) of \$395,428 million (Source: Stats NZ).

5 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).

Core Crown tax revenue was \$4.3 billion (6.7%) higher than the same period last year. The largest movements came from:

- Source deduction revenue was up \$3.6 billion (13.2%) owing to a strong labour market, characterised by strong wage growth.
- Other direct tax revenue was up \$1.1 billion (71.9%) mainly owing to increases in deposit interest rates.
- GST revenue was up \$0.6 billion (3.5%), owing to year-on-year growth in nominal consumption. However, the rate of increase in GST is lower than CPI inflation, indicating that consumers have cut back their real spending in response to mortgage interest rate and price increases.

Core Crown tax receipts were \$3.2 billion (5.1%) higher than the prior year. The main drivers of this increase were source deduction receipts, up \$3.0 billion (11.0%), and other direct tax receipts, up \$1.1 billion (73.5%). GST receipts also saw an increase of \$0.4 billion (2.3%), while other indirect tax receipts increased by \$0.3 billion (27.3%), with reasons similar to corresponding revenue movements. Corporate tax receipts, however, experienced a decline of \$1.2 billion (11.1%), primarily due to a decrease in provisional tax receipts.

Additionally, core Crown interest revenue was higher by \$1.0 billion compared to the same period last year, driven mainly by the Reserve Bank of New Zealand and factors such as an increase in the OCR from 4.25% to 5.5% and higher deposit balances.

Core Crown expenses at \$78.6 billion were \$6.9 billion (9.7%) higher than the same period last year, with the most notable changes including:

- **Finance Costs:** Increased by \$1.8 billion on last year due to rises in interest rates and a higher level of debt.
- **Social Security Welfare Costs:** Up \$1.6 billion on last year. This increase was due to several factors, mainly NZ Superannuation payments, contributing \$1.2 billion due to increased entitlement rates (6.9%) which occurred from April 2023 alongside the impact from the indexation of the other main benefit types. Other increases came from the Jobseeker Support and Emergency Benefit (\$0.3 billion) and addressing Whaikaha price and volume cost pressures (\$0.2 billion). This was partially offset by the end of the cost-of-living payment.
- **Education Costs:** Up \$1.2 billion on last year. This was mainly the result of salary rate changes and lump sum payments made in relation to the primary and secondary collective agreements as well as increased depreciation costs associated with the revaluation of the school property portfolio at 30 June 2023.
- **Core Government Services:** Up \$0.8 billion on last year. This was mostly due to the North Island Weather Events response, particularly cost-sharing arrangements agreed with local authorities (\$0.6 billion) and higher spending on official development assistance (\$0.1 billion).

The **OBEHAL** deficit has increased by \$1.3 billion compared to the same time last year largely owing to the core Crown changes as well as the results of Crown entities which were weaker than the same time last year and SOE results which were also weaker due to impairment costs associated with the Inter-island Resilient Connection (iReX) project.

The **operating balance** recorded a deficit of \$3.2 billion compared to a surplus of \$3.0 billion at the same time last year. The primary contributors to this change include:

- Net losses of \$3.9 billion on non-financial instruments in the current year compared to a \$0.6 billion gain last year. This was largely a result of losses on the NZ ETS liability as the ETS price has increased. Partially offsetting this variance was gains on financial instruments which are \$0.3 billion higher than the prior year.
- The OBEHAL deficit noted above being \$1.3 billion higher than the prior year.

The core **Crown residual cash** deficit of \$15.0 billion decreased by \$4.7 billion compared to the same period last year. This was mostly driven by capital cash flows which have decreased \$7.4 billion mainly due to the Funding for Lending Programme (FLP). Repayments of \$1.0 billion have been received so far this year, in contrast loan issued from the FLP totalled \$6.4 billion at the same time last year.

Net debt at \$82.9 billion was \$12.4 billion higher than the same time last year and increased from 18.9% of GDP to 20.7% of GDP. Since 1 February 2023 residual cash deficits have totalled \$20.9 billion, and once the NZS Fund contributions and core Crown advances are excluded, have contributed \$15.1 billion to the increase in net debt. While Crown entity borrowings contributed a further \$5.2 billion to the increase in net debt. This has been offset by net gains on core Crown financial instruments (mainly held by the NZS Fund) of \$8.0 billion.

Net worth attributable to the Crown was \$180.8 billion (45.1% of GDP), \$9.7 billion higher than the same time last year (45.8% of GDP). Of this, \$9.4 billion was attributable to increased valuations of property, plant and equipment.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the seven months ended 31 January 2024

Year to 30 June 2023	7 months to 31 Jan 2023		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
111,712	64,250	Taxation revenue	2	68,633	69,406	(773)	(1.1)	121,419
8,407	5,402	Other sovereign revenue	2	5,889	5,874	15	0.3	10,757
120,119	69,652	Total sovereign revenue		74,522	75,280	(758)	(1.0)	132,176
21,954	12,518	Sales of goods and services		14,170	13,984	186	1.3	23,985
6,355	2,880	Interest revenue and dividends	3	4,891	4,419	472	10.7	7,385
4,583	2,474	Other revenue		2,107	2,112	(5)	(0.2)	3,784
32,892	17,872	Total revenue earned through operations		21,168	20,515	653	3.2	35,154
153,011	87,524	Total revenue (excluding gains)		95,690	95,795	(105)	(0.1)	167,330
		Expenses						
38,803	22,263	Transfer payments and subsidies	4	23,831	24,011	180	0.7	42,201
36,052	19,706	Personnel expenses		22,253	22,655	402	1.8	38,031
6,601	3,760	Depreciation		4,240	4,226	(14)	(0.3)	7,358
64,134	36,203	Other operating expenses		38,524	39,143	619	1.6	71,479
7,448	3,844	Interest expenses	5	5,660	5,233	(427)	(8.2)	9,963
8,784	3,717	Insurance expenses	6	4,573	4,685	112	2.4	9,553
-	-	Forecast new operating spending	7	-	-	-	-	1,920
-	-	Top-down expense adjustment	7	-	(740)	(740)	(100.0)	(4,350)
161,822	89,493	Total expenses (excluding losses)		99,081	99,213	132	0.1	176,155
		Gains/(losses)						
7,711	4,741	Net gains/(losses) on financial instruments		4,461	(777)	5,238	-	1,822
6,947	593	Net gains/(losses) on non-financial instruments	8	(3,926)	679	(4,605)	-	709
14,658	5,334	Total gains/(losses)		535	(98)	633	-	2,531
		Other interests						
29	15	Net surplus/(deficit) from associates and joint ventures		(17)	16	(33)	(206.3)	(27)
(555)	(421)	Less minority interests' share of operating balance		(353)	(352)	(1)	(0.3)	(552)
5,321	2,959	Operating balance (excluding minority interests)		(3,226)	(3,852)	626	16.3	(6,873)
555	421	Minority interests' share of operating balance		353	352	1	0.3	552
5,876	3,380	Operating balance (including minority interests)		(2,873)	(3,500)	627	17.9	(6,321)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the seven months ended 31 January 2024

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
5,876	3,380	Operating balance (including minority interest)	(2,873)	(3,500)	627	17.9	(6,321)
		Other comprehensive revenue and expense					
10,870	1,149	Revaluation of physical assets	117	(240)	357	148.8	(240)
		Revaluation of defined benefit retirement plan					
354	522	schemes	757	757	-	-	754
173	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
417	(78)	Transfers into/(out of) cash flow hedge reserve	(394)	(29)	(365)	-	(23)
(22)	(16)	Transfers into/(out of) reserves	42	61	(19)	(31.1)	105
		(Gains)/losses transferred to the statement of					
(230)	(44)	financial performance	20	1	19	-	-
		Foreign currency translation differences on					
(3)	(3)	foreign operations	-	-	-	-	-
76	(7)	Other movements	19	(3)	22	-	(36)
11,635	1,523	Total other comprehensive revenue and expense	561	547	14	2.6	560
17,511	4,903	Total comprehensive revenue and expense	(2,312)	(2,953)	641	21.7	(5,761)
		Attributable to:					
1,033	801	- minority interests	361	375	(14)	(3.7)	593
16,478	4,102	- the Crown	(2,673)	(3,328)	655	19.7	(6,354)
17,511	4,903	Total comprehensive revenue and expense	(2,312)	(2,953)	641	21.7	(5,761)

STATEMENT OF CHANGES IN NET WORTH

For the seven months ended 31 January 2024

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
174,319	174,319	Opening net worth	191,472	191,472	-	-	191,472
5,876	3,380	Operating balance (including minority interest)	(2,873)	(3,500)	627	17.9	(6,321)
10,870	1,149	Revaluations of physical assets	117	(240)	357	148.8	(240)
		Revaluations of defined benefit retirement plan					
354	522	schemes	757	757	-	-	754
173	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
417	(78)	Transfers into/(out of) cash flow hedge reserve	(394)	(29)	(365)	-	(23)
(22)	(16)	Transfers into/(out of) other reserves	42	61	(19)	(31.1)	105
		(Gains)/losses transferred to the statement					
(230)	(44)	of financial performance	20	1	19	-	-
		Foreign currency translation differences on					
(3)	(3)	foreign operations	-	-	-	-	-
76	(7)	Other movements	19	(3)	22	-	(36)
17,511	4,903	Total comprehensive revenue and expense	(2,312)	(2,953)	641	21.7	(5,761)
66	41	Increase in minority interest from equity issues	45	46	(1)	(2.2)	373
(424)	(276)	Transactions with minority interests	(372)	(377)	5	1.3	(603)
191,472	178,987	Closing net worth	188,833	188,188	645	0.3	185,481

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

STATEMENT OF CASH FLOWS

For the seven months ended 31 January 2024

Year to 30 June 2023	7 months to 31 Jan 2023		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
110,787	63,335	Taxation receipts		66,595	67,799	(1,204)	(1.8)	115,240
7,631	4,838	Other sovereign receipts		4,556	4,462	94	2.1	7,667
22,284	12,591	Sales of goods and services		13,883	13,581	302	2.2	23,364
3,611	1,660	Interest receipts		2,771	2,535	236	9.3	4,332
4,922	3,273	Other operating receipts		3,186	3,042	144	4.7	5,353
149,235	85,697	Total cash provided from operations		90,991	91,419	(428)	(0.5)	155,956
		Cash was disbursed to						
39,170	23,331	Transfer payments and subsidies		25,204	25,254	50	0.2	42,163
99,414	59,255	Personnel and operating payments		65,711	66,764	1,053	1.6	115,399
6,126	2,795	Interest payments		4,504	4,205	(299)	(7.1)	8,005
-	-	Forecast new operating spending	7	-	-	-	-	1,920
-	-	Top-down expense adjustment	7	-	(740)	(740)	(100.0)	(4,350)
144,710	85,381	Total cash disbursed to operations		95,419	95,483	64	0.1	163,137
4,525	316	Net cash flows from operations		(4,428)	(4,064)	(364)	(9.0)	(7,181)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(14,271)	(7,682)	Net (purchase)/sale of physical assets		(10,260)	(11,303)	1,043	9.2	(21,668)
(4,906)	(248)	Net (purchase)/sale of shares and other securities		(7,583)	(2,319)	(5,264)	(227.0)	4,487
(868)	(584)	Net (purchase)/sale of intangible assets		(401)	(474)	73	15.4	(849)
(8,215)	(7,697)	Net (issue)/repayment of advances		42	(110)	152	138.2	1,175
(202)	(121)	Net acquisition of investments in associates		(332)	(331)	(1)	(0.3)	(479)
-	-	Forecast new capital spending	7	-	-	-	-	(995)
-	-	Top-down capital adjustment	7	-	340	(340)	(100.0)	1,700
(28,462)	(16,332)	Net cash flows from investing activities		(18,534)	(14,197)	(4,337)	(30.5)	(16,629)
(23,937)	(16,016)	Net cash flows from operating and investing activities		(22,962)	(18,261)	(4,701)	(25.7)	(23,810)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
(59)	68	Issues of circulating currency		82	77	5	6.5	65
15,744	12,779	Net issue/(repayment) of Government bonds		15,165	15,052	113	0.8	26,006
(113)	(1,041)	Net issue/(repayment) of foreign currency borrowing		790	(1,501)	2,291	152.6	(2,567)
9,298	9,510	Net issue/(repayment) of other New Zealand dollar borrowing		9,483	6,937	2,546	36.7	3,659
(372)	(231)	Dividends paid to minority interests		(328)	(322)	(6)	(1.9)	(220)
24,498	21,085	Net cash flows from financing activities		25,192	20,243	4,949	24.4	26,943
561	5,069	Net movement in cash		2,230	1,982	248	12.5	3,133
17,835	17,835	Opening cash balance		18,791	18,791	-	-	18,791
395	(726)	Foreign-exchange gains/(losses) on opening cash		90	200	(110)	(55.0)	184
18,791	22,178	Closing cash balance		21,111	20,973	138	0.7	22,108

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the seven months ended 31 January 2024

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
4,525	316	Net cash flows from operations	(4,428)	(4,064)	(364)	(9.0)	(7,181)
		Gains/(losses) and other interests					
7,711	4,741	Net gains/(losses) on financial instruments	4,461	(777)	5,238	-	1,822
6,947	593	Net gains/(losses) on non-financial instruments	(3,926)	679	(4,605)	-	709
29	15	Net surplus from associates and joint ventures	(17)	16	(33)	(206.3)	(27)
14,687	5,349	Total gains/(losses) and other interests	518	(82)	600	-	2,504
		Other non-cash items in operating balance					
(6,601)	(3,760)	Depreciation	(4,240)	(4,226)	(14)	(0.3)	(7,358)
(734)	(914)	Amortisation and net impairment of non-financial assets	(798)	(516)	(282)	(54.7)	(904)
(738)	(352)	Cost of concessionary lending	(291)	(294)	3	1.0	(726)
(97)	(83)	Impairment of financial assets (excl receivables)	(126)	(158)	32	20.3	(56)
(3,525)	1,438	Decrease/(increase) in insurance liabilities	1,400	1,348	52	3.9	(2,909)
61	233	Change in accumulating pension expenses	(34)	(31)	(3)	(9.7)	(52)
395	481	Emissions trading scheme revenue and expense	793	886	(93)	(10.5)	2,048
(11,239)	(2,957)	Total other non-cash items	(3,296)	(2,991)	(305)	(10.2)	(9,957)
		Movements in working capital					
1,155	(230)	Increase/(decrease) in receivables	(137)	(807)	670	83.0	5,572
183	(509)	Increase/(decrease) in accrued interest	286	(25)	311	-	(438)
(27)	249	Increase/(decrease) in inventories	247	181	66	36.5	(17)
113	357	Increase/(decrease) in prepayments	624	346	278	80.3	324
(244)	(115)	Decrease/(increase) in deferred revenue	298	313	(15)	(4.8)	397
(3,277)	920	Decrease/(increase) in payables/provisions	3,015	3,629	(614)	(16.9)	2,475
(2,097)	672	Total movements in working capital	4,333	3,637	696	19.1	8,313
5,876	3,380	Operating balance (including minority interests)	(2,873)	(3,500)	627	17.9	(6,321)

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

STATEMENT OF FINANCIAL POSITION

As at 31 January 2024

As at 30 June 2023 Actual \$m	As at 31 Jan 2023 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Assets						
18,791	22,178	Cash and cash equivalents	9	21,111	20,973	138	0.7	22,108
33,548	31,582	Receivables	9	33,137	34,002	(865)	(2.5)	40,459
		Marketable securities, deposits and derivatives in gain						
66,490	66,336		9	72,175	67,573	4,602	6.8	60,703
48,046	44,829	Share investments	9	48,566	48,550	16	-	50,082
66,489	63,605	Advances	9	67,603	66,515	1,088	1.6	66,681
7,317	6,644	Investments in controlled enterprises	9	7,627	6,701	926	13.8	6,895
3,041	3,317	Inventory		3,288	3,222	66	2.0	3,024
4,612	4,649	Other assets		5,285	4,573	712	15.6	4,394
267,390	253,842	Property, plant and equipment	10	272,744	274,452	(1,708)	(0.6)	281,842
17,034	16,549	Equity accounted investments ¹		17,286	17,286	-	-	17,336
3,908	3,913	Intangible assets and goodwill		3,997	3,696	301	8.1	3,816
-	-	Forecast for new capital spending	7	-	-	-	-	995
-	-	Top-down capital adjustment	7	-	(340)	340	100.0	(1,700)
536,666	517,444	Total assets		552,819	547,203	5,616	1.0	556,635
		Liabilities						
9,002	9,129	Issued currency		9,084	9,078	(6)	(0.1)	9,066
18,726	16,240	Payables	11	17,043	17,978	935	5.2	21,092
3,610	3,484	Deferred revenue		3,312	3,294	(18)	(0.5)	3,213
226,755	222,781	Borrowings	12	247,641	246,565	(1,076)	(0.4)	253,847
6,125	10,894	New Zealand Emissions Trading Scheme	13	10,050	9,317	(733)	(7.9)	8,656
57,511	54,211	Insurance liabilities	14	55,222	51,333	(3,889)	(7.6)	55,486
8,039	8,099	Retirement plan liabilities		7,113	7,117	4	0.1	7,035
15,426	13,619	Provisions	15	14,521	14,333	(188)	(1.3)	12,759
345,194	338,457	Total liabilities		363,986	359,015	(4,971)	(1.4)	371,154
191,472	178,987	Total assets less total liabilities		188,833	188,188	645	0.3	185,481
		Net worth						
8,380	5,715	Taxpayers' funds	16	5,308	4,540	768	16.9	1,511
		Property, plant and equipment revaluation reserve						
174,575	165,057		16	174,506	174,320	186	0.1	174,335
		Defined benefit retirement plan revaluation reserve						
409	577		16	1,166	1,166	-	-	1,163
(392)	(566)	Veterans' disability entitlements reserve	16	(392)	(392)	-	-	(392)
542	355	Other reserves	16	253	552	(299)	(54.2)	543
183,514	171,138	Total net worth attributable to the Crown		180,841	180,186	655	0.4	177,160
7,958	7,849	Net worth attributable to minority interest	16	7,992	8,002	(10)	(0.1)	8,321
191,472	178,987	Total net worth		188,833	188,188	645	0.3	185,481

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 seven months ended 31 January 2024

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
Revenue										
Taxation revenue	69,005	69,757	-	-	-	-	(372)	(351)	68,633	69,406
Other sovereign revenue	2,659	2,671	4,632	4,591	-	-	(1,402)	(1,388)	5,889	5,874
Revenue from core Crown funding	-	-	27,883	28,897	408	427	(28,291)	(29,324)	-	-
Sales of goods and services	1,050	1,060	1,716	1,744	11,794	11,599	(390)	(419)	14,170	13,984
Interest and dividend revenue	3,492	3,288	2,343	2,060	138	103	(1,082)	(1,032)	4,891	4,419
Other revenue	618	668	2,100	2,306	466	452	(1,077)	(1,314)	2,107	2,112
Total Revenue (excluding gains)	76,824	77,444	38,674	39,598	12,806	12,581	(32,614)	(33,828)	95,690	95,795
Expenses										
Transfer payments and subsidies	24,557	24,756	-	-	-	-	(726)	(745)	23,831	24,011
Personnel expenses	6,433	6,519	13,817	14,212	2,036	1,957	(33)	(33)	22,253	22,655
Other operating expenses	42,426	44,066	20,826	21,690	10,168	9,503	(30,656)	(31,890)	42,764	43,369
Interest expenses	5,157	4,998	1,034	755	324	311	(855)	(831)	5,660	5,233
Insurance expenses	2	2	4,564	4,676	7	7	-	-	4,573	4,685
Top-down adjustment	-	(740)	-	-	-	-	-	-	-	(740)
Total Expenses (excluding losses)	78,575	79,601	40,241	41,333	12,535	11,778	(32,270)	(33,499)	99,081	99,213
Gains/(losses) and other items	(1,214)	(4,680)	1,891	3,702	(208)	(288)	(304)	832	165	(434)
Operating Balance (excluding minority interests)	(2,965)	(6,837)	324	1,967	63	515	(648)	503	(3,226)	(3,852)
Assets										
Financial assets	179,232	173,356	99,383	96,634	7,214	6,882	(35,610)	(32,559)	250,219	244,314
Property, plant and equipment	63,932	64,353	154,843	155,290	53,969	54,808	-	-	272,744	274,452
Investments in associates, CEs and SOEs	67,408	67,612	14,639	14,680	439	450	(65,200)	(65,456)	17,286	17,286
Other assets	6,558	5,984	3,832	3,379	3,107	2,950	(927)	(822)	12,570	11,491
Top-down capital adjustments	-	(340)	-	-	-	-	-	-	-	(340)
Total Assets	317,130	310,965	272,697	269,983	64,729	65,090	(101,737)	(98,837)	552,819	547,203
Liabilities										
Borrowings	215,070	211,256	52,960	53,091	11,434	11,316	(31,823)	(29,098)	247,641	246,565
Other liabilities	44,934	46,651	69,871	65,168	11,444	11,363	(9,904)	(10,732)	116,345	112,450
Total Liabilities	260,004	257,907	122,831	118,259	22,878	22,679	(41,727)	(39,830)	363,986	359,015
Net Worth	57,126	53,058	149,866	151,724	41,851	42,411	(60,010)	(59,007)	188,833	188,188
Cost of Acquisition of Physical Assets (Cash)	2,695	2,496	5,587	6,180	2,051	2,669	-	-	10,333	11,345

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

STATEMENT OF COMMITMENTS

As at 31 January 2024

	As at 31 Jan 2024 \$m	As at 30 Jun 2023 \$m	As at 31 Jan 2023 \$m
Capital Commitments			
State highways	2,481	2,437	1,982
Specialist military equipment	664	1,129	1,575
Land and buildings	9,137	9,343	8,463
Other property, plant and equipment	5,716	5,429	5,291
Other capital commitments	1,229	1,222	796
Universities and Wānanga	635	635	763
Total capital commitments	19,862	20,195	18,870
Operating Commitments			
Non-cancellable accommodation leases	5,742	6,010	5,666
Other non-cancellable leases	4,381	4,308	3,207
Universities and Wānanga	1,293	1,288	1,279
Total operating commitments	11,416	11,606	10,152
Total commitments	31,278	31,801	29,022
Total Commitments by Segment			
Core Crown	11,364	11,970	11,183
Crown entities	12,374	12,651	10,949
State-owned Enterprises	7,920	7,576	7,212
Inter-segment eliminations	(381)	(396)	(322)
Total commitments	31,278	31,801	29,022

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 January 2024

	As at 31 Jan 2024 \$m	As at 30 Jun 2023 \$m	As at 31 Jan 2023 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	9,493	9,468	8,943
Guarantees and indemnities	255	281	337
Legal proceedings and disputes	887	690	796
Other contingent liabilities	895	1,006	722
Total quantifiable contingent liabilities	11,530	11,445	10,798
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	11,606	11,662	10,059
Crown entities	737	529	637
State-owned Enterprises	137	239	137
Inter-segment eliminations	(950)	(985)	(35)
Total quantifiable contingent liabilities	11,530	11,445	10,798
Quantifiable Contingent Assets			
Core Crown	51	62	47
Crown entities	34	34	28
State-owned Enterprises	80	41	41
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	165	137	116

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

Other entities

- State-owned Enterprises
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Elevate NZ Venture Fund
- Māori Health Authority
- 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 mixed ownership model companies (listed in Schedule 5 of the Public Finance Act 1989).

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.

For further detail a schedule of the entities that are included in the Government reporting entity was set out on pages 58 to 60 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2023* published on 5 October 2023.

The 30 June 2023 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 2024, based on the *HYEFU 2023* published on 20 December 2023.

The accounting policies underlying the preparation of forecasts are the same as the specific accounting policies set out above.

Comparative Figures

When presentation or classification of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

Variance Percentages

Percentage variances between the actual and comparative balances exceeding 500% are not shown.

Judgements and Estimates

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future, as with the settlement of ACC outstanding claim obligations and Government Superannuation retirement benefits, depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Further detail on the judgements and estimates used can be found on pages 61 to 65 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2023* published on 5 October 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
47,386	27,019	Source deductions	30,597	30,442	155	0.5	52,125
9,904	5,529	Other persons	5,322	5,582	(260)	(4.7)	10,447
(2,182)	(951)	Refunds	(1,246)	(1,193)	(53)	(4.4)	(2,278)
769	443	Fringe benefit tax	487	485	2	0.4	812
55,877	32,040	Total individuals	35,160	35,316	(156)	(0.4)	61,106
Corporate tax							
18,327	9,854	Gross companies tax	9,181	9,706	(525)	(5.4)	18,935
(970)	(385)	Refunds	(393)	(371)	(22)	(5.9)	(650)
621	310	Non-resident withholding tax	360	360	-	-	681
17,978	9,779	Total corporate tax	9,148	9,695	(547)	(5.6)	18,966
Other direct income tax							
2,092	924	Resident withholding tax on interest income	1,891	1,774	117	6.6	3,148
1,127	558	Resident withholding tax on dividend income	656	588	68	11.6	1,283
3,219	1,482	Total other direct income tax	2,547	2,362	185	7.8	4,431
77,074	43,301	Total direct income tax	46,855	47,373	(518)	(1.1)	84,503
Goods and services tax							
47,185	28,029	Gross goods and services tax	28,008	28,323	(315)	(1.1)	47,730
(19,055)	(11,240)	Refunds	(10,639)	(10,773)	134	1.2	(18,269)
28,130	16,789	Total goods and services tax	17,369	17,550	(181)	(1.0)	29,461
Other indirect taxation							
1,326	780	Petroleum fuels excise and duty ¹	1,087	1,034	53	5.1	1,866
1,666	1,331	Tobacco excise and duty ¹	1,076	1,099	(23)	(2.1)	1,501
1,414	814	Road and track user charges	1,016	1,074	(58)	(5.4)	1,922
1,290	784	Alcohol excise and duty ¹	761	821	(60)	(7.3)	1,390
187	114	Other customs duty	113	106	7	6.6	148
625	337	Miscellaneous indirect tax	356	349	7	2.0	628
6,508	4,160	Total other indirect taxation	4,409	4,483	(74)	(1.7)	7,455
34,638	20,949	Total indirect taxation	21,778	22,033	(255)	(1.2)	36,916
111,712	64,250	Total taxation revenue	68,633	69,406	(773)	(1.1)	121,419
Other sovereign revenue							
3,855	2,169	ACC levies	2,382	2,352	30	1.3	4,106
1,582	1,671	Emissions trading revenue	1,636	1,731	(95)	(5.5)	3,520
673	367	Fire Service levies	400	394	6	1.5	706
612	325	EQC levies	488	478	10	2.1	819
170	93	Clean vehicle discount	107	143	(36)	(25.2)	253
371	145	Child support and working for families penalties	122	95	27	28.4	166
120	60	Court fines	63	67	(4)	(6.0)	115
1,024	572	Other miscellaneous items	691	614	77	12.5	1,072
8,407	5,402	Total other sovereign revenue	5,889	5,874	15	0.3	10,757
120,119	69,652	Total sovereign revenue	74,522	75,280	(758)	(1.0)	132,176

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2023 Actual \$m	7 months to 31 Jan 2023 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							
46,929	26,702	Source deductions	29,654	29,798	(144)	(0.5)	51,843
10,685	5,127	Other persons	5,068	5,244	(176)	(3.4)	10,476
(2,703)	(1,054)	Refunds	(1,267)	(1,147)	(120)	(10.5)	(2,732)
747	527	Fringe benefit tax	582	573	9	1.6	812
55,658	31,302	Total individuals	34,037	34,468	(431)	(1.3)	60,399
Corporate Tax							
19,733	11,191	Gross companies tax	10,020	10,754	(734)	(6.8)	19,153
(1,728)	(827)	Refunds	(976)	(902)	(74)	(8.2)	(1,582)
601	357	Non-resident withholding tax	427	423	4	0.9	681
18,606	10,721	Total corporate tax	9,471	10,275	(804)	(7.8)	18,252
Other Direct Income Tax							
1,917	869	Resident withholding tax on interest income	1,895	1,807	88	4.9	3,148
1,165	651	Resident withholding tax on dividend income	740	665	75	11.3	1,283
3,082	1,520	Total other direct income tax	2,635	2,472	163	6.6	4,431
77,346	43,543	Total income tax	46,143	47,215	(1,072)	(2.3)	83,082
Goods and Services Tax							
45,251	26,065	Gross goods and services tax	26,340	26,608	(268)	(1.0)	42,783
(18,334)	(10,541)	Refunds	(10,403)	(10,610)	207	2.0	(18,009)
26,917	15,524	Total goods and services tax	15,937	15,998	(61)	(0.4)	24,774
Other Indirect Taxation							
1,418	811	Road and track user charges	1,022	1,074	(52)	(4.8)	1,922
779	457	Excise duties	467	507	(40)	(7.9)	848
3,760	2,679	Customs duty	2,597	2,624	(27)	(1.0)	3,986
566	321	Miscellaneous indirect taxation	429	381	48	12.6	628
6,523	4,268	Total other indirect taxation	4,515	4,586	(71)	(1.5)	7,384
33,440	19,792	Total indirect taxation	20,452	20,584	(132)	(0.6)	32,158
110,786	63,335	Total tax receipts collected	66,595	67,799	(1,204)	(1.8)	115,240
Other Sovereign Receipts (cash)							
3,763	2,405	ACC levies	2,485	2,569	(84)	(3.3)	4,025
832	801	Emissions trading receipts	16	5	11	220.0	488
669	416	Fire Service levies	442	429	13	3.0	692
697	370	EQC levies	535	513	22	4.3	841
170	93	Clean vehicle discount	107	143	(36)	(25.2)	253
381	128	Child support and working for families penalties	100	115	(15)	(13.0)	185
114	69	Court fines	82	75	7	9.3	115
1,004	556	Other miscellaneous items	789	614	175	28.5	1,068
7,630	4,838	Total other sovereign receipts	4,556	4,463	93	2.1	7,667
118,416	68,173	Total sovereign receipts	71,151	72,262	(1,111)	(1.5)	122,907

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 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
5,012	2,246	Interest revenue	4,076	3,477	599	17.2	5,912
1,343	634	Dividends	815	942	(127)	(13.5)	1,473
6,355	2,880	Total interest revenue and dividends	4,891	4,419	472	10.7	7,385
NOTE 4: Transfer Payments and Subsidies							
19,517	11,205	New Zealand superannuation	12,429	12,435	6	-	21,610
3,473	2,003	Jobseeker support and emergency benefit	2,320	2,332	12	0.5	4,052
2,349	1,383	Accommodation assistance	1,425	1,448	23	1.6	2,492
2,311	1,330	Supported living payment	1,463	1,470	7	0.5	2,537
2,151	1,183	Family tax credit	1,266	1,270	4	0.3	2,278
1,917	1,105	Sole parent support	1,210	1,224	14	1.1	2,139
600	552	Cost of living payment	-	-	-	-	-
519	311	Winter energy payment	319	319	-	-	536
997	598	KiwiSaver subsidies	618	617	(1)	(0.2)	1,061
525	293	Student allowances	278	286	8	2.8	555
673	340	Hardship assistance	389	403	14	3.5	702
971	334	Official development assistance	460	514	54	10.5	1,214
476	244	Other working for families tax credits	226	234	8	3.4	487
430	250	Disability allowances	269	269	-	-	460
350	204	Orphan's/unsupported child's benefit	225	224	(1)	(0.4)	382
321	172	Best start	178	180	2	1.1	334
122	81	Income related rent subsidy	97	80	(17)	(21.3)	293
1,101	675	Other social assistance benefits	659	706	47	6.7	1,069
38,803	22,263	Total transfer payments and subsidies	23,831	24,011	180	0.7	42,201
NOTE 5: Finance Costs							
7,022	3,595	Interest on financial liabilities	5,317	4,892	(425)	(8.7)	9,374
426	249	Interest unwind on provisions and other interest	343	341	(2)	(0.6)	589
7,448	3,844	Total finance costs	5,660	5,233	(427)	(8.2)	9,963
NOTE 6: Insurance Expenses							
7,619	3,521	ACC	4,386	4,438	52	1.2	9,103
1,134	163	EQC	176	210	34	16.2	364
31	33	Other (incl. inter-segment eliminations)	11	37	26	70.3	86
8,784	3,717	Total insurance expenses	4,573	4,685	112	2.4	9,553

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 2023 and previous Budgets that has yet to be allocated to appropriations for departments.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Jan 2023 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
1,315	(347)	Actuarial gains/(losses) on ACC liability	889	4,830	(3,941)	(81.6)	4,935
5,620	734	Gains/(losses) on the Emissions Trading Scheme	(4,702)	(4,073)	(629)	(15.4)	(4,091)
12	206	Other	(113)	(78)	(35)	(44.9)	(135)
6,947	593	Net gains/(losses) on non-financial instruments	(3,926)	679	(4,605)	-	709
NOTE 9: Financial Assets and Sovereign Receivables							
18,791	22,178	Cash and cash equivalents	21,111	20,973	138	0.7	22,108
20,299	21,615	Tax receivables	22,520	21,322	1,198	5.6	25,497
13,249	9,967	Other receivables	10,617	12,680	(2,063)	(16.3)	14,962
29,785	29,141	Kiwi Group loans and advances	31,172	31,123	49	0.2	32,338
9,373	8,865	Student loans	9,110	9,096	14	0.2	9,141
18,088	17,947	Funding for Lending advances	17,542	17,673	(131)	(0.7)	16,529
9,243	7,652	Other advances	9,779	8,623	1,156	13.4	8,673
48,046	44,829	Share investments	48,566	48,550	16	-	50,082
7,317	6,644	Investments in controlled enterprises	7,627	6,701	926	13.8	6,895
44,736	43,522	Other marketable securities	52,437	47,406	5,031	10.6	41,004
9,231	8,233	Long-term deposits	7,917	8,506	(589)	(6.9)	8,237
6,935	9,295	Derivatives in gain	6,300	6,005	295	4.9	5,806
5,588	5,286	IMF financial assets	5,521	5,656	(135)	(2.4)	5,656
240,681	235,174	Total financial assets and sovereign receivables	250,219	244,314	5,905	2.4	246,928
Financial assets by entity							
41,634	51,793	The Treasury	49,667	45,541	4,126	9.1	37,020
67,088	68,969	Reserve Bank of New Zealand	69,358	70,843	(1,485)	(2.1)	65,042
68,234	66,559	NZ Superannuation Fund	72,427	70,708	1,719	2.4	73,413
43,509	42,408	Other core Crown	43,843	43,986	(143)	(0.3)	46,887
(59,196)	(69,344)	Intra-segment eliminations	(56,062)	(57,722)	1,660	2.9	(47,829)
161,269	160,385	Total core Crown segment	179,233	173,356	5,877	3.4	174,533
51,773	49,305	ACC	51,139	48,628	2,511	5.2	51,556
709	619	EQC	692	667	25	3.7	517
29,785	29,141	Kiwi Group loans and advances	31,172	31,123	49	0	32,338
22,365	48,643	Other Crown entities	21,726	21,382	344	1.6	22,168
(4,863)	(4,389)	Intra-segment eliminations	(5,346)	(5,167)	(179)	(3.5)	(5,220)
99,769	94,178	Total Crown entities segment	99,383	96,633	2,750	2.8	101,359
8,187	8,020	Total State-owned Enterprises segment	7,213	6,882	331	4.8	6,601
(28,544)	(27,409)	Inter-segment eliminations	(35,610)	(32,557)	(3,053)	(9.4)	(35,565)
240,681	235,174	Total financial assets and sovereign receivables	250,219	244,314	5,905	2.4	246,928

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Jan 2023 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
79,708	84,959	Land	80,217	80,956	(739)	(0.9)	81,904
68,194	62,142	Buildings	70,805	70,892	(87)	(0.1)	74,680
59,502	52,425	State highways	60,365	60,268	97	0.2	61,716
20,052	19,818	Electricity generation assets	19,932	19,876	56	0.3	19,879
4,459	4,387	Electricity distribution network (cost)	4,523	4,573	(50)	(1.1)	4,427
4,562	4,283	Aircraft (excl military)	4,654	4,825	(171)	(3.5)	5,031
4,964	4,434	Specialist military equipment	5,432	5,672	(240)	(4.2)	5,954
3,401	3,265	Specified cultural and heritage assets	3,202	3,180	22	0.7	3,188
14,580	10,768	Rail network	14,830	15,267	(437)	(2.9)	15,685
7,968	7,361	Other plant and equipment (cost)	8,784	8,943	(159)	(1.8)	9,378
267,390	253,842	Total net carrying value	272,744	274,452	(1,708)	(0.6)	281,842
Land breakdown by usage							
28,921	32,865	Housing stock	29,366	29,508	(142)	(0.5)	30,643
23,134	23,475	State highway corridor land	23,135	23,134	1	-	23,120
8,342	7,826	Conservation estate	8,337	8,332	5	0.1	8,322
6,279	7,559	Schools	6,290	6,313	(23)	(0.4)	6,401
4,261	4,327	Rail network corridor land	4,287	4,293	(6)	(0.1)	4,341
1,578	1,591	Commercial (SOE) excluding rail	1,659	1,643	16	1.0	1,688
7,193	7,316	Other	7,143	7,733	(590)	(7.6)	7,389
79,708	84,959	Total land	80,217	80,956	(739)	(0.9)	81,904
Schedule of Movements							
Cost or Valuation							
268,071	268,071	Opening balance	287,777	287,777	-	-	287,777
14,881	7,377	Additions	10,057	11,443	(1,386)	(12.1)	21,977
(1,474)	(236)	Disposals	(789)	(104)	(685)	-	(216)
5,335	1,042	Net revaluations	50	(294)	344	117.0	(378)
964	(79)	Other	(77)	43	(120)	(279.1)	(37)
287,777	276,175	Total cost or valuation	297,018	298,865	(1,847)	(0.6)	309,123
Accumulated Depreciation & Impairment							
18,889	18,889	Opening balance	20,387	20,387	-	-	20,387
(1,007)	(128)	Eliminated on disposal	(569)	(15)	(554)	-	(161)
(5,540)	(203)	Eliminated on revaluation	(74)	(135)	61	45	(138)
220	312	Impairment losses charged to operating balance	287	-	287	-	-
6,601	3,760	Depreciation expense and impairment losses	4,240	4,226	14	0.3	7,358
1,224	(297)	Other	3	(50)	53	106.0	(165)
20,387	22,333	Total accumulated depreciation & impairment	24,274	24,413	(139)	(0.6)	27,281
267,390	253,842	Total property, plant and equipment	272,744	274,452	(1,708)	(0.6)	281,842

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Jan 2023 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,520	10,344	Accounts payable	10,807	12,145	1,338	11.0	14,667
6,206	5,896	Taxes repayable	6,236	5,833	(403)	(6.9)	6,425
18,726	16,240	Total payables	17,043	17,978	935	5.2	21,092
NOTE 12: Borrowings							
105,162	100,809	Government bonds	116,957	118,768	1,811	1.5	129,970
24,972	25,072	Kiwi Group customer deposits	26,394	25,631	(763)	(3.0)	25,301
49,915	47,131	Settlement deposits	47,739	51,851	4,112	7.9	46,151
2,891	2,820	Treasury bills	4,341	5,347	1,006	18.8	5,941
7,311	6,690	Derivatives in loss	5,987	8,112	2,125	26.2	7,879
1,220	1,255	Finance lease liabilities	1,096	1,169	73	6.2	1,117
157	142	Government retail stock	161	160	(1)	(0.6)	162
35,127	38,862	Other borrowings	44,966	35,527	(9,439)	(26.6)	37,326
226,755	222,781	Total borrowings	247,641	246,565	(1,076)	(0.4)	253,847
175,791	171,850	Sovereign-guaranteed debt	195,478	193,131	(2,347)	(1.2)	198,426
50,964	50,931	Non sovereign-guaranteed debt	52,163	53,434	1,271	2.4	55,421
226,755	222,781	Total borrowings	247,641	246,565	(1,076)	(0.4)	253,847

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							
11,308	11,308	Opening liability	6,125	6,125	-	-	6,125
832	801	Units sold	16	5	(11)	(220.0)	488
1,103	1,141	Allocated units	816	839	23	2.7	1,495
(1,583)	(1,671)	Units surrendered	(1,636)	(1,731)	(95)	(5.5)	(3,520)
(5,620)	(734)	(Gains)/ losses due to revaluation in NZ Units	4,702	4,073	(629)	(15.4)	4,091
85	49	Other movements	27	6	(21)	(350.0)	(23)
6,125	10,894	Closing liability	10,050	9,317	(733)	(7.9)	8,656

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							
55,664	53,235	ACC liability	53,771	49,873	(3,898)	(7.8)	54,260
1,617	799	EQC property damage liability	1,279	1,293	14	1.1	1,063
230	177	Other insurance liabilities	172	167	(5)	(3.0)	163
57,511	54,211	Total insurance liabilities	55,222	51,333	(3,889)	(7.6)	55,486

The most recent valuation of the ACC liability was as at 31 December 2023 and is updated monthly for changes to discount rates.

NOTE 15: Provisions							
9,129	7,224	Provision for employee entitlements	8,142	8,081	(61)	(0.8)	6,712
2,651	2,829	Veterans disability entitlements	2,631	2,625	(6)	(0.2)	2,651
638	545	Provision for National Provident Fund guarantee	618	619	1	0.2	613
3,008	3,021	Other provisions	3,130	3,008	(122)	(4.1)	2,783
15,426	13,619	Total provisions	14,521	14,333	(188)	(1.3)	12,759

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Jan 2023 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Changes in Net Worth							
8,380	5,715	Taxpayers' funds	5,308	4,540	768	16.9	1,511
174,575	165,057	Property, plant and equipment revaluation reserve	174,506	174,320	186	0.1	174,335
409	577	Defined benefit retirement plan revaluation reserve	1,166	1,166	-	-	1,163
(392)	(566)	Veterans' disability entitlements reserve	(392)	(392)	-	-	(392)
7,958	7,849	Net worth attributable to minority interests	7,992	8,002	(10)	(0.1)	8,321
542	355	Other reserves	253	552	(299)	(54.2)	543
191,472	178,987	Total net worth	188,833	188,188	645	0.3	185,481
2,681	2,681	Opening taxpayers funds	8,380	8,380	-	-	8,380
5,321	2,959	Operating balance excluding minority interests	(3,226)	(3,852)	626	16.3	(6,873)
378	75	Transfers from/(to) other reserves	154	12	142	-	4
8,380	5,715	Closing taxpayers funds	5,308	4,540	768	16.9	1,511
164,385	164,385	Opening property, plant and equipment revaluation reserve	174,575	174,575	-	-	174,575
10,870	1,150	Net revaluations	117	(240)	357	148.8	(240)
(372)	(394)	Revaluation reserve attributable to minority interest	(50)	-	(50)	-	-
(308)	(84)	Transfers from/(to) other reserves	(136)	(15)	(121)	-	-
174,575	165,057	Closing property, plant and equipment revaluation reserve	174,506	174,320	186	0.1	174,335
7,283	7,283	Opening net worth attributable to minority interests	7,958	7,958	-	-	7,958
66	41	Increase/(decrease) in minority interest from changes in equity	45	46	(1)	(2.2)	373
555	421	Operating balance attributable to minority interests	353	352	1	0.3	552
54	104	Net movements	(364)	(354)	(10)	(2.8)	(562)
7,958	7,849	Closing net worth attributable to minority interests	7,992	8,002	(10)	(0.1)	8,321
480	481	Opening other reserves	542	542	-	-	542
62	(126)	Net movements	(289)	10	(299)	-	1
542	355	Closing other reserves	253	552	(299)	(54.2)	543

FISCAL INDICATOR ANALYSIS

For the seven months ended 31 January 2024

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

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
153,011	87,524	Total revenue	95,690	95,795	(105)	(0.1)	167,330
161,822	89,493	Less total expenses	99,081	99,213	132	0.1	176,155
14,658	5,334	Total gains/(losses)	535	(98)	633	-	2,531
29	15	Net surplus from associates and joint ventures	(17)	16	(33)	(206.3)	(27)
(555)	(421)	Minority interests share of operating balance	(353)	(352)	(1)	(0.3)	(552)
5,321	2,959	Operating balance	(3,226)	(3,852)	626	16.3	(6,873)
		Reconciliation Between the Operating Balance and OBEGAL					
5,321	2,959	Operating balance	(3,226)	(3,852)	626	16.3	(6,873)
		Less items excluded from OBEGAL:					
7,711	4,741	Net gains/(losses) on financial instruments	4,461	(777)	5,238	-	1,822
6,947	593	Net gains/(losses) on non-financial instruments	(3,926)	679	(4,605)	-	709
29	15	Net surplus from associates and joint ventures	(17)	16	(33)	(206.3)	(27)
80	(27)	Minority interests share of total gains/(losses)	(89)	(44)	(45)	(102.3)	(58)
(9,446)	(2,363)	OBEGAL	(3,655)	(3,726)	71	1.9	(9,319)

FISCAL INDICATOR ANALYSIS

For the seven months ended 31 January 2024

Expenses by Functional Classification

Year to 30 June 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Total Crown expenses								
48,845	27,269	Social security and welfare		29,652	29,884	232	0.8	53,466
29,824	16,722	Health		16,775	16,802	27	0.2	28,661
19,609	11,120	Education		12,358	12,211	(147)	(1.2)	21,695
6,663	2,876	Core government services		3,581	4,439	858	19.3	8,104
6,666	3,648	Law and order		3,955	3,968	13	0.3	7,119
14,428	8,464	Transport and communications		8,974	8,491	(483)	(5.7)	15,925
12,384	6,257	Economic and industrial services		8,391	8,439	48	0.6	14,763
2,838	1,446	Defence		1,723	1,753	30	1.7	3,128
3,417	1,997	Heritage, culture and recreation		2,117	2,154	37	1.7	3,435
2,740	1,462	Primary services		1,485	1,640	155	9.5	3,026
4,396	2,428	Housing and community development		2,759	3,092	333	10.8	5,770
2,353	1,851	Environmental protection		1,532	1,719	187	10.9	3,185
78	36	GSF pension expenses		40	41	1	2.4	71
133	73	Other		79	87	8	9.2	274
7,448	3,844	Finance costs		5,660	5,233	(427)	(8.2)	9,963
-	-	Forecast new operating spending	7	-	-	-	-	1,920
-	-	Top-down expense adjustment	7	-	(740)	(740)	(100.0)	(4,350)
161,822	89,493	Total Crown expenses excluding losses		99,081	99,213	132	0.1	176,155

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 2023 Actual \$m	7 months to 31 Jan 2023 Actual \$m		Note	Current Year Actual vs Forecast				Annual Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses								
41,514	23,948	Social security and welfare		25,515	25,671	156	0.6	44,739
28,489	16,846	Health		17,394	17,543	149	0.8	30,103
18,403	9,975	Education		11,154	11,122	(32)	(0.3)	20,526
6,806	2,923	Core government services		3,702	4,405	703	16.0	8,163
6,165	3,394	Law and order		3,725	3,717	(8)	(0.2)	6,603
5,472	2,793	Transport and communications		3,083	3,293	210	6.4	6,222
3,690	2,197	Economic and industrial services		2,261	2,382	121	5.1	4,303
2,886	1,465	Defence		1,746	1,782	36	2.0	3,174
1,537	944	Heritage, culture and recreation		1,012	1,071	59	5.5	1,590
1,156	535	Primary services		585	702	117	16.7	1,374
2,312	1,273	Housing and community development		1,572	1,802	230	12.8	3,530
2,381	1,853	Environmental protection		1,556	1,735	179	10.3	3,223
61	26	GSF pension expenses		34	31	(3)	(9.7)	52
133	73	Other		79	87	8	9.2	274
6,569	3,406	Finance costs		5,157	4,998	(159)	(3.2)	8,840
-	-	Forecast new operating spending	7	-	-	-	-	1,920
-	-	Top-down expense adjustment	7	-	(740)	(740)	(100.0)	(4,350)
127,574	71,651	Core Crown expenses excluding losses		78,575	79,601	1,026	1.3	140,286

FISCAL INDICATOR ANALYSIS

For the seven months ended 31 January 2024

Core Crown Residual Cash

Year to 30 June 2023 \$m	7 months to 31 Jan 2023 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown Cash Flows from Operations						
111,292	63,489	67,176	68,545	(1,369)	(2.0)	116,028
2,492	1,687	1,079	922	157	17.0	2,105
982	353	822	970	(148)	(15.3)	1,825
3,954	2,486	1,986	2,177	(191)	(8.8)	3,631
(40,417)	(24,079)	(25,874)	(25,999)	125	0.5	(43,447)
(76,434)	(45,948)	(48,445)	(49,048)	603	1.2	(85,063)
(5,305)	(2,375)	(3,709)	(3,628)	(81)	(2.2)	(6,939)
-	-	-	-	-	-	(1,920)
-	-	-	740	(740)	(100.0)	4,350
(3,436)	(4,387)	(6,965)	(5,321)	(1,644)	(30.9)	(9,430)
(4,435)	(2,415)	(2,869)	(2,756)	(113)	(4.1)	(4,949)
(9,159)	(7,144)	(1,795)	(1,463)	(332)	(22.7)	(2,897)
(6,060)	(4,246)	(2,387)	(2,877)	490	17.0	(7,646)
(2,558)	(1,487)	(942)	(942)	-	-	(1,614)
-	-	-	-	-	-	(995)
-	-	-	340	(340)	(100.0)	1,700
(22,212)	(15,292)	(7,993)	(7,698)	(295)	(3.8)	(16,401)
(25,648)	(19,679)	(14,958)	(13,019)	(1,939)	(14.9)	(25,831)
<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>						
Debt Programme Cash Flows						
Market:						
26,076	14,989	15,624	15,239	385	2.5	34,652
(21,879)	(4,203)	(2,480)	(2,433)	(47)	(1.9)	(18,069)
(66)	(982)	9,573	3,543	6,030	170.2	4,143
4,131	9,804	22,717	16,349	6,368	38.9	20,726
Non market:						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(300)	(100)	(100)	(100)	-	-	(300)
(300)	(100)	(100)	(100)	-	-	(300)
3,831	9,704	22,617	16,249	6,368	39.2	20,426
Other Borrowing Cash Flows						
19,918	11,174	8,484	5,666	2,818	49.7	8,291
(1,034)	(955)	(6,976)	(2,603)	(4,373)	(168.0)	(3,772)
18,884	10,219	1,508	3,063	(1,555)	(118.3)	4,519
Investing Cash Flows						
2,775	3,107	(6,839)	(3,285)	(3,554)	(108.2)	3,980
(60)	68	82	77	5	6.5	65
218	(3,419)	(2,410)	(3,085)	675	21.9	(3,159)
2,933	(244)	(9,167)	(6,293)	(2,874)	(45.7)	886
25,648	19,679	14,958	13,019	1,939	14.9	25,831

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

FISCAL INDICATOR ANALYSIS

As at 31 January 2024

Net Debt and Gross Debt

As at 30 June 2023 Actual \$m	As at 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Net Debt:							
191,029	188,545	Core Crown borrowings ¹	215,070	211,256	(3,814)	(1.8)	216,904
48,110	45,670	Crown entity borrowings ²	52,960	53,091	131	0.2	57,326
(28,884)	(28,393)	Less Kiwi Group borrowings ³	(30,593)	(31,027)	(434)	(1.4)	(32,522)
(1,690)	(1,733)	Add back inter-entity eliminations ³	(1,638)	(1,362)	276	20.3	(1,133)
(1,603)	(140)	Net unsettled purchases/(sales) of securities ⁴	(1,613)	(1,127)	486	43.1	(1,157)
(135,595)	(133,445)	Less core Crown financial assets (per net debt definition) ⁵	(151,332)	(145,061)	6,271	4.3	(142,004)
71,367	70,504	Net debt (incl. NZS Fund)	82,854	85,770	2,916	3.4	97,414
Additional net debt analysis							
71,367	70,504	Net debt (incl. NZS Fund)	82,854	85,770	2,916	3.4	97,414
(2,264)	(3,607)	Less NZS Fund borrowings	(2,053)	(2,477)	(424)	(17.1)	(2,476)
		Less NZS Fund net unsettled purchases/(sales)					
1,045	38	of securities	1,988	2,066	78	3.8	2,096
66,120	64,475	Less NZS Fund financial assets	69,780	66,394	(3,386)	(5.1)	69,018
136,268	131,410	Net debt (excl. NZS Fund)	152,569	151,753	(816)	(0.5)	166,052
Gross Debt:							
191,029	188,545	Core Crown borrowings	215,070	211,256	(3,814)	(1.8)	216,904
962	2,275	Unsettled purchases of securities	869	2,975	2,106	70.8	3,024
		Add back NZS Fund holdings of sovereign-issued					
(3,093)	(5,425)	debt and NZS Fund borrowings	(2,472)	(4,491)	(2,019)	(45.0)	(4,539)
		Less Reserve Bank settlement cash ⁶ and					
(53,109)	(51,606)	Reserve Bank bills	(53,424)	(54,449)	(1,025)	(1.9)	(48,749)
135,789	133,789	Gross Debt	160,043	155,291	(4,752)	(3.1)	166,640

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.
- Kiwi Group borrowings includes Kiwi Group customer deposits as disclosed in Note 12: Borrowings and other 3rd party 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).
- Includes Reserve Bank's New Zealand dollar transactional banking services for other Central Banks and the International Monetary Fund.

For the seven months ended 31 January 2024

Movement in Net Debt

As at 30 June 2023 Actual \$m	As at 31 Jan 2023 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
61,850	61,850	Opening net debt	71,367	71,367	-	-	71,367
25,648	19,679	Core Crown residual cash (surplus)/deficit	14,958	13,019	(1,939)	(14.9)	25,831
(9,159)	(7,144)	Less net increase in advances	(1,795)	(1,463)	332	22.7	(2,897)
(2,558)	(1,487)	Less contributions to the NZS Fund	(942)	(942)	-	-	(1,614)
3,191	1,199	Net increase/(decrease) in Crown entity borrowings	3,193	3,166	(27)	(0.9)	6,135
60	(68)	Issues of circulating currency	(82)	(77)	5	6.5	(65)
		Other fair value movements in financial assets and					
(7,665)	(3,525)	financial liabilities (gains)/losses (including NZSF)	(3,845)	700	4,545	-	(1,343)
71,367	70,504	Closing net debt	82,854	85,770	2,916	3.4	97,414

FISCAL INDICATOR ANALYSIS

New Zealand Superannuation Fund

30 June 2023 \$m	31 Jan 2023 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NZ Superannuation Fund							
1,320	683	Revenue	919	936	(17)	(1.8)	1,557
127	(130)	Less current tax expense	(810)	(338)	472	139.6	(802)
1,054	(915)	Less other expenses ¹	(50)	(88)	(38)	(43.2)	(206)
5,766	3,293	Add gains/(losses)	3,242	(489)	3,731	-	966
5,905	2,931	Operating balance	3,301	21	3,280	-	1,515
56,210	56,210	Opening net worth	64,673	64,673	-	-	64,673
2,558	1,487	Contributions from the Crown	942	942	-	-	1,614
5,905	2,931	Operating balance	3,301	21	3,280	-	1,515
-	5	Other movements in reserves	-	(1)	1	100.0	-
64,673	60,633	Closing net worth	68,916	65,635	3,281	5.0	67,802
Comprising:							
68,234	66,559	Financial assets	72,427	70,708	1,719	2.4	73,413
(3,501)	(5,827)	Financial liabilities	(3,467)	(4,997)	1,530	30.6	(5,518)
(60)	(99)	Net other assets	(44)	(76)	32	42.1	(93)
64,673	60,633	Closing net worth	68,916	65,635	3,281	5.0	67,802

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 Jan 2024 Actual \$m	31 Jan 2024 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	69,005	69,757	(752)	(1.1)	122,025
...combined with other core Crown revenue...	7,819	7,687	132	1.7	13,716
...funds core Crown expenses...	(78,575)	(79,601)	1,026	1.3	(140,286)
...and with SOE and CE ¹ results...	(1,904)	(1,569)	(335)	(21.4)	(4,774)
...this results in an operating balance before gains and losses (OBE GAL)...	(3,655)	(3,726)	71	1.9	(9,319)
...with gains/losses leading to an operating surplus/(deficit) ...	(3,226)	(3,852)	626	16.3	(6,873)
...with income in SOEs, CEs ¹ and the NZS Fund retained...	(3,301)	(21)	(3,280)	-	(2,257)
...and some items do not impact cash.	(438)	(1,448)	1,010	69.8	(300)
This leads to an operating residual cash surplus/(deficit)...	(6,965)	(5,321)	(1,644)	(30.9)	(9,430)
...used to make contributions to the NZS Fund...	(942)	(942)	-	-	(1,614)
...and to use for capital expenditure	(2,869)	(2,756)	(113)	(4.1)	(4,949)
...and to make advances	(1,795)	(1,463)	(332)	(22.7)	(2,897)
...and to purchase investments	(2,387)	(2,877)	490	17.0	(7,646)
Adjusting for forecast adjustments (top-down/new spending)...	-	340	(340)	(100.0)	705
...results in a borrowing requirement (cash deficit)/surplus	(14,958)	(13,019)	(1,939)	(14.9)	(25,831)

1. State-owned enterprises (SOEs) and Crown entities (CEs).