

Interim Financial Statements of the Government of New Zealand

For the Five Months Ended
30 November 2019



Prepared by the Treasury
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New Zealand Government

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Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 November 2019, and the financial results of operations and cash flows for the period ended on that date.

The November results are reported against forecasts based on the *Half-Year Economic and Fiscal Update 2019 (HYEFU 2019)*, published on 11 December 2019.

Comparison against forecast

With the November financial statements being the first set of accounts compared against monthly forecast track based on the *HYEFU 2019*, most indicators are tracking close to expectations. The largest variances to forecast in November related to the key operating indicators.

The higher than expected core Crown tax revenue and lower than expected core Crown expense resulted in an OBEGAL surplus that was \$683 million higher than forecast. In addition, favourable changes in market prices has resulted in net investment gains being higher than forecast, which flows through to the positive variance in the operating balance for November of \$1,724 million.

Results can fluctuate from month to month as the recognition of revenue and expenses vary. The results do not necessarily indicate a deviation from the full year results.

Core Crown tax revenue recognition process change

For financial reporting purposes, tax revenue is recognised when taxable income is earned by a taxpayer and it can be reliably measured. The recognition of tax revenue on a monthly basis requires a degree of estimation.

Over recent years, Inland Revenue have been working to improve the processes used to recognise income tax revenue throughout the fiscal year. The Treasury and Audit New Zealand have been consulted throughout the development of the tax revenue calculation methodology.

In April 2019, the administration of income tax moved to Inland Revenue's new system, START (Simplified Tax and Revenue Technology). START enables income tax revenue to be recognised more consistently during the year, as estimates are based on the most recently-available data for each individual and corporate taxpayer. The previous process largely relied on year-end assessments to estimate income tax revenue, particularly for large taxpayers.

As a result of the change to tax revenue recognition in the new system:

- The monthly profile of income tax revenue will change, as revenue will be recognised more smoothly through the year than previously. For the next 12 months at least, income tax revenue for a month will not be directly comparable with the corresponding month of the previous year.
- When compiling the *HYEFU 2019* forecasts, the Treasury applied the new income tax revenue recognition process to prior years' data to estimate a new seasonal pattern for monthly income tax forecasts. However, owing to variations in income tax assessment and return filing patterns over the years, there was significant uncertainty associated with each month's forecast. This means that, for the next year at least, there could be some large variances between actual and forecast income tax, in any given month, that do not necessarily correspond to any relative strength or weakness in economic activity.

Table 1 – Key indicators for the four months ended 30 November 2019 compared to *HYEFU 2019*

	Year to date				Full Year
	November 2019	November 2019	Variance ²	Variance	June 2020
	Actual ¹	<i>HYEFU 2019</i> Forecast ¹	<i>HYEFU 2019</i>	<i>HYEFU 2019</i>	<i>HYEFU 2019</i> Forecast ³
	\$m	\$m	\$m	%	\$m
Core Crown					
Core Crown tax revenue	35,695	35,355	340	1.0	88,692
Core Crown revenue	38,791	38,557	234	0.6	95,797
Core Crown expenses	37,901	38,137	236	0.6	93,776
Core Crown residual cash	(4,656)	(4,666)	10	0.2	(5,154)
Net core Crown debt ⁴	61,716	61,591	(125)	(0.2)	62,526
<i>as a percentage of GDP</i>	20.1%	20.1%			19.6%
Gross debt ⁵	89,391	89,556	165	0.2	89,575
<i>as a percentage of GDP</i>	29.1%	29.2%			28.0%
Total Crown					
Operating balance before gains and losses	129	(554)	683	123.3	(943)
Operating balance (excluding minority interests)	881	(843)	1,724	204.5	422
Total borrowings	119,651	118,675	(976)	(0.8)	122,161
Net worth attributable to the Crown	139,965	138,214	1,751	1.3	139,620
<i>as a percentage of GDP</i>	45.6%	45.0%			43.7%

1 Using the most recently published GDP (for the year ended 30 September 2019) of \$307,052 million (Source: Statistics NZ).

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

3 Using *HYEFU 2019* forecast GDP for the year ending 30 June 2020 of \$319,804 million (Source: The Treasury).

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

5 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

Core Crown tax revenue for the five months to November 2019 was \$340 million (1.0%) above forecast, owing to small positive variances across a number of tax types. Customs and excise duties were \$90 million (3.9%) above forecast due to timing differences that are forecast to reverse later in the fiscal year. As this is the first month following the release of *HYEFU 2019*, it is difficult at this stage to draw any conclusion around the nature of the variances across the remaining tax types.

Core Crown expenses were \$0.2 billion (0.6%) below forecast owing to small positive variances across a number of departments. Most variances at this stage are likely to be timing in nature.

The **OBEGAL** was \$0.1 billion in surplus and \$0.7 billion more favourable than forecast, primarily due to the tax revenue variance and core Crown expenses variances discussed above.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$0.9 billion surplus and was \$1.7 billion higher than the forecast deficit.

Net investment gains of \$3.6 billion were \$1.3 billion above forecast. This result was largely due to favourable changes in market prices, primarily relating to financial instruments held by NZSF. Partly offsetting the gains on financial instruments, net losses on non-financial instruments of \$2.9 billion were \$0.3 billion higher than the forecast. This variance was primarily driven by changes to discount rates used to calculate the ACC outstanding claims liability, which resulted in losses greater than expected of \$0.3 billion.

Core Crown residual cash was a deficit of \$4.7 billion and in line with forecast, with net core Crown operating cash flows being weaker by \$0.1 billion due to lower than expected tax receipts. Offsetting this, net capital payments were lower than forecast by \$0.1 billion mainly due to project delays.

Net core Crown debt was \$61.7 billion (20.1 % of GDP) at the end of November 2019, \$0.1 billion higher than forecast owing mainly to the impact from the revaluation of financial instruments.

Gross debt at \$89.4 billion (29.1% of GDP) was close to forecast.

Total borrowings at 30 November 2019 were \$119.7 billion, \$1.0 billion higher than forecast, primarily due to additional third party borrowings by Kāinga Ora.

Net worth attributable to the Crown was \$140.0 billion, \$1.8 billion higher than forecast. The majority of this variance relates to higher than expected operating balance for the first five months of the year as discussed above. In addition, property, plant and equipment revaluations were \$0.2 billion higher than expected.

Comparison against the prior year actuals

Table 2 – Key indicators for the five months ended 30 November 2019 compared to prior year actuals

	Year to date				Full Year
	November 2019 Actual ¹ \$m	November 2018 Prior Year Actual ² \$m	Variance ³ to 2018 \$m	Variance to 2018 %	June 2019 Prior Year Actual ⁴ \$m
Core Crown					
Core Crown tax revenue	35,695	32,895	2,800	8.5	86,468
Core Crown revenue	38,791	35,827	2,964	8.3	93,474
Core Crown expenses	37,901	35,463	(2,438)	(6.9)	87,041
Core Crown residual cash	(4,656)	(4,632)	(24)	(0.5)	(710)
Net core Crown debt ⁵	61,716	61,975	259	0.4	57,736
as a percentage of GDP	20.1%	21.0%			19.0%
Gross debt ⁶	89,391	88,152	(1,239)	(1.4)	84,449
as a percentage of GDP	29.1%	29.8%			27.7%
Total Crown					
Operating balance before gains and losses	129	264	(135)	(51.1)	7,347
Operating balance (excluding minority interests)	881	(2,334)	3,215	137.7	293
Total Borrowings	119,651	114,100	(5,551)	(4.9)	110,248
Net worth attributable to the Crown	139,965	127,543	12,422	9.7	139,782
as a percentage of GDP	45.6%	43.1%			45.9%

1 Using the most recently published GDP (for the year ended 30 September 2019) of \$307,052 million (Source: Statistics NZ).

2 Using prior year published GDP (for the year ended 30 September 2018) of \$295,741 million (Source: Statistics New Zealand).

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

4 Using GDP for the year ended 30 June 2019 of \$304,357 million published in the Treasury's HYEPU 2019.

5 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

6 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

Core Crown tax revenue for the five months to November 2019 was \$2.8 billion (8.5%) up on the corresponding period from last year. The largest increases came from:

- source deduction revenue was \$1,060 million (7.7%) up on last year, mainly owing to increases in wage rates and employment
- corporate tax revenue was \$952 million (24.8%) higher than last year, owing to a combination of increased income tax assessments filed by taxpayers, reflecting profit growth, and Inland Revenue's new process for calculating income tax revenue, and
- GST revenue was \$528 million (5.8%) up on last year, mainly owing to growth in nominal private consumption.

Core Crown expenses grew by \$2.4 billion due to spending decisions made in *Budget 2019* (as most of this expenditure starts in the 2019/20 year) and increase in benefit payments. The majority of the increase relates to spending on social security and welfare (\$1.0 billion), health (\$0.6 billion) and education (\$0.4 billion).

The **OBEGAL** surplus at \$0.1 billion was \$0.1 billion lower than the same time last year.

The **core Crown residual cash** deficit was \$4.7 billion in line with the last year. The net core Crown operating cash deficit was \$0.3 billion more than the same time last year. Tax receipts was up by \$2.3 billion, however this was more than offset by higher operating payments of \$2.7 billion. The increase in operating payments was due to increase in benefit payments and the impact of the *Budget 2019* spending decisions. Net core Crown capital cash flows were \$0.3 billion less than the same time last year.

Net core Crown debt in nominal terms was largely in line with the previous year being \$0.3 billion lower, and as a percentage of GDP has fallen from 21.0% to 20.1%.

Net worth attributable to the Crown at \$140.0 billion was \$12.4 billion higher than November 2018, largely reflecting the June 2019 year-end and year-to-date operating balance and the impact of property, plant and equipment revaluations largely booked at June 2019.

Restatement of comparatives due to changes in accounting standards

The 30 June 2019 and 30 November 2018 financial results have been restated to reflect the adoption of the new accounting standards PBE IPSAS 39 *Employee Benefits* (updated) and PBE IPSAS 35 *Consolidated Financial Statements*. Refer to page 18 and 19 for further details.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Revenue						
85,723	32,586	Taxation revenue	2	35,429	35,026	403	1.2	87,994
6,028	2,507	Other sovereign revenue	2	2,639	2,630	9	0.3	6,116
91,751	35,093	Total Revenue Levied through the Crown's Sovereign Power		38,068	37,656	412	1.1	94,110
19,796	8,318	Sales of goods and services		8,509	8,191	318	3.9	19,629
3,716	1,533	Interest revenue and dividends	3	1,430	1,538	(108)	(7.0)	3,546
3,879	1,321	Other revenue		1,529	1,500	29	1.9	3,699
27,391	11,172	Total revenue earned through the Crown's operations		11,468	11,229	239	2.1	26,874
119,142	46,265	Total revenue (excluding gains)		49,536	48,885	651	1.3	120,984
		Expenses						
28,190	11,620	Transfer payments and subsidies	4	12,304	12,333	29	0.2	30,108
25,933	10,374	Personnel expenses		11,231	11,227	(4)	-	26,299
5,488	2,216	Depreciation and amortisation		2,498	2,515	17	0.7	6,198
41,781	18,291	Other operating expenses		19,832	19,888	56	0.3	49,350
4,253	1,695	Finance costs	5	1,545	1,553	8	0.5	3,793
5,813	1,619	Insurance expenses	6	1,836	1,894	58	3.1	6,264
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(120)	(120)	(100.0)	(1,200)
111,458	45,815	Total expenses (excluding losses)		49,246	49,290	44	0.1	121,556
(337)	(186)	Minority interests share of operating balance before gains/(losses)		(161)	(149)	(12)	(8.1)	(371)
7,347	264	Operating balance before gains/(losses) (excluding minority interests)		129	(554)	683	123.3	(943)
4,396	(899)	Net gains/(losses) on financial instruments		3,567	2,291	1,276	55.7	3,880
(11,575)	(1,713)	Net gains/(losses) on non-financial instruments	8	(2,857)	(2,597)	(260)	(10.0)	(2,659)
(115)	(6)	Minority interests share of total (gains)/losses		(2)	13	(15)	(115.4)	38
(7,294)	(2,618)	Total gains/(losses)		708	(293)	1,001	341.6	1,259
240	20	Net surplus/(deficit) from associates and joint ventures		44	4	40	-	106
293	(2,334)	Operating balance (excluding minority interests)		881	(843)	1,724	204.5	422

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Note	Current Year Actual vs Forecast				Annual Forecast
				Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses						
34,006	13,518	Social security and welfare		14,742	14,793	51	0.3	37,386
18,660	7,409	Health		8,339	8,408	69	0.8	20,605
15,280	6,592	Education		6,914	6,976	62	0.9	16,213
4,755	1,786	Core government services		1,607	1,788	181	10.1	5,385
5,050	2,012	Law and order		2,220	2,230	10	0.4	5,456
8,429	4,156	Transport and communications		4,717	4,687	(30)	(0.6)	12,090
10,433	4,153	Economic and industrial services		4,321	4,091	(230)	(5.6)	8,418
2,390	1,000	Defence		994	1,048	54	5.2	2,607
2,503	1,101	Heritage, culture and recreation		1,243	1,208	(35)	(2.9)	2,776
2,395	967	Primary services		981	1,008	27	2.7	2,523
2,020	894	Housing and community development		1,060	1,028	(32)	(3.1)	2,857
1,108	423	Environmental protection		480	503	23	4.6	1,364
80	71	GSF pension expenses		38	40	2	5.0	91
96	38	Other		45	49	4	8.2	448
4,253	1,695	Finance costs		1,545	1,553	8	0.5	3,793
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(120)	(120)	(100.0)	(1,200)
111,458	45,815	Total Crown expenses excluding losses		49,246	49,290	44	0.1	121,556

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 Jun 2019	5 months to 30 Nov 2018		Note	Current Year Actual vs Forecast				Annual Forecast
				Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses						
28,844	11,907	Social security and welfare		12,870	12,921	51	0.4	31,296
18,268	7,557	Health		8,133	8,112	(21)	(0.3)	19,366
14,293	5,962	Education		6,340	6,426	86	1.3	15,298
5,189	1,962	Core government services		1,766	1,893	127	6.7	5,570
4,625	1,850	Law and order		2,088	2,053	(35)	(1.7)	5,048
2,889	921	Transport and communications		1,116	1,170	54	4.6	3,537
3,006	1,254	Economic and industrial services		1,401	1,412	11	0.8	3,170
2,395	1,003	Defence		997	1,053	56	5.3	2,616
918	403	Heritage, culture and recreation		469	476	7	1.5	1,042
960	352	Primary services		391	373	(18)	(4.8)	1,110
727	322	Housing and community development		448	470	22	4.7	1,048
1,119	425	Environmental protection		485	506	21	4.2	1,372
66	65	GSF pension expenses		32	32	-	-	77
96	38	Other		45	49	4	8.2	448
3,646	1,442	Finance costs		1,320	1,311	(9)	(0.7)	3,234
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(120)	(120)	(100.0)	(1,200)
87,041	35,463	Core Crown expenses excluding losses		37,901	38,137	236	0.6	93,776

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
745	(2,142)	Operating Balance (including minority interest)	1,044	(707)	1,751	247.7	755
		Other comprehensive revenue and expense					
12,481	(1)	Revaluation of physical assets	(62)	(252)	190	75.4	(278)
(2,615)	(390)	Revaluations of defined benefit retirement plan schemes	(707)	(707)	-	-	(611)
(202)	(245)	Transfers to/(from) reserves	62	13	49	376.9	274
		(Gains)/losses transferred to the statement of financial performance	(18)	(12)	(6)	(50.0)	(24)
(2)	88	Foreign currency translation differences on foreign operations	(102)	(100)	(2)	(2.0)	15
(31)	(55)	Other movements	(102)	(100)	(2)	(2.0)	15
46	148		309	300	9	3.0	29
9,677	(455)	Total other comprehensive revenue and expense	(518)	(758)	240	31.7	(595)
10,422	(2,597)	Total comprehensive revenue and expense	526	(1,465)	1,991	135.9	160
		Attributable to:					
943	132	- minority interest	343	103	240	233.0	322
9,479	(2,729)	- the Crown	183	(1,568)	1,751	111.7	(162)
10,422	(2,597)	Total comprehensive revenue and expense	526	(1,465)	1,991	135.9	160

STATEMENT OF CHANGES IN NET WORTH

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
136,296	136,265	Opening net worth	146,172	146,172	-	-	146,172
(73)	(73)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
136,223	136,192	Adjusted opening net worth	146,172	146,172	-	-	146,172
745	(2,142)	Operating balance (including minority interest)	1,044	(707)	1,751	247.7	755
12,481	(1)	Net revaluations	(62)	(252)	190	75.4	(278)
		Net revaluations of defined benefit retirement plan schemes	(707)	(707)	-	-	(611)
(2,615)	(390)	Transfers to/(from) reserves	62	13	49	376.9	274
(202)	(245)	(Gains)/losses transferred to the Statement of Financial Performance	(18)	(12)	(6)	(50.0)	(24)
(2)	88	Foreign currency translation differences on foreign operations	(102)	(100)	(2)	(2.0)	15
(31)	(55)	Other movements	(102)	(100)	(2)	(2.0)	15
46	148		309	300	9	3.0	29
10,422	(2,597)	Total comprehensive revenue and expense	526	(1,465)	1,991	135.9	160
(473)	(280)	Transactions with minority interests	(467)	(274)	(193)	(70.4)	(546)
146,172	133,315	Closing net worth	146,231	144,433	1,798	1.2	145,786

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

STATEMENT OF CASH FLOWS

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash Flows from Operations						
		Cash was provided from						
83,018	32,279	Taxation receipts		34,006	34,228	(222)	(0.6)	87,541
5,187	2,248	Other sovereign receipts		2,412	2,424	(12)	(0.5)	5,435
19,764	8,096	Sales of goods and services		8,475	8,174	301	3.7	19,470
2,528	1,084	Interest receipts		920	875	45	5.1	2,060
4,562	1,772	Other operating receipts		2,027	2,068	(41)	(2.0)	5,881
115,059	45,479	Total cash provided from operations		47,840	47,769	71	0.1	120,387
		Cash was disbursed to						
27,982	12,167	Transfer payments and subsidies		13,202	13,127	(75)	(0.6)	30,364
72,078	30,841	Personnel and operating payments		32,966	33,196	230	0.7	79,354
4,025	1,868	Interest payments		1,648	1,637	(11)	(0.7)	3,757
-	-	Forecast new operating spending	7	-	-	-	-	744
-	-	Top-down expense adjustment	7	-	(120)	(120)	(100.0)	(1,200)
104,085	44,876	Total cash disbursed to operations		47,816	47,840	24	0.1	113,019
10,974	603	Net cash flows from operations		24	(71)	95	133.8	7,368
		Cash Flows from Investing Activities						
		Cash was provided from/(disbursed to)						
(8,464)	(3,736)	Net (purchase)/sale of physical assets		(3,759)	(4,041)	282	7.0	(9,815)
3,804	4,097	Net (purchase)/sale of shares and other securities		(4,021)	(2,975)	(1,046)	(35.2)	(4,678)
(791)	(279)	Net (purchase)/sale of intangible assets		(318)	(336)	18	5.4	(975)
(1,902)	(803)	Net (issue)/repayment of advances		(503)	(572)	69	12.1	(2,076)
136	(93)	Net acquisition of investments in associates		(144)	(138)	(6)	(4.3)	(521)
-	-	Forecast new capital spending	7	-	-	-	-	(802)
-	-	Top-down capital adjustment	7	-	80	(80)	(100.0)	800
(7,217)	(814)	Net cash flows from investing activities		(8,745)	(7,982)	(763)	(9.6)	(18,067)
3,757	(211)	Net cash flows from operating and investing activities		(8,721)	(8,053)	(668)	(8.3)	(10,699)
		Cash Flows from Financing Activities						
		Cash was provided from/(disbursed to)						
437	385	Issues of circulating currency		356	306	50	16.3	339
(3,536)	2,879	Net issue/(repayment) of Government bonds		5,946	6,250	(304)	(4.9)	6,612
1,487	(665)	Net issue/(repayment) of foreign currency borrowing		848	(1,069)	1,917	179.3	(3,435)
(530)	(15)	Net issue/(repayment) of other New Zealand dollar borrowing		302	2,269	(1,967)	(86.7)	6,315
(505)	(287)	Dividends paid to minority interests		(316)	(300)	(16)	(5.3)	(544)
(2,647)	2,297	Net cash flows from financing activities		7,136	7,456	(320)	(4.3)	9,287
1,110	2,086	Net movement in cash		(1,585)	(597)	(988)	(165.5)	(1,412)
18,894	18,894	Opening cash balance		20,248	20,248	-	-	20,248
		Foreign-exchange gains/(losses) on opening cash		564	1,015	(451)	(44.4)	1,033
20,248	20,488	Closing cash balance		19,227	20,666	(1,439)	(7.0)	19,869

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the five months ended 30 November 2019

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		Reconciliation Between the Net Cash Flows from Operations and the Operating Balance					
10,974	603	Net Cash Flows from Operations	24	(71)	95	133.8	7,368
		Gains/(losses)					
4,396	(899)	Net gains/(losses) on financial instruments	3,567	2,291	1,276	55.7	3,880
(11,575)	(1,713)	Net gains/(losses) on non-financial instruments	(2,857)	(2,597)	(260)	(10.0)	(2,659)
115	6	Less minority interests share of net gains/(losses)	2	(13)	15	115.4	(38)
(7,294)	(2,618)	Total gains/(losses)	708	(293)	1,001	341.6	1,259
		Other Non-cash Items in Operating Balance					
(5,488)	(2,216)	Depreciation and amortisation	(2,498)	(2,515)	17	0.7	(6,198)
(763)	(343)	Cost of concessionary lending	(156)	(162)	6	3.7	(670)
(41)	(7)	Impairment of financial assets (excluding receivables)	(1)	(2)	1	50.0	(5)
2,576	-	Reversal of Rail network impairment	-	-	-	-	-
571	261	Decrease/(increase) in defined benefit retirement plan liabilities	(485)	(485)	-	-	(136)
(1,768)	1,381	Decrease/(increase) in insurance liabilities	1,305	1,317	(12)	(0.9)	(1,573)
(218)	30	Other	(108)	(145)	37	25.5	(301)
(5,131)	(894)	Total other non-cash items	(1,943)	(1,992)	49	2.5	(8,883)
		Movements in Working Capital					
4,188	(1,235)	Increase/(decrease) in receivables	(116)	(167)	51	30.5	1,130
37	199	Increase/(decrease) in accrued interest	176	269	(93)	(34.6)	263
175	36	Increase/(decrease) in inventories	31	46	(15)	(32.6)	412
36	405	Increase/(decrease) in prepayments	561	475	86	18.1	48
(97)	(99)	Decrease/(increase) in deferred revenue	(234)	(55)	(179)	(325.5)	(1)
(2,595)	1,269	Decrease/(increase) in payables/provisions	1,674	945	729	77.1	(1,174)
1,744	575	Total movements in working capital	2,092	1,513	579	38.3	678
293	(2,334)	Operating balance (excluding minority interests)	881	(843)	1,724	204.5	422

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

STATEMENT OF FINANCIAL POSITION

As at 30 November 2019

As at 30 Jun 2019 Actual \$m	As at 30 Nov 2018 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		Assets						
20,248	20,488	Cash and cash equivalents	9	19,227	20,666	(1,439)	(7.0)	19,869
23,304	18,890	Receivables	9	24,007	23,920	87	0.4	25,216
		Marketable securities, deposits and derivatives in gain	9	48,473	44,983	3,490	7.8	44,635
43,616	43,062	Share investments	9	42,570	41,790	780	1.9	45,117
39,552	34,225	Advances	9	34,030	34,383	(353)	(1.0)	36,298
33,690	31,188	Investments in controlled enterprises	9	3,881	3,959	(78)	(2.0)	4,311
3,688	3,546	Inventory		1,549	1,565	(16)	(1.0)	1,931
1,516	1,377	Other assets		3,343	3,290	53	1.6	3,004
2,828	3,108	Property, plant and equipment	10	179,118	179,151	(33)	-	182,644
177,625	160,507	Equity accounted investments ¹		14,454	14,485	(31)	(0.2)	14,806
14,279	13,734	Intangible assets and goodwill		3,898	3,881	17	0.4	4,156
3,911	3,837	Forecast for new capital spending	7	-	-	-	-	802
-	-	Top-down capital adjustment	7	-	(80)	80	100.0	(800)
364,257	333,962	Total assets		374,550	371,993	2,557	0.7	381,989
		Liabilities						
6,813	6,760	Issued currency		7,169	7,119	(50)	(0.7)	7,151
16,742	11,874	Payables	12	14,981	16,384	1,403	8.6	18,855
2,523	2,524	Deferred revenue		2,750	2,575	(175)	(6.8)	2,521
110,248	114,100	Borrowings		119,651	118,675	(976)	(0.8)	122,161
58,216	45,032	Insurance liabilities	13	59,639	59,324	(315)	(0.5)	62,229
13,179	11,120	Retirement plan liabilities		13,664	13,663	(1)	-	13,315
10,364	9,237	Provisions	14	10,465	9,820	(645)	(6.6)	9,971
218,085	200,647	Total liabilities		228,319	227,560	(759)	(0.3)	236,203
146,172	133,315	Total assets less total liabilities		146,231	144,433	1,798	1.2	145,786
		Net Worth						
36,015	33,341	Taxpayers' funds	15	36,997	35,410	1,587	4.5	36,678
106,495	94,712	Property, plant and equipment revaluation reserve	15	106,374	106,131	243	0.2	106,125
(2,615)	(390)	Defined benefit retirement plan revaluation reserve	15	(3,322)	(3,322)	-	-	(3,226)
(113)	(120)	Other reserves	15	(84)	(5)	(79)	-	43
139,782	127,543	Total net worth attributable to the Crown		139,965	138,214	1,751	1.3	139,620
6,390	5,772	Net worth attributable to minority interest	15	6,266	6,219	47	0.8	6,166
146,172	133,315	Total net worth		146,231	144,433	1,798	1.2	145,786

1. Equity accounted investments include tertiary education institutions and City Rail Link Limited.

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

STATEMENT OF SEGMENTS

For the five months ended 30 November 2019

	Current Year Actual vs Forecast (Half Year Economic and Fiscal Update 2019)									
	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	35,695	35,355	-	-	-	-	(266)	(329)	35,429	35,026
Other sovereign revenue	940	930	2,346	2,346	-	-	(647)	(646)	2,639	2,630
Revenue from core Crown funding	-	-	13,245	13,415	52	95	(13,297)	(13,510)	-	-
Sales of goods and services	696	733	1,060	969	7,064	6,780	(311)	(291)	8,509	8,191
Interest and dividend revenue	1,115	1,169	598	610	406	413	(689)	(654)	1,430	1,538
Other revenue	345	370	1,862	1,823	479	369	(1,157)	(1,062)	1,529	1,500
Total Revenue (excluding gains)	38,791	38,557	19,111	19,163	8,001	7,657	(16,367)	(16,492)	49,536	48,885
Expenses										
Transfer payments and subsidies	12,716	12,747	-	-	-	-	(412)	(414)	12,304	12,333
Personnel expenses	3,479	3,462	6,489	6,526	1,281	1,253	(18)	(14)	11,231	11,227
Other operating expenses	20,389	20,737	12,921	13,069	5,949	5,655	(15,093)	(15,164)	24,166	24,297
Interest expenses	1,317	1,311	62	22	406	427	(240)	(207)	1,545	1,553
Forecast new operating spending and top down adjustment	-	(120)	-	-	-	-	-	-	-	(120)
Total Expenses (excluding losses)	37,901	38,137	19,472	19,617	7,636	7,335	(15,763)	(15,799)	49,246	49,290
Minority interest share of operating balance before gains/(losses)	-	-	-	-	(170)	(156)	9	7	(161)	(149)
Operating Balance before gains and losses (excluding minority interests)	890	420	(361)	(454)	195	166	(595)	(686)	129	(554)
Gains/(losses) and other items	2,125	1,031	(932)	(1,138)	55	(15)	(496)	(167)	752	(289)
Operating Balance (excluding minority interests)	3,015	1,451	(1,293)	(1,592)	250	151	(1,091)	(853)	881	(843)
Assets										
Financial assets	113,205	113,153	58,805	56,615	28,826	28,294	(28,648)	(28,361)	172,188	169,701
Property, plant and equipment	43,968	44,100	94,724	94,878	40,426	40,173	-	-	179,118	179,151
Investments in associates, CEs and SOEs	47,657	47,663	13,343	13,315	307	364	(46,853)	(46,857)	14,454	14,485
Other assets	4,558	4,569	1,857	1,754	2,613	2,616	(238)	(203)	8,790	8,736
Forecast new capital spending and top down adjustment	-	(80)	-	-	-	-	-	-	-	(80)
Total Assets	209,388	209,405	168,729	166,562	72,172	71,447	(75,739)	(75,421)	374,550	371,993
Liabilities										
Borrowings	97,686	99,005	9,192	7,460	33,867	33,589	(21,094)	(21,379)	119,651	118,675
Other liabilities	37,562	37,805	70,337	70,192	9,345	9,090	(8,576)	(8,202)	108,668	108,885
Total Liabilities	135,248	136,810	79,529	77,652	43,212	42,679	(29,670)	(29,581)	228,319	227,560
Net Worth	74,140	72,595	89,200	88,910	28,960	28,768	(46,069)	(45,840)	146,231	144,433
Cost of Acquisition of Physical Assets (Cash)	980	1,120	1,928	2,010	1,010	995	-	-	3,918	4,125

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

STATEMENT OF BORROWINGS

As at 30 November 2019

As at 30 Jun 2019 Actual \$m	As at 30 Nov 2018 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
56,874	62,682	Government bonds	62,390	61,529	(861)	(1.4)	62,714
6,891	6,878	Settlement deposits with Reserve Bank	7,012	7,630	618	8.1	7,630
3,939	3,051	Derivatives in loss	5,351	6,007	656	10.9	5,607
3,455	3,797	Treasury bills	2,387	2,626	239	9.1	3,041
1,328	2,608	Finance lease liabilities	1,456	1,490	34	2.3	1,102
169	181	Government retail stock	167	171	4	2.3	171
37,592	34,903	Other borrowings	40,888	39,222	(1,666)	(4.2)	41,896
110,248	114,100	Total borrowings	119,651	118,675	(976)	(0.8)	122,161
74,717	80,757	Sovereign-guaranteed debt	80,527	81,736	1,209	1.5	83,141
35,531	33,343	Non sovereign-guaranteed debt	39,124	36,939	(2,185)	(5.9)	39,020
110,248	114,100	Total borrowings	119,651	118,675	(976)	(0.8)	122,161
		Net Debt:					
91,833	96,062	Core Crown borrowings ¹	97,689	99,009	1,320	1.3	98,465
(903)	(2,164)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,715)	(2,522)	(807)	(32.0)	(1,967)
90,930	93,898	Gross sovereign-issued debt²	95,974	96,487	513	0.5	96,498
90,715	85,192	Less core Crown financial assets ³	94,515	94,191	324	0.3	96,269
215	8,706	Net core Crown debt	1,459	2,296	837	36.5	229
13,845	12,840	Add back core Crown advances	13,629	13,655	26	0.2	14,361
14,060	21,546	Net core Crown debt (incl NZS Fund)⁴	15,088	15,951	863	5.4	14,590
43,676	40,429	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁵	46,628	45,640	(988)	(2.2)	47,936
57,736	61,975	Net core Crown debt (excl NZS Fund and advances)⁶	61,716	61,591	(125)	(0.2)	62,526
		Gross Debt:					
90,930	93,898	Gross sovereign-issued debt ²	95,974	96,487	513	0.5	96,498
(8,081)	(7,346)	Less Reserve Bank settlement cash and Reserve Bank bills	(8,183)	(8,531)	(348)	(4.1)	(8,523)
1,600	1,600	Add back changes to government borrowing due to settlement cash ⁷	1,600	1,600	-	-	1,600
84,449	88,152	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	89,391	89,556	165	0.2	89,575

Notes on borrowings:

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.

1. Core Crown borrowings includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
2. Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the New Zealand Superannuation Fund (NZS Fund), ACC and EQC.
3. Core Crown financial assets exclude receivables.
4. Net core Crown debt represents GSID less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the creditworthiness of a country.
5. Adding back the NZS Fund assets provides the financial liabilities less financial assets of the core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.
6. Net core Crown debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
7. The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the Treasury borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

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

STATEMENT OF COMMITMENTS

As at 30 November 2019

	As at 30 Nov 2019 \$m	As at 30 Jun 2019 \$m	As at 30 Nov 2018 \$m
Capital Commitments			
State highways	4,436	4,436	4,411
Specialist military equipment	1,784	1,786	1,940
Land and buildings	5,281	4,618	4,124
Other property, plant and equipment	1,997	1,985	2,036
Other capital commitments	1,623	826	328
Tertiary Education Institutions	595	595	752
Total capital commitments	15,716	14,246	13,591
Operating Commitments			
Non-cancellable accommodation leases	4,642	4,779	3,612
Other non-cancellable leases	3,421	3,204	2,785
Tertiary Education Institutions	936	936	649
Total operating commitments	8,999	8,919	7,046
Total commitments	24,715	23,165	20,637
Total Commitments by Segment			
Core Crown	11,238	9,699	8,355
Crown entities	9,179	9,173	7,940
State-owned Enterprises	4,477	4,472	4,517
Inter-segment eliminations	(179)	(179)	(175)
Total commitments	24,715	23,165	20,637

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 November 2019

	As at 30 Nov 2019 \$m	As at 30 Jun 2019 \$m	As at 30 Nov 2018 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	8,467	8,245	8,091
Guarantees and indemnities	184	190	205
Legal proceedings and disputes	704	734	325
Other contingent liabilities	587	488	837
Total quantifiable contingent liabilities	9,942	9,657	9,458
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	9,393	9,175	9,186
Crown entities	387	392	80
State-owned Enterprises	263	191	309
Inter-segment eliminations	(101)	(101)	(117)
Total quantifiable contingent liabilities	9,942	9,657	9,458
Quantifiable Contingent Assets			
Core Crown	67	70	132
Crown entities	-	-	-
State-owned Enterprises	2	2	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	69	72	132

A list of unquantifiable contingent liabilities is included on the Treasury's website
<https://treasury.govt.nz/publications/year-end/financial-statements-2019>

These can be found in Note 25: Contingent Liabilities and Contingent Assets

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 are the consolidated financial statements for the Government reporting entity as specified in Part III of the Public Finance Act 1989. This comprises:

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- the Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding tertiary education institutions)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989
- Legal entities listed in Schedule 6 of the Public Finance Act 1989
- Other Government entities specified by legislation

A schedule of the entities that are included in the Government reporting entity was set out on *pages 99 – 102* of the *Half-Year Economic and Fiscal Update 2019 (HYEFU 2019)*, published on 11 December 2019.

The figures presented in these financial statements for 30 June 2019 are audited except where balances have been restated to reflect the adoption of the PBE IPSAS 39: *Employee Benefits* (updated) and PBE IPSAS 35: *Consolidated Financial Statements* as described below. 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://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/financial-reporting-policies-and-guidance/accounting-policies>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2020, based on the *HYEFU 2019*, published on 11 December 2019.

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 and 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 58 – 62* of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2019* published on 8 October 2019.

Government Superannuation Fund – Change of presentation (PBE IPSAS 39)

The Crown adopted PBE IPSAS 39 *Employee Benefits* from 1 July 2019 (updating the existing standard PBE IPSAS 25 *Employee Benefits*). The new standard impacts the way the Government Superannuation Fund (GSF) defined benefit pension scheme is presented in the financial statements, with actuarial gains/losses now being presented in the Statement of Comprehensive Revenue and Expenses (and accumulated in a new revaluation reserve) rather than presented as a gain or loss in the Statement of Financial Performance. The new standard also means the investment return on the scheme's assets above the risk-free rate of return is now classified as actuarial gains and losses (affecting OBEGAL).

The new standard does not affect the way the GSF defined benefit liability is calculated overall, and therefore it does not affect the Crown's total Net Worth.

The comparatives have been restated to reflect the presentation changes. From 1 July 2018, cumulative GSF actuarial gains and losses will accumulate in the new revaluation reserve, rather than in Taxpayers' Funds.

In addition to the GSF presentation changes, improved clarity in PBE IPSAS 39 over the scope of employee benefits may mean earlier recognition of expenses related to some responsibilities of the Crown, such as veterans' benefits. Work on quantifying any impact in the financial statements is underway.

New Zealand Superannuation Fund – Investments in Controlled Enterprises (PBE IPSAS 35)

From 1 July 2019, the New Zealand Superannuation Fund is consolidated as an investment entity rather than on the previous line-by-line basis in accordance with PBE IPSAS 35 *Consolidated Financial Statements*. As a consequence, any controlling interests the New Zealand Superannuation Fund has invested in are reported on a fair value basis and shown as a single line item *Investments in controlled enterprises* in the statement of financial position.

The comparatives have been restated to reflect the reclassifications between balance sheet items. In addition to the reclassification impact, the measurement of a single investment on a fair value basis may differ from the sum of individual assets and liabilities of that same controlled interest. As a result, the previous year's comparative figures for OBEGAL, Operating balance and Net Worth are likely to change when restated.

A reconciliation between the key indicators published in the Financial Statements of Government (FSG) for the year ended 30 June 2019 and the Interim Financial Statements of Government for the five months ended 30 November 2018 and the revised comparative numbers reported in this document as a result of these two accounting standard changes is included below.

June 2019 Restatement

	Jun-19 Actual (per FSG) \$m	NZSF Impact \$m	GSF Impact \$m	Jun-19 Actual (restated) \$m	Change \$m
Statement of Financial Performance					
Core Crown revenue	93,625	(151)	-	93,474	(151)
Core Crown expenses	87,022	(125)	144	87,041	19
OBEGAL	7,508	(17)	(144)	7,347	(161)
Operating Balance	(2,274)	(48)	2,615	293	2,567
Statement of Financial Position					
Taxpayer Funds	33,278	122	2,615	36,015	2,737
Defined Benefit Plan revaluation reserve	-	-	(2,615)	(2,615)	(2,615)
Net worth attributable to minority interest	6,567	(177)	-	6,390	(177)
Other reserves	106,468	(86)	-	106,382	(86)
Net worth	146,313	(141)	-	146,172	(141)

November 2018 Restatement

	Nov-18 Actual (as published) \$m	NZSF Impact \$m	GSF Impact \$m	Nov-18 Actual (restated) \$m	Change \$m
Statement of Financial Performance					
Core Crown revenue	35,884	(57)	-	35,827	(57)
Core Crown expenses	35,520	(57)	-	35,463	(57)
OBEGAL	261	3	-	264	3
Operating Balance	(2,657)	(67)	390	(2,334)	323
Statement of Financial Position					
Taxpayer Funds	32,841	110	390	33,341	500
Defined Benefit Plan revaluation reserve	-	-	(390)	(390)	(390)
Net worth attributable to minority interest	5,930	(158)	-	5,772	(158)
Other reserves	94,634	(42)	-	94,592	(42)
Net worth	133,405	(90)	-	133,315	(90)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation Revenue							
Individuals							
32,879	13,683	Source deductions	14,742	14,625	117	0.8	34,960
7,663	2,383	Other persons	2,666	2,590	76	2.9	7,182
(2,429)	(473)	Refunds	(662)	(692)	30	4.3	(2,132)
585	231	Fringe benefit tax	234	235	(1)	(0.4)	592
38,698	15,824	Total individuals	16,980	16,758	222	1.3	40,602
Corporate Tax							
14,892	3,377	Gross companies tax	4,438	4,443	(5)	(0.1)	14,093
(343)	(56)	Refunds	(85)	(93)	8	8.6	(266)
650	250	Non-resident withholding tax	220	194	26	13.4	569
15,199	3,571	Total corporate tax	4,573	4,544	29	0.6	14,396
Other Direct Income Tax							
1,659	660	Resident w/holding tax on interest income	637	635	2	0.3	1,500
838	284	Resident w/holding tax on dividend income	298	302	(4)	(1.3)	843
2,497	944	Total other direct income tax	935	937	(2)	(0.2)	2,343
56,394	20,339	Total income tax	22,488	22,239	249	1.1	57,341
Goods and Services Tax							
35,860	14,984	Gross goods and services tax	15,598	15,563	35	0.2	37,345
(13,998)	(5,922)	Refunds	(6,008)	(6,035)	27	0.4	(14,411)
21,862	9,062	Total goods and services tax	9,590	9,528	62	0.7	22,934
Other Indirect Taxation							
1,673	699	Road user charges	751	749	2	0.3	1,774
1,982	799	Petroleum fuels excise ¹	842	828	14	1.7	2,095
1,086	493	Alcohol excise ¹	489	496	(7)	(1.4)	1,115
1,980	884	Tobacco excise ¹	963	883	80	9.1	1,987
172	79	Other customs duty	84	81	3	3.7	177
247	90	Gaming duties	83	86	(3)	(3.5)	234
227	107	Motor vehicle fees	106	107	(1)	(0.9)	233
74	23	Approved issuer levy and cheque duty	25	21	4	19.0	78
26	11	Energy resources levies	8	8	-	-	26
7,467	3,185	Total other indirect taxation	3,351	3,259	92	2.8	7,719
29,329	12,247	Total indirect taxation	12,941	12,787	154	1.2	30,653
85,723	32,586	Total taxation revenue	35,429	35,026	403	1.2	87,994
Other Sovereign Revenue							
3,014	1,208	ACC levies	1,251	1,257	(6)	(0.5)	3,040
579	242	Fire Service levies	248	245	3	1.2	588
387	157	EQC levies	173	171	2	1.2	439
225	104	Child support and working for families penalties	104	101	3	3.0	217
124	56	Court fines	57	58	(1)	(1.7)	115
846	390	Emissions trading revenue	417	422	(5)	(1.2)	1,030
853	350	Other miscellaneous items	389	376	13	3.5	687
6,028	2,507	Total other sovereign revenue	2,639	2,630	9	0.3	6,116
91,751	35,093	Total sovereign revenue	38,068	37,656	412	1.1	94,110

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

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 Jun 2019	5 months to 30 Nov 2018		Current Year Actual vs Forecast				Annual Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
2,646	1,134	Interest revenue	1,010	1,028	(18)	(1.8)	2,419
1,070	399	Dividends	420	510	(90)	(17.6)	1,127
3,716	1,533	Total interest revenue and dividends	1,430	1,538	(108)	(7.0)	3,546
NOTE 4: Transfer Payments and Subsidies							
14,562	5,996	New Zealand superannuation	6,374	6,374	-	-	15,520
2,131	945	Family tax credit	885	875	(10)	(1.1)	2,102
1,854	751	Jobseeker support and emergency benefit	834	839	5	0.6	2,090
1,556	648	Supported living payment	664	665	1	0.2	1,607
1,640	660	Accommodation assistance	753	751	(2)	(0.3)	1,841
1,115	463	Sole parent support	484	481	(3)	(0.6)	1,185
45	15	Income related rent subsidy	36	31	(5)	(16.1)	84
951	388	KiwiSaver subsidies	393	414	21	5.1	945
635	199	Other working for families tax credits	252	256	4	1.6	621
708	166	Official development assistance	158	179	21	11.7	784
583	300	Student allowances	294	293	(1)	(0.3)	580
441	262	Winter energy payment	276	276	-	-	464
48	5	Best start	61	63	2	3.2	231
386	161	Disability allowances	164	164	-	-	395
1,535	661	Other social assistance benefits	676	672	(4)	(0.6)	1,659
28,190	11,620	Total transfer payments and subsidies	12,304	12,333	29	0.2	30,108
NOTE 5: Finance Costs							
4,010	1,687	Interest on financial liabilities	1,456	1,456	-	-	3,571
243	8	Interest unwind on provisions and other interest	89	97	8	8.2	222
4,253	1,695	Total finance costs	1,545	1,553	8	0.5	3,793
NOTE 6: Insurance Expenses							
5,362	1,616	ACC	1,913	1,954	41	2.1	6,299
476	25	EQC	(63)	(45)	18	40.0	(1)
(40)	(26)	Southern Response	(20)	(20)	-	-	(48)
15	4	Other insurance expenses	6	5	(1)	(20.0)	14
5,813	1,619	Total insurance expenses	1,836	1,894	58	3.1	6,264

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 2019 and previous Budgets that has yet to be allocated to appropriations for departments.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Nov 2018 \$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							
<i>By type</i>							
(11,367)	(1,223)	Actuarial gains/(losses) on ACC liability	(2,580)	(2,277)	(303)	(13.3)	(2,292)
(225)	(473)	Gains/(losses) on the Emissions Trading Scheme	(195)	(226)	31	13.7	(214)
17	(17)	Other	(82)	(94)	12	12.8	(153)
(11,575)	(1,713)	Net gains/(losses) on non-financial instruments	(2,857)	(2,597)	(260)	(10.0)	(2,659)
NOTE 9: Financial Assets and Sovereign Receivables							
20,248	20,488	Cash and cash equivalents	19,227	20,666	(1,439)	(7.0)	19,869
13,741	10,760	Tax receivables	15,585	15,434	151	1.0	14,653
9,563	8,130	Other receivables	8,422	8,486	(64)	(0.8)	10,563
10,731	9,736	Student loans	10,539	10,556	(17)	(0.2)	10,915
20,411	19,160	Kiwibank mortgages	21,162	21,224	(62)	(0.3)	22,351
4,355	4,138	Long-term deposits	5,081	3,372	1,709	50.7	3,061
2,327	2,292	IMF financial assets	2,430	2,486	(56)	(2.3)	2,486
2,548	2,292	Other advances	2,329	2,603	(274)	(10.5)	3,032
39,552	34,225	Share investments	42,570	41,790	780	1.9	45,117
3,688	3,546	Investments in controlled enterprises	3,881	3,959	(78)	(2.0)	4,311
4,585	4,463	Derivatives in gain	4,608	3,835	773	20.2	3,455
32,349	32,169	Other marketable securities	36,354	35,290	1,064	3.0	35,633
164,098	151,399	Total financial assets and sovereign receivables	172,188	169,701	2,487	1.5	175,446
Financial Assets by Entity							
20,874	22,871	The Treasury	21,161	22,482	(1,321)	(5.9)	20,175
20,315	19,414	Reserve Bank of New Zealand	20,657	21,227	(570)	(2.7)	21,680
44,307	42,294	NZ Superannuation Fund	47,477	47,003	474	1.0	50,148
31,384	28,062	Other core Crown	34,128	32,860	1,268	3.9	32,155
(9,615)	(12,963)	Intra-segment eliminations	(10,218)	(10,419)	201	1.9	(9,393)
107,265	99,678	Total core Crown segment	113,205	113,153	52	-	114,765
48,868	42,042	ACC portfolio	49,642	48,827	815	1.7	50,317
778	382	EQC portfolio	804	752	52	6.9	648
10,912	10,407	Other Crown entities	10,950	9,575	1,375	14.4	9,860
(2,954)	(2,600)	Intra-segment eliminations	(2,591)	(2,539)	(52)	(2.0)	(2,423)
57,604	50,231	Total Crown entities segment	58,805	56,615	2,190	3.9	58,402
27,624	26,046	Total State-owned Enterprises segment	28,826	28,294	532	1.9	29,363
(28,395)	(24,556)	Inter-segment eliminations	(28,648)	(28,361)	(287)	(1.0)	(27,084)
164,098	151,399	Total financial assets and sovereign receivables	172,188	169,701	2,487	1.5	175,446

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Nov 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value²							
By class of asset:							
55,005	52,332	Land	54,886	55,004	(118)	(0.2)	55,229
40,732	37,830	Buildings	41,447	41,385	62	0.1	42,625
37,222	32,400	State highways	37,787	37,902	(115)	(0.3)	39,039
17,239	15,704	Electricity generation assets	17,094	16,920	174	1.0	17,096
4,173	4,085	Electricity distribution network (cost)	4,218	4,026	192	4.8	4,079
3,353	3,248	Specialist military equipment	3,376	3,454	(78)	(2.3)	3,895
3,150	3,139	Specified cultural and heritage assets	3,154	3,152	2	0.1	3,167
4,993	4,912	Aircraft (excl military)	5,232	5,209	23	0.4	5,217
6,407	1,389	Rail network	6,528	6,613	(85)	(1.3)	6,520
5,351	5,468	Other plant and equipment (cost)	5,396	5,486	(90)	(1.6)	5,777
177,625	160,507	Total net carrying value	179,118	179,151	(33)	-	182,644
Land breakdown by usage							
18,819	18,360	Housing stock	19,003	19,126	(123)	(0.6)	19,439
13,745	12,342	State highway corridor land	13,747	13,745	2	-	13,506
6,630	6,235	Conservation estate	6,616	6,617	(1)	-	6,628
3,516	3,525	Rail network corridor land	3,519	3,519	-	-	3,505
5,772	5,722	Schools	5,764	5,761	3	0.1	5,811
1,205	1,317	Commercial (SOE) excluding rail	1,233	1,233	-	-	1,233
5,318	4,831	Other	5,004	5,003	1	-	5,107
55,005	52,332	Total land	54,886	55,004	(118)	(0.2)	55,229
Schedule of Movements							
Cost or Valuation							
175,019	175,294	Opening balance	192,808	192,808	-	-	192,808
9,462	3,872	Additions	4,002	3,858	144	3.7	11,257
(1,157)	(211)	Disposals	(452)	(206)	(246)	(119.4)	(810)
9,623	(90)	Net revaluations	24	32	(8)	(25.0)	29
(139)	(39)	Other	(53)	(41)	(12)	(29.3)	(96)
192,808	178,826	Total cost or valuation	196,329	196,451	(122)	(0.1)	203,188
Accumulated Depreciation & Impairment							
16,356	16,631	Opening balance	15,183	15,183	-	-	15,183
(791)	(189)	Eliminated on disposal	(140)	(97)	(43)	(44.3)	(22)
(2,452)	(27)	Eliminated on revaluation	3	3	-	-	-
(2,516)	-	Impairment losses charged to operating balance	-	-	-	-	-
4,554	1,872	Depreciation expense and impairment losses	2,148	2,191	(43)	(2.0)	5,416
32	32	Other	17	20	(3)	(15.0)	(33)
15,183	18,319	Total accumulated depreciation & impairment	17,211	17,300	(89)	(0.5)	20,544
177,625	160,507	Total property, plant and equipment	179,118	179,151	(33)	-	182,644

2. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Nov 2018 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: NZ Superannuation Fund							
982	379	Revenue	366	404	(38)	(9.4)	980
(504)	(231)	Less current tax expense	(177)	89	266	298.9	(426)
(130)	(65)	Less other expenses ³	(71)	(75)	(4)	(5.3)	(184)
1,955	(366)	Add gains/(losses)	2,004	822	1,182	143.8	2,513
2,303	(283)	Operating balance	2,122	1,240	882	71.1	2,883
39,002	39,002	Opening net worth	42,316	42,316	-	-	42,316
1,000	417	Contributions from the Crown	608	608	-	-	1,460
2,303	(283)	Operating balance	2,122	1,240	882	71.1	2,883
11	24	Other movements in reserves	-	(1)	1	100.0	(1)
42,316	39,160	Closing net worth	45,046	44,163	883	2.0	46,658
Comprising:							
44,307	42,294	Financial assets	47,477	47,003	474	1.0	50,148
(1,993)	(3,136)	Financial liabilities	(2,434)	(2,840)	406	14.3	(3,484)
2	2	Net other assets	3	-	3	-	(6)
42,316	39,160	Closing net worth	45,046	44,163	883	2.0	46,658
NOTE 12: Payables							
10,449	7,557	Accounts payable	9,723	10,872	1,149	10.6	12,528
6,293	4,317	Taxes repayable	5,258	5,512	254	4.6	6,327
16,742	11,874	Total payables	14,981	16,384	1,403	8.6	18,855
NOTE 13: Insurance Liabilities							
56,611	43,661	ACC liability ⁴	58,419	58,134	(285)	(0.5)	61,332
1,342	1,186	EQC property damage liability	1,081	1,051	(30)	(2.9)	758
216	139	Southern Response	93	93	-	-	93
47	46	Other insurance liabilities	46	46	-	-	46
-	-	Inter-segment eliminations	-	-	-	-	-
58,216	45,032	Total insurance liabilities	59,639	59,324	(315)	(0.5)	62,229

3. NZS Fund other expenses include deferred tax expense/(credits).

4. The most recent ACC valuation was as at 30 June 2019, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Nov 2018 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NOTE 14: Provisions							
4,582	3,782	Provision for employee entitlements	4,783	4,190	(593)	(14.2)	4,056
2,884	2,827	Provision for ETS Credits ⁵	2,895	2,932	37	1.3	3,167
879	811	Provision for National Provident Fund guarantee	852	855	3	0.4	829
2,019	1,817	Other provisions	1,935	1,843	(92)	(5.0)	1,919
10,364	9,237	Total provisions	10,465	9,820	(645)	(6.6)	9,971
NOTE 15: Changes in Net Worth							
36,015	33,341	Taxpayers' funds	36,997	35,410	1,587	4.5	36,678
106,495	94,712	Property, plant and equipment revaluation reserve	106,374	106,131	243	0.2	106,125
(2,615)	(390)	Defined benefit retirement plan revaluation reserve	(3,322)	(3,322)	-	-	(3,226)
6,390	5,772	Net worth attributable to minority interests	6,266	6,219	47	0.8	6,166
(113)	(120)	Other reserves	(84)	(5)	(79)	-	43
146,172	133,315	Total net worth	146,231	144,433	1,798	1.2	145,786
35,440	35,469	Opening taxpayers funds	36,015	36,015	-	-	36,015
112	112	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
293	(2,334)	Operating balance excluding minority interests	881	(843)	1,724	204.5	422
170	94	Transfers from/(to) other reserves	101	238	(137)	(57.6)	241
36,015	33,341	Closing taxpayers funds	36,997	35,410	1,587	4.5	36,678
94,750	94,750	Opening property, plant and equipment revaluation reserve	106,495	106,495	-	-	106,495
(15)	(15)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
12,481	(1)	Net revaluations	(62)	(252)	190	75.4	(278)
(721)	(22)	Transfers from/(to) other reserves	(59)	(112)	53	47.3	(92)
106,495	94,712	Closing property, plant and equipment revaluation reserve	106,374	106,131	243	0.2	106,125
5,993	5,993	Opening net worth attributable to minority interests	6,390	6,390	-	-	6,390
(73)	(73)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
470	(148)	Net movements	(124)	(171)	47	27.5	(224)
6,390	5,772	Closing net worth attributable to minority interests	6,266	6,219	47	0.8	6,166
113	53	Opening other reserves	(113)	(113)	-	-	(113)
(97)	(97)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
(129)	(76)	Net movements	29	108	(79)	(73.1)	156
(113)	(120)	Closing other reserves	(84)	(5)	(79)	-	43

5. Further information on the ETS, can be found on the Ministry for the Environment's climate change website <http://www.climatechange.govt.nz>

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2019 \$m	5 months to 30 Nov 2018 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Core Crown Residual Cash						
Core Crown Cash Flows from Operations						
83,716	32,538	34,820	34,923	(103)	(0.3)	88,649
1,359	399	472	458	14	3.1	1,457
712	296	189	203	(14)	(6.9)	474
3,200	1,282	1,458	1,504	(46)	(3.1)	3,517
(28,910)	(12,532)	(13,613)	(13,542)	(71)	(0.5)	(31,359)
(50,591)	(22,142)	(24,016)	(24,231)	215	0.9	(56,730)
(3,450)	(1,608)	(1,390)	(1,394)	4	0.3	(3,086)
-	-	-	-	-	-	(744)
-	-	-	120	(120)	(100.0)	1,200
6,036	(1,767)	(2,080)	(1,959)	(121)	(6.2)	3,378
(3,002)	(1,239)	(1,051)	(1,244)	193	15.5	(3,474)
(86)	79	225	186	39	21.0	(365)
(2,658)	(1,288)	(1,142)	(1,121)	(21)	(1.9)	(3,231)
(1,000)	(417)	(608)	(608)	-	-	(1,460)
-	-	-	-	-	-	(802)
-	-	-	80	(80)	(100.0)	800
(6,746)	(2,865)	(2,576)	(2,707)	131	4.8	(8,532)
(710)	(4,632)	(4,656)	(4,666)	10	0.2	(5,154)
<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>						
Debt Programme Cash Flows						
Market:						
8,372	3,612	5,946	6,250	(304)	(4.9)	11,306
(11,908)	(733)	-	-	-	-	(6,694)
(730)	(375)	(1,075)	(835)	(240)	(28.7)	(420)
(4,266)	2,504	4,871	5,415	(544)	(10.0)	4,192
Non market:						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(4,266)	2,504	4,871	5,415	(544)	(10.0)	4,192
Other Borrowing Cash Flows						
(2,239)	(807)	(808)	1,431	(2,239)	(156.5)	3,750
1,547	(704)	816	(1,102)	1,918	174.0	(3,511)
(692)	(1,511)	8	329	(321)	17.6	239
Investing Cash Flows						
5,163	4,277	(3,323)	(1,963)	(1,360)	(69.3)	(158)
437	385	356	306	50	16.3	339
68	(1,023)	2,744	579	2,165	373.9	542
5,668	3,639	(223)	(1,078)	855	79.3	723
710	4,632	4,656	4,666	(10)	(0.2)	5,154

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