

# Interim Financial Statements of the Government of New Zealand

For the Ten Months Ended  
30 April 2020



Prepared by the Treasury  
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New Zealand Government

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# CONTENTS

## Commentary

Comparison against forecast	2
Comparison against the prior year actuals	5

## Unaudited Interim Financial Statements

Statement of Financial Performance	8
<i>The statement outlines the operating results of the total Government (ie, the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities).</i>	
Analysis of Expenses by Functional Classification	9
<i>Breakdown of expenses by function for total Crown and core Crown.</i>	
Statement of Comprehensive Revenue and Expense	10
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	10
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	11
<i>The statement sets out the cash flows that result from the operating, investing and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	13
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	14
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Borrowings	15
<i>The statement outlines total borrowings (split by sovereign-guaranteed debt and non sovereign-guaranteed debt), including the calculation of the core Crown debt indicators.</i>	
Statement of Commitments	16
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	16
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	17
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	

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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 April 2020, and the financial results of operations and cash flows for the period ended on that date.

The April results are reported against forecasts based on the *Budget Economic and Fiscal Update 2020 (BEFU 2020)*, published on 14 May 2020. This is the first month that monthly actual results are compared against the *BEFU 2020 forecasts*.

### Comparison against forecast

Core Crown tax revenue was \$0.2 billion (0.2%) above forecast, mainly owing to higher than forecast GST revenue, which was not as adversely affected by lower economic activity as assumed in the GST forecast. This variance was partly offset by lower than forecast corporate tax.

Core Crown expenses were \$0.4 billion lower than forecast owing mainly to lower than forecast take up of the Business Finance Guarantee Scheme, partially offset by increased health and transport expenditure.

The operating balance before gains and losses (OBEGAL) was a \$12.8 billion deficit, \$0.6 billion lower than the forecast. The variance mainly relates to core Crown results discussed above.

#### 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.

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 ten months ended 30 April 2020 compared to *BEFU 2020*

	Year to date				Full Year
	April 2020 Actual <sup>1</sup> \$m	April 2020 BEFU 2020 Actual <sup>1</sup> \$m	Variance <sup>2</sup> BEFU 2020 \$m	Variance BEFU 2020 %	June 2020 BEFU 2020 Actual <sup>3</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	72,458	72,281	177	0.2	82,330
Core Crown revenue	78,347	78,196	151	0.2	89,474
Core Crown expenses	87,116	87,542	426	0.5	113,998
Core Crown residual cash	(20,909)	(19,595)	(1,314)	(6.7)	(32,031)
Net core Crown debt <sup>4</sup>	78,758	76,431	(2,327)	(3.0)	88,935
<i>as a percentage of GDP</i>	25.3%	24.6%			30.2%
Gross debt <sup>5</sup>	92,871	90,275	(2,596)	(2.9)	99,771
<i>as a percentage of GDP</i>	29.9%	29.0%			33.9%
<b>Total Crown</b>					
Operating balance before gains and losses	(12,780)	(13,409)	629	4.7	(28,293)
Operating balance (excluding minority interests)	(22,567)	(21,369)	(1,198)	(5.6)	(37,115)
Total borrowings	149,464	140,502	(8,962)	(6.4)	164,799
Net worth attributable to the Crown	114,439	115,639	(1,200)	(1.0)	100,093
<i>as a percentage of GDP</i>	36.8%	37.2%			34.0%

1 Using the most recently published GDP (for the year ended 31 December 2019) of \$311,034 million (Source: Stats NZ).

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

3 Using BEFU 2020 forecast GDP for the year ending 30 June 2020 of \$294,207 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** was \$0.2 billion (0.2%) above forecast. GST revenue was \$1.1 billion (5.9%) above forecast, mainly owing to lower impacts from COVID-19 than expected in the GST forecast. The GST variance was partly offset by corporate tax revenue being \$1.0 billion (8.1%) below forecast due to the combination of Portfolio Investment Entity (PIE) tax, terminal tax and provisional tax all being below forecast. Other major tax types were close to forecast.

**Core Crown expenses** were \$87.1 billion, \$0.4 billion lower than forecast owing mainly to lower than forecast take up of the Business Finance Guarantee Scheme, partially offset by increased health and transport expenditure.

The **OBEGAL** was a \$12.8 billion deficit, \$0.6 billion lower than the forecast. The variance mainly relates to core Crown results discussed above.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$22.6 billion deficit, \$1.2 billion below forecast as discussed below.

Net investment losses of \$3.0 billion were \$4.4 billion below forecast. This result was largely due to favourable changes in market prices, primarily relating portfolios held by NZS Fund and ACC.

Net losses on non-financial instruments of \$7.0 billion were \$6.2 billion higher than the losses forecast. Losses on the ACC outstanding claims liability were \$6.8 billion, \$6.1 billion higher than the losses forecast primarily driven by a decrease in the discount rates used to calculate the liability. In addition, an increase in carbon prices resulted in Emission Trading Scheme valuation losses higher than forecast by \$0.1 billion.

**Core Crown residual cash** was a deficit of \$20.9 billion, \$1.3 billion higher than the deficit forecast. Core Crown tax receipts were below forecast by \$0.1 billion while core Crown payments were close to forecast before the top down adjustment. Capital cash out flows were \$0.4 billion higher than forecast.

**Net core Crown debt** was \$78.8 billion (25.3% of GDP) was \$2.3 billion higher than forecast due to the residual cash variance discussed above while the remaining variance mainly relates to unsettled trades held by the Reserve Bank which reversed out in May.

**Gross debt** at \$92.9 billion (29.9% of GDP) was \$2.6 billion higher than forecast primarily due to an increased balance of Treasury bills and foreign-currency borrowings as a response to significant cash requirements due to the impacts of COVID-19 (\$3.6 billion higher than forecast in total). In addition, unsettled trades were higher than forecast by \$1.6 billion. These variances were partly offset by Government stock being \$3.0 billion lower than forecast which is in part due to Reserve Bank's Large Scale Asset Purchase Program (LSAP).

**Total borrowings** at 30 April 2020 were \$149.5 billion, \$9.0 billion higher than forecast. This is primarily owing to increased settlement deposits with Reserve Bank (\$7.8 billion higher than forecast) as Reserve Bank is putting more cash into the system to support the economy. Treasury bills were \$7.3 billion, \$2.7 billion higher than forecast discussed above. This was partly offset by derivatives in loss being lower than forecast by \$1.8 billion due to market conditions changing since the forecast was prepared.

**Total assets** at \$391.6 billion were \$15.4 billion above forecast with financial assets driving this variance. This relates mainly to an increase in Reserve Bank financial assets due to their liquidity policy and increased financial assets held by NZS Fund and ACC.

**Total liabilities** at \$271.1 billion were \$16.6 billion above forecast. As discussed above, this variance is mainly due to the increase in total borrowings of \$9.0 billion, ACC's outstanding claims liability (\$6.2 billion above forecast) and payables being \$1.6 billion above forecast mainly due to Reserve Bank unsettled trades.

**Net worth attributable to the Crown** was \$114.4 billion, \$1.2 billion lower than forecast. The majority of this variance relates to the operating balance for the first ten months of the year as discussed above.



## Comparison against the prior year actuals

**Table 2** – Key indicators for the ten months ended 30 April 2020 compared to prior year actuals

	Year to date				Full Year
	April 2020 Actual <sup>1</sup> \$m	April 2019 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2019 \$m	Variance to 2019 %	June 2019 Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	72,458	71,073	1,385	1.9	86,468
Core Crown revenue	78,347	76,904	1,443	1.9	93,474
Core Crown expenses	87,116	70,655	(16,461)	(23.3)	86,959
Core Crown residual cash	(20,909)	(5,340)	(15,569)	(291.6)	(710)
Net core Crown debt <sup>5</sup>	78,758	62,277	(16,481)	(26.5)	57,736
as a percentage of GDP	25.3%	21.2%			19.0%
Gross debt <sup>6</sup>	92,871	86,023	(6,847)	(8.0)	84,449
as a percentage of GDP	29.9%	29.3%			27.8%
<b>Total Crown</b>					
Operating balance before gains and losses	(12,780)	5,254	(18,034)	(343.2)	7,429
Operating balance (excluding minority interests)	(22,567)	1,894	(24,461)	-	388
Total Borrowings	149,464	111,948	(37,516)	(33.5)	110,248
Net worth attributable to the Crown	114,439	128,089	(13,650)	(10.7)	136,949
as a percentage of GDP	36.8%	43.7%			45.2%

1 Using the most recently published GDP (for the year ended 31 December 2019) of \$311,034 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 31 December 2019) of \$293,233 million (Source: Stats NZ).

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 \$303,310 million published in the Treasury's BEFU 2020.

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 ten months to April 2020 was \$1.4 billion (1.9%) up on the corresponding period from last year. The largest increases are as follows:

- Source deduction revenue was \$2.0 billion (7.5%) up on last year, mainly owing to growth in wages and employment.
- GST revenue was \$1.0 billion (5.4%) up on last year, mainly owing to growth in nominal private consumption.
- Customs and excise duty revenue was \$0.2 billion (6.9%) up on last year, mainly owing to increased tobacco excise rates.
- Partially offset by corporate tax revenue being \$1.9 billion (15.3%) lower than last year, mainly owing to a change in the revenue calculation method that caused a one-off spike in revenue in April 2019.

**Core Crown expenses** grew by \$16.5 billion, \$10.5 billion of this increase was owing to the Wage Subsidy Scheme as part of the Governments response to COVID-19, New Zealand superannuation payments increased by \$0.8 billion and the spending decisions made in Budget 2019 (as most of this expenditure starts in the 2019/20 year). A majority of those spending decisions related to health (\$1.2 billion), education (\$0.6 billion) and law and order (\$0.4 billion).

The **OBEGAL** deficit at \$12.8 billion was \$18.0 billion lower than the surplus this time last year. This variance is largely related to increased core Crown expenses (\$16.5 billion) partly offset by increased core Crown tax revenues (\$1.4 billion) as discussed above. In addition, ACC insurance expenses increased by \$1.3 billion due to combination of lower discount rates, higher claims volumes and an increase in the average cost per claim compared to April 2019. Depreciation expenses for KiwiRail increased by \$0.2 billion as a result of a change in the valuation approach of the rail freight.

The **core Crown residual cash** deficit was \$20.9 billion, \$15.6 billion higher than last year. The net core Crown operating cash flows were \$14.3 billion higher than the same time last year, mainly owing to COVID-19 related payments, in particular the Wage Subsidy Scheme, higher benefit payments and the impact of the Budget 2019 spending decisions. Net core Crown capital cash flows were \$1.3 billion higher than the same time last year.

**Net core Crown debt** in nominal terms was \$16.5 billion higher than the same time last year. The variance relates to core Crown residual cash deficit being higher than last year (directly impacting net debt), this was also impacted by increase in valuation losses of \$1.0 billion. Net debt as a percentage of GDP has increased from 21.2% to 25.3%.

**Net worth attributable to the Crown** at \$114.4 billion was \$13.7 billion higher than April 2019, largely reflecting the current year's operating balance deficit, partly offset by the June 2019 year-end operating balance and property revaluations.

#### **Restatement of comparatives due to changes in accounting standards**

The 30 June 2019 and 30 April 2019 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 to 19 for further details.



# **Unaudited Interim Financial Statements**

# STATEMENT OF FINANCIAL PERFORMANCE

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019		to 30 Apr 2019		Current Year Actual vs Forecast				
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
<b>Revenue</b>								
85,723	70,430	Taxation revenue	2	71,925	71,716	209	0.3	81,588
6,028	4,917	Other sovereign revenue	2	5,091	5,061	30	0.6	6,126
<b>91,751</b>	<b>75,347</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>77,016</b>	<b>76,777</b>	<b>239</b>	<b>0.3</b>	<b>87,714</b>
19,796	16,418	Sales of goods and services		15,826	16,141	(315)	(2.0)	19,196
3,716	3,046	Interest revenue and dividends	3	2,739	2,872	(133)	(4.6)	3,474
3,879	3,215	Other revenue		3,171	2,881	290	10.1	4,019
<b>27,391</b>	<b>22,679</b>	<b>Total revenue earned through the Crown's operations</b>		<b>21,736</b>	<b>21,894</b>	<b>(158)</b>	<b>(0.7)</b>	<b>26,689</b>
<b>119,142</b>	<b>98,026</b>	<b>Total revenue (excluding gains)</b>		<b>98,752</b>	<b>98,671</b>	<b>81</b>	<b>0.1</b>	<b>114,403</b>
<b>Expenses</b>								
28,086	22,837	Transfer payments and subsidies	4	24,511	24,546	35	0.1	30,831
25,933	20,865	Personnel expenses		22,691	22,465	(226)	(1.0)	27,314
5,488	4,594	Depreciation and amortisation		5,447	5,556	109	2.0	6,536
41,759	36,114	Other operating expenses		49,588	51,106	1,518	3.0	63,407
4,298	3,428	Finance costs	5	3,161	3,295	134	4.1	3,896
5,812	4,555	Insurance expenses	6	5,878	5,725	(153)	(2.7)	6,418
-	-	Forecast new operating spending	7	-	-	-	-	5,357
-	-	Top-down expense adjustment	7	-	(860)	(860)	(100.0)	(1,075)
<b>111,376</b>	<b>92,393</b>	<b>Total expenses (excluding losses)</b>		<b>111,276</b>	<b>111,833</b>	<b>557</b>	<b>0.5</b>	<b>142,684</b>
(337)	(379)	Minority interests share of operating balance before gains/(losses)		(256)	(247)	(9)	(3.6)	(12)
<b>7,429</b>	<b>5,254</b>	<b>Operating balance before gains/(losses) (excluding minority interests)</b>		<b>(12,780)</b>	<b>(13,409)</b>	<b>629</b>	<b>4.7</b>	<b>(28,293)</b>
4,396	3,340	Net gains/(losses) on financial instruments		(2,980)	(7,334)	4,354	59.4	(7,718)
(11,575)	(6,689)	Net gains/(losses) on non-financial instruments	8	(7,001)	(837)	(6,164)	-	(1,297)
(115)	(73)	Minority interests share of total (gains)/losses		91	95	(4)	(4.2)	50
<b>(7,294)</b>	<b>(3,422)</b>	<b>Total gains/(losses)</b>		<b>(9,890)</b>	<b>(8,076)</b>	<b>(1,814)</b>	<b>(22.5)</b>	<b>(8,965)</b>
253	62	Net surplus/(deficit) from associates and joint ventures		103	116	(13)	(11.2)	143
<b>388</b>	<b>1,894</b>	<b>Operating balance (excluding minority interests)</b>		<b>(22,567)</b>	<b>(21,369)</b>	<b>(1,198)</b>	<b>(5.6)</b>	<b>(37,115)</b>

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

## ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019 Actual \$m	Year 10 months to 30 Apr 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
33,902	27,621	Social security and welfare		41,644	41,512	(132)	(0.3)	50,390
18,660	14,935	Health		16,694	16,195	(499)	(3.1)	20,080
15,280	12,868	Education		13,646	13,763	117	0.9	16,686
4,732	3,397	Core government services		4,007	4,643	636	13.7	6,543
5,050	4,068	Law and order		4,374	4,333	(41)	(0.9)	5,467
8,429	8,812	Transport and communications		9,557	9,524	(33)	(0.3)	12,644
10,433	8,495	Economic and industrial services		8,303	9,174	871	9.5	10,418
2,390	1,954	Defence		2,011	2,099	88	4.2	2,540
2,503	2,187	Heritage, culture and recreation		2,448	2,510	62	2.5	2,872
2,395	1,891	Primary services		2,054	2,105	51	2.4	2,685
2,020	1,692	Housing and community development		2,042	2,242	200	8.9	2,580
1,108	841	Environmental protection		1,186	1,168	(18)	(1.5)	1,385
80	137	GSF pension expenses		88	68	(20)	(29.4)	96
96	67	Other		61	62	1	1.6	120
4,298	3,428	Finance costs		3,161	3,295	134	4.1	3,896
-	-	Forecast new operating spending	7	-	-	-	-	5,357
-	-	Top-down expense adjustment	7	-	(860)	(860)	(100.0)	(1,075)
<b>111,376</b>	<b>92,393</b>	<b>Total Crown expenses excluding losses</b>		<b>111,276</b>	<b>111,833</b>	<b>557</b>	<b>0.5</b>	<b>142,684</b>

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments and the Reserve Bank, but not Crown entities and SOEs.

Year 10 months to 30 Jun 2019 Actual \$m	Year 10 months to 30 Apr 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
28,740	23,494	Social security and welfare		36,237	36,151	(86)	(0.2)	44,373
18,268	15,214	Health		16,462	16,337	(125)	(0.8)	20,104
14,293	11,641	Education		12,219	12,376	157	1.3	15,516
5,166	3,747	Core government services		4,166	4,798	632	13.2	6,685
4,625	3,719	Law and order		4,074	4,031	(43)	(1.1)	5,069
2,889	2,233	Transport and communications		2,471	2,411	(60)	(2.5)	3,723
3,006	2,460	Economic and industrial services		2,814	3,494	680	19.5	3,450
2,395	1,957	Defence		2,024	2,103	79	3.8	2,546
918	804	Heritage, culture and recreation		935	933	(2)	(0.2)	1,054
960	750	Primary services		819	856	37	4.3	1,148
727	655	Housing and community development		847	880	33	3.8	1,080
1,119	844	Environmental protection		1,192	1,169	(23)	(2.0)	1,493
66	126	GSF pension expenses		76	56	(20)	(35.7)	76
96	67	Other		61	62	1	1.6	120
3,691	2,944	Finance costs		2,719	2,745	26	0.9	3,279
-	-	Forecast new operating spending	7	-	-	-	-	5,357
-	-	Top-down expense adjustment	7	-	(860)	(860)	(100.0)	(1,075)
<b>86,959</b>	<b>70,655</b>	<b>Core Crown expenses excluding losses</b>		<b>87,116</b>	<b>87,542</b>	<b>426</b>	<b>0.5</b>	<b>113,998</b>

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

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019		to 30 Apr 2019		Current Year Actual vs Forecast				
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
840	2,346	<b>Operating Balance (including minority interest)</b>		(22,402)	(21,217)	(1,185)	(5.6)	(37,153)
		<b>Other comprehensive revenue and expense</b>						
12,474	(16)	Revaluation of physical assets		561	603	(42)	(7.0)	600
		Revaluations of defined benefit retirement						
(2,615)	(1,017)	plan schemes		(285)	(278)	(7)	(2.5)	(257)
(784)	(784)	Net revaluations of veterans' disability entitlements		-	(272)	272	100.0	(272)
(202)	(282)	Transfers to/(from) reserves		(68)	173	(241)	(139.3)	332
		(Gains)/losses transferred to the						
(2)	111	statement of financial performance		(51)	(30)	(21)	(70.0)	(33)
		Foreign currency translation differences on						
(31)	(41)	foreign operations		(230)	(262)	32	12.2	(10)
6	(71)	Other movements		42	55	(13)	(23.6)	(20)
<b>8,846</b>	<b>(2,100)</b>	<b>Total other comprehensive revenue and expense</b>		<b>(31)</b>	<b>(11)</b>	<b>(20)</b>	<b>(181.8)</b>	<b>340</b>
<b>9,686</b>	<b>246</b>	<b>Total comprehensive revenue and expense</b>		<b>(22,433)</b>	<b>(21,228)</b>	<b>(1,205)</b>	<b>(5.7)</b>	<b>(36,813)</b>
		<b>Attributable to:</b>						
943	346	- minority interest		77	82	(5)	(6.1)	43
8,743	(100)	- the Crown		(22,510)	(21,310)	(1,200)	(5.6)	(36,856)
<b>9,686</b>	<b>246</b>	<b>Total comprehensive revenue and expense</b>		<b>(22,433)</b>	<b>(21,228)</b>	<b>(1,205)</b>	<b>(5.7)</b>	<b>(36,813)</b>

## STATEMENT OF CHANGES IN NET WORTH

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019		to 30 Apr 2019		Current Year Actual vs Forecast				
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
136,296	136,279	<b>Opening net worth</b>		143,339	143,339	-	-	143,339
333	333	Impacts of adoption of NZ PBE IPSAS 35						
(2,503)	(2,503)	Impacts of adoption of NZ PBE IPSAS 39 <sup>1</sup>		-	-	-	-	-
<b>134,126</b>	<b>134,109</b>	<b>Adjusted opening net worth</b>		<b>143,339</b>	<b>143,339</b>	<b>-</b>	<b>-</b>	<b>143,339</b>
840	2,346	Operating balance (including minority interest)		(22,402)	(21,217)	(1,185)	(5.6)	(37,153)
12,474	(16)	Net revaluations		561	603	(42)	(7.0)	600
		Net revaluations of defined benefit retirement						
(2,615)	(1,017)	plan schemes		(285)	(278)	(7)	(2.5)	(257)
(784)	(784)	Net revaluations of veterans' disability entitlements <sup>1</sup>		-	(272)	272	100.0	(272)
(202)	(282)	Transfers to/(from) reserves		(68)	173	(241)	(139.3)	332
		(Gains)/losses transferred to the						
(2)	111	Statement of Financial Performance		(51)	(30)	(21)	(70.0)	(33)
		Foreign currency translation differences on						
(31)	(41)	foreign operations		(230)	(262)	32	12.2	(10)
6	(71)	Other movements		42	55	(13)	(23.6)	(20)
<b>9,686</b>	<b>246</b>	<b>Total comprehensive revenue and expense</b>		<b>(22,433)</b>	<b>(21,228)</b>	<b>(1,205)</b>	<b>(5.7)</b>	<b>(36,813)</b>
(473)	(494)	Transactions with minority interests		(440)	(442)	2	0.5	(508)
<b>143,339</b>	<b>133,861</b>	<b>Closing net worth</b>		<b>120,466</b>	<b>121,669</b>	<b>(1,203)</b>	<b>(1.0)</b>	<b>106,018</b>

1. Net revaluations of veterans' disability entitlements to June 2019 has been reclassified to be included into opening net worth. This will differ from what was published in Budget 2020

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

# STATEMENT OF CASH FLOWS

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019 Actual \$m		to 30 Apr 2019 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
		Note	Actual \$m	Forecast \$m	Variance \$m	%		
<b>Cash Flows from Operations</b>								
<b>Cash was provided from</b>								
83,017	65,392		67,706	67,798	(92)	(0.1)	80,903	
5,187	3,967		4,268	4,375	(107)	(2.4)	5,380	
19,764	16,363		16,136	16,014	122	0.8	19,083	
2,528	2,153		1,864	1,825	39	2.1	2,162	
4,563	3,468		4,174	3,642	532	14.6	5,252	
<b>115,059</b>	<b>91,343</b>		<b>94,148</b>	<b>93,654</b>	<b>494</b>	<b>0.5</b>	<b>112,780</b>	
<b>Cash was disbursed to</b>								
27,982	23,153		25,235	25,241	6	-	30,981	
72,079	60,287		75,854	76,092	238	0.3	91,538	
4,025	3,434		3,157	3,105	(52)	(1.7)	3,700	
-	-	7	-	-	-	-	5,357	
-	-	7	-	(860)	(860)	(100.0)	(1,075)	
<b>104,086</b>	<b>86,874</b>		<b>104,246</b>	<b>103,578</b>	<b>(668)</b>	<b>(0.6)</b>	<b>130,501</b>	
<b>10,973</b>	<b>4,469</b>		<b>(10,098)</b>	<b>(9,924)</b>	<b>(174)</b>	<b>(1.8)</b>	<b>(17,721)</b>	
<b>Cash Flows from Investing Activities</b>								
<b>Cash was provided from/(disbursed to)</b>								
(8,464)	(6,919)		(7,463)	(8,249)	786	9.5	(11,211)	
3,804	7,976		(15,394)	2,440	(17,834)	-	(17,314)	
(791)	(567)		(624)	(658)	34	5.2	(924)	
(1,902)	(2,117)		(1,583)	(1,544)	(39)	(2.5)	(3,850)	
136	54		(383)	(495)	112	22.6	(551)	
-	-	7	-	-	-	-	(212)	
-	-	7	-	840	(840)	(100.0)	1,050	
<b>(7,217)</b>	<b>(1,573)</b>		<b>(25,447)</b>	<b>(7,666)</b>	<b>(17,781)</b>	<b>(231.9)</b>	<b>(33,012)</b>	
<b>3,756</b>	<b>2,896</b>		<b>(35,545)</b>	<b>(17,590)</b>	<b>(17,955)</b>	<b>(102.1)</b>	<b>(50,733)</b>	
<b>Cash Flows from Financing Activities</b>								
<b>Cash was provided from/(disbursed to)</b>								
437	578		1,242	1,201	41	3.4	339	
(3,536)	(3,852)		9,812	10,648	(836)	(7.9)	34,366	
1,487	86		(1,129)	(3,016)	1,887	62.6	(3,025)	
(530)	1,864		29,977	20,202	9,775	48.4	29,884	
(504)	(510)		(482)	(480)	(2)	(0.4)	(550)	
<b>(2,646)</b>	<b>(1,834)</b>		<b>39,420</b>	<b>28,555</b>	<b>10,865</b>	<b>38.0</b>	<b>61,014</b>	
<b>1,110</b>	<b>1,062</b>		<b>3,875</b>	<b>10,965</b>	<b>(7,090)</b>	<b>(64.7)</b>	<b>10,281</b>	
18,894	18,894		20,248	20,248	-	-	20,248	
244	76		1,849	1,105	744	67.3	967	
<b>20,248</b>	<b>20,032</b>		<b>25,972</b>	<b>32,318</b>	<b>(6,346)</b>	<b>(19.6)</b>	<b>31,496</b>	

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the ten months ended 30 April 2020

Year 10 months to 30 Jun 2019 Actual \$m		to 30 Apr 2019 Actual \$m		Current Year Actual vs Forecast				
				Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>								
10,973	4,469	<b>Net Cash Flows from Operations</b>		(10,098)	(9,924)	(174)	(1.8)	(17,721)
<b>Gains/(losses)</b>								
4,396	3,340	Net gains/(losses) on financial instruments		(2,980)	(7,334)	4,354	59.4	(7,718)
(11,575)	(6,689)	Net gains/(losses) on non-financial instruments		(7,001)	(837)	(6,164)	-	(1,297)
115	73	Less minority interests share of net gains/(losses)		(91)	(95)	4	4.2	(50)
(7,294)	(3,422)	<b>Total gains/(losses)</b>		(9,890)	(8,076)	(1,814)	(22.5)	(8,965)
<b>Other Non-cash Items in Operating Balance</b>								
(5,488)	(4,594)	Depreciation and amortisation		(5,447)	(5,556)	109	2.0	(6,536)
(763)	(735)	Cost of concessionary lending		(516)	(526)	10	1.9	(610)
(41)	(14)	Impairment of financial assets (excluding receivables)		(23)	(4)	(19)	(475.0)	(4)
2,576	-	Reversal of Rail network impairment		-	-	-	-	-
(1,768)	(1,480)	Decrease/(increase) in insurance liabilities		(2,285)	(2,027)	(258)	(12.7)	(1,568)
(146)	208	Other		(155)	(134)	(21)	(15.7)	84
(5,630)	(6,615)	<b>Total other non-cash Items</b>		(8,426)	(8,247)	(179)	(2.2)	(8,634)
<b>Movements in Working Capital</b>								
4,188	6,139	Increase/(decrease) in receivables		4,361	3,252	1,109	34.1	524
37	118	Increase/(decrease) in accrued interest		35	(30)	65	216.7	14
175	215	Increase/(decrease) in inventories		224	110	114	103.6	65
36	217	Increase/(decrease) in prepayments		381	217	164	75.6	152
(97)	3	Decrease/(increase) in deferred revenue		(91)	(56)	(35)	(62.5)	(260)
571	466	Decrease/(increase) in defined benefit retirement plan liabilities		108	146	(38)	(26.0)	207
(2,571)	304	Decrease/(increase) in payables/provisions		829	1,239	(410)	(33.1)	(2,497)
2,339	7,462	<b>Total movements in working capital</b>		5,847	4,878	969	19.9	(1,795)
388	1,894	<b>Operating balance (excluding minority interests)</b>		(22,567)	(21,369)	(1,198)	(5.6)	(37,115)

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



# STATEMENT OF FINANCIAL POSITION

As at 30 April 2020

As at 30 Jun 2019 Actual \$m	As at 30 Apr 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
20,248	20,032	Cash and cash equivalents	9	25,972	32,318	(6,346)	(19.6)	31,496
23,327	25,703	Receivables	9	30,223	29,040	1,183	4.1	25,918
		Marketable securities, deposits and						
		derivatives in gain	9	58,562	40,239	18,323	45.5	48,974
43,616	41,008	Share investments	9	32,674	29,965	2,709	9.0	31,112
39,552	39,281	Advances	9	34,697	34,936	(239)	(0.7)	37,459
33,690	32,521	Investments in controlled enterprises	9	4,197	4,306	(109)	(2.5)	4,759
3,688	3,689	Inventory		1,742	1,629	113	6.9	1,584
1,517	1,559	Other assets		3,234	3,237	(3)	(0.1)	3,193
2,828	2,943	Property, plant and equipment	10	182,818	183,904	(1,086)	(0.6)	185,382
177,625	161,822	Equity accounted investments <sup>1</sup>		13,618	13,632	(14)	(0.1)	13,694
14,650	14,084	Intangible assets and goodwill		3,814	3,743	71	1.9	3,922
3,911	3,949	Forecast for new capital spending	7	-	-	-	-	212
-	-	Top-down capital adjustment	7	-	(840)	840	100.0	(1,050)
<b>364,652</b>	<b>346,591</b>	<b>Total assets</b>		<b>391,551</b>	<b>376,109</b>	<b>15,442</b>	<b>4.1</b>	<b>386,655</b>
<b>Liabilities</b>								
6,813	6,954	Issued currency		8,055	8,014	(41)	(0.5)	7,151
16,742	14,506	Payables	12	16,372	14,743	(1,629)	(11.0)	17,203
2,523	2,415	Deferred revenue		2,615	2,579	(36)	(1.4)	2,778
110,248	111,948	Borrowings		149,464	140,502	(8,962)	(6.4)	164,799
58,216	52,806	Insurance liabilities	13	67,421	61,070	(6,351)	(10.4)	60,533
13,179	11,541	Retirement plan liabilities		13,071	13,033	(38)	(0.3)	12,972
13,592	12,560	Provisions	14	14,087	14,499	412	2.8	15,201
<b>221,313</b>	<b>212,730</b>	<b>Total liabilities</b>		<b>271,085</b>	<b>254,440</b>	<b>(16,645)</b>	<b>(6.5)</b>	<b>280,637</b>
<b>143,339</b>	<b>133,861</b>	<b>Total assets less total liabilities</b>		<b>120,466</b>	<b>121,669</b>	<b>(1,203)</b>	<b>(1.0)</b>	<b>106,018</b>
<b>Net Worth</b>								
33,965	35,329	Taxpayers' funds <sup>2</sup>	15	11,484	12,716	(1,232)	(9.7)	(3,022)
		Property, plant and equipment revaluation						
		reserve	15	106,945	106,945	-	-	106,941
106,495	94,688	Defined benefit retirement plan revaluation						
		reserve	15	(2,900)	(2,893)	(7)	(0.2)	(2,872)
(2,615)	(1,017)	Veterans' disability entitlements reserve <sup>2</sup>	15	(784)	(995)	211	21.2	(997)
(784)	(784)	Other reserves	15	(306)	(134)	(172)	(128.4)	43
(112)	(127)							
<b>136,949</b>	<b>128,089</b>	<b>Total net worth attributable to the Crown</b>		<b>114,439</b>	<b>115,639</b>	<b>(1,200)</b>	<b>(1.0)</b>	<b>100,093</b>
		Net worth attributable to						
		minority interest	15	6,027	6,030	(3)	-	5,925
6,390	5,772							
<b>143,339</b>	<b>133,861</b>	<b>Total net worth</b>		<b>120,466</b>	<b>121,669</b>	<b>(1,203)</b>	<b>(1.0)</b>	<b>106,018</b>

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

2. Veterans' disability entitlements reserve to June 2019 has been reclassified to be included into taxpayers' funds. This will differ from what was published in Budget 2020

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

## STATEMENT OF SEGMENTS

For the ten months ended 30 April 2020

	Current Year Actual vs Forecast (Budget Economic and Fiscal Update 2020)									
	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
<b>Revenue</b>										
Taxation revenue	72,458	72,281	-	-	-	-	(533)	(565)	71,925	71,716
Other sovereign revenue	1,760	1,748	4,620	4,608	-	-	(1,289)	(1,295)	5,091	5,061
Revenue from core Crown funding	-	-	27,240	27,210	195	212	(27,435)	(27,422)	-	-
Sales of goods and services	1,340	1,346	2,096	2,118	12,940	13,219	(550)	(542)	15,826	16,141
Interest and dividend revenue	1,971	1,973	1,136	1,167	805	828	(1,173)	(1,096)	2,739	2,872
Other revenue	818	848	2,710	2,536	923	861	(1,280)	(1,364)	3,171	2,881
<b>Total Revenue (excluding gains)</b>	<b>78,347</b>	<b>78,196</b>	<b>37,802</b>	<b>37,639</b>	<b>14,863</b>	<b>15,120</b>	<b>(32,260)</b>	<b>(32,284)</b>	<b>98,752</b>	<b>98,671</b>
<b>Expenses</b>										
Transfer payments and subsidies	25,341	25,367	-	-	-	-	(830)	(821)	24,511	24,546
Personnel expenses	6,993	6,910	13,182	13,144	2,553	2,446	(37)	(35)	22,691	22,465
Other operating expenses	52,063	53,380	27,563	27,478	11,007	11,253	(29,720)	(29,724)	60,913	62,387
Interest expenses	2,719	2,745	121	115	787	860	(466)	(425)	3,161	3,295
Forecast new operating spending and top down adjustment	-	(860)	-	-	-	-	-	-	-	(860)
<b>Total Expenses (excluding losses)</b>	<b>87,116</b>	<b>87,542</b>	<b>40,866</b>	<b>40,737</b>	<b>14,347</b>	<b>14,559</b>	<b>(31,053)</b>	<b>(31,005)</b>	<b>111,276</b>	<b>111,833</b>
Minority interest share of operating balance before gains/(losses)	-	-	-	-	(270)	(261)	14	14	(256)	(247)
<b>Operating Balance before gains and losses (excluding minority interests)</b>	<b>(8,769)</b>	<b>(9,346)</b>	<b>(3,064)</b>	<b>(3,098)</b>	<b>246</b>	<b>300</b>	<b>(1,193)</b>	<b>(1,265)</b>	<b>(12,780)</b>	<b>(13,409)</b>
Gains/(losses) and other items	(3,311)	(5,589)	(5,991)	(2,171)	43	(64)	(528)	(136)	(9,787)	(7,960)
<b>Operating Balance (excluding minority interests)</b>	<b>(12,080)</b>	<b>(14,935)</b>	<b>(9,055)</b>	<b>(5,269)</b>	<b>289</b>	<b>236</b>	<b>(1,721)</b>	<b>(1,401)</b>	<b>(22,567)</b>	<b>(21,369)</b>
<b>Assets</b>										
Financial assets	122,457	111,244	61,472	58,266	30,289	28,908	(27,893)	(27,614)	186,325	170,804
Property, plant and equipment	44,524	44,665	98,015	98,844	40,278	40,395	-	-	182,818	183,904
Investments in associates, CEs and SOEs	49,576	49,727	12,154	12,154	546	548	(48,658)	(48,797)	13,618	13,632
Other assets	4,659	4,447	1,914	1,880	2,743	2,736	(526)	(454)	8,790	8,609
Forecast adjustments	-	(840)	-	-	-	-	-	-	-	(840)
<b>Total Assets</b>	<b>221,216</b>	<b>209,243</b>	<b>173,555</b>	<b>171,144</b>	<b>73,856</b>	<b>72,587</b>	<b>(77,077)</b>	<b>(76,865)</b>	<b>391,551</b>	<b>376,109</b>
<b>Liabilities</b>										
Borrowings	122,047	114,693	10,928	10,839	36,768	35,147	(20,279)	(20,177)	149,464	140,502
Other liabilities	42,939	41,371	78,563	72,385	8,723	8,867	(8,604)	(8,685)	121,621	113,938
<b>Total Liabilities</b>	<b>164,986</b>	<b>156,064</b>	<b>89,491</b>	<b>83,224</b>	<b>45,491</b>	<b>44,014</b>	<b>(28,883)</b>	<b>(28,862)</b>	<b>271,085</b>	<b>254,440</b>
<b>Net Worth</b>	<b>56,230</b>	<b>53,179</b>	<b>84,064</b>	<b>87,920</b>	<b>28,365</b>	<b>28,573</b>	<b>(48,194)</b>	<b>(48,003)</b>	<b>120,466</b>	<b>121,669</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>2,206</b>	<b>2,279</b>	<b>3,813</b>	<b>4,459</b>	<b>1,805</b>	<b>1,966</b>	<b>-</b>	<b>-</b>	<b>7,824</b>	<b>8,704</b>

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

# STATEMENT OF BORROWINGS

As at 30 April 2020

As at 30 Jun 2019 Actual \$m	As at 30 Apr 2019 Actual \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
56,874	56,880	Government bonds	58,870	61,289	2,419	3.9	64,322
6,891	7,048	Settlement deposits with Reserve Bank	27,890	20,051	(7,839)	(39.1)	35,759
3,939	3,708	Derivatives in loss	8,300	10,051	1,751	17.4	9,705
3,455	4,525	Treasury bills	7,272	4,592	(2,680)	(58.4)	9,969
1,328	2,551	Finance lease liabilities	1,604	1,702	98	5.8	1,446
169	171	Government retail stock	219	164	(55)	(33.5)	164
37,592	37,065	Other borrowings	45,309	42,653	(2,656)	(6.2)	43,434
<b>110,248</b>	<b>111,948</b>	<b>Total borrowings</b>	<b>149,464</b>	<b>140,502</b>	<b>(8,962)</b>	<b>(6.4)</b>	<b>164,799</b>
74,946	76,968	Sovereign-guaranteed debt	106,076	98,891	(7,185)	(7.3)	122,785
35,302	34,980	Non sovereign-guaranteed debt	43,388	41,611	(1,777)	(4.3)	42,014
<b>110,248</b>	<b>111,948</b>	<b>Total borrowings</b>	<b>149,464</b>	<b>140,502</b>	<b>(8,962)</b>	<b>(6.4)</b>	<b>164,799</b>
		<b>Net Debt:</b>					
91,833	94,621	Core Crown borrowings <sup>1</sup>	123,689	114,696	(8,993)	(7.8)	138,751
(903)	(2,121)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(3,366)	(4,965)	(1,599)	(32.2)	(4,522)
<b>90,930</b>	<b>92,500</b>	<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>120,323</b>	<b>109,731</b>	<b>(10,592)</b>	<b>(9.7)</b>	<b>134,229</b>
90,715	86,932	Less core Crown financial assets <sup>3</sup>	99,926	88,416	11,510	13.0	100,994
<b>215</b>	<b>5,568</b>	<b>Net core Crown debt</b>	<b>20,397</b>	<b>21,315</b>	<b>918</b>	<b>4.3</b>	<b>33,235</b>
13,845	12,944	Add back core Crown advances	13,804	14,048	244	1.7	16,363
<b>14,060</b>	<b>18,512</b>	<b>Net core Crown debt (incl NZS Fund)<sup>4</sup></b>	<b>34,201</b>	<b>35,363</b>	<b>1,162</b>	<b>3.3</b>	<b>49,598</b>
43,676	43,765	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>5</sup>	44,557	41,068	(3,489)	(8.5)	41,337
-	-	Less Reserve Bank lending facility	-	-	-	-	(2,000)
<b>57,736</b>	<b>62,277</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>6</sup></b>	<b>78,758</b>	<b>76,431</b>	<b>(2,327)</b>	<b>(3.0)</b>	<b>88,935</b>
		<b>Gross Debt:</b>					
90,930	92,500	Gross sovereign-issued debt <sup>2</sup>	120,323	109,731	(10,592)	(9.7)	134,229
(8,081)	(8,077)	Less Reserve Bank settlement cash and Reserve Bank bills	(29,052)	(21,056)	7,996	38.0	(36,058)
1,600	1,600	Add back changes to government borrowing due to settlement cash <sup>7</sup>	1,600	1,600	-	-	1,600
<b>84,449</b>	<b>86,023</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>92,871</b>	<b>90,275</b>	<b>(2,596)</b>	<b>(2.9)</b>	<b>99,771</b>

## 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 April 2020

	As at 30 Apr 2020 \$m	As at 30 Jun 2019 \$m	As at 30 Apr 2019 \$m
<b>Capital Commitments</b>			
State highways	5,579	4,436	4,101
Specialist military equipment	1,680	1,786	1,880
Land and buildings	5,461	4,618	4,441
Other property, plant and equipment	3,866	1,985	1,725
Other capital commitments	1,859	826	842
Tertiary Education Institutions	595	595	752
<b>Total capital commitments</b>	<b>19,040</b>	<b>14,246</b>	<b>13,741</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	4,409	4,779	3,737
Other non-cancellable leases	3,505	3,204	2,743
Tertiary Education Institutions	936	936	649
<b>Total operating commitments</b>	<b>8,850</b>	<b>8,919</b>	<b>7,129</b>
<b>Total commitments</b>	<b>27,890</b>	<b>23,165</b>	<b>20,870</b>
<b>Total Commitments by Segment</b>			
Core Crown	12,068	9,699	9,044
Crown entities	10,500	9,173	7,980
State-owned Enterprises	6,398	4,472	4,020
Inter-segment eliminations	(1,076)	(179)	(174)
<b>Total commitments</b>	<b>27,890</b>	<b>23,165</b>	<b>20,870</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 April 2020

	As at 30 Apr 2020 \$m	As at 30 Jun 2019 \$m	As at 30 Apr 2019 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,811	8,245	8,244
Guarantees and indemnities	252	190	209
Legal proceedings and disputes	361	734	299
Other contingent liabilities	680	488	671
<b>Total quantifiable contingent liabilities</b>	<b>10,104</b>	<b>9,657</b>	<b>9,423</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,788	9,175	9,305
Crown entities	72	392	57
State-owned Enterprises	345	191	160
Inter-segment eliminations	(101)	(101)	(99)
<b>Total quantifiable contingent liabilities</b>	<b>10,104</b>	<b>9,657</b>	<b>9,423</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	68	70	136
Crown entities	-	-	7
State-owned Enterprises	-	2	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>68</b>	<b>72</b>	<b>143</b>

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

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### 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 97 – 100* of the *BEFU 2020*, published on 14 May 2020.

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 *BEFU 2020*.

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.

## Impact of Adoption on New Accounting Standards

### PBE IPSAS 35: *Consolidated Financial Statements*

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

The comparatives have been restated to reflect the reclassifications between balance sheet items. In addition to 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.

### PBE IPSAS 39: *Employee Benefits*

The Crown adopted PBE IPSAS 39: *Employee Benefits* from 1 July 2019 (updating the existing standard PBE IPSAS 25: *Employee Benefits*). The new standard has two impacts on the forecast financial statements. It:

- requires a liability to be reported for the obligation to pay Veteran Disability entitlements
- changes aspects of the presentation of the defined benefit scheme- previously mainly the Government Superannuation Fund (GSF).

### *Veterans Disability Entitlements*

The Veterans Support Act 2014 provides for a number of entitlements for eligible veterans (and their spouses, partners, and dependants) who suffer service-related injuries or illnesses. Previously these obligations had been classified as social benefits, and were recognised as payments became due. PBE IPSAS 39: *Employee Benefits* clarifies that as these obligations due to illness or injury from qualifying operational service, a liability should be recognised from that date (reflecting the lifetime entitlement amounts, discounted to today's dollars).

The accounting policy for Veterans disability entitlements is therefore changing in these forecasts to be the same as for other employee defined benefits with the new liability recognised from 1 July 2018. The comparatives have been restated to reflect the accounting policy change.

### Presentation impacts

PBE IPSAS 39 also impacts the way all defined benefits, including 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 (meaning this amount previously included in OBEGAL is now included in reserves).

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 'Defined Benefit Plan revaluation reserve', rather than in Taxpayers' Funds.

A reconciliation between the key indicators published in the Financial Statements of Government for the year ended 30 June 2019 and the Interim Financial Statements of Government for the ten months ended 30 April 2019 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 (as published) \$m	IPSAS 35 Impact \$m	IPSAS 39 Impact \$m	Jun-19 Actual (restated) \$m	Change \$m
<b>Statement of Financial Performance</b>					
Core Crown revenue	93,625	(151)	-	93,474	(151)
Core Crown expenses	87,022	(148)	85	86,959	(63)
OBEGAL	7,508	6	(85)	7,429	(79)
Operating Balance	(2,274)	(12)	2,674	388	2,662
<b>Statement of Financial Position</b>					
Taxpayer Funds	33,278	516	5,177	38,971	5,693
Defined Benefit Plan revaluation reserve	-	-	(2,615)	(2,615)	(2,615)
Veterans' disability entitlements reserve	-	-	(784)	(784)	(784)
Net worth attributable to minority interest	6,567	(177)	-	6,390	(177)
Other reserves	106,468	(85)	(5,006)	101,377	(5,091)
Net worth	146,313	254	(3,228)	143,339	(2,974)

### April 2019 Restatement

	Apr-19 Actual (as published) \$m	IPSAS 35 Impact \$m	IPSAS 39 Impact \$m	Apr-19 Actual (restated) \$m	Change \$m
<b>Statement of Financial Performance</b>					
Core Crown revenue	77,029	(125)	-	76,904	(125)
Core Crown expenses	70,911	(197)	(59)	70,655	(256)
OBEGAL	5,170	25	59	5,254	84
Operating Balance	848	(30)	1,076	1,894	1,046
<b>Statement of Financial Position</b>					
Taxpayer Funds	36,258	498	(1,427)	35,329	(929)
Defined Benefit Plan revaluation reserve	-	-	(1,017)	(1,017)	(1,017)
Veterans' disability entitlements reserve	-	-	(784)	(784)	(784)
Net worth attributable to minority interest	5,969	(197)	-	5,772	(197)
Other reserves	94,649	(88)	-	94,561	(88)
Net worth	136,876	213	(3,228)	133,861	(3,015)

# NOTES TO THE FINANCIAL STATEMENTS

Year 10 months to 30 Jun 2019 Actual \$m		to 30 Apr 2019 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>								
<b>Taxation Revenue</b>								
<b>Individuals</b>								
32,879	27,119	Source deductions		29,157	29,106	51	0.2	34,611
7,663	6,106	Other persons		5,919	5,860	59	1.0	6,974
(2,429)	(1,824)	Refunds		(1,445)	(1,409)	(36)	(2.6)	(1,967)
585	485	Fringe benefit tax		506	509	(3)	(0.6)	591
<b>38,698</b>	<b>31,886</b>	<b>Total individuals</b>		<b>34,137</b>	<b>34,066</b>	<b>71</b>	<b>0.2</b>	<b>40,209</b>
<b>Corporate Tax</b>								
14,892	12,018	Gross companies tax		10,263	11,083	(820)	(7.4)	11,275
(343)	(286)	Refunds		(267)	(204)	(63)	(30.9)	(262)
650	479	Non-resident withholding tax		394	424	(30)	(7.1)	580
<b>15,199</b>	<b>12,211</b>	<b>Total corporate tax</b>		<b>10,390</b>	<b>11,303</b>	<b>(913)</b>	<b>(8.1)</b>	<b>11,593</b>
<b>Other Direct Income Tax</b>								
1,659	1,390	Resident w/holding tax on interest income		1,303	1,282	21	1.6	1,530
838	655	Resident w/holding tax on dividend income		674	622	52	8.4	715
<b>2,497</b>	<b>2,045</b>	<b>Total other direct income tax</b>		<b>1,977</b>	<b>1,904</b>	<b>73</b>	<b>3.8</b>	<b>2,245</b>
<b>56,394</b>	<b>46,142</b>	<b>Total income tax</b>		<b>46,504</b>	<b>47,273</b>	<b>(769)</b>	<b>(1.6)</b>	<b>54,047</b>
<b>Goods and Services Tax</b>								
35,860	29,472	Gross goods and services tax		30,757	29,292	1,465	5.0	32,777
(13,998)	(11,488)	Refunds		(11,808)	(11,400)	(408)	(3.6)	(12,769)
<b>21,862</b>	<b>17,984</b>	<b>Total goods and services tax</b>		<b>18,949</b>	<b>17,892</b>	<b>1,057</b>	<b>5.9</b>	<b>20,008</b>
<b>Other Indirect Taxation</b>								
1,673	1,388	Road user charges		1,401	1,433	(32)	(2.2)	1,624
1,982	1,644	Petroleum fuels excise <sup>1</sup>		1,621	1,639	(18)	(1.1)	1,909
1,086	918	Alcohol excise <sup>1</sup>		907	920	(13)	(1.4)	1,085
1,980	1,760	Tobacco excise <sup>1</sup>		1,961	1,960	1	0.1	2,189
172	146	Other customs duty		143	150	(7)	(4.7)	177
247	184	Gaming duties		175	179	(4)	(2.2)	208
227	191	Motor vehicle fees		184	192	(8)	(4.2)	235
74	53	Approved issuer levy and cheque duty		59	56	3	5.4	80
26	20	Energy resources levies		21	22	(1)	(4.5)	26
<b>7,467</b>	<b>6,304</b>	<b>Total other indirect taxation</b>		<b>6,472</b>	<b>6,551</b>	<b>(79)</b>	<b>(1.2)</b>	<b>7,533</b>
<b>29,329</b>	<b>24,288</b>	<b>Total indirect taxation</b>		<b>25,421</b>	<b>24,443</b>	<b>978</b>	<b>4.0</b>	<b>27,541</b>
<b>85,723</b>	<b>70,430</b>	<b>Total taxation revenue</b>		<b>71,925</b>	<b>71,716</b>	<b>209</b>	<b>0.3</b>	<b>81,588</b>
<b>Other Sovereign Revenue</b>								
3,014	2,430	ACC levies		2,444	2,460	(16)	(0.7)	2,911
579	455	Fire Service levies		468	465	3	0.6	591
387	321	EQC levies		364	364	-	-	445
225	186	Child support and working for families penalties		205	194	11	5.7	229
124	109	Court fines		104	112	(8)	(7.1)	115
846	807	Emissions trading revenue		846	828	18	2.2	1,138
853	609	Other miscellaneous items		660	638	22	3.4	697
<b>6,028</b>	<b>4,917</b>	<b>Total other sovereign revenue</b>		<b>5,091</b>	<b>5,061</b>	<b>30</b>	<b>0.6</b>	<b>6,126</b>
<b>91,751</b>	<b>75,347</b>	<b>Total sovereign revenue</b>		<b>77,016</b>	<b>76,777</b>	<b>239</b>	<b>0.3</b>	<b>87,714</b>

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 10 months to 30 Jun 2019 Actual \$m		to 30 Apr 2019 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>								
2,646	2,240	Interest revenue		1,963	2,035	(72)	(3.5)	2,440
1,070	806	Dividends		776	837	(61)	(7.3)	1,034
<b>3,716</b>	<b>3,046</b>	<b>Total interest revenue and dividends</b>		<b>2,739</b>	<b>2,872</b>	<b>(133)</b>	<b>(4.6)</b>	<b>3,474</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>								
14,562	12,042	New Zealand superannuation		12,842	12,833	(9)	(0.1)	15,516
2,131	1,712	Family tax credit		1,730	1,698	(32)	(1.9)	2,144
1,854	1,539	Jobseeker support and emergency benefit		1,782	1,790	8	0.4	2,373
1,556	1,292	Supported living payment		1,349	1,346	(3)	(0.2)	1,645
1,640	1,350	Accommodation assistance		1,562	1,562	-	-	1,936
1,115	926	Sole parent support		998	998	-	-	1,235
45	40	Income related rent subsidy		50	87	37	42.5	95
951	784	KiwiSaver subsidies		779	771	(8)	(1.0)	944
635	484	Other working for families tax credits		481	496	15	3.0	624
708	416	Official development assistance		470	483	13	2.7	784
583	457	Student allowances		448	451	3	0.7	580
441	262	Winter energy payment		276	276	-	-	682
48	29	Best start		137	142	5	3.5	188
386	321	Disability allowances		329	329	-	-	397
1,431	1,183	Other social assistance benefits		1,278	1,284	6	0.5	1,688
<b>28,086</b>	<b>22,837</b>	<b>Total transfer payments and subsidies</b>		<b>24,511</b>	<b>24,546</b>	<b>35</b>	<b>0.1</b>	<b>30,831</b>
<b>NOTE 5: Finance Costs</b>								
4,010	3,366	Interest on financial liabilities		2,991	3,106	115	3.7	3,671
288	62	Interest unwind on provisions and other interest		170	189	19	10.1	225
<b>4,298</b>	<b>3,428</b>	<b>Total finance costs</b>		<b>3,161</b>	<b>3,295</b>	<b>134</b>	<b>4.1</b>	<b>3,896</b>
<b>NOTE 6: Insurance Expenses</b>								
5,362	4,370	ACC		5,696	5,535	(161)	(2.9)	6,217
476	192	EQC		190	198	8	4.0	213
(40)	(16)	Southern Response		(22)	(22)	-	-	(26)
14	9	Other insurance expenses		14	14	-	-	14
<b>5,812</b>	<b>4,555</b>	<b>Total insurance expenses</b>		<b>5,878</b>	<b>5,725</b>	<b>(153)</b>	<b>(2.7)</b>	<b>6,418</b>

### NOTE 7: Forecast Adjustments

#### Top Down Adjustment

An adjustment to capital and operating expenditure forecasts to reflect the extent to which departments use appropriations (upper spending limits) rather than their best estimates when preparing their forecasts. As appropriations apply to the core Crown only, no adjustment is required to SOE or Crown entity forecasts.

#### Forecast for new operating and new capital spending

Forecast new capital spending is an amount provided in the forecast to represent the balance sheet impact of capital initiatives expected to be introduced over the forecast period.

Forecast new operating spending and forecast new capital spending includes unallocated contingencies. Unallocated contingencies represent expenses or capital spending from Budget 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 Apr 2019 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
		<b>NOTE 8: Net Gains and Losses on Non-Financial Instruments</b>					
		<i>By type</i>					
(11,367)	(6,223)	Actuarial gains/(losses) on ACC liability	(6,772)	(679)	(6,093)	-	(600)
(225)	(549)	Gains/(losses) on the Emissions Trading Scheme	(170)	(100)	(70)	(70.0)	(564)
17	83	Other	(59)	(58)	(1)	(1.7)	(133)
<b>(11,575)</b>	<b>(6,689)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(7,001)</b>	<b>(837)</b>	<b>(6,164)</b>	<b>-</b>	<b>(1,297)</b>
		<b>NOTE 9: Financial Assets and Sovereign Receivables</b>					
20,248	20,032	Cash and cash equivalents	25,972	32,318	(6,346)	(19.6)	31,496
13,741	16,393	Tax receivables	18,617	17,499	1,118	6.4	14,347
9,586	9,310	Other receivables	11,606	11,541	65	0.6	11,571
10,731	9,861	Student loans	10,692	10,669	23	0.2	10,819
20,411	20,009	Kiwibank mortgages	21,830	22,027	(197)	(0.9)	22,351
4,355	4,333	Long-term deposits	6,338	4,474	1,864	41.7	3,861
2,327	2,311	IMF financial assets	2,581	2,383	198	8.3	2,383
2,548	2,651	Other advances	2,175	2,240	(65)	(2.9)	4,289
39,552	39,281	Share investments	32,674	29,965	2,709	9.0	31,112
3,688	3,689	Investments in controlled enterprises	4,197	4,306	(109)	(2.5)	4,759
4,585	3,590	Derivatives in gain	7,632	5,419	2,213	40.8	4,951
32,349	30,774	Other marketable securities	42,011	27,963	14,048	50.2	37,779
<b>164,121</b>	<b>162,234</b>	<b>Total financial assets and sovereign receivables</b>	<b>186,325</b>	<b>170,804</b>	<b>15,521</b>	<b>9.1</b>	<b>179,718</b>
		<b>Financial Assets by Entity</b>					
20,874	16,593	The Treasury	16,578	13,753	2,825	20.5	23,606
20,315	21,436	Reserve Bank of New Zealand	44,858	35,537	9,321	26.2	50,622
44,307	45,117	NZ Superannuation Fund	46,087	44,245	1,842	4.2	44,779
31,384	34,095	Other core Crown	36,484	35,995	489	1.4	31,387
(9,615)	(10,347)	Intra-segment eliminations	(21,550)	(18,286)	(3,264)	(17.8)	(29,943)
<b>107,265</b>	<b>106,894</b>	<b>Total core Crown segment</b>	<b>122,457</b>	<b>111,244</b>	<b>11,213</b>	<b>10.1</b>	<b>120,451</b>
48,868	46,493	ACC portfolio	50,297	48,647	1,650	3.4	48,378
778	634	EQC portfolio	799	582	217	37.3	466
10,912	10,325	Other Crown entities	13,257	11,997	1,260	10.5	11,527
(2,954)	(2,458)	Intra-segment eliminations	(2,881)	(2,960)	79	2.7	(2,308)
<b>57,604</b>	<b>54,994</b>	<b>Total Crown entities segment</b>	<b>61,472</b>	<b>58,266</b>	<b>3,206</b>	<b>5.5</b>	<b>58,063</b>
<b>27,624</b>	<b>27,018</b>	<b>Total State-owned Enterprises segment</b>	<b>30,289</b>	<b>28,908</b>	<b>1,381</b>	<b>4.8</b>	<b>28,887</b>
(28,372)	(26,672)	Inter-segment eliminations	(27,893)	(27,614)	(279)	(1.0)	(27,683)
<b>164,121</b>	<b>162,234</b>	<b>Total financial assets and sovereign receivables</b>	<b>186,325</b>	<b>170,804</b>	<b>15,521</b>	<b>9.1</b>	<b>179,718</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Apr 2019 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>2</sup></b>							
<b>By class of asset:</b>							
55,005	52,573	Land	55,239	55,384	(145)	(0.3)	55,414
40,732	38,231	Buildings	43,696	44,232	(536)	(1.2)	45,511
37,222	33,050	State highways	38,579	38,547	32	0.1	38,707
17,239	15,489	Electricity generation assets	17,017	17,195	(178)	(1.0)	17,166
4,173	4,140	Electricity distribution network (cost)	4,267	4,075	192	4.7	4,079
3,353	3,324	Specialist military equipment	3,606	3,677	(71)	(1.9)	3,723
3,150	3,139	Specified cultural and heritage assets	3,157	3,153	4	0.1	3,170
4,993	5,068	Aircraft (excl military)	5,240	5,159	81	1.6	5,332
6,407	1,350	Rail network	6,470	6,879	(409)	(5.9)	6,564
5,351	5,458	Other plant and equipment (cost)	5,547	5,603	(56)	(1.0)	5,716
<b>177,625</b>	<b>161,822</b>	<b>Total net carrying value</b>	<b>182,818</b>	<b>183,904</b>	<b>(1,086)</b>	<b>(0.6)</b>	<b>185,382</b>
<b>Land breakdown by usage</b>							
18,819	18,400	Housing stock	19,063	19,056	7	-	19,052
13,745	12,327	State highway corridor land	13,745	13,745	-	-	13,727
6,630	6,238	Conservation estate	6,616	6,617	(1)	-	6,623
3,516	3,522	Rail network corridor land	3,519	3,519	-	-	3,507
5,772	5,742	Schools	5,756	5,754	2	-	5,775
1,205	1,277	Commercial (SOE) excluding rail	1,254	1,254	-	-	1,254
5,318	5,067	Other	5,286	5,439	(153)	(2.8)	5,476
<b>55,005</b>	<b>52,573</b>	<b>Total land</b>	<b>55,239</b>	<b>55,384</b>	<b>(145)</b>	<b>(0.3)</b>	<b>55,414</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
175,019	175,294	Opening balance	192,808	192,808	-	-	192,808
9,462	7,415	Additions	8,167	9,146	(979)	(10.7)	11,617
(1,157)	(513)	Disposals	(788)	(564)	(224)	(39.7)	(503)
9,623	(39)	Net revaluations	(36)	(3)	(33)	-	(6)
(139)	(34)	Other <sup>3</sup>	2,372	2,361	11	0.5	2,354
<b>192,808</b>	<b>182,123</b>	<b>Total cost or valuation</b>	<b>202,523</b>	<b>203,748</b>	<b>(1,225)</b>	<b>(0.6)</b>	<b>206,270</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
16,356	16,631	Opening balance	15,183	15,183	-	-	15,183
(791)	(276)	Eliminated on disposal	(348)	(365)	17	4.7	(130)
(2,452)	(58)	Eliminated on revaluation	(44)	(19)	(25)	(132)	(1)
(2,516)	-	Impairment losses charged to operating balance	-	-	-	-	-
4,554	3,953	Depreciation expense and impairment losses	4,483	4,627	(144)	(3.1)	5,465
32	51	Other <sup>3</sup>	431	418	13	3.1	371
<b>15,183</b>	<b>20,301</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>19,705</b>	<b>19,844</b>	<b>(139)</b>	<b>(0.7)</b>	<b>20,888</b>
<b>177,625</b>	<b>161,822</b>	<b>Total property, plant and equipment</b>	<b>182,818</b>	<b>183,904</b>	<b>(1,086)</b>	<b>(0.6)</b>	<b>185,382</b>

2. Using a revaluation methodology unless otherwise stated.

3. These include the opening balances of the newly created New Zealand Institute of Skills and Technology. These were previously recorded within equity accounted investments in the Statement of Financial Position as part of the tertiary education institutions (TEIs).

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Apr 2019 \$m		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
<b>NOTE 11: NZ Superannuation Fund</b>							
982	765	Revenue	694	727	(33)	(4.5)	866
(504)	(498)	Less current tax expense	113	740	627	84.7	621
(130)	(116)	Less other expenses <sup>4</sup>	(121)	(136)	(15)	(11.0)	(168)
1,955	2,109	Add gains/(losses)	(2,461)	(5,496)	3,035	55.2	(5,106)
<b>2,303</b>	<b>2,260</b>	<b>Operating balance</b>	<b>(1,775)</b>	<b>(4,165)</b>	<b>2,390</b>	<b>57.4</b>	<b>(3,787)</b>
39,002	39,002	Opening net worth	42,316	42,316	-	-	42,316
1,000	833	Contributions from the Crown	1,217	1,217	-	-	1,460
2,303	2,260	Operating balance	(1,775)	(4,165)	2,390	57.4	(3,787)
11	19	Other movements in reserves	(1)	(1)	-	-	(1)
<b>42,316</b>	<b>42,114</b>	<b>Closing net worth</b>	<b>41,757</b>	<b>39,367</b>	<b>2,390</b>	<b>6.1</b>	<b>39,988</b>
<b>Comprising:</b>							
44,307	45,117	Financial assets	46,087	44,245	1,842	4.2	44,779
(1,993)	(3,004)	Financial liabilities	(4,332)	(4,879)	547	11.2	(4,790)
2	1	Net other assets	2	1	1	100.0	(1)
<b>42,316</b>	<b>42,114</b>	<b>Closing net worth</b>	<b>41,757</b>	<b>39,367</b>	<b>2,390</b>	<b>6.1</b>	<b>39,988</b>
<b>NOTE 12: Payables</b>							
10,449	8,559	Accounts payable	10,648	9,523	(1,125)	(11.8)	11,562
6,293	5,947	Taxes repayable	5,724	5,220	(504)	(9.7)	5,641
<b>16,742</b>	<b>14,506</b>	<b>Total payables</b>	<b>16,372</b>	<b>14,743</b>	<b>(1,629)</b>	<b>(11.0)</b>	<b>17,203</b>
<b>NOTE 13: Insurance Liabilities</b>							
56,611	51,440	ACC liability <sup>5</sup>	66,106	59,940	(6,166)	(10.3)	59,540
1,342	1,135	EQC property damage liability	1,160	984	(176)	(17.9)	841
216	186	Southern Response	109	109	-	-	109
47	45	Other insurance liabilities	46	37	(9)	(24.3)	43
-	-	Inter-segment eliminations	-	-	-	-	-
<b>58,216</b>	<b>52,806</b>	<b>Total insurance liabilities</b>	<b>67,421</b>	<b>61,070</b>	<b>(6,351)</b>	<b>(10.4)</b>	<b>60,533</b>

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

5. The most recent ACC valuation was as at 31 December 2019, updated monthly for changes to discount rates.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2019 \$m	As at 30 Apr 2019 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 14: Provisions</b>							
4,582	3,881	Provision for employee entitlements	4,968	4,907	(61)	(1.2)	4,693
2,884	2,687	Provision for ETS Credits <sup>6</sup>	2,736	2,658	(78)	(2.9)	3,526
879	793	Provision for National Provident Fund guarantee	832	832	-	-	824
3,228	3,228	Veterans Disability Entitlements	3,184	3,500	316	9.0	3,500
2,019	1,971	Other provisions	2,367	2,602	235	9.0	2,658
<b>13,592</b>	<b>12,560</b>	<b>Total provisions</b>	<b>14,087</b>	<b>14,499</b>	<b>412</b>	<b>2.8</b>	<b>15,201</b>
<b>NOTE 15: Changes in Net Worth</b>							
33,965	35,329	Taxpayers' funds	11,484	12,716	(1,232)	(9.7)	(3,022)
106,495	94,688	Property, plant and equipment revaluation reserve	106,945	106,945	-	-	106,941
(2,615)	(1,017)	Defined benefit retirement plan revaluation reserve	(2,900)	(2,893)	(7)	(0.2)	(2,872)
(784)	(784)	Veterans' disability entitlements reserve	(784)	(995)	211	21.2	(997)
6,390	5,772	Net worth attributable to minority interests	6,027	6,030	(3)	-	5,925
(112)	(127)	Other reserves	(306)	(134)	(172)	(128.4)	43
<b>143,339</b>	<b>133,861</b>	<b>Total net worth</b>	<b>120,466</b>	<b>121,669</b>	<b>(1,203)</b>	<b>(1.0)</b>	<b>106,018</b>
35,440	35,483	Opening taxpayers funds	33,965	33,965	-	-	33,965
511	511	Impacts of adoption of NZ PBE IPSAS 35					
(2,503)	(2,503)	Impacts of adoption of NZ PBE IPSAS 39					
388	1,894	Operating balance excluding minority interests	(22,567)	(21,369)	(1,198)	(5.6)	(37,115)
129	(56)	Transfers from/(to) other reserves	86	120	(34)	(28.3)	128
<b>33,965</b>	<b>35,329</b>	<b>Closing taxpayers funds</b>	<b>11,484</b>	<b>12,716</b>	<b>(1,232)</b>	<b>(9.7)</b>	<b>(3,022)</b>
94,750	94,750	Opening property, plant and equipment revaluation reserve	106,495	106,495	-	-	106,495
(8)	(8)	Impacts of adoption of NZ PBE IPSAS 35					
12,474	(16)	Net revaluations	561	603	(42)	(7.0)	600
(721)	(38)	Transfers from/(to) other reserves	(111)	(153)	42	27.5	(154)
<b>106,495</b>	<b>94,688</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>106,945</b>	<b>106,945</b>	<b>-</b>	<b>-</b>	<b>106,941</b>
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	(363)	(360)	(3)	(0.8)	(465)
<b>6,390</b>	<b>5,772</b>	<b>Closing net worth attributable to minority interests</b>	<b>6,027</b>	<b>6,030</b>	<b>(3)</b>	<b>-</b>	<b>5,925</b>
113	53	Opening other reserves	(112)	(112)	-	-	(112)
(97)	(97)	Impacts of adoption of NZ PBE IPSAS 35	-	-	-	-	-
(128)	(83)	Net movements	(194)	(22)	(172)	-	155
<b>(112)</b>	<b>(127)</b>	<b>Closing other reserves</b>	<b>(306)</b>	<b>(134)</b>	<b>(172)</b>	<b>(128.4)</b>	<b>43</b>

6. 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 10 months to 30 Jun 2019 \$m		to 30 Apr 2019 \$m		Current Year Actual vs Forecast			
		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m	
<b>NOTE 16: Core Crown Residual Cash</b>							
<b>Core Crown Cash Flows from Operations</b>							
83,716	65,882	Tax receipts	68,560	68,691	(131)	(0.2)	82,001
1,359	772	Other sovereign receipts	878	1,006	(128)	(12.7)	1,540
712	607	Interest receipts	390	374	16	4.3	456
3,200	2,713	Sale of goods & services and other receipts	2,800	2,727	73	2.7	3,465
(28,910)	(23,897)	Transfer payments and subsidies	(26,068)	(26,057)	(11)	-	(31,946)
(50,591)	(42,996)	Personnel and operating costs	(58,075)	(58,229)	154	0.3	(69,958)
(3,450)	(2,954)	Interest payments	(2,622)	(2,549)	(73)	(2.9)	(3,038)
-	-	Forecast for future new operating spending	-	-	-	-	(5,357)
-	-	Top-down expense adjustment	-	860	(860)	(100.0)	1,075
<b>6,036</b>	<b>127</b>	<b>Net core Crown operating cash flows</b>	<b>(14,137)</b>	<b>(13,177)</b>	<b>(960)</b>	<b>(7.3)</b>	<b>(21,762)</b>
(3,002)	(2,338)	Net purchase of physical assets	(2,358)	(2,489)	131	5.3	(3,226)
(86)	(231)	Net increase in advances	(101)	(335)	234	69.9	(2,530)
(2,658)	(2,065)	Net purchase of investments	(3,096)	(3,217)	121	3.8	(3,891)
(1,000)	(833)	Contributions to NZS Fund	(1,217)	(1,217)	-	-	(1,460)
-	-	Forecast for future new capital spending	-	-	-	-	(212)
-	-	Top-down capital adjustment	-	840	(840)	(100.0)	1,050
<b>(6,746)</b>	<b>(5,467)</b>	<b>Net core Crown capital cash flows</b>	<b>(6,772)</b>	<b>(6,418)</b>	<b>(354)</b>	<b>(5.5)</b>	<b>(10,269)</b>
<b>(710)</b>	<b>(5,340)</b>	<b>Residual cash surplus / (deficit)</b>	<b>(20,909)</b>	<b>(19,595)</b>	<b>(1,314)</b>	<b>(6.7)</b>	<b>(32,031)</b>
<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>							
<b>Debt Programme Cash Flows</b>							
Market:							
8,372	7,113	Issue of government bonds	15,192	16,028	(836)	(5.2)	27,752
(11,908)	(10,964)	Repayment of government bonds	(5,380)	(5,380)	-	-	(5,380)
(730)	395	Net issue/(repayment) of short-term borrowing <sup>7</sup>	4,428	1,140	3,288	288.4	6,540
(4,266)	(3,456)	Total market debt cash flows	14,240	11,788	2,452	20.8	28,912
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
-	-	Total non-market debt cash flows	-	-	-	-	-
<b>(4,266)</b>	<b>(3,456)</b>	<b>Total debt programme cash flows</b>	<b>14,240</b>	<b>11,788</b>	<b>2,452</b>	<b>20.8</b>	<b>28,912</b>
<b>Other Borrowing Cash Flows</b>							
(2,239)	(814)	Net (repayment)/issue of other New Zealand dollar borrowing	22,237	16,048	6,189	38.6	18,829
1,547	17	Net (repayment)/issue of foreign currency borrowing	(1,733)	(3,082)	1,349	43.8	(3,101)
<b>(692)</b>	<b>(797)</b>	<b>Total other borrowing cash flows</b>	<b>20,504</b>	<b>12,966</b>	<b>7,538</b>	<b>82.3</b>	<b>15,728</b>
<b>Investing Cash Flows</b>							
5,163	9,003	Other net sale/(purchase) of marketable securities and deposits	(16,343)	(1,289)	(15,054)	-	(7,691)
437	578	Issues of circulating currency	1,242	1,201	41	3.4	339
68	12	Decrease/(increase) in cash	1,266	(5,071)	6,337	125.0	(5,257)
<b>5,668</b>	<b>9,593</b>	<b>Total investing cash flows</b>	<b>(13,835)</b>	<b>(5,159)</b>	<b>(8,676)</b>	<b>(168.2)</b>	<b>(12,609)</b>
<b>710</b>	<b>5,340</b>	<b>Residual cash deficit / (surplus) funding</b>	<b>20,909</b>	<b>19,595</b>	<b>1,314</b>	<b>6.7</b>	<b>32,031</b>

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