

# Interim Financial Statements of the Government of New Zealand

For the Five Months Ended  
30 November 2020



Prepared by the Treasury  
29 January 2021

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

ISSN 2703-2973 (Online)

New Zealand Government



# CONTENTS

## Commentary

Comparison against forecast	2
Comparison against the prior year actuals	4

## Unaudited Interim Financial Statements

Statement of Financial Performance	8
<i>The statement outlines the operating results of the total Government (ie, the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities).</i>	
Statement of Comprehensive Revenue and Expense	9
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	9
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	10
<i>The statement sets out the cash flows that result from the operating, investing and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	12
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	13
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Borrowings	14
<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	15
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	15
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	16
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	
Fiscal Indicator Analysis	23
<i>The fiscal indicator analysis provides a link between the Financial Statements (based on Generally Accepted Accounting Practice) and the key fiscal indicators used to measure performance against fiscal objectives set out in the Fiscal Strategy Report.</i>	

### Officer for Enquiries

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





# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 November 2020, 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 2020* (HYEFU), published on 16 December 2020.

### Comparison against forecast

The November 2020 Interim Financial Statements of the Government show the position and performance of the Crown being stronger than forecast at HYEFU. The operating balance (excluding minority interests) was a surplus of \$0.2 billion, higher than expected by \$10.0 billion, and led to net worth attributable to the Crown being \$9.8 billion stronger than forecast.

However, the results continue to show the impacts of the COVID-19 pandemic with an operating balance before gains and losses (OBEGAL) deficit of \$4.3 billion and continued higher levels of net core Crown debt at \$99.0 billion (30.9% of GDP).

**Table 1** – Key indicators for the five months ended 30 November 2020 compared to *HYEFU 2020*

	Year to date				Full Year
	November 2020 Actual <sup>1</sup> \$m	November 2020 HYEFU 2020 Forecast <sup>1</sup> \$m	Variance <sup>2</sup> HYEFU 2020 \$m	Variance HYEFU 2020 %	June 2021 HYEFU 2020 Forecast <sup>3</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	37,581	36,882	699	1.9	88,346
Core Crown revenue	40,347	39,672	675	1.7	94,993
Core Crown expenses	44,400	44,946	546	1.2	114,232
Core Crown residual cash	(11,875)	(13,324)	1,449	10.9	(40,177)
Net core Crown debt <sup>4</sup>	98,964	99,824	860	0.9	128,649
<i>as a percentage of GDP</i>	30.9%	31.1%			39.7%
Gross debt <sup>5</sup>	106,684	103,496	(3,188)	(3.1)	91,669
<i>as a percentage of GDP</i>	33.3%	32.3%			28.3%
<b>Total Crown</b>					
Operating balance before gains and losses	(4,336)	(6,219)	1,883	30.3	(21,576)
Operating balance (excluding minority interests)	157	(9,833)	9,990	101.6	(25,639)
Total borrowings	159,511	156,798	(2,713)	(1.7)	186,622
Net worth attributable to the Crown	109,773	99,984	9,789	9.8	83,881
<i>as a percentage of GDP</i>	34.2%	31.2%			25.9%

1 Using the most recently published GDP (for the year ended 30 September 2020) of \$320,746 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 2020 forecast GDP for the year ending 30 June 2021 of \$323,897 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 2020 was \$37.6 billion, \$0.7 billion above forecast. The largest contributors to the variance were:

- GST revenue, which was \$0.4 billion (3.5%) above forecast, mainly owing to stronger domestic spending than what was forecast at HYEFU, and
- corporate tax revenue, which was \$0.3 billion (6.9%) above forecast, mainly due to higher than forecast provisional tax revenue.

Most tax types are showing or starting to show a strong recovery. This indicates that the 2020 income tax year was not as adversely affected by the COVID-19 pandemic as was expected.

**Core Crown expenses** at \$44.4 billion were \$0.5 billion below forecast. The variance was split across multiple entities, with underspends mainly due to delays experienced in work programmes that have been impacted by the COVID-19 pandemic.

**OBEGAL** was a deficit of \$4.3 billion, \$1.9 billion better than the deficit forecast, mainly owing to the core Crown results discussed above. Crown entities and State-owned Enterprises were also better than forecast, by \$0.3 billion and \$0.2 billion respectively.

When total gains and losses are added to the OBEGAL result, the **operating balance (excluding minority interests)** was a surplus of \$0.2 billion and was greater than forecast by \$10.0 billion (a deficit of \$9.8 billion was forecast). The volatility in this variance reflects movements in external factors (eg, market conditions, discount rates and CPI inflation assumptions).

Net gains on financial instruments were \$3.2 billion higher than forecast primarily as a result of returns on the Crown's investment portfolios (New Zealand Superannuation Fund and ACC), which mainly reflects the favourable changes in equity prices to those used in the forecast (which used lower long run rate of return assumptions).

Net losses on non-financial instruments were \$5.0 billion better than forecast primarily as a result of the ACC insurance liability valuation being \$5.1 billion better than forecast. This largely reflects changes in discount rates and CPI assumptions (where forecast assumptions were based on September 2020 economic factors) which are used to convert future claims cash flows into present value dollars. The impact of the inflation and discount rate movements are significant due to the long-term nature of this liability, stretching out over 50 years.

**Core Crown residual cash** was a deficit of \$11.9 billion, \$1.4 billion lower than the deficit forecast. This was mainly due to core Crown tax receipts being \$0.6 billion higher than forecast and operating payments being \$0.5 billion lower than forecast, largely in line with the core Crown operating results.

**Net core Crown debt** was \$99.0 billion (30.9% of GDP) at the end of November 2020, \$0.9 billion less than forecast mainly owing to the core Crown residual cash variance discussed above partially offset by changes in the valuation of financial assets and liabilities.

**Gross debt** at \$106.7 billion (33.3% of GDP), was \$3.2 billion higher than forecast mainly owing to Reserve Bank unsettled trades of \$1.7 billion (which have reversed in December) and \$1.2 billion of Euro Commercial Paper (ECP) borrowings that were not forecast by the Treasury. Both of these items broadly result in a corresponding increase in financial assets, therefore there is no flow on impact to net core Crown debt from these variances.

**Total borrowings** at \$159.5 billion were \$2.7 billion higher than forecast and primarily related to a corresponding increase in assets across a number of entities.

**Total assets** at \$400.3 billion were \$13.0 billion above forecast with financial assets driving this variance. This was primarily owing to increased valuations of marketable securities, derivative assets and share investments.

**Total liabilities** at \$285.0 billion were \$3.2 billion higher than forecast. This variance was owing to the decrease in ACC's outstanding claims liability (\$5.1 billion lower than forecast) more than offset by the higher than forecast total borrowings (discussed above) and the increase in accounts payable (\$4.5 billion above forecast).

**Net worth attributable to the Crown** at \$109.8 billion, was \$9.8 billion higher than forecast, which reflects the favourable operating balance discussed earlier.

## Comparison against the prior year actuals

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

	Year to date				Full Year
	November 2020 Actual <sup>1</sup> \$m	November 2019 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2019 \$m	Variance to 2019 %	June 2020 Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	37,581	35,695	1,886	5.3	85,102
Core Crown revenue	40,347	38,791	1,556	4.0	91,923
Core Crown expenses	44,400	37,901	(6,499)	(17.1)	108,832
Core Crown residual cash	(11,875)	(4,656)	(7,219)	(155.0)	(23,692)
Net core Crown debt <sup>5</sup>	98,964	61,716	(37,248)	(60.4)	83,375
as a percentage of GDP	30.9%	20.1%			26.4%
Gross debt <sup>6</sup>	106,684	89,391	(17,293)	(19.3)	102,257
as a percentage of GDP	33.3%	29.1%			32.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(4,336)	129	(4,465)	-	(23,057)
Operating balance (excluding minority interests)	157	881	(724)	(82.2)	(30,040)
Total Borrowings	159,511	119,651	(39,860)	(33.3)	152,717
Net worth attributable to the Crown	109,773	139,965	(30,192)	(21.6)	110,320
as a percentage of GDP	34.2%	45.6%			34.9%

- 1 Using the most recently published GDP (for the year ended 30 September 2020) of \$320,746 million (Source: Statistics NZ).
- 2 Using prior year published GDP (for the year ended 30 September 2019) of \$307,052 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 2020 of \$315,872 million published in the Treasury's HYEPU 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 five months to November 2020 was \$1.9 billion (5.3%) higher than the corresponding period from last year. The largest increases came from:

- source deduction revenue, which was \$0.6 billion (3.9%) higher, mainly owing to strong wage growth
- GST revenue, which was \$0.9 billion (9.8%) higher, mainly owing to strong private consumption post-lockdown
- other individuals' tax revenue, which was \$0.3 billion (13.9%) higher than last year, mainly owing to growth in provisional tax estimates and assessments, and
- corporate tax revenue, which was \$0.3 billion (7.2%) up on last year, with provisional tax, net terminal tax and Portfolio Investment Entity (PIE) tax revenue all showing modest growth.

**Core Crown expenses** grew by \$6.5 billion, largely relating to the Government's response to the COVID-19 pandemic, impacting both social security and welfare and health spending. Higher benefit rates also led to higher expenses, and Budget 2020 decisions primarily resulted in increased health spending.

The **core Crown residual cash** deficit was \$11.9 billion, \$7.2 billion higher than the deficit in November 2019:

- The net core Crown operating cash flows deficit was \$7.2 billion, \$5.1 billion higher than the same time last year. Tax receipts were higher by \$1.6 billion, largely consistent with tax revenue; however, this was more than offset by higher operating payments of \$6.2 billion. The increase in operating payments largely reflects the movements in core Crown expenses.
- Net core Crown capital cash outflows were \$2.1 billion more than last year. This was mainly owing to an increase in contributions to the New Zealand Transport Agency for state highways, contributions to the newly established Provincial Growth Fund Limited, investments into District Health Boards and payments to small businesses under the Small Business Cashflow Scheme.



**Net core Crown debt** was \$37.2 billion higher than at the same time last year. The results from the 30 June 2020 financial statements have meant a higher starting net core Crown debt position of \$25.6 billion compared to last year (largely relating to the COVID-19 pandemic response). The remaining variance relates mainly to the core Crown residual cash deficit of \$11.9 billion in the current year (directly impacting net core Crown debt).

**Net worth attributable to the Crown** at \$109.8 billion, was \$30.2 billion (21.6% lower) than as at 30 November 2019, mainly reflecting the operating results through to both 30 June 2020, and the five months to 30 November 2020, slightly offset by the revaluation of property plant and equipment that occurred at 30 June 2020.





# **Unaudited Interim Financial Statements**

# STATEMENT OF FINANCIAL PERFORMANCE

For the five months ended 30 November 2020

Year to 30 June 2020	5 months to 30 Nov 2019		Note	Current Year Actual vs Forecast			Annual HYEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Revenue</b>						
84,521	35,429	Taxation revenue	2	37,294	36,578	716	2.0	87,874
6,269	2,639	Other sovereign revenue	2	2,814	2,729	85	3.1	6,428
<b>90,790</b>	<b>38,068</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>40,108</b>	<b>39,307</b>	<b>801</b>	<b>2.0</b>	<b>94,302</b>
18,437	8,509	Sales of goods and services		7,265	6,877	388	5.6	16,005
3,206	1,430	Interest revenue and dividends	3	1,156	1,248	(92)	(7.4)	2,991
3,570	1,529	Other revenue		1,341	1,278	63	4.9	3,326
<b>25,213</b>	<b>11,468</b>	<b>Total revenue earned through the Crown's operations</b>		<b>9,762</b>	<b>9,403</b>	<b>359</b>	<b>3.8</b>	<b>22,322</b>
<b>116,003</b>	<b>49,536</b>	<b>Total revenue (excluding gains)</b>		<b>49,870</b>	<b>48,710</b>	<b>1,160</b>	<b>2.4</b>	<b>116,624</b>
		<b>Expenses</b>						
42,607	12,304	Transfer payments and subsidies	4	15,457	15,551	94	0.6	35,862
27,775	11,231	Personnel expenses		11,910	11,946	36	0.3	28,907
7,669	2,498	Depreciation and amortisation		2,649	2,635	(14)	(0.5)	6,424
50,208	19,832	Other operating expenses		21,025	21,832	807	3.7	56,594
3,754	1,545	Finance costs	5	1,092	1,181	89	7.5	2,613
6,903	1,836	Insurance expenses	6	1,956	1,945	(11)	(0.6)	6,580
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(270)	(270)	(100.0)	(4,200)
<b>138,916</b>	<b>49,246</b>	<b>Total expenses (excluding losses)</b>		<b>54,089</b>	<b>54,820</b>	<b>731</b>	<b>1.3</b>	<b>138,040</b>
		<b>Gains/(losses)</b>						
(3,258)	-	Net gains/(losses) on large scale asset purchases		(3,586)	(3,601)	15	0.4	(5,840)
1,908	3,567	Net gains/(losses) on financial instruments		8,010	4,852	3,158	65.1	7,244
(7,372)	(2,857)	Net gains/(losses) on non-financial instruments	8	420	(4,533)	4,953	109.3	(4,697)
<b>(8,722)</b>	<b>710</b>	<b>Total gains/(losses)</b>		<b>4,844</b>	<b>(3,282)</b>	<b>8,126</b>	<b>247.6</b>	<b>(3,293)</b>
1,193	44	Net surplus/(deficit) from associates and joint ventures		(343)	(343)	-	-	(802)
402	(163)	Less minority interests share of operating balance		(125)	(98)	(27)	(27.6)	(128)
<b>(30,040)</b>	<b>881</b>	<b>Operating balance (excluding minority interests)</b>		<b>157</b>	<b>(9,833)</b>	<b>9,990</b>	<b>101.6</b>	<b>(25,639)</b>
(402)	163	Minority interests share of operating balance		125	98	27	27.6	128
<b>(30,442)</b>	<b>1,044</b>	<b>Operating balance (including minority interests)</b>		<b>282</b>	<b>(9,735)</b>	<b>10,017</b>	<b>102.9</b>	<b>(25,511)</b>

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 2020

Year to 30 June 2020 Actual \$m	5 months to 30 Nov 2019 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(30,442)	1,044	Operating Balance (including minority interest)	282	(9,735)	10,017	102.9	(25,511)
		<b>Other comprehensive revenue and expense</b>					
5,233	(62)	Revaluation of physical assets	172	185	(13)	(7.0)	(166)
(1,271)	(707)	Revaluations of defined benefit retirement plan schemes	(807)	(906)	99	10.9	(691)
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(48)	62	Transfers into / (from) reserves (Gains)/losses transferred to the	44	253	(209)	(82.6)	-
(75)	(18)	statement of financial performance	(21)	(10)	(11)	(110.0)	(10)
2	(102)	Foreign currency translation differences on foreign operations	(91)	19	(110)	-	20
(58)	309	Other movements	(4)	35	(39)	(111.4)	34
<b>3,472</b>	<b>(518)</b>	<b>Total other comprehensive revenue and expense</b>	<b>(707)</b>	<b>(424)</b>	<b>(283)</b>	<b>(66.7)</b>	<b>(813)</b>
<b>(26,970)</b>	<b>526</b>	<b>Total comprehensive revenue and expense</b>	<b>(425)</b>	<b>(10,159)</b>	<b>9,734</b>	<b>95.8</b>	<b>(26,324)</b>
		<b>Attributable to:</b>					
(518)	343	- minority interest	122	177	(55)	(31.1)	115
(26,452)	183	- the Crown	(547)	(10,336)	9,789	94.7	(26,439)
<b>(26,970)</b>	<b>526</b>	<b>Total comprehensive revenue and expense</b>	<b>(425)</b>	<b>(10,159)</b>	<b>9,734</b>	<b>95.8</b>	<b>(26,324)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the five months ended 30 November 2020

Year to 30 June 2020 Actual \$m	5 months to 30 Nov 2019 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>143,339</b>	<b>146,172</b>	<b>Opening net worth</b>	<b>115,943</b>	<b>115,943</b>	<b>-</b>	<b>-</b>	<b>115,943</b>
(30,442)	1,044	Operating balance (including minority interest)	282	(9,735)	10,017	102.9	(25,511)
5,233	(62)	Net revaluations	172	185	(13)	(7.0)	(166)
		Net revaluations of defined benefit retirement					
(1,271)	(707)	plan schemes	(807)	(906)	99	10.9	(691)
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(48)	62	Transfers to/(from) reserves (Gains)/losses transferred to the	44	253	(209)	(82.6)	-
(75)	(18)	Statement of Financial Performance	(21)	(10)	(11)	(110.0)	(10)
2	(102)	Foreign currency translation differences on foreign operations	(91)	19	(110)	-	20
(58)	309	Other movements	(4)	35	(39)	(111.4)	34
<b>(26,970)</b>	<b>526</b>	<b>Total comprehensive revenue and expense</b>	<b>(425)</b>	<b>(10,159)</b>	<b>9,734</b>	<b>95.8</b>	<b>(26,324)</b>
(426)	(467)	Transactions with minority interests	(221)	(224)	3	1.3	(402)
<b>115,943</b>	<b>146,231</b>	<b>Closing net worth</b>	<b>115,297</b>	<b>105,560</b>	<b>9,737</b>	<b>9.2</b>	<b>89,217</b>

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

# STATEMENT OF CASH FLOWS

For the five months ended 30 November 2020

Year to 30 June 2020	5 months to 30 Nov 2019		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash Flows from Operations</b>						
		<b>Cash was provided from</b>						
83,156	34,006	Taxation receipts		35,750	35,100	650	1.9	86,043
5,294	2,412	Other sovereign receipts		2,005	2,046	(41)	(2.0)	5,304
18,289	8,475	Sales of goods and services		7,194	6,633	561	8.5	15,432
2,307	920	Interest receipts		715	750	(35)	(4.7)	1,747
4,544	2,027	Other operating receipts		1,438	1,969	(531)	(27.0)	4,254
<b>113,590</b>	<b>47,840</b>	<b>Total cash provided from operations</b>		<b>47,102</b>	<b>46,498</b>	<b>604</b>	<b>1.3</b>	<b>112,780</b>
		<b>Cash was disbursed to</b>						
42,945	13,202	Transfer payments and subsidies		16,207	16,273	66	0.4	37,397
77,192	32,966	Personnel and operating payments		36,259	37,028	769	2.1	88,517
3,849	1,648	Interest payments		1,491	1,683	192	11.4	3,810
-	-	Forecast new operating spending	7	-	-	-	-	5,260
-	-	Top-down expense adjustment	7	-	(270)	(270)	(100.0)	(4,200)
<b>123,986</b>	<b>47,816</b>	<b>Total cash disbursed to operations</b>		<b>53,957</b>	<b>54,714</b>	<b>757</b>	<b>1.4</b>	<b>130,784</b>
<b>(10,396)</b>	<b>24</b>	<b>Net cash flows from operations</b>		<b>(6,855)</b>	<b>(8,216)</b>	<b>1,361</b>	<b>16.6</b>	<b>(18,004)</b>
		<b>Cash Flows from Investing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(9,071)	(3,759)	Net (purchase)/sale of physical assets		(4,038)	(4,728)	690	14.6	(13,101)
(14,149)	(4,021)	Net (purchase)/sale of shares and other securities		4,512	1,303	3,209	246.3	(38,460)
(855)	(318)	Net (purchase)/sale of intangible assets		(290)	(350)	60	17.1	(923)
(1,290)	(503)	Net (issue)/repayment of advances		(724)	(705)	(19)	(2.7)	(10,649)
(286)	(144)	Net acquisition of investments in associates		(221)	(222)	1	0.5	(464)
-	-	Forecast new capital spending	7	-	-	-	-	(1,852)
-	-	Top-down capital adjustment	7	-	235	(235)	(100.0)	2,350
<b>(25,651)</b>	<b>(8,745)</b>	<b>Net cash flows from investing activities</b>		<b>(761)</b>	<b>(4,467)</b>	<b>3,706</b>	<b>83.0</b>	<b>(63,099)</b>
<b>(36,047)</b>	<b>(8,721)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(7,616)</b>	<b>(12,683)</b>	<b>5,067</b>	<b>40.0</b>	<b>(81,103)</b>
		<b>Cash Flows from Financing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
1,209	356	Issues of circulating currency		179	78	101	129.5	8
7,598	5,946	Net issue/(repayment) of Government bonds		3,986	3,884	102	2.6	42,001
1,192	848	Net issue/(repayment) of foreign currency borrowing		1,535	414	1,121	270.8	(3,251)
27,366	302	Net issue/(repayment) of other New Zealand dollar borrowing		(4,426)	1,365	(5,791)	(424.2)	36,481
(479)	(316)	Dividends paid to minority interests		(227)	(225)	(2)	(0.9)	(382)
<b>36,886</b>	<b>7,136</b>	<b>Net cash flows from financing activities</b>		<b>1,047</b>	<b>5,516</b>	<b>(4,469)</b>	<b>(81.0)</b>	<b>74,857</b>
<b>839</b>	<b>(1,585)</b>	<b>Net movement in cash</b>		<b>(6,569)</b>	<b>(7,167)</b>	<b>598</b>	<b>8.3</b>	<b>(6,246)</b>
20,248	20,248	<b>Opening cash balance</b>		21,927	21,927	-	-	21,927
840	564	Foreign-exchange gains/(losses) on opening cash		(823)	(97)	(726)	-	(105)
<b>21,927</b>	<b>19,227</b>	<b>Closing cash balance</b>		<b>14,535</b>	<b>14,663</b>	<b>(128)</b>	<b>(0.9)</b>	<b>15,576</b>

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 2020

Year to 30 June 2020	5 months to 30 Nov 2019		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>					
<b>(10,396)</b>	<b>24</b>	<b>Net Cash Flows from Operations</b>	<b>(6,855)</b>	<b>(8,216)</b>	<b>1,361</b>	<b>16.6</b>	<b>(18,004)</b>
		<b>Gains/(losses) and other interests</b>					
1,908	3,567	Net gains/(losses) on financial instruments	8,010	4,852	3,158	65.1	7,244
(7,372)	(2,857)	Net gains/(losses) on non-financial instruments	420	(4,533)	4,953	109.3	(4,697)
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,586)	(3,601)	15	0.4	(5,840)
1,193	44	Net surplus from associates and joint ventures	(343)	(343)	-	-	(802)
(402)	(163)	Minority interests share of operating balance	(125)	(98)	(27)	(27.6)	(128)
<b>(7,931)</b>	<b>591</b>	<b>Total gains/(losses) and other interests</b>	<b>4,376</b>	<b>(3,723)</b>	<b>8,099</b>	<b>217.5</b>	<b>(4,223)</b>
		<b>Other Non-cash Items in Operating Balance</b>					
(7,669)	(2,498)	Depreciation and amortisation	(2,649)	(2,635)	(14)	(0.5)	(6,424)
(1,279)	(156)	Cost of concessionary lending	(346)	(336)	(10)	(3.0)	(856)
(53)	(1)	Impairment of financial assets (excluding receivables)	(38)	(41)	3	7.3	(96)
(2,351)	1,305	Decrease/(increase) in insurance liabilities	1,180	1,193	(13)	(1.1)	(1,347)
453	(108)	Other	-	-	-	-	1
<b>(10,899)</b>	<b>(1,458)</b>	<b>Total other non-cash Items</b>	<b>(1,853)</b>	<b>(1,819)</b>	<b>(34)</b>	<b>(1.9)</b>	<b>(8,722)</b>
		<b>Movements in Working Capital</b>					
631	(116)	Increase/(decrease) in receivables	83	(86)	169	196.5	605
21	176	Increase/(decrease) in accrued interest	505	624	(119)	(19.1)	1,454
254	31	Increase/(decrease) in inventories	100	(3)	103	-	252
108	561	Increase/(decrease) in prepayments	531	352	179	50.9	41
(68)	(234)	Decrease/(increase) in deferred revenue	210	627	(417)	(66.5)	518
(804)	(485)	Change in accumulating pension expenses	335	342	(7)	(2.0)	736
(956)	1,791	Decrease/(increase) in payables/provisions	2,725	2,069	656	31.7	1,704
<b>(814)</b>	<b>1,724</b>	<b>Total movements in working capital</b>	<b>4,489</b>	<b>3,925</b>	<b>564</b>	<b>14.4</b>	<b>5,310</b>
<b>(30,040)</b>	<b>881</b>	<b>Operating balance (excluding minority interests)</b>	<b>157</b>	<b>(9,833)</b>	<b>9,990</b>	<b>101.6</b>	<b>(25,639)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 November 2020

As at 30 June 2020 Actual \$m	As at 30 Nov 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Assets</b>						
21,927	19,227	Cash and cash equivalents	9	14,535	14,663	(128)	(0.9)	15,576
24,743	24,007	Receivables	9	25,791	24,966	825	3.3	26,119
		Marketable securities, deposits and derivatives in gain	9	63,376	54,845	8,531	15.6	50,775
61,005	48,473	Share investments	9	40,181	36,575	3,606	9.9	39,796
33,791	42,570	Advances	9	39,452	39,638	(186)	(0.5)	49,752
37,629	34,030	Investments in controlled enterprises	9	4,216	4,344	(128)	(2.9)	4,798
4,220	3,881	Inventory		1,873	1,770	103	5.8	2,025
1,773	1,549	Other assets		4,116	3,932	184	4.7	3,364
3,610	3,343	Property, plant and equipment		188,777	188,888	(111)	(0.1)	194,787
186,502	179,118	Equity accounted investments <sup>1</sup>		14,107	13,978	129	0.9	13,929
14,308	14,454	Intangible assets and goodwill		3,844	3,936	(92)	(2.3)	4,186
3,892	3,898	Forecast for new capital spending	7	-	-	-	-	1,852
-	-	Top-down capital adjustment	7	-	(235)	235	100.0	(2,350)
<b>393,400</b>	<b>374,550</b>	<b>Total assets</b>		<b>400,268</b>	<b>387,300</b>	<b>12,968</b>	<b>3.3</b>	<b>404,609</b>
		<b>Liabilities</b>						
8,022	7,169	Issued currency		8,202	8,100	(102)	(1.3)	8,031
16,971	14,981	Payables	11	19,093	14,617	(4,476)	(30.6)	16,085
2,590	2,750	Deferred revenue		2,377	1,965	(412)	(21.0)	2,073
152,717	119,651	Borrowings		159,511	156,798	(2,713)	(1.7)	186,622
66,690	59,639	Insurance liabilities	12	64,599	69,648	5,049	7.2	72,304
13,983	13,664	Retirement plan liabilities		14,490	14,591	101	0.7	14,044
16,484	10,465	Provisions	13	16,699	16,021	(678)	(4.2)	16,233
<b>277,457</b>	<b>228,319</b>	<b>Total liabilities</b>		<b>284,971</b>	<b>281,740</b>	<b>(3,231)</b>	<b>(1.1)</b>	<b>315,392</b>
<b>115,943</b>	<b>146,231</b>	<b>Total assets less total liabilities</b>		<b>115,297</b>	<b>105,560</b>	<b>9,737</b>	<b>9.2</b>	<b>89,217</b>
		<b>Net Worth</b>						
3,154	36,997	Taxpayers' funds	14	3,318	(6,621)	9,939	150.1	(22,475)
		Property, plant and equipment revaluation reserve	14	112,497	112,497	-	-	112,153
112,334	106,374	Defined benefit retirement plan revaluation reserve	14	(4,693)	(4,792)	99	2.1	(4,577)
(3,886)	(3,322)	Veterans' disability entitlements reserve	14	(1,095)	(1,095)	-	-	(1,095)
(1,095)	-	Other reserves	14	(254)	(5)	(249)	-	(125)
(187)	(84)							
<b>110,320</b>	<b>139,965</b>	<b>Total net worth attributable to the Crown</b>		<b>109,773</b>	<b>99,984</b>	<b>9,789</b>	<b>9.8</b>	<b>83,881</b>
		Net worth attributable to minority interest	14	5,524	5,576	(52)	(0.9)	5,336
5,623	6,266							
<b>115,943</b>	<b>146,231</b>	<b>Total net worth</b>		<b>115,297</b>	<b>105,560</b>	<b>9,737</b>	<b>9.2</b>	<b>89,217</b>

1. Equity accounted investments include Universities and Wānanga and City Rail Link Limited.

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



# STATEMENT OF SEGMENTS

For the five months ended 30 November 2020

	Current Year Actual vs Forecast (Half Year 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	37,581	36,882	-	-	-	-	(287)	(304)	37,294	36,578
Other sovereign revenue	972	1,002	2,602	2,487	-	-	(760)	(760)	2,814	2,729
Revenue from core Crown funding	-	-	14,579	14,515	153	169	(14,732)	(14,684)	-	-
Sales of goods and services	603	545	1,353	1,138	5,559	5,545	(250)	(351)	7,265	6,877
Interest and dividend revenue	845	901	524	489	335	362	(548)	(504)	1,156	1,248
Other revenue	346	342	1,802	2,068	479	145	(1,286)	(1,277)	1,341	1,278
<b>Total Revenue (excluding gains)</b>	<b>40,347</b>	<b>39,672</b>	<b>20,860</b>	<b>20,697</b>	<b>6,526</b>	<b>6,221</b>	<b>(17,863)</b>	<b>(17,880)</b>	<b>49,870</b>	<b>48,710</b>
<b>Expenses</b>										
Transfer payments and subsidies	15,899	16,017	-	-	-	-	(442)	(466)	15,457	15,551
Personnel expenses	3,709	3,750	7,186	7,133	1,033	1,077	(18)	(14)	11,910	11,946
Other operating expenses	23,866	24,498	13,487	13,650	4,894	4,728	(16,617)	(16,464)	25,630	26,412
Interest expenses	926	951	75	72	276	284	(185)	(126)	1,092	1,181
Forecast new operating spending and top down adjustment	-	(270)	-	-	-	-	-	-	-	(270)
<b>Total Expenses (excluding losses)</b>	<b>44,400</b>	<b>44,946</b>	<b>20,748</b>	<b>20,855</b>	<b>6,203</b>	<b>6,089</b>	<b>(17,262)</b>	<b>(17,070)</b>	<b>54,089</b>	<b>54,820</b>
Gains/(losses) and other items	1,175	(988)	3,362	(2,298)	(141)	(107)	(20)	(330)	4,376	(3,723)
<b>Operating Balance (excluding minority interests)</b>	<b>(2,878)</b>	<b>(6,262)</b>	<b>3,474</b>	<b>(2,456)</b>	<b>182</b>	<b>25</b>	<b>(621)</b>	<b>(1,140)</b>	<b>157</b>	<b>(9,833)</b>
<b>Assets</b>										
Financial assets	119,540	110,297	64,778	62,934	30,970	30,617	(27,737)	(28,817)	187,551	175,031
Property, plant and equipment	45,016	45,119	103,957	104,226	39,803	39,543	1	-	188,777	188,888
Investments in associates, CEs and SOEs	52,666	52,639	12,521	12,520	490	362	(51,570)	(51,543)	14,107	13,978
Other assets	5,515	5,419	2,040	2,057	2,618	2,438	(340)	(276)	9,833	9,638
Forecast adjustments	-	(235)	-	-	-	-	-	-	-	(235)
<b>Total Assets</b>	<b>222,737</b>	<b>213,239</b>	<b>183,296</b>	<b>181,737</b>	<b>73,881</b>	<b>72,960</b>	<b>(79,646)</b>	<b>(80,636)</b>	<b>400,268</b>	<b>387,300</b>
<b>Liabilities</b>										
Borrowings	129,975	128,795	11,625	11,401	37,359	36,975	(19,448)	(20,373)	159,511	156,798
Other liabilities	49,301	44,412	77,332	81,904	8,115	7,524	(9,288)	(8,898)	125,460	124,942
<b>Total Liabilities</b>	<b>179,276</b>	<b>173,207</b>	<b>88,957</b>	<b>93,305</b>	<b>45,474</b>	<b>44,499</b>	<b>(28,736)</b>	<b>(29,271)</b>	<b>284,971</b>	<b>281,740</b>
<b>Net Worth</b>	<b>43,461</b>	<b>40,032</b>	<b>94,339</b>	<b>88,432</b>	<b>28,407</b>	<b>28,461</b>	<b>(50,910)</b>	<b>(51,365)</b>	<b>115,297</b>	<b>105,560</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>1,042</b>	<b>1,212</b>	<b>2,245</b>	<b>2,726</b>	<b>843</b>	<b>826</b>	<b>1</b>	<b>-</b>	<b>4,131</b>	<b>4,764</b>

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

# STATEMENT OF BORROWINGS

As at 30 November 2020

As at 30 June 2020 Actual \$m	As at 30 Nov 2019 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
64,363	62,390	Government bonds	72,981	72,252	(729)	(1.0)	60,771
23,027	7,012	Settlement deposits with Reserve Bank	22,204	24,574	2,370	9.6	62,619
5,567	5,351	Derivatives in loss	5,149	5,019	(130)	(2.6)	4,906
11,269	2,387	Treasury bills	8,251	7,720	(531)	(6.9)	7,365
1,495	1,456	Finance lease liabilities	1,385	1,141	(244)	(21.4)	1,282
242	167	Government retail stock	217	241	24	10.0	241
46,754	40,888	Other borrowings	49,324	45,851	(3,473)	(7.6)	49,438
<b>152,717</b>	<b>119,651</b>	<b>Total borrowings</b>	<b>159,511</b>	<b>156,798</b>	<b>(2,713)</b>	<b>(1.7)</b>	<b>186,622</b>
109,547	80,527	Sovereign-guaranteed debt	115,463	115,860	397	0.3	139,562
43,170	39,124	Non sovereign-guaranteed debt	44,048	40,938	(3,110)	(7.6)	47,060
<b>152,717</b>	<b>119,651</b>	<b>Total borrowings</b>	<b>159,511</b>	<b>156,798</b>	<b>(2,713)</b>	<b>(1.7)</b>	<b>186,622</b>
		<b>Net Debt:</b>					
126,820	97,689	Core Crown borrowings <sup>1</sup>	131,706	128,799	(2,907)	(2.3)	153,297
(2,675)	(1,715)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(3,974)	(1,772)	2,202	124.3	(284)
<b>124,145</b>	<b>95,974</b>	<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>127,732</b>	<b>127,027</b>	<b>(705)</b>	<b>(0.6)</b>	<b>153,013</b>
102,169	94,515	Less core Crown financial assets <sup>3</sup>	99,493	90,360	9,133	10.1	98,802
<b>21,976</b>	<b>1,459</b>	<b>Net core Crown debt (incl NZS Fund)<sup>4</sup></b>	<b>28,239</b>	<b>36,667</b>	<b>8,428</b>	<b>23.0</b>	<b>54,211</b>
46,843	46,628	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>5</sup>	55,846	48,171	(7,675)	(15.9)	49,955
<b>68,819</b>	<b>48,087</b>	<b>Net core Crown debt (excl NZS Fund)</b>	<b>84,085</b>	<b>84,838</b>	<b>753</b>	<b>7.1</b>	<b>104,166</b>
14,556	13,629	Add back core Crown advances	14,879	14,986	107	0.7	24,483
<b>83,375</b>	<b>61,716</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>6</sup></b>	<b>98,964</b>	<b>99,824</b>	<b>860</b>	<b>7.8</b>	<b>128,649</b>
		<b>Gross Debt:</b>					
124,145	95,974	Gross sovereign-issued debt <sup>2</sup>	127,732	127,027	(705)	(0.6)	153,013
(23,488)	(8,183)	Less Reserve Bank settlement cash and Reserve Bank bills	(22,648)	(25,131)	(2,483)	(9.9)	(62,944)
1,600	1,600	Add back changes to government borrowing due to settlement cash <sup>7</sup>	1,600	1,600	-	-	1,600
<b>102,257</b>	<b>89,391</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>106,684</b>	<b>103,496</b>	<b>(3,188)</b>	<b>(3.1)</b>	<b>91,669</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 other entities included in the Government reporting entity.
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 2020

	As at 30 Nov 2020 \$m	As at 30 Jun 2020 \$m	As at 30 Nov 2019 \$m
<b>Capital Commitments</b>			
State highways	4,788	4,788	4,436
Specialist military equipment	2,455	2,677	1,784
Land and buildings	5,333	5,395	5,281
Other property, plant and equipment	3,840	3,833	1,997
Other capital commitments	1,784	1,694	1,623
Universities and Wānanga	400	400	595
<b>Total capital commitments</b>	<b>18,600</b>	<b>18,787</b>	<b>15,716</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,152	5,095	4,642
Other non-cancellable leases	3,859	3,969	3,421
Universities and Wānanga	1,084	1,084	936
<b>Total operating commitments</b>	<b>10,095</b>	<b>10,148</b>	<b>8,999</b>
<b>Total commitments</b>	<b>28,695</b>	<b>28,935</b>	<b>24,715</b>
<b>Total Commitments by Segment</b>			
Core Crown	13,974	14,484	11,238
Crown entities	9,745	9,690	9,179
State-owned Enterprises	6,538	6,646	4,477
Inter-segment eliminations	(1,562)	(1,885)	(179)
<b>Total commitments</b>	<b>28,695</b>	<b>28,935</b>	<b>24,715</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 November 2020

	As at 30 Nov 2020 \$m	As at 30 Jun 2020 \$m	As at 30 Nov 2019 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,036	8,384	8,467
Guarantees and indemnities	313	263	184
Legal proceedings and disputes	461	491	704
Other contingent liabilities	561	485	587
<b>Total quantifiable contingent liabilities</b>	<b>9,371</b>	<b>9,623</b>	<b>9,942</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,256	9,453	9,393
Crown entities	154	89	387
State-owned Enterprises	185	210	263
Inter-segment eliminations	(224)	(129)	(101)
<b>Total quantifiable contingent liabilities</b>	<b>9,371</b>	<b>9,623</b>	<b>9,942</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	20	17	67
Crown entities	28	28	-
State-owned Enterprises	-	-	2
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>48</b>	<b>45</b>	<b>69</b>

A list of unquantifiable contingent liabilities is included on the Treasury's website <https://www.treasury.govt.nz/publications/year-end/financial-statements-2020>. These can be found in Note 26: 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 Universities and Wānanga)
- 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 54 to 57 of the *Financial Statements of Government of New Zealand for the year ended 30 June 2020* published on 24 November 2020.

The figures presented in these financial statements for 30 June 2020 are audited. All other figures are unaudited.

### Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards) – Tier 1, as set out in PBE IAS 34: *Interim Financial Reporting*. The Government reporting entity is a public benefit entity. Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

The measurement base applied is historic cost modified by the revaluation of certain assets and liabilities, and prepared on an accrual basis, unless otherwise specified (for example, the Statement of Cash Flows).

These financial statements have been prepared on a going concern basis.

### Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site: <https://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 2021, based on the *Half Year Economic and Fiscal Update 2020 (HYEFU)*, published on 16 December 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 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2020* published on 24 November 2020.

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2020	5 months to 30 Nov 2019		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation Revenue</b>							
<b>Individuals</b>							
34,963	14,742	Source deductions	15,321	15,307	14	0.1	36,258
7,128	2,666	Other persons	2,997	3,020	(23)	(0.8)	7,525
(1,887)	(662)	Refunds	(675)	(701)	26	3.7	(2,041)
593	234	Fringe benefit tax	227	237	(10)	(4.2)	606
<b>40,797</b>	<b>16,980</b>	<b>Total individuals</b>	<b>17,870</b>	<b>17,863</b>	<b>7</b>	<b>-</b>	<b>42,348</b>
<b>Corporate Tax</b>							
11,958	4,438	Gross companies tax	4,839	4,482	357	8.0	12,591
(424)	(85)	Refunds	(106)	(106)	-	-	(309)
570	220	Non-resident withholding tax	171	166	5	3.0	435
<b>12,104</b>	<b>4,573</b>	<b>Total corporate tax</b>	<b>4,904</b>	<b>4,542</b>	<b>362</b>	<b>8.0</b>	<b>12,717</b>
<b>Other Direct Income Tax</b>							
1,529	637	Resident w/holding tax on interest income	465	449	16	3.6	1,103
828	298	Resident w/holding tax on dividend income	342	327	15	4.6	801
<b>2,357</b>	<b>935</b>	<b>Total other direct income tax</b>	<b>807</b>	<b>776</b>	<b>31</b>	<b>4.0</b>	<b>1,904</b>
<b>55,258</b>	<b>22,488</b>	<b>Total income tax</b>	<b>23,581</b>	<b>23,181</b>	<b>400</b>	<b>1.7</b>	<b>56,969</b>
<b>Goods and Services Tax</b>							
35,861	15,598	Gross goods and services tax	16,114	15,731	383	2.4	37,104
(14,112)	(6,008)	Refunds	(5,583)	(5,552)	(31)	(0.6)	(13,873)
<b>21,749</b>	<b>9,590</b>	<b>Total goods and services tax</b>	<b>10,531</b>	<b>10,179</b>	<b>352</b>	<b>3.5</b>	<b>23,231</b>
<b>Other Indirect Taxation</b>							
1,877	842	Petroleum fuels excise and duty <sup>1</sup>	905	859	46	5.4	1,971
2,168	963	Tobacco excise and duty <sup>1</sup>	611	716	(105)	(14.7)	1,994
1,716	751	Road user charges	790	776	14	1.8	1,810
1,064	489	Alcohol excise and duty <sup>1</sup>	589	572	17	3.0	1,191
164	84	Other customs duty	68	69	(1)	(1.4)	164
525	222	Miscellaneous indirect tax	219	226	(7)	(3.1)	544
<b>7,514</b>	<b>3,351</b>	<b>Total other indirect taxation</b>	<b>3,182</b>	<b>3,218</b>	<b>(36)</b>	<b>(1.1)</b>	<b>7,674</b>
<b>29,263</b>	<b>12,941</b>	<b>Total indirect taxation</b>	<b>13,713</b>	<b>13,397</b>	<b>316</b>	<b>2.4</b>	<b>30,905</b>
<b>84,521</b>	<b>35,429</b>	<b>Total taxation revenue</b>	<b>37,294</b>	<b>36,578</b>	<b>716</b>	<b>2.0</b>	<b>87,874</b>
<b>Other Sovereign Revenue</b>							
3,032	1,251	ACC levies	1,352	1,227	125	10.2	2,973
1,043	417	Emissions trading revenue	581	601	(20)	(3.3)	1,370
596	248	Fire Service levies	249	256	(7)	(2.7)	586
446	173	EQC levies	215	214	1	0.5	515
254	104	Child support and working for families penalties	100	101	(1)	(1.0)	232
134	57	Court fines	56	57	(1)	(1.8)	115
764	389	Other miscellaneous items	261	273	(12)	(4.4)	637
<b>6,269</b>	<b>2,639</b>	<b>Total other sovereign revenue</b>	<b>2,814</b>	<b>2,729</b>	<b>85</b>	<b>3.1</b>	<b>6,428</b>
<b>90,790</b>	<b>38,068</b>	<b>Total sovereign revenue</b>	<b>40,108</b>	<b>39,307</b>	<b>801</b>	<b>2.0</b>	<b>94,302</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 to 30 June 2020 Actual \$m	5 months to 30 Nov 2019 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
2,300	1,010	Interest revenue	833	863	(30)	(3.5)	2,032
906	420	Dividends	323	385	(62)	(16.1)	959
<b>3,206</b>	<b>1,430</b>	<b>Total interest revenue and dividends</b>	<b>1,156</b>	<b>1,248</b>	<b>(92)</b>	<b>(7.4)</b>	<b>2,991</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
15,521	6,374	New Zealand superannuation	6,814	6,811	(3)	-	16,490
12,095	-	Wage Subsidy Scheme	1,262	1,306	44	3.4	1,392
2,189	885	Family tax credit	860	882	22	2.5	2,147
2,285	834	Jobseeker support and emergency benefit	1,310	1,305	(5)	(0.4)	3,355
1,923	753	Accommodation assistance	942	942	-	-	2,354
1,650	664	Supported living payment	757	757	-	-	1,806
1,231	484	Sole parent support	596	597	1	0.2	1,507
893	393	KiwiSaver subsidies	385	385	-	-	924
736	158	Official development assistance	186	207	21	10.1	825
641	252	Other working for families tax credits	227	235	8	3.4	641
567	294	Student allowances	297	302	5	1.7	604
669	276	Winter energy payment	609	609	-	-	820
395	164	Disability allowances	169	169	-	-	407
418	150	Hardship assistance	202	200	(2)	(1.0)	532
248	99	Orphan's/unsupported child's benefit	117	117	-	-	294
184	61	Best start	99	106	7	6.6	336
63	36	Income related rent subsidy	30	7	(23)	(328.6)	55
899	427	Other social assistance benefits	595	614	19	3.1	1,373
<b>42,607</b>	<b>12,304</b>	<b>Total transfer payments and subsidies</b>	<b>15,457</b>	<b>15,551</b>	<b>94</b>	<b>0.6</b>	<b>35,862</b>
<b>NOTE 5: Finance Costs</b>							
3,499	1,456	Interest on financial liabilities	1,054	1,135	81	7.1	2,489
255	89	Interest unwind on provisions and other interest	38	46	8	17.4	124
<b>3,754</b>	<b>1,545</b>	<b>Total finance costs</b>	<b>1,092</b>	<b>1,181</b>	<b>89</b>	<b>7.5</b>	<b>2,613</b>
<b>NOTE 6: Insurance Expenses</b>							
6,246	1,913	ACC	1,050	1,946	896	46.0	6,529
614	(63)	EQC	(9)	(5)	4	80.0	43
27	(20)	Southern Response	(5)	(5)	-	-	(12)
16	6	Other insurance expenses	920	9	(911)	-	20
<b>6,903</b>	<b>1,836</b>	<b>Total insurance expenses</b>	<b>1,956</b>	<b>1,945</b>	<b>(11)</b>	<b>(0.6)</b>	<b>6,580</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 2020 and previous Budgets that has yet to be allocated to appropriations for departments.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Nov 2019 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-Financial Instruments</b>							
(5,974)	(2,580)	Actuarial gains/(losses) on ACC liability	910	(4,152)	5,062	121.9	(4,268)
(1,097)	(195)	Gains/(losses) on the Emissions Trading Scheme	(444)	(358)	(86)	(24.0)	(348)
(301)	(82)	Other	(46)	(23)	(23)	(100.0)	(81)
<b>(7,372)</b>	<b>(2,857)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>420</b>	<b>(4,533)</b>	<b>4,953</b>	<b>109.3</b>	<b>(4,697)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
21,927	19,227	Cash and cash equivalents	14,535	14,663	(128)	(0.9)	15,576
14,290	15,585	Tax receivables	15,786	15,401	385	2.5	14,989
10,453	8,422	Other receivables	10,005	9,565	440	4.6	11,130
10,395	10,539	Student loans	10,175	10,178	(3)	-	10,903
22,189	21,162	Kiwibank mortgages	23,435	22,889	546	2.4	23,860
5,443	5,081	Long-term deposits	4,841	4,668	173	3.7	3,644
2,538	2,430	IMF financial assets	2,452	2,571	(119)	(4.6)	2,571
5,045	2,329	Other advances	5,842	6,571	(729)	(11.1)	14,989
33,791	42,570	Share investments	40,181	36,575	3,606	9.9	39,796
4,220	3,881	Investments in controlled enterprises	4,216	4,344	(128)	(2.9)	4,798
7,166	4,608	Derivatives in gain	8,030	5,804	2,226	38.4	5,310
45,858	36,354	Other marketable securities	48,053	41,802	6,251	15.0	39,250
<b>183,315</b>	<b>172,188</b>	<b>Total financial assets and sovereign receivables</b>	<b>187,551</b>	<b>175,031</b>	<b>12,520</b>	<b>7.2</b>	<b>186,816</b>
<b>Financial Assets by Entity</b>							
35,474	21,161	The Treasury	50,809	49,339	1,470	3.0	36,418
37,759	20,657	Reserve Bank of New Zealand	37,871	42,936	(5,065)	(11.8)	72,201
48,323	47,477	NZ Superannuation Fund	57,652	50,163	7,489	14.9	53,762
28,781	34,128	Other core Crown	29,560	28,447	1,113	3.9	27,833
(30,068)	(10,218)	Intra-segment eliminations	(56,352)	(60,588)	4,236	7.0	(71,467)
<b>120,269</b>	<b>113,205</b>	<b>Total core Crown segment</b>	<b>119,540</b>	<b>110,297</b>	<b>9,243</b>	<b>8.4</b>	<b>118,747</b>
51,135	49,642	ACC	52,819	51,868	951	1.8	53,538
808	804	EQC	692	676	16	2.4	211
15,899	10,950	Other Crown entities	14,083	13,120	963	7.3	12,623
(4,603)	(2,591)	Intra-segment eliminations	(2,816)	(2,730)	(86)	(3.2)	(2,617)
<b>63,239</b>	<b>58,805</b>	<b>Total Crown entities segment</b>	<b>64,778</b>	<b>62,934</b>	<b>1,844</b>	<b>2.9</b>	<b>63,755</b>
<b>30,005</b>	<b>28,826</b>	<b>Total State-owned Enterprises segment</b>	<b>30,970</b>	<b>30,617</b>	<b>353</b>	<b>1.2</b>	<b>31,400</b>
(30,198)	(28,648)	Inter-segment eliminations	(27,737)	(28,817)	1,080	3.7	(27,086)
<b>183,315</b>	<b>172,188</b>	<b>Total financial assets and sovereign receivables</b>	<b>187,551</b>	<b>175,031</b>	<b>12,520</b>	<b>7.2</b>	<b>186,816</b>



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Nov 2019 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>2</sup></b>							
<b>By class of asset:</b>							
57,835	54,886	Land	58,041	57,871	170	0.3	58,244
45,054	41,447	Buildings	46,014	46,129	(115)	(0.2)	50,006
39,410	37,787	State highways	40,028	40,198	(170)	(0.4)	41,287
17,091	17,094	Electricity generation assets	16,991	17,149	(158)	(0.9)	17,020
4,291	4,218	Electricity distribution network (cost)	4,267	4,630	(363)	(7.8)	4,161
3,339	3,376	Specialist military equipment	3,385	3,395	(10)	(0.3)	3,633
3,025	3,154	Specified cultural and heritage assets	3,077	3,075	2	0.1	3,002
3,794	5,232	Aircraft (excl military)	3,819	3,803	16	0.4	3,903
6,872	6,528	Rail network	6,961	6,918	43	0.6	7,073
5,791	5,396	Other plant and equipment (cost)	6,194	5,720	474	8.3	6,458
<b>186,502</b>	<b>179,118</b>	<b>Total net carrying value</b>	<b>188,777</b>	<b>188,888</b>	<b>(111)</b>	<b>(0.1)</b>	<b>194,787</b>
<b>Land breakdown by usage</b>							
19,910	19,003	Housing stock	19,972	19,908	64	0.3	19,912
14,724	13,747	State highway corridor land	14,715	14,724	(9)	(0.1)	14,692
6,741	6,616	Conservation estate	6,716	6,716	-	-	6,719
3,779	3,519	Rail network corridor land	3,787	3,788	(1)	-	3,810
6,055	5,764	Schools	6,037	6,049	(12)	(0.2)	6,131
1,146	1,233	Commercial (SOE) excluding rail	1,307	1,237	70	5.7	1,307
5,480	5,004	Other	5,507	5,449	58	1.1	5,673
<b>57,835</b>	<b>54,886</b>	<b>Total land</b>	<b>58,041</b>	<b>57,871</b>	<b>170</b>	<b>0.3</b>	<b>58,244</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
192,808	192,808	Opening balance	205,689	205,689	-	-	205,689
9,568	4,002	Additions	4,733	4,848	(115)	(2.4)	14,176
(1,202)	(452)	Disposals	(251)	(108)	(143)	(132.4)	(473)
2,477	24	Net revaluations	2	-	2	-	-
2,038	(53)	Other <sup>3</sup>	(16)	23	(39)	(169.6)	(48)
<b>205,689</b>	<b>196,329</b>	<b>Total cost or valuation</b>	<b>210,157</b>	<b>210,452</b>	<b>(295)</b>	<b>(0.1)</b>	<b>219,344</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
15,189	15,183	Opening balance	19,187	19,187	-	-	19,187
(686)	(140)	Eliminated on disposal	(113)	(24)	(89)	(370.8)	(198)
(2,086)	3	Eliminated on revaluation	-	-	-	-	-
1,193	-	Impairment losses charged to operating balance	-	-	-	-	-
5,294	2,148	Depreciation expense and impairment losses	2,306	2,389	(83)	(3.5)	5,635
283	17	Other <sup>3</sup>	-	12	(12)	(100.0)	(67)
<b>19,187</b>	<b>17,211</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>21,380</b>	<b>21,564</b>	<b>(184)</b>	<b>(0.9)</b>	<b>24,557</b>
<b>186,502</b>	<b>179,118</b>	<b>Total property, plant and equipment</b>	<b>188,777</b>	<b>188,888</b>	<b>(111)</b>	<b>(0.1)</b>	<b>194,787</b>

2. Using a revaluation methodology unless otherwise stated.

3. The 30 June 2020 balances 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 2020 \$m	As at 30 Nov 2019 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
11,928	9,723	Accounts payable	14,449	10,157	(4,292)	(42.3)	11,027
5,043	5,258	Taxes repayable	4,644	4,460	(184)	(4.1)	5,058
<b>16,971</b>	<b>14,981</b>	<b>Total payables</b>	<b>19,093</b>	<b>14,617</b>	<b>(4,476)</b>	<b>(30.6)</b>	<b>16,085</b>
<b>NOTE 12: Insurance Liabilities</b>							
64,946	58,419	ACC liability <sup>4</sup>	63,198	68,273	5,075	7.4	71,576
1,528	1,081	EQC property damage liability	1,253	1,238	(15)	(1.2)	578
168	93	Southern Response	100	100	-	-	100
48	46	Other insurance liabilities	48	37	(11)	(29.7)	50
<b>66,690</b>	<b>59,639</b>	<b>Total insurance liabilities</b>	<b>64,599</b>	<b>69,648</b>	<b>5,049</b>	<b>7.2</b>	<b>72,304</b>
<b>NOTE 13: Provisions</b>							
5,535	4,783	Provision for employee entitlements	5,803	5,458	(345)	(6.3)	5,429
3,483	-	Veterans Disability Entitlements	3,458	3,455	(3)	(0.1)	3,517
3,804	2,895	Provision for ETS Credits <sup>5</sup>	4,020	3,907	(113)	(2.9)	3,912
857	852	Provision for National Provident Fund guarantee	820	825	5	0.6	800
2,805	1,935	Other provisions	2,598	2,376	(222)	(9.3)	2,575
<b>16,484</b>	<b>10,465</b>	<b>Total provisions</b>	<b>16,699</b>	<b>16,021</b>	<b>(678)</b>	<b>(4.2)</b>	<b>16,233</b>
<b>NOTE 14: Changes in Net Worth</b>							
3,154	36,997	Taxpayers' funds	3,318	(6,621)	9,939	150.1	(22,475)
112,334	106,374	Property, plant and equipment revaluation reserve	112,497	112,497	-	-	112,153
(3,886)	(3,322)	Defined benefit retirement plan revaluation reserve	(4,693)	(4,792)	99	2.1	(4,577)
(1,095)	-	Veterans' disability entitlements reserve	(1,095)	(1,095)	-	-	(1,095)
5,623	6,266	Net worth attributable to minority interests	5,524	5,576	(52)	(0.9)	5,336
(187)	(84)	Other reserves	(254)	(5)	(249)	-	(125)
<b>115,943</b>	<b>146,231</b>	<b>Total net worth</b>	<b>115,297</b>	<b>105,560</b>	<b>9,737</b>	<b>9.2</b>	<b>89,217</b>
33,966	36,015	Opening taxpayers funds	3,154	3,154	-	-	3,154
(30,040)	881	Operating balance excluding minority interests	157	(9,833)	9,990	101.6	(25,639)
(772)	101	Transfers from/(to) other reserves	7	58	(51)	(87.9)	10
<b>3,154</b>	<b>36,997</b>	<b>Closing taxpayers funds</b>	<b>3,318</b>	<b>(6,621)</b>	<b>9,939</b>	<b>150.1</b>	<b>(22,475)</b>
106,495	106,495	Opening property, plant and equipment revaluation reserve	112,334	112,334	-	-	112,334
5,233	(62)	Net revaluations	172	185	(13)	(7.0)	(166)
606	(59)	Transfers from/(to) other reserves	(9)	(22)	13	59.1	(15)
<b>112,334</b>	<b>106,374</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>112,497</b>	<b>112,497</b>	<b>-</b>	<b>-</b>	<b>112,153</b>
6,390	6,390	Opening net worth attributable to minority interests	5,623	5,623	-	-	5,623
(767)	(124)	Net movements	(99)	(47)	(52)	(110.6)	(287)
<b>5,623</b>	<b>6,266</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,524</b>	<b>5,576</b>	<b>(52)</b>	<b>(0.9)</b>	<b>5,336</b>
(113)	(113)	Opening other reserves	(187)	(187)	-	-	(187)
(74)	29	Net movements	(67)	182	(249)	(136.8)	62
<b>(187)</b>	<b>(84)</b>	<b>Closing other reserves</b>	<b>(254)</b>	<b>(5)</b>	<b>(249)</b>	<b>-</b>	<b>(125)</b>

4. The most recent ACC valuation was as at 30 June 2020, updated monthly for changes to discount rates.

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

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2020

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

Year to 30 June 2020	5 months to 30 Nov 2019		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
116,003	49,536	Total revenue	49,870	48,710	1,160	2.4	116,624
138,916	49,246	Less total expenses	54,089	54,820	(731)	(1.3)	138,040
(8,722)	710	Total gains/(losses)	4,844	(3,282)	8,126	247.6	(3,293)
402	(163)	Minority interests share of operating balance	(125)	(98)	(27)	(27.6)	(128)
1,193	44	Net surplus from associates and joint ventures	(343)	(343)	-	-	(802)
<b>(30,040)</b>	<b>881</b>	<b>Operating balance</b>	<b>157</b>	<b>(9,833)</b>	<b>9,990</b>	<b>101.6</b>	<b>(25,639)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>(30,040)</b>	<b>881</b>	<b>Operating balance</b>	<b>157</b>	<b>(9,833)</b>	<b>9,990</b>	<b>101.6</b>	<b>(25,639)</b>
		Less:					
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,586)	(3,601)	15	0.4	(5,840)
1,908	3,567	Net gains/(losses) on financial instruments	8,010	4,852	3,158	65.1	7,244
(7,372)	(2,857)	Net gains/(losses) on non-financial instruments	420	(4,533)	4,953	109.3	(4,697)
546	(2)	Minority interests share of total gains/(losses)	(8)	11	(19)	(172.7)	32
1,193	44	Net surplus from associates and joint ventures	(343)	(343)	-	-	(802)
<b>(23,057)</b>	<b>129</b>	<b>OBEGAL</b>	<b>(4,336)</b>	<b>(6,219)</b>	<b>1,883</b>	<b>30.3</b>	<b>(21,576)</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2020

## Expenses by Functional Classification

Year to 30 June 2020 Actual \$m	5 months to 30 Nov 2019 Actual \$m	Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>							
49,900	14,742		18,526	18,240	(286)	(1.6)	44,375
20,469	8,339		9,374	9,363	(11)	(0.1)	23,594
17,581	6,914		7,096	7,224	128	1.8	17,390
5,869	1,607		1,842	2,145	303	14.1	5,020
5,304	2,220		2,140	2,255	115	5.1	5,781
12,962	4,717		3,786	4,114	328	8.0	11,953
11,246	4,321		4,924	4,681	(243)	(5.2)	10,879
2,482	994		1,023	1,041	18	1.7	2,744
2,904	1,243		1,443	1,334	(109)	(8.2)	3,260
2,430	981		999	1,211	212	17.5	2,954
2,393	1,060		1,130	1,569	439	28.0	3,765
1,472	480		613	612	(1)	(0.2)	1,806
87	38		37	43	6	14.0	106
63	45		58	77	19	24.7	740
3,754	1,545		1,098	1,181	83	7.0	2,613
-	-	7	-	-	-	-	5,260
-	-	7	-	(270)	(270)	(100.0)	(4,200)
<b>138,916</b>	<b>49,246</b>		<b>54,089</b>	<b>54,820</b>	<b>731</b>	<b>1.3</b>	<b>138,040</b>

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

Year to 30 June 2020 Actual \$m	5 months to 30 Nov 2019 Actual \$m	Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>							
44,028	12,870		16,193	16,401	208	1.3	38,100
19,891	8,133		9,499	9,511	12	0.1	24,010
16,322	6,340		6,241	6,321	80	1.3	15,983
6,083	1,766		2,109	2,206	97	4.4	6,280
4,911	2,088		2,071	2,180	109	5.0	5,432
3,179	1,116		1,778	1,766	(12)	(0.7)	6,107
3,988	1,401		1,849	1,996	147	7.4	4,644
2,499	997		1,034	1,049	15	1.4	2,760
1,106	469		687	691	4	0.6	1,646
961	391		360	443	83	18.7	1,305
1,015	448		952	981	29	3.0	2,290
1,485	485		614	613	(1)	(0.2)	1,815
73	32		29	30	1	3.3	74
63	45		58	77	19	24.7	740
3,228	1,320		926	951	25	2.6	1,986
-	-	7	-	-	-	-	5,260
-	-	7	-	(270)	(270)	(100.0)	(4,200)
<b>108,832</b>	<b>37,901</b>		<b>44,400</b>	<b>44,946</b>	<b>546</b>	<b>1.2</b>	<b>114,232</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2020

## Core Crown Residual Cash

Year to 30 June 2020 \$m	5 months to 30 Nov 2019 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown Cash Flows from Operations</b>							
84,310	34,820	Tax receipts	36,447	35,812	635	1.8	87,149
1,226	472	Other sovereign receipts	335	364	(29)	(8.0)	1,215
428	189	Interest receipts	82	101	(19)	(18.8)	224
3,243	1,458	Sale of goods & services and other receipts	1,174	1,154	20	1.7	3,083
(43,916)	(13,613)	Transfer payments and subsidies	(16,655)	(16,740)	85	0.5	(38,552)
(56,583)	(24,016)	Personnel and operating costs	(27,292)	(27,916)	624	2.2	(69,074)
(3,016)	(1,390)	Interest payments	(1,253)	(1,360)	107	7.9	(2,906)
-	-	Forecast for future new operating spending	-	-	-	-	(5,260)
-	-	Top-down expense adjustment	-	270	(270)	(100.0)	4,200
<b>(14,308)</b>	<b>(2,080)</b>	<b>Net core Crown operating cash flows</b>	<b>(7,162)</b>	<b>(8,315)</b>	<b>1,153</b>	<b>13.9</b>	<b>(19,921)</b>
(2,955)	(1,051)	Net purchase of physical assets	(1,190)	(1,410)	220	15.6	(3,633)
(1,798)	225	Net increase in advances	(540)	(685)	145	21.2	(9,775)
(3,171)	(1,142)	Net purchase of investments	(2,100)	(2,266)	166	7.3	(5,226)
(1,460)	(608)	Contributions to New Zealand superannuation fund	(883)	(883)	-	-	(2,120)
-	-	Forecast for future new capital spending	-	-	-	-	(1,852)
-	-	Top-down capital adjustment	-	235	(235)	(100.0)	2,350
<b>(9,384)</b>	<b>(2,576)</b>	<b>Net core Crown capital cash flows</b>	<b>(4,713)</b>	<b>(5,009)</b>	<b>296</b>	<b>5.9</b>	<b>(20,256)</b>
<b>(23,692)</b>	<b>(4,656)</b>	<b>Residual cash surplus / (deficit)</b>	<b>(11,875)</b>	<b>(13,324)</b>	<b>1,449</b>	<b>10.9</b>	<b>(40,177)</b>
<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>							
<b>Debt Programme Cash Flows</b>							
Market:							
31,951	5,946	Issue of government bonds	30,718	31,415	(697)	(2.2)	49,760
(5,380)	-	Repayment of government bonds	-	-	-	-	(11,059)
8,415	(1,075)	Net issue/(repayment) of short-term borrowing <sup>6</sup>	(3,405)	(4,599)	1,194	26.0	(5,211)
<b>34,986</b>	<b>4,871</b>	<b>Total debt programme cash flows</b>	<b>27,313</b>	<b>26,816</b>	<b>497</b>	<b>1.9</b>	<b>33,490</b>
<b>Other Borrowing Cash Flows</b>							
15,928	(808)	Net (repayment)/issue of other New Zealand dollar borrowing	(28,851)	(23,928)	(4,923)	(20.6)	35,974
1,121	816	Net (repayment)/issue of foreign currency borrowing	1,517	1,588	(71)	(4.4)	(2,062)
<b>17,049</b>	<b>8</b>	<b>Total other borrowing cash flows</b>	<b>(27,334)</b>	<b>(22,340)</b>	<b>(4,994)</b>	<b>(25.0)</b>	<b>33,912</b>
<b>Investing Cash Flows</b>							
(33,884)	(3,323)	Other net sale/(purchase) of marketable securities and deposits	3,914	2,183	1,731	79.3	(33,791)
1,209	356	Issues of circulating currency	179	78	101	129.5	8
4,332	2,744	Decrease/(increase) in cash	7,803	6,587	1,216	18.5	6,558
<b>(28,343)</b>	<b>(223)</b>	<b>Total investing cash flows</b>	<b>11,896</b>	<b>8,848</b>	<b>3,048</b>	<b>34.4</b>	<b>(27,225)</b>
<b>23,692</b>	<b>4,656</b>	<b>Residual cash deficit / (surplus) funding</b>	<b>11,875</b>	<b>13,324</b>	<b>(1,449)</b>	<b>(10.9)</b>	<b>40,177</b>

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

## FISCAL INDICATOR ANALYSIS

### Reconciliation between the Financial Statements and the Key Fiscal Indicators

Financial Results	30 Nov 2020 Actual \$m	30 Nov 2020 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue ...	37,581	36,882	699	1.9	88,346
... combined with other core Crown revenue ...	2,766	2,790	(24)	(0.9)	6,647
... funds core Crown expenses ...	(44,400)	(44,946)	546	1.2	(114,232)
... and with SOE and CE revenues and expenses ...	(283)	(945)	662	70.1	(2,337)
... results in an <b>OBEGAL</b> ...	(4,336)	(6,219)	1,883	30.3	(21,576)
... with gains/losses and NZS Fund results and non-cash items	(2,826)	(2,096)	(730)	(34.8)	1,655
This leads to an operating residual cash surplus/(deficit) ...	<b>(7,162)</b>	<b>(8,315)</b>	<b>1,153</b>	<b>13.9</b>	<b>(19,921)</b>
... to use for capital expenditure ...	(4,713)	(5,009)	296	5.9	(20,256)
results in a <b>residual cash surplus/(deficit)</b> ...	<b>(11,875)</b>	<b>(13,324)</b>	<b>1,449</b>	<b>10.9</b>	<b>(40,177)</b>
... when combined with opening net core Crown debt ...	83,375	83,375	-	-	83,375
... and other fair value movements in financial assets and financial liabilities ...	3,714	3,125	(589)	(18.8)	5,097
... results in a closing <b>net core Crown debt</b> ...	<b>98,964</b>	<b>99,824</b>	<b>860</b>	<b>0.9</b>	<b>128,649</b>
... which is % of GDP	<b>30.9%</b>	<b>31.1%</b>	<b>0.3%</b>	<b>0.9</b>	<b>39.7%</b>