

# Interim Financial Statements of the Government of New Zealand

For the Three Months Ended  
30 September 2021



Prepared by the Treasury  
29 October 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



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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 September 2021, and the financial results of operations and cash flows for the period ended on that date.

The September results are reported against forecasts based on the *Budget Economic and Fiscal Update 2021 (BEFU 2021)*, published on 20 May 2021.

### Comparison against forecast

The 30 September 2021 results factor in a stronger than expected starting position from the financial year 2020/21. The economy has continued to perform better than expected for the first quarter of the 2021/22 financial year, resulting in tax revenue being higher than forecast. However, the increase in COVID-19 Alert Levels triggered a number of government fiscal support measures which meant expenses were higher than forecast and more than offset the increased tax revenue. As a result, both the operating balance before gains and losses (OBEGAL) deficit and residual cash deficit were higher than forecast in the *2021 Budget Economic and Fiscal Update (BEFU 2021)*.

**Table 1** – Key indicators for the three months ended 30 September 2021 compared to *BEFU 2021*

	Year to date				Full Year
	September 2021	September 2021	Variance <sup>2</sup>	Variance	June 2022
	Actual <sup>1</sup>	BEFU 2021 Forecast <sup>1</sup>	BEFU 2021	BEFU 2021	BEFU 2021 Forecast <sup>3</sup>
	\$m	\$m	\$m	%	\$m
<b>Core Crown</b>					
Core Crown tax revenue	23,990	21,708	2,282	10.5	93,188
Core Crown revenue	25,930	23,329	2,601	11.1	99,778
Core Crown expenses	31,022	27,842	(3,180)	(11.4)	114,717
Core Crown residual cash	(9,926)	(8,559)	(1,367)	(16.0)	(39,232)
Net core Crown debt <sup>4</sup>	112,200	122,829	10,629	8.7	153,311
as a percentage of GDP	33.0%	36.2%			43.8%
Gross debt <sup>5</sup>	113,777	96,878	(16,899)	(17.4)	95,943
as a percentage of GDP	33.5%	28.5%			27.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(5,352)	(4,570)	(782)	(17.1)	(18,409)
Operating balance (excluding minority interests)	(11,556)	(4,029)	(7,527)	(186.8)	(15,648)
Total borrowings	179,429	181,149	1,720	0.9	215,234
Net worth attributable to the Crown	139,264	108,033	31,231	28.9	96,551
as a percentage of GDP	41.0%	31.8%			27.6%

1 Using the most recently published GDP (for the year ended 30 June 2021) of \$339,603 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 2021 forecast GDP for the year ending 30 June 2022 of \$349,742 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 three months to September 2021 was \$2.3 billion (10.5%) above the *BEFU 2021* forecast with the key variances being:

- Corporate tax revenue was \$1.0 billion (39.5%) above forecast, mainly owing to stronger than expected taxable profits through the 2021 income tax year. Terminal tax revenue for the 2021 tax year was \$0.4 billion above forecast followed by provisional tax revenue for the 2022 tax year being \$0.6 billion above forecast.
- Other individuals' tax revenue was \$0.6 billion (50.8%) above forecast, mainly owing to above-forecast provisional tax revenue. At this time of year, provisional tax revenue is largely based on uplift from the previous year, so this positive variance may not be representative of taxable income for the 2022 tax year.

- Source deductions revenue was \$0.5 billion (5.1%) above forecast, owing to a stronger than anticipated labour market. Statistics New Zealand's June 2021 quarterly labour force numbers showed further improved levels of employment and signs of increasing wage growth.
- GST revenue was \$0.2 billion (3.0%) above forecast, owing to stronger than expected consumption and residential investment. Statistics New Zealand's June quarter GDP numbers indicate strong growth in private consumption and residential investment. However, the September outturns will also include the effects of Alert Level four restrictions for all of New Zealand from 17 August 2021 and up to the end of the month.

**Core Crown expenses** at \$31.0 billion, were \$3.2 billion (11.4%) above forecast mainly owing to the resurgence of COVID-19 resulting in the shift in Alert Levels, which triggered a number of fiscal support measures. Wage subsidies for the three months to September 2021 were \$2.7 billion, \$2.6 billion above forecast and COVID-19 resurgence support payments were \$0.9 billion above forecast.

The **OBEGAL** deficit of \$5.4 billion was \$0.8 billion higher than the forecast deficit of \$4.6 billion. Core Crown tax revenue was \$2.3 billion, however this was more than offset by higher than forecast core Crown expenses of \$3.2 billion.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$11.6 billion deficit, and \$7.5 billion higher than the deficit forecast. The variance in gains and losses largely related to the following:

- ACC's outstanding claims liability increased resulting in valuation losses being \$3.0 billion higher than forecast. This variance was mostly a result of changes to the discount rates and inflation assumptions used to revalue this liability.
- An increase in carbon prices has resulted in a loss from the Emissions Trading Scheme of \$3.0 billion above forecast.
- Net losses on financial instruments were \$0.4 billion, \$1.2 billion below forecast, largely due to changes in market prices.

The **core Crown residual cash** deficit of \$9.9 billion was \$1.4 billion more than the deficit forecast. This was largely owing to increased COVID-19 Alert Levels resulting in transfer payments and subsidies payments to be \$3.4 billion higher than forecast. Tax receipts, being \$1.6 billion higher than expected partly offset the transfer payments and subsidies payments variance. In addition, ETS cash receipts were \$0.5 billion higher than forecast due to higher prices received from auctioning NZU, due to the increase in their market price. Net core Crown capital cash flows were close to forecast.

**Net core Crown debt** was \$112.2 billion (33.0% of GDP) at 30 September 2021, \$10.6 billion lower than forecast largely owing to the favourable variance from the 30 June 2021 results of \$11.6 billion which was partly reduced by the core Crown residual cash variance of \$1.4 billion, while the issue of circulating currency (\$0.3 billion above forecast) has improved the net core Crown debt position.

**Gross debt** at \$113.8 billion (33.5% of GDP), was \$16.9 billion higher than forecast. As the economic conditions have improved the Reserve Bank halted additional purchases under the Large-Scale Asset Purchases (LSAP) programme from 23 July 2021. As a result, the balance of government bonds held by third parties is now higher by around \$15.0 billion. The remaining variance is mainly due to an increase in borrowings to purchase Special Drawing Rights (SDRs) allocated by the International Monetary Fund (\$2.5 billion).

**Total assets** at \$445.1 billion were \$36.2 billion above forecast. This was primarily owing to increased opening balance of property plant and equipment being \$21.7 billion above forecast mainly due to 30 June 2021 revaluations. In addition, financial assets were \$14.1 billion above forecast. The variance was spread across several financial instruments reflecting charged market conditions.

**Total borrowings** at \$179.4 billion was close to forecast (0.9% or \$1.7 billion below forecast).

**Total liabilities** at \$300.0 billion were \$4.3 billion above forecast. This variance was largely owing to the ACC liability being \$4.5 billion above forecast and Provision for Emissions Trading Scheme credits being \$4.2 billion above forecast owing to the previously mentioned revaluation losses. The variance was partly offset by the decrease in retirement plan liabilities being \$1.7 billion below forecast and total borrowing variance discussed above.

**Net worth attributable to the Crown** at \$139.3 billion, was \$31.2 billion higher than forecast. Most of this variance relates to the 31 June 2021 results variance of \$39.9 billion partly offset by the operating balance variance discussed above.



## Comparison against the prior year actuals

**Table 2** – Key indicators for the three months ended 30 September 2021 compared to prior year actuals

	Year to date				Full Year
	September 2021 Actual <sup>1</sup> \$m	September 2020 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2020 \$m	Variance to 2020 %	June 2021 Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	23,990	22,048	1,942	8.8	97,983
Core Crown revenue	25,930	23,734	2,196	9.3	104,968
Core Crown expenses	31,022	26,983	(4,039)	(15.0)	107,764
Core Crown residual cash	(9,926)	(7,943)	(1,983)	(25.0)	(13,767)
Net core Crown debt <sup>5</sup>	112,200	94,037	(18,163)	(19.3)	102,080
as a percentage of GDP	33.0%	30.5%			30.1%
Gross debt <sup>6</sup>	113,777	107,647	(6,130)	(5.7)	102,435
as a percentage of GDP	33.5%	34.9%			30.2%
<b>Total Crown</b>					
Operating balance before gains and losses	(5,352)	(3,168)	(2,184)	(68.9)	(4,560)
Operating balance (excluding minority interests)	(11,556)	(6,776)	(4,780)	(70.5)	16,159
Total Borrowings	179,429	154,556	(24,873)	(16.1)	162,560
Net worth attributable to the Crown	139,264	103,329	35,935	34.8	151,469
as a percentage of GDP	41.0%	33.5%			44.6%

1 Using the most recently published GDP (for the year ended 30 June 2021) of \$339,603 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 30 June 2020) of \$308,276 million (Source: Stats NZ).

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

4 Using published GDP for the year ended 30 June 2021 of \$339,603 million (Source: Stats NZ).

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 three months to September 2021 was \$1.9 billion (8.8%) up on last year. The largest movements came from:

- Source deduction revenue was \$0.9 billion (9.3%) up on last year, mainly owing to growth in wages and employment.
- Corporate tax revenue was \$0.6 billion (21.2%) up on last year, mainly owing to an increase in taxable profits through the 2021 income tax year.
- Other individuals' tax revenue was \$0.4 billion (26.6%) up on last year, reflecting growth in taxable profits in the 2021 tax year.
- Growth in GST revenue was \$0.1 billion (1.6%) on the last year and was less significant than for other tax. The September 2020 quarter was a strong quarter for GST, as domestic consumption bounced back following a period of COVID-19 Alert Level restrictions. In contrast, the September 2021 quarter covered periods of various Alert Level restrictions around the country, which likely dampened domestic consumption.

**Core Crown expenses** at \$31.0 billion, were \$4.0 billion (15.0%) higher than the same time last year. The variance was largely related to wage subsidies (\$1.4 billion higher than last year), COVID-19 resurgence support payment of \$0.9 billion and increased expenses in health and education (\$0.7 billion and \$0.9 billion higher than last year).

The **core Crown residual cash** was a deficit of \$9.9 billion, \$2.0 billion higher compared to the deficit for September 2020. This was mainly related to advances provided within the Funding for Lending Programme (\$3.0 billion for the three months to September 2021) which were partly offset by lower investments and advances to Crown Regional Holdings Limited (formerly Provincial Growth Fund Limited) and lower investments into NZTA (\$0.5 billion and \$0.3 billion respectively lower compared to September 2020).

**Net core Crown debt** was \$18.2 billion higher than the same time last year and as a percentage of GDP has increased to 33.0% from 30.5%. This increase reflects accumulated cash deficits of \$15.8 billion since September 2020. The losses on LSAP programme accumulated from September 2020 to June 2021 contributed additional \$1.5 billion to this variance.

**Net worth attributable to the Crown** at \$139.3 billion (41.0% of GDP) was \$35.9 billion higher than as at 30 September 2020, largely reflecting an increase in the taxpayers' funds of \$11.6 billion and an increase in the property revaluation reserve of \$21.4 billion. The decrease in the valuations of defined benefit retirement plan added \$2.3 billion to the variance.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the three months ended 30 September 2021

Year to 30 June 2021	3 months to 30 Sep 2020		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
97,362	21,836	Taxation revenue	2	23,923	21,598	2,325	10.8	92,674
7,038	1,626	Other sovereign revenue	2	1,978	1,700	278	16.4	6,895
<b>104,400</b>	<b>23,462</b>	<b>Total revenue levied through the Crown's Sovereign Power</b>		<b>25,901</b>	<b>23,298</b>	<b>2,603</b>	<b>11.2</b>	<b>99,569</b>
18,500	4,520	Sales of goods and services		4,388	4,647	(259)	(5.6)	17,676
2,846	797	Interest revenue and dividends	3	809	759	50	6.6	3,121
3,589	871	Other revenue		764	904	(140)	(15.5)	3,503
<b>24,935</b>	<b>6,188</b>	<b>Total revenue earned through the Crown's operations</b>		<b>5,961</b>	<b>6,310</b>	<b>(349)</b>	<b>(5.5)</b>	<b>24,300</b>
<b>129,335</b>	<b>29,650</b>	<b>Total revenue (excluding gains)</b>		<b>31,862</b>	<b>29,608</b>	<b>2,254</b>	<b>7.6</b>	<b>123,869</b>
		<b>Expenses</b>						
35,427	10,121	Transfer payments and subsidies	4	12,543	9,267	(3,276)	(35.4)	36,955
29,817	7,110	Personnel expenses		7,627	7,438	(189)	(2.5)	29,981
6,764	1,588	Depreciation and amortisation		1,711	1,580	(131)	(8.3)	6,587
52,604	12,079	Other operating expenses		13,658	14,302	644	4.5	58,142
2,272	691	Finance costs	5	557	584	27	4.6	2,351
6,838	1,166	Insurance expenses	6	1,083	1,209	126	10.4	6,538
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(278)	(278)	(100.0)	(2,775)
<b>133,722</b>	<b>32,755</b>	<b>Total expenses (excluding losses)</b>		<b>37,179</b>	<b>34,102</b>	<b>(3,077)</b>	<b>(9.0)</b>	<b>142,000</b>
		<b>Gains/(losses)</b>						
(3,976)	(2,481)	Net gains/(losses) on large scale asset purchases		(1)	(281)	280	99.6	(791)
18,130	3,547	Net gains/(losses) on financial instruments		(380)	854	(1,234)	(144.5)	3,769
6,869	(4,507)	Net gains/(losses) on non-financial instruments	8	(5,588)	(19)	(5,569)	-	(135)
<b>21,023</b>	<b>(3,441)</b>	<b>Total gains/(losses)</b>		<b>(5,969)</b>	<b>554</b>	<b>(6,523)</b>	<b>-</b>	<b>2,843</b>
		<b>Other interests</b>						
(360)	(198)	Net surplus/(deficit) from associates and joint ventures		(29)	(28)	(1)	(3.6)	(98)
(117)	(32)	Less minority interests share of operating balance		(241)	(61)	(180)	(295.1)	(262)
<b>16,159</b>	<b>(6,776)</b>	<b>Operating balance (excluding minority interests)</b>		<b>(11,556)</b>	<b>(4,029)</b>	<b>(7,527)</b>	<b>(186.8)</b>	<b>(15,648)</b>
117	32	Minority interests share of operating balance		241	61	180	295.1	262
<b>16,276</b>	<b>(6,744)</b>	<b>Operating balance (including minority interests)</b>		<b>(11,315)</b>	<b>(3,968)</b>	<b>(7,347)</b>	<b>(185.2)</b>	<b>(15,386)</b>

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

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the three months ended 30 September 2021

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,276	(6,744)	Operating balance (including minority interest)	(11,315)	(3,968)	(7,347)	(185.2)	(15,386)
		<b>Other comprehensive revenue and expense</b>					
22,539	-	Revaluation of physical assets	(326)	-	(326)	-	-
		Revaluation of defined benefit retirement					
2,325	50	plan schemes	59	54	5	9.3	216
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	47	Transfers to/(from) reserves	205	26	179	-	-
		(Gains)/losses transferred to the					
181	(24)	statement of financial performance	(58)	-	(58)	-	-
		Foreign currency translation differences on					
8	(110)	foreign operations	(68)	-	(68)	-	4
15	36	Other movements	(456)	(7)	(449)	-	(14)
<b>25,361</b>	<b>(1)</b>	<b>Total other comprehensive revenue and expense</b>	<b>(644)</b>	<b>73</b>	<b>(717)</b>	<b>-</b>	<b>206</b>
<b>41,637</b>	<b>(6,745)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,959)</b>	<b>(3,895)</b>	<b>(8,064)</b>	<b>(207.0)</b>	<b>(15,180)</b>
		<b>Attributable to:</b>					
488	32	- minority interest	246	(415)	661	159.3	259
41,149	(6,777)	- the Crown	(12,205)	(3,480)	(8,725)	(250.7)	(15,439)
<b>41,637</b>	<b>(6,745)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,959)</b>	<b>(3,895)</b>	<b>(8,064)</b>	<b>(207.0)</b>	<b>(15,180)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the three months ended 30 September 2021

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
115,943	115,729	Opening net worth	157,193	117,263	39,930	34.1	117,263
16,276	(6,744)	Operating balance (including minority interest)	(11,315)	(3,968)	(7,347)	(185.2)	(15,386)
22,539	-	Net revaluations	(326)	-	(326)	-	-
		Net revaluations of defined benefit retirement					
2,325	50	plan schemes	59	54	5	9.3	216
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	47	Transfers to/(from) reserves	205	26	179	-	-
		(Gains)/losses transferred to the					
181	(24)	statement of financial performance	(58)	-	(58)	-	-
		Foreign currency translation differences on					
8	(110)	foreign operations	(68)	-	(68)	-	4
15	36	Other movements	(456)	(7)	(449)	-	(14)
<b>41,637</b>	<b>(6,745)</b>	<b>Total comprehensive revenue and expense</b>	<b>(11,959)</b>	<b>(3,895)</b>	<b>(8,064)</b>	<b>(207.0)</b>	<b>(15,180)</b>
(387)	(90)	Transactions with minority interests	(62)	(102)	40	39.2	(373)
<b>157,193</b>	<b>108,894</b>	<b>Closing net worth</b>	<b>145,172</b>	<b>113,266</b>	<b>31,906</b>	<b>28.2</b>	<b>102,187</b>

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

# STATEMENT OF CASH FLOWS

For the three months ended 30 September 2021

Year to 30 June 2021	3 months to 30 Sep 2020		Current Year Actual vs Forecast				Annual BEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
95,382	20,997	Taxation receipts		23,417	21,589	1,828	8.5	92,582
6,424	1,094	Other sovereign receipts		2,286	1,812	474	26.2	6,008
17,732	4,506	Sales of goods and services		4,666	4,741	(75)	(1.6)	17,995
1,670	421	Interest receipts		413	392	21	5.4	1,737
4,814	1,397	Other operating receipts		844	1,048	(204)	(19.5)	4,257
<b>126,022</b>	<b>28,415</b>	<b>Total cash provided from operations</b>		<b>31,626</b>	<b>29,582</b>	<b>2,044</b>	<b>6.9</b>	<b>122,579</b>
		<b>Cash was disbursed to</b>						
35,515	11,213	Transfer payments and subsidies		13,643	10,289	(3,354)	(32.6)	37,271
84,256	22,669	Personnel and operating payments		23,583	23,633	50	0.2	91,242
3,147	213	Interest payments		154	262	108	41.2	2,962
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(278)	(278)	(100.0)	(2,775)
<b>122,918</b>	<b>34,095</b>	<b>Total cash disbursed to operations</b>		<b>37,380</b>	<b>33,906</b>	<b>(3,474)</b>	<b>(10.2)</b>	<b>132,921</b>
<b>3,104</b>	<b>(5,680)</b>	<b>Net cash flows from operations</b>		<b>(5,754)</b>	<b>(4,324)</b>	<b>(1,430)</b>	<b>(33.1)</b>	<b>(10,342)</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(9,393)	(2,347)	Net (purchase)/sale of physical assets		(2,415)	(3,777)	1,362	36.1	(16,039)
4,189	(15,167)	Net (purchase)/sale of shares and other securities		(2,343)	(7,148)	4,805	67.2	(4,749)
(898)	(161)	Net (purchase)/sale of intangible assets		(279)	(197)	(82)	(41.6)	(951)
(5,663)	(416)	Net (issue)/repayment of advances		(3,511)	(3,387)	(124)	(3.7)	(16,195)
(392)	(98)	Net acquisition of investments in associates		(245)	(122)	(123)	(100.8)	(674)
-	-	Forecast new capital spending	7	-	-	-	-	(2,033)
-	-	Top-down capital adjustment	7	-	243	(243)	(100.0)	2,425
<b>(12,157)</b>	<b>(18,189)</b>	<b>Net cash flows from investing activities</b>		<b>(8,793)</b>	<b>(14,388)</b>	<b>5,595</b>	<b>38.9</b>	<b>(38,216)</b>
<b>(9,053)</b>	<b>(23,869)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(14,547)</b>	<b>(18,712)</b>	<b>4,165</b>	<b>22.3</b>	<b>(48,558)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
234	101	Issues of circulating currency		324	21	303	-	84
1,158	21,736	Net issue/(repayment) of Government bonds		8,521	1,745	6,776	388.3	464
348	2,299	Net issue/(repayment) of foreign currency borrowing		(91)	(163)	72	44.2	(210)
5,847	(7,455)	Net issue/(repayment) of other New Zealand dollar borrowing		4,498	13,120	(8,622)	(65.7)	45,958
(373)	(90)	Dividends paid to minority interests		(59)	(63)	4	6.3	(267)
<b>7,214</b>	<b>16,591</b>	<b>Net cash flows from financing activities</b>		<b>13,193</b>	<b>14,660</b>	<b>(1,467)</b>	<b>(10.0)</b>	<b>46,029</b>
<b>(1,839)</b>	<b>(7,278)</b>	<b>Net movement in cash</b>		<b>(1,354)</b>	<b>(4,052)</b>	<b>2,698</b>	<b>66.6</b>	<b>(2,529)</b>
21,927	22,783	<b>Opening cash balance</b>		18,755	14,947	3,808	25.5	14,947
(1,333)	(104)	Foreign-exchange gains/(losses) on opening cash		(354)	5	(359)	-	4
<b>18,755</b>	<b>15,401</b>	<b>Closing cash balance</b>		<b>17,047</b>	<b>10,900</b>	<b>6,147</b>	<b>56.4</b>	<b>12,422</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the three months ended 30 September 2021

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Reconciliation between the net cash flows from operations and the operating balance</b>							
3,104	(5,680)	Net cash flows from operations	(5,754)	(4,324)	(1,430)	(33.1)	(10,342)
<b>Gains/(losses) and other interests</b>							
18,130	3,547	Net gains/(losses) on financial instruments	(380)	854	(1,234)	(144.5)	3,769
6,869	(4,507)	Net gains/(losses) on non-financial instruments	(5,588)	(19)	(5,569)	-	(135)
(3,976)	(2,481)	Net gains/(losses) on large scale asset purchases	(1)	(281)	280	99.6	(791)
(360)	(198)	Net surplus from associates and joint ventures	(29)	(28)	(1)	(3.6)	(98)
(117)	(31)	Minority interests share of operating balance	(241)	(61)	(180)	(295.1)	(262)
<b>20,546</b>	<b>(3,670)</b>	<b>Total gains/(losses) and other interests</b>	<b>(6,239)</b>	<b>465</b>	<b>(6,704)</b>	<b>-</b>	<b>2,483</b>
<b>Other non-cash items in operating balance</b>							
(6,764)	(1,588)	Depreciation and amortisation	(1,711)	(1,580)	(131)	(8.3)	(6,587)
(1,039)	(242)	Cost of concessionary lending	(142)	(135)	(7)	(5.2)	(746)
(1)	(2)	Impairment of financial assets (excluding receivables)	(8)	(25)	17	68.0	(100)
(1,868)	669	Decrease/(increase) in insurance liabilities	1,059	832	227	27.3	(1,445)
733	248	Change in accumulating pension expenses	230	187	43	23.0	751
149	(4)	Other	241	76	165	217.1	-
<b>(8,790)</b>	<b>(919)</b>	<b>Total other non-cash items</b>	<b>(331)</b>	<b>(645)</b>	<b>314</b>	<b>48.7</b>	<b>(8,127)</b>
<b>Movements in working capital</b>							
1,481	596	Increase/(decrease) in receivables	(785)	(1,265)	480	37.9	(550)
1,126	(317)	Increase/(decrease) in accrued interest	(290)	(223)	(67)	(30.0)	983
421	64	Increase/(decrease) in inventories	91	81	10	12.3	424
63	247	Increase/(decrease) in prepayments	272	92	180	195.7	12
40	79	Decrease/(increase) in deferred revenue	(107)	(345)	238	69.0	(339)
(1,832)	2,824	Decrease/(increase) in payables/provisions	1,587	2,135	(548)	(25.7)	(192)
<b>1,299</b>	<b>3,493</b>	<b>Total movements in working capital</b>	<b>768</b>	<b>475</b>	<b>293</b>	<b>61.7</b>	<b>338</b>
<b>16,159</b>	<b>(6,776)</b>	<b>Operating balance (excluding minority interests)</b>	<b>(11,556)</b>	<b>(4,029)</b>	<b>(7,527)</b>	<b>(186.8)</b>	<b>(15,648)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

As at 30 June 2021 Actual \$m	As at 30 Sep 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Assets</b>						
18,755	15,401	Cash and cash equivalents	9	17,047	10,900	6,147	56.4	12,422
26,829	23,965	Receivables	9	25,901	23,788	2,113	8.9	24,660
		Marketable securities, deposits and derivatives in gain	9	56,791	57,623	(832)	(1.4)	57,208
56,783	58,599	Share investments	9	50,993	44,214	6,779	15.3	46,248
48,539	35,990	Advances	9	50,417	50,808	(391)	(0.8)	63,739
45,612	39,550	Investments in controlled enterprises	9	4,762	4,488	274	6.1	5,126
4,718	4,215	Inventory		2,285	2,157	128	5.9	2,499
2,194	1,837	Other assets		3,827	3,480	347	10.0	3,447
3,928	3,900	Property, plant and equipment	10	214,245	194,136	20,109	10.4	201,003
213,216	187,852	Equity accounted investments <sup>1</sup>		15,296	14,264	1,032	7.2	14,695
14,421	14,155	Intangible assets and goodwill		3,563	4,123	(560)	(13.6)	4,384
3,601	3,849	Forecast for new capital spending	7	-	-	-	-	2,033
-	-	Top-down capital adjustment	7	-	(1,043)	1,043	100.0	(3,225)
<b>438,596</b>	<b>389,313</b>	<b>Total assets</b>		<b>445,127</b>	<b>408,938</b>	<b>36,189</b>	<b>8.8</b>	<b>434,239</b>
		<b>Liabilities</b>						
8,256	8,123	Issued currency		8,580	8,440	(140)	(1.7)	8,503
17,577	14,884	Payables	11	14,135	14,617	482	3.3	15,402
2,549	2,507	Deferred revenue		2,656	2,680	24	0.9	2,670
162,560	154,556	Borrowings	12	179,429	181,149	1,720	0.9	215,234
60,336	70,140	Insurance liabilities	13	62,302	57,697	(4,605)	(8.0)	59,973
11,038	13,735	Retirement plan liabilities		10,782	12,509	1,727	13.8	11,859
19,087	16,474	Provisions	14	22,071	18,580	(3,491)	(18.8)	18,411
<b>281,403</b>	<b>280,419</b>	<b>Total liabilities</b>		<b>299,955</b>	<b>295,672</b>	<b>(4,283)</b>	<b>(1.4)</b>	<b>332,052</b>
<b>157,193</b>	<b>108,894</b>	<b>Total assets less total liabilities</b>		<b>145,172</b>	<b>113,266</b>	<b>31,906</b>	<b>28.2</b>	<b>102,187</b>
		<b>Net worth</b>						
19,857	(3,715)	Taxpayers' funds	15	7,886	566	7,320	-	(11,061)
		Property, plant and equipment revaluation reserve	15	133,646	112,003	21,643	19.3	112,003
		Defined benefit retirement plan revaluation reserve	15	(1,501)	(3,197)	1,696	53.0	(3,035)
(1,560)	(3,836)	Veterans' disability entitlements reserve	15	(659)	(1,095)	436	39.8	(1,095)
(659)	(1,095)	Other reserves	15	(108)	(244)	136	55.7	(261)
(172)	(226)	<b>Total net worth attributable to the Crown</b>		<b>139,264</b>	<b>108,033</b>	<b>31,231</b>	<b>28.9</b>	<b>96,551</b>
<b>151,469</b>	<b>103,329</b>	Net worth attributable to minority interest	15	5,908	5,233	675	12.9	5,636
5,724	5,565	<b>Total net worth</b>		<b>145,172</b>	<b>113,266</b>	<b>31,906</b>	<b>28.2</b>	<b>102,187</b>
<b>157,193</b>	<b>108,894</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 three months ended 30 September 2021

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
<b>Revenue</b>										
Taxation revenue	23,990	21,708	-	-	-	-	(67)	(110)	23,923	21,598
Other sovereign revenue	894	603	1,588	1,579	-	-	(504)	(482)	1,978	1,700
Revenue from core Crown funding	-	-	9,164	9,273	108	71	(9,272)	(9,344)	-	-
Sales of goods and services	333	355	655	662	3,551	3,783	(151)	(153)	4,388	4,647
Interest and dividend revenue	522	496	353	304	198	235	(264)	(276)	809	759
Other revenue	191	167	1,100	1,161	288	225	(815)	(649)	764	904
<b>Total Revenue (excluding gains)</b>	<b>25,930</b>	<b>23,329</b>	<b>12,860</b>	<b>12,979</b>	<b>4,145</b>	<b>4,314</b>	<b>(11,073)</b>	<b>(11,014)</b>	<b>31,862</b>	<b>29,608</b>
<b>Expenses</b>										
Transfer payments and subsidies	12,837	9,573	-	-	-	-	(294)	(306)	12,543	9,267
Personnel expenses	2,423	2,313	4,511	4,606	705	528	(12)	(9)	7,627	7,438
Other operating expenses	15,303	15,797	8,341	8,337	3,335	3,394	(10,527)	(10,437)	16,452	17,091
Interest expenses	459	437	46	48	136	189	(84)	(90)	557	584
Forecast new operating spending and top-down adjustment	-	(278)	-	-	-	-	-	-	-	(278)
<b>Total Expenses (excluding losses)</b>	<b>31,022</b>	<b>27,842</b>	<b>12,898</b>	<b>12,991</b>	<b>4,176</b>	<b>4,111</b>	<b>(10,917)</b>	<b>(10,842)</b>	<b>37,179</b>	<b>34,102</b>
Gains/(losses) and other items	(3,393)	617	(2,902)	(54)	148	(80)	(92)	(18)	(6,239)	465
<b>Operating Balance (excluding minority interests)</b>	<b>(8,485)</b>	<b>(3,896)</b>	<b>(2,940)</b>	<b>(66)</b>	<b>117</b>	<b>123</b>	<b>(248)</b>	<b>(190)</b>	<b>(11,556)</b>	<b>(4,029)</b>
<b>Assets</b>										
Financial assets	134,757	120,743	65,326	61,462	33,511	34,544	(27,683)	(24,929)	205,911	191,821
Property, plant and equipment	52,364	46,727	120,277	108,165	41,603	39,243	-	-	214,245	194,136
Investments in associates, CEs and SOEs	54,606	56,047	12,782	12,322	1,008	519	(53,100)	(54,624)	15,296	14,264
Other assets	5,129	4,914	2,493	2,289	2,482	2,623	(429)	(66)	9,675	9,760
Forecast and top-down capital adjustments	-	(1,043)	-	-	-	-	-	-	-	(1,043)
<b>Total Assets</b>	<b>246,856</b>	<b>227,388</b>	<b>200,878</b>	<b>184,238</b>	<b>78,604</b>	<b>76,929</b>	<b>(81,212)</b>	<b>(79,619)</b>	<b>445,127</b>	<b>408,938</b>
<b>Liabilities</b>										
Borrowings	147,855	147,217	12,430	12,737	39,664	40,047	(20,520)	(18,852)	179,429	181,149
Other liabilities	47,322	44,792	75,270	70,195	9,050	8,852	(11,116)	(9,316)	120,526	114,523
<b>Total Liabilities</b>	<b>195,177</b>	<b>192,009</b>	<b>87,700</b>	<b>82,932</b>	<b>48,714</b>	<b>48,899</b>	<b>(31,636)</b>	<b>(28,168)</b>	<b>299,955</b>	<b>295,672</b>
<b>Net Worth</b>	<b>51,679</b>	<b>35,379</b>	<b>113,178</b>	<b>101,306</b>	<b>29,890</b>	<b>28,030</b>	<b>(49,576)</b>	<b>(51,451)</b>	<b>145,172</b>	<b>113,266</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>854</b>	<b>862</b>	<b>1,159</b>	<b>2,365</b>	<b>451</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>2,464</b>	<b>3,794</b>

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

## STATEMENT OF COMMITMENTS

As at 30 September 2021

	As at 30 Sep 2021 \$m	As at 30 Jun 2021 \$m	As at 30 Sep 2020 \$m
<b>Capital Commitments</b>			
State highways <sup>1</sup>	2,745	2,745	2,941
Specialist military equipment	2,440	2,598	2,595
Land and buildings	6,158	6,044	5,341
Other property, plant and equipment	4,476	4,431	3,825
Other capital commitments	961	1,031	1,498
Universities and Wānanga	875	875	400
<b>Total capital commitments</b>	<b>17,655</b>	<b>17,724</b>	<b>16,599</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,341	5,342	5,077
Other non-cancellable leases	3,857	3,866	3,838
Universities and Wānanga	1,137	1,137	1,084
<b>Total operating commitments</b>	<b>10,335</b>	<b>10,345</b>	<b>9,999</b>
<b>Total commitments</b>	<b>27,990</b>	<b>28,069</b>	<b>26,598</b>
<b>Total Commitments by Segment</b>			
Core Crown	13,953	14,090	13,888
Crown entities	9,107	9,063	7,766
State-owned Enterprises	6,900	6,896	6,547
Inter-segment eliminations	(1,970)	(1,980)	(1,603)
<b>Total commitments</b>	<b>27,990</b>	<b>28,069</b>	<b>26,598</b>

1. A restatement to the 2020/21 state highway network capital commitments of \$1,847 million has been made to reflect the contracted work remaining.

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 September 2021

	As at 30 Sep 2021 \$m	As at 30 Jun 2021 \$m	As at 30 Sep 2020 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,606	8,568	8,626
Guarantees and indemnities	343	348	274
Legal proceedings and disputes	314	313	463
Other contingent liabilities	579	567	595
<b>Total quantifiable contingent liabilities</b>	<b>9,842</b>	<b>9,796</b>	<b>9,957</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,584	9,538	9,749
Crown entities	157	157	152
State-owned Enterprises	196	196	185
Inter-segment eliminations	(95)	(95)	(129)
<b>Total quantifiable contingent liabilities</b>	<b>9,842</b>	<b>9,796</b>	<b>9,957</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	38	37	17
Crown entities	21	21	-
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>59</b>	<b>58</b>	<b>17</b>

A list of unquantifiable contingent liabilities as at 30 June 2021 and their descriptions is included on the Treasury's website as part of the Financial Statements of the Government for the year ended 30 June 2021. This can be found on pages 116 to 126.

<https://www.treasury.govt.nz/publications/year-end/financial-statements-2021>

*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
- Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Kiwi Group Holdings Limited (including Kiwibank)
- 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 53 to 56 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2021* published on 12 October 2021.

The figures presented in these financial statements for 30 June 2021 are audited. All other figures are unaudited.

### Basis of Preparation and General Accounting Policies

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

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

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

### Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site: <https://www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/reporting-financial/accounting-policies>

### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2022, based on the *BEFU 2021* published on 20 May 2021.

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 57 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2021* published on 12 October 2021.

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation revenue</b>							
<b>Individuals</b>							
38,164	9,288	Source deductions	10,152	9,665	487	5.0	39,449
8,773	1,804	Other persons	2,116	1,514	602	39.8	7,076
(1,716)	(474)	Refunds	(424)	(440)	16	3.6	(2,015)
608	127	Fringe benefit tax	152	149	3	2.0	648
<b>45,829</b>	<b>10,745</b>	<b>Total individuals</b>	<b>11,996</b>	<b>10,888</b>	<b>1,108</b>	<b>10.2</b>	<b>45,158</b>
<b>Corporate tax</b>							
15,640	2,704	Gross companies tax	3,457	2,443	1,014	41.5	13,009
(344)	(69)	Refunds	(101)	(97)	(4)	(4.1)	(389)
472	56	Non-resident withholding tax	79	59	20	33.9	472
<b>15,768</b>	<b>2,691</b>	<b>Total corporate tax</b>	<b>3,435</b>	<b>2,405</b>	<b>1,030</b>	<b>42.8</b>	<b>13,092</b>
<b>Other direct income tax</b>							
1,000	294	Resident w/holding tax on interest income	164	240	(76)	(31.7)	1,016
1,519	130	Resident w/holding tax on dividend income	120	108	12	11.1	713
<b>2,519</b>	<b>424</b>	<b>Total other direct income tax</b>	<b>284</b>	<b>348</b>	<b>(64)</b>	<b>(18.4)</b>	<b>1,729</b>
<b>64,116</b>	<b>13,860</b>	<b>Total direct income tax</b>	<b>15,715</b>	<b>13,641</b>	<b>2,074</b>	<b>15.2</b>	<b>59,979</b>
<b>Goods and services tax</b>							
39,814	9,438	Gross goods and services tax	10,362	9,886	476	4.8	40,118
(14,252)	(3,233)	Refunds	(4,060)	(3,768)	(292)	(7.7)	(15,070)
<b>25,562</b>	<b>6,205</b>	<b>Total goods and services tax</b>	<b>6,302</b>	<b>6,118</b>	<b>184</b>	<b>3.0</b>	<b>25,048</b>
<b>Other indirect taxation</b>							
2,145	507	Petroleum fuels excise and duty <sup>1</sup>	492	528	(36)	(6.8)	2,228
1,637	321	Tobacco excise and duty <sup>1</sup>	479	338	141	41.7	1,463
1,930	455	Road user charges	439	482	(43)	(8.9)	1,953
1,249	328	Alcohol excise and duty <sup>1</sup>	337	315	22	7.0	1,275
169	39	Other customs duty	46	44	2	4.5	161
554	121	Miscellaneous indirect tax	113	132	(19)	(14.4)	567
<b>7,684</b>	<b>1,771</b>	<b>Total other indirect taxation</b>	<b>1,906</b>	<b>1,839</b>	<b>67</b>	<b>3.6</b>	<b>7,647</b>
<b>33,246</b>	<b>7,976</b>	<b>Total indirect taxation</b>	<b>8,208</b>	<b>7,957</b>	<b>251</b>	<b>3.2</b>	<b>32,695</b>
<b>97,362</b>	<b>21,836</b>	<b>Total taxation revenue</b>	<b>23,923</b>	<b>21,598</b>	<b>2,325</b>	<b>10.8</b>	<b>92,674</b>
<b>Other sovereign revenue</b>							
3,270	747	ACC levies	794	803	(9)	(1.1)	3,278
1,634	366	Emissions trading revenue	610	367	243	66.2	1,467
607	141	Fire Service levies	159	144	15	10.4	600
520	128	EQC levies	131	131	-	-	527
383	55	Child support and working for families penalties	73	51	22	43.1	203
138	37	Court fines	29	28	1	3.6	115
486	152	Other miscellaneous items	182	176	6	3.4	705
<b>7,038</b>	<b>1,626</b>	<b>Total other sovereign revenue</b>	<b>1,978</b>	<b>1,700</b>	<b>278</b>	<b>16.4</b>	<b>6,895</b>
<b>104,400</b>	<b>23,462</b>	<b>Total sovereign revenue</b>	<b>25,901</b>	<b>23,298</b>	<b>2,603</b>	<b>11.2</b>	<b>99,569</b>

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>

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

## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
1,943	539	Interest revenue	484	494	(10)	(2.0)	2,020
903	258	Dividends	325	265	60	22.6	1,101
<b>2,846</b>	<b>797</b>	<b>Total interest revenue and dividends</b>	<b>809</b>	<b>759</b>	<b>50</b>	<b>6.6</b>	<b>3,121</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
16,569	4,086	New Zealand superannuation	4,369	4,356	(13)	(0.3)	17,691
3,224	774	Jobseeker support and emergency benefit	833	932	99	10.6	3,857
2,302	564	Accommodation assistance	586	621	35	5.6	2,498
2,103	522	Family tax credit	478	507	29	5.7	2,064
1,826	455	Supported living payment	507	506	(1)	(0.2)	2,061
1,197	1,321	Wage Subsidy Scheme	2,735	125	(2,610)	-	500
1,455	355	Sole parent support	397	414	17	4.1	1,720
916	231	KiwiSaver subsidies	243	243	-	-	974
812	602	Winter energy payment	306	315	9	2.9	530
804	131	Official development assistance	169	169	-	-	820
590	188	Student allowances	188	209	21	10.0	656
585	139	Other working for families tax credits	119	146	27	18.5	647
479	117	Hardship assistance	121	141	20	14.2	591
409	101	Disability allowances	104	104	-	-	417
293	70	Orphan's/unsupported child's benefit	74	76	2	2.6	332
271	58	Best start	71	85	14	16.5	405
200	-	COVID-19 resurgence support payment	930	-	(930)	-	-
106	17	Income related rent subsidy	26	20	(6)	(30.0)	80
1,286	390	Other social assistance benefits	287	298	11	3.7	1,112
<b>35,427</b>	<b>10,121</b>	<b>Total transfer payments and subsidies</b>	<b>12,543</b>	<b>9,267</b>	<b>(3,276)</b>	<b>(35.4)</b>	<b>36,955</b>
<b>NOTE 5: Finance Costs</b>							
2,188	657	Interest on financial liabilities	541	555	14	2.5	2,232
84	34	Interest unwind on provisions and other interest	16	29	13	44.8	119
<b>2,272</b>	<b>691</b>	<b>Total finance costs</b>	<b>557</b>	<b>584</b>	<b>27</b>	<b>4.6</b>	<b>2,351</b>
<b>NOTE 6: Insurance Expenses</b>							
6,539	1,172	ACC	1,037	1,153	116	10.1	6,313
167	(8)	EQC	45	55	10	18.2	223
108	(4)	Southern Response	(5)	(5)	-	-	(18)
24	6	Other insurance expenses	6	6	-	-	20
<b>6,838</b>	<b>1,166</b>	<b>Total insurance expenses</b>	<b>1,083</b>	<b>1,209</b>	<b>126</b>	<b>10.4</b>	<b>6,538</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 2021 and previous Budgets that has yet to be allocated to appropriations for departments.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Sep 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-financial instruments</b>							
8,222	(4,120)	Actuarial gains/(losses) on ACC liability	(3,026)	-	(3,026)	-	-
(1,489)	(346)	Gains/(losses) on the Emissions Trading Scheme	(2,925)	-	(2,925)	-	-
136	(41)	Other	363	(19)	382	-	(135)
<b>6,869</b>	<b>(4,507)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(5,588)</b>	<b>(19)</b>	<b>(5,569)</b>	<b>-</b>	<b>(135)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
18,755	15,401	Cash and cash equivalents	17,047	10,900	6,147	56.4	12,422
15,642	15,170	Tax receivables	15,989	14,638	1,351	9.2	13,942
11,187	8,795	Other receivables	9,912	9,150	762	8.3	10,718
25,155	22,872	Kiwibank mortgages	26,024	25,166	858	3.4	26,800
10,841	10,274	Student loans	10,666	10,690	(24)	(0.2)	10,615
2,558	-	Funding for Lending advances	5,212	7,460	(2,248)	(30.1)	18,620
7,058	6,404	Other advances	8,515	7,492	1,023	13.7	7,704
48,539	35,990	Share investments	50,993	44,214	6,779	15.3	46,248
4,718	4,215	Investments in controlled enterprises	4,762	4,488	274	6.1	5,126
44,687	45,011	Other marketable securities	42,926	44,966	(2,040)	(4.5)	44,980
5,108	5,193	Long-term deposits	4,822	3,982	840	21.1	3,997
4,509	5,824	Derivatives in gain	4,012	6,255	(2,243)	(35.9)	5,811
2,479	2,571	IMF financial assets	5,031	2,420	2,611	107.9	2,420
<b>201,236</b>	<b>177,720</b>	<b>Total financial assets and sovereign receivables</b>	<b>205,911</b>	<b>191,821</b>	<b>14,090</b>	<b>7.3</b>	<b>209,403</b>
<b>Financial assets by entity</b>							
54,903	48,203	The Treasury	60,983	51,447	9,536	18.5	47,233
44,935	33,769	Reserve Bank of New Zealand	47,390	64,586	(17,196)	(26.6)	94,474
62,312	49,254	NZ Superannuation Fund	60,644	60,898	(254)	(0.4)	64,862
35,095	28,538	Other core Crown	34,671	26,486	8,185	30.9	27,855
(68,586)	(47,772)	Intra-segment eliminations	(68,931)	(82,674)	13,743	16.6	(99,029)
<b>128,659</b>	<b>111,992</b>	<b>Total core Crown segment</b>	<b>134,757</b>	<b>120,743</b>	<b>14,014</b>	<b>11.6</b>	<b>135,395</b>
54,271	52,564	ACC	53,437	50,393	3,044	6.0	51,340
602	805	EQC	531	472	59	12.5	452
16,788	14,080	Other Crown entities	14,951	13,755	1,196	8.7	13,834
(4,132)	(3,291)	Intra-segment eliminations	(3,593)	(3,158)	(435)	(13.8)	(2,991)
<b>67,529</b>	<b>64,158</b>	<b>Total Crown entities segment</b>	<b>65,326</b>	<b>61,462</b>	<b>3,864</b>	<b>6.3</b>	<b>62,635</b>
<b>32,872</b>	<b>30,661</b>	<b>Total State-owned Enterprises segment</b>	<b>33,511</b>	<b>34,544</b>	<b>(1,033)</b>	<b>(3.0)</b>	<b>35,827</b>
(27,824)	(29,091)	Inter-segment eliminations	(27,683)	(24,928)	(2,755)	(11.1)	(24,454)
<b>201,236</b>	<b>177,720</b>	<b>Total financial assets and sovereign receivables</b>	<b>205,911</b>	<b>191,821</b>	<b>14,090</b>	<b>7.3</b>	<b>209,403</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Sep 2020 \$m	Current Year Actual vs Forecast				Annual BEFU 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>						
70,292	57,921	70,165	58,230	11,935	20.5	58,185
53,507	45,817	53,829	49,406	4,423	9.0	53,466
42,666	39,688	42,931	41,550	1,381	3.3	43,348
17,979	17,035	17,871	16,490	1,381	8.4	16,583
4,318	4,263	4,332	4,285	47	1.1	4,485
3,611	3,821	3,643	3,654	(11)	(0.3)	4,005
3,649	3,353	3,847	3,744	103	2.8	4,194
3,156	2,991	3,093	3,094	(1)	-	3,103
7,407	6,907	7,413	6,815	598	8.8	6,755
6,631	6,056	7,121	6,868	253	3.7	6,879
<b>213,216</b>	<b>187,852</b>	<b>214,245</b>	<b>194,136</b>	<b>20,109</b>	<b>10.4</b>	<b>201,003</b>
<b>Land breakdown by usage</b>						
25,826	19,948	25,802	20,025	5,777	28.8	20,065
18,469	14,725	18,459	14,698	3,761	25.6	14,323
7,159	6,714	7,155	6,725	430	6.4	6,726
7,106	6,032	7,095	6,105	990	16.2	6,165
3,802	3,779	3,805	3,826	(21)	(0.5)	3,875
1,167	1,175	1,195	1,123	72	6.4	1,196
6,763	5,548	6,654	5,728	926	16.2	5,835
<b>70,292</b>	<b>57,921</b>	<b>70,165</b>	<b>58,230</b>	<b>11,935</b>	<b>20.5</b>	<b>58,185</b>
<b>Schedule of Movements</b>						
<b>Cost or Valuation</b>						
205,689	205,723	231,234	215,933	15,301	7	215,933
10,762	3,002	2,671	4,044	(1,373)	(34.0)	16,094
(1,101)	(101)	(175)	(142)	(33)	(23.2)	(1,062)
16,131	3	(66)	-	(66)	-	-
(247)	(186)	(40)	27	(67)	(248.1)	(82)
<b>231,234</b>	<b>208,441</b>	<b>233,624</b>	<b>219,862</b>	<b>13,762</b>	<b>6.3</b>	<b>230,883</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
19,187	19,291	18,018	24,376	(6,358)	(26)	24,376
(636)	(46)	(141)	(41)	(100)	(243.9)	(252)
(5,979)	9	-	-	-	-	-
(58)	-	-	-	-	-	-
5,566	1,383	1,486	1,375	111	8.1	5,756
(62)	(48)	16	16	-	-	-
<b>18,018</b>	<b>20,589</b>	<b>19,379</b>	<b>25,726</b>	<b>(6,347)</b>	<b>(24.7)</b>	<b>29,880</b>
<b>213,216</b>	<b>187,852</b>	<b>214,245</b>	<b>194,136</b>	<b>20,109</b>	<b>10.4</b>	<b>201,003</b>

2. Using a revaluation methodology unless otherwise stated.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Sep 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
12,179	10,373	Accounts payable	9,348	10,256	908	8.9	10,235
5,398	4,511	Taxes repayable	4,787	4,361	(426)	(9.8)	5,167
<b>17,577</b>	<b>14,884</b>	<b>Total payables</b>	<b>14,135</b>	<b>14,617</b>	<b>482</b>	<b>3.3</b>	<b>15,402</b>
<b>NOTE 12: Borrowings</b>							
70,653	72,140	Government bonds	80,653	70,913	(9,740)	(13.7)	69,350
29,466	18,104	Settlement deposits with Reserve Bank	32,434	44,433	11,999	27.0	79,152
7,593	10,267	Treasury bills	7,739	6,900	(839)	(12.2)	4,797
5,056	5,758	Derivatives in loss	5,356	3,372	(1,984)	(58.8)	2,982
1,307	1,439	Finance lease liabilities	1,199	1,306	107	8.2	1,309
182	242	Government retail stock	169	214	45	21.0	214
48,303	46,606	Other borrowings	51,879	54,011	2,132	3.9	57,430
<b>162,560</b>	<b>154,556</b>	<b>Total borrowings</b>	<b>179,429</b>	<b>181,149</b>	<b>1,720</b>	<b>0.9</b>	<b>215,234</b>
117,641	110,642	Sovereign-guaranteed debt	132,700	133,819	1,119	0.8	162,365
44,919	43,914	Non sovereign-guaranteed debt	46,729	47,330	601	1.3	52,869
<b>162,560</b>	<b>154,556</b>	<b>Total borrowings</b>	<b>179,429</b>	<b>181,149</b>	<b>1,720</b>	<b>0.9</b>	<b>215,234</b>

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

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

<b>NOTE 13: Insurance Liabilities</b>							
59,133	68,591	ACC liability	61,374	56,888	(4,486)	(7.9)	59,328
803	1,411	EQC property damage liability	735	713	(22)	(3.1)	542
353	94	Southern Response	149	53	(96)	(181.1)	53
47	44	Other insurance liabilities	44	43	(1)	(2.3)	50
<b>60,336</b>	<b>70,140</b>	<b>Total insurance liabilities</b>	<b>62,302</b>	<b>57,697</b>	<b>(4,605)</b>	<b>(8.0)</b>	<b>59,973</b>

The most recent valuation of the ACC liability was as at 30 June 2021, updated monthly for changes to discount rates.

<b>NOTE 14: Provisions</b>							
6,363	5,559	Provision for employee entitlements	6,425	6,228	(197)	(3.2)	6,396
3,036	3,468	Veterans disability entitlements	3,013	3,493	480	13.7	3,452
5,824	3,990	Provision for emissions trading scheme credits	9,496	5,275	(4,221)	(80.0)	5,339
762	832	Provision for National Provident Fund guarantee	740	760	20	2.6	709
3,102	2,625	Other provisions	2,397	2,824	427	15.1	2,515
<b>19,087</b>	<b>16,474</b>	<b>Total provisions</b>	<b>22,071</b>	<b>18,580</b>	<b>(3,491)</b>	<b>(18.8)</b>	<b>18,411</b>

Further information on the ETS, can be found on the Ministry for the Environment's website: <https://environment.govt.nz>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Sep 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 15: Changes in Net Worth</b>							
19,857	(3,715)	Taxpayers' funds	7,886	566	7,320	-	(11,061)
134,003	112,201	Property, plant and equipment revaluation reserve	133,646	112,003	21,643	19.3	112,003
(1,560)	(3,836)	Defined benefit retirement plan revaluation reserve	(1,501)	(3,197)	1,696	53.0	(3,035)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(1,095)	436	39.8	(1,095)
5,724	5,565	Net worth attributable to minority interests	5,908	5,233	675	12.9	5,636
(172)	(226)	Other reserves	(108)	(244)	136	55.7	(261)
<b>157,193</b>	<b>108,894</b>	<b>Total net worth</b>	<b>145,172</b>	<b>113,266</b>	<b>31,906</b>	<b>28.2</b>	<b>102,187</b>
3,154	3,082	Opening taxpayers funds	19,857	4,600	15,257	331.7	4,600
16,159	(6,776)	Operating balance excluding minority interests	(11,556)	(4,029)	(7,527)	(186.8)	(15,648)
544	(21)	Transfers from/(to) other reserves	(415)	(5)	(410)	-	(13)
<b>19,857</b>	<b>(3,715)</b>	<b>Closing taxpayers funds</b>	<b>7,886</b>	<b>566</b>	<b>7,320</b>	<b>-</b>	<b>(11,061)</b>
112,334	112,192	Opening property, plant and equipment revaluation reserve	134,003	112,003	22,000	19.6	112,003
22,539	40	Net revaluations	(326)	-	(326)	-	-
(870)	(31)	Transfers from/(to) other reserves	(31)	-	(31)	-	-
<b>134,003</b>	<b>112,201</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>133,646</b>	<b>112,003</b>	<b>21,643</b>	<b>19.3</b>	<b>112,003</b>
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,273	451	8.6	5,273
101	(58)	Net movements	184	(40)	224	-	363
<b>5,724</b>	<b>5,565</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,908</b>	<b>5,233</b>	<b>675</b>	<b>12.9</b>	<b>5,636</b>
(187)	(187)	Opening other reserves	(172)	(267)	95	35.6	(267)
15	(39)	Net movements	64	23	41	178.3	6
<b>(172)</b>	<b>(226)</b>	<b>Closing other reserves</b>	<b>(108)</b>	<b>(244)</b>	<b>136</b>	<b>55.7</b>	<b>(261)</b>

# FISCAL INDICATOR ANALYSIS

For the three months ended 30 September 2021

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

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
129,335	29,650	Total revenue	31,862	29,608	2,254	7.6	123,869
133,722	32,755	Less total expenses	37,179	34,102	3,077	9.0	142,000
21,023	(3,441)	Total gains/(losses)	(5,969)	554	(6,523)	-	2,843
(360)	(198)	Net surplus from associates and joint ventures	(29)	(28)	(1)	(3.6)	(98)
(117)	(32)	Minority interests share of operating balance	(241)	(61)	(180)	(295.1)	(262)
<b>16,159</b>	<b>(6,776)</b>	<b>Operating balance</b>	<b>(11,556)</b>	<b>(4,029)</b>	<b>(7,527)</b>	<b>(186.8)</b>	<b>(15,648)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>16,159</b>	<b>(6,776)</b>	<b>Operating balance</b>	<b>(11,556)</b>	<b>(4,029)</b>	<b>(7,527)</b>	<b>(186.8)</b>	<b>(15,648)</b>
		Less items excluded from OBEGAL:					
(3,976)	(2,481)	Net gains/(losses) on large scale asset purchases	(1)	(281)	280	99.6	(791)
18,130	3,547	Net gains/(losses) on financial instruments	(380)	854	(1,234)	(144.5)	3,769
6,869	(4,507)	Net gains/(losses) on non-financial instruments	(5,588)	(19)	(5,569)	-	(135)
(360)	(198)	Net surplus from associates and joint ventures	(29)	(28)	(1)	(3.6)	(98)
56	31	Minority interests share of total gains/(losses)	(206)	15	(221)	-	16
<b>(4,560)</b>	<b>(3,168)</b>	<b>OBEGAL</b>	<b>(5,352)</b>	<b>(4,570)</b>	<b>(782)</b>	<b>(17.1)</b>	<b>(18,409)</b>

# FISCAL INDICATOR ANALYSIS

For the three months ended 30 September 2021

## Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
42,892	11,748	Social security and welfare		13,003	10,744	(2,259)	(21.0)	45,005
22,598	5,551	Health		6,113	6,349	236	3.7	24,609
17,384	3,926	Education		4,962	4,926	(36)	(0.7)	19,166
5,602	1,258	Core government services		1,123	1,082	(41)	(3.8)	5,641
5,533	1,299	Law and order		1,436	1,410	(26)	(1.8)	5,848
10,335	2,176	Transport and communications		2,397	2,698	301	11.2	11,960
13,429	3,057	Economic and industrial services		4,065	2,920	(1,145)	(39.2)	11,010
2,648	582	Defence		694	615	(79)	(12.8)	2,735
3,023	931	Heritage, culture and recreation		800	815	15	1.8	3,179
2,398	649	Primary services		538	520	(18)	(3.5)	2,439
3,351	467	Housing and community development		918	1,177	259	22.0	4,389
1,889	346	Environmental protection		539	453	(86)	(19.0)	1,905
114	22	GSF pension expenses		21	21	-	-	103
254	52	Other		13	66	53	80.3	214
2,272	691	Finance costs		557	584	27	4.6	2,351
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(278)	(278)	(100.0)	(2,775)
<b>133,722</b>	<b>32,755</b>	<b>Total Crown expenses excluding losses</b>		<b>37,179</b>	<b>34,102</b>	<b>(3,077)</b>	<b>(9.0)</b>	<b>142,000</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 2021 Actual \$m	3 months to 30 Sep 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
36,759	10,488	Social security and welfare		12,157	9,673	(2,484)	(25.7)	38,917
22,784	5,633	Health		6,356	6,442	86	1.3	25,048
16,039	3,550	Education		4,487	4,571	84	1.8	17,869
5,754	1,274	Core government services		1,190	1,231	41	3.3	5,639
5,202	1,280	Law and order		1,336	1,322	(14)	(1.1)	5,361
5,656	959	Transport and communications		753	943	190	20.1	4,371
4,481	1,141	Economic and industrial services		1,970	1,046	(924)	(88.3)	4,403
2,664	588	Defence		699	620	(79)	(12.7)	2,752
1,420	436	Heritage, culture and recreation		371	375	4	1.1	1,392
1,015	228	Primary services		199	239	40	16.7	1,063
1,813	412	Housing and community development		476	681	205	30.1	2,565
1,906	347	Environmental protection		540	456	(84)	(18.4)	1,918
99	17	GSF pension expenses		16	18	2	11.1	71
254	52	Other		13	66	53	80.3	214
1,918	578	Finance costs		459	437	(22)	(5.0)	1,688
-	-	Forecast new operating spending	7	-	-	-	-	4,221
-	-	Top-down expense adjustment	7	-	(278)	(278)	(100.0)	(2,775)
<b>107,764</b>	<b>26,983</b>	<b>Core Crown expenses excluding losses</b>		<b>31,022</b>	<b>27,842</b>	<b>(3,180)</b>	<b>(11.4)</b>	<b>114,717</b>

# FISCAL INDICATOR ANALYSIS

For the three months ended 30 September 2021

## Core Crown Residual Cash

Year to 30 June 2021 \$m	3 months to 30 Sep 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown Cash Flows from Operations</b>					
96,551	21,499	Tax receipts	25,386	23,770	1,616	6.8	95,986
2,287	207	Other sovereign receipts	921	431	490	113.7	1,612
249	30	Interest receipts	46	51	(5)	(9.8)	217
2,980	743	Sale of goods & services and other receipts	627	624	3	0.5	2,834
(36,574)	(11,520)	Transfer payments and subsidies	(13,955)	(10,594)	(3,361)	(31.7)	(38,492)
(63,894)	(15,859)	Personnel and operating costs	(17,553)	(17,734)	181	1.0	(70,364)
(2,642)	(66)	Interest payments	(67)	(127)	60	47.2	(2,082)
-	-	Forecast for future new operating spending	-	-	-	-	(4,221)
-	-	Top-down expense adjustment	-	278	(278)	(100.0)	2,775
<b>(1,043)</b>	<b>(4,966)</b>	<b>Net core Crown operating cash flows</b>	<b>(4,595)</b>	<b>(3,301)</b>	<b>(1,294)</b>	<b>(39.2)</b>	<b>(11,735)</b>
(3,137)	(720)	Net purchase of physical and intangible assets	(940)	(988)	48	4.9	(4,612)
(3,868)	(470)	Net increase in advances	(3,110)	(2,610)	(500)	(19.2)	(14,175)
(3,599)	(1,257)	Net purchase of investments	(676)	(1,298)	622	47.9	(6,682)
(2,120)	(530)	Contributions to New Zealand Superannuation Fund	(605)	(605)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(2,033)
-	-	Top-down capital adjustment	-	243	(243)	(100.0)	2,425
<b>(12,724)</b>	<b>(2,977)</b>	<b>Net core Crown capital cash flows</b>	<b>(5,331)</b>	<b>(5,258)</b>	<b>(73)</b>	<b>(1.4)</b>	<b>(27,497)</b>
<b>(13,767)</b>	<b>(7,943)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(9,926)</b>	<b>(8,559)</b>	<b>(1,367)</b>	<b>(16.0)</b>	<b>(39,232)</b>
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		<b>Debt Programme Cash Flows</b>					
		Market:					
48,497	21,736	Issue of government bonds	9,275	10,124	(849)	(8.4)	31,046
(11,059)	-	Repayment of government bonds	-	-	-	-	-
(4,148)	(1,156)	Net issue/(repayment) of short-term borrowing	563	(600)	1,163	193.9	(2,800)
<b>33,290</b>	<b>20,580</b>	<b>Total market debt cash flows</b>	<b>9,838</b>	<b>9,524</b>	<b>314</b>	<b>3.3</b>	<b>28,246</b>
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	(72)	(72)	-	-	(460)
<b>-</b>	<b>-</b>	<b>Total non-market debt cash flows</b>	<b>(72)</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>(460)</b>
<b>33,290</b>	<b>20,580</b>	<b>Total debt programme cash flows</b>	<b>9,766</b>	<b>9,452</b>	<b>314</b>	<b>3.3</b>	<b>27,786</b>
		<b>Other Borrowing Cash Flows</b>					
(30,089)	(7,103)	Net (repayment)/issue of other New Zealand dollar borrowing	2,670	3,573	(903)	(25.3)	13,095
608	2,386	Net (repayment)/issue of foreign currency borrowing	(522)	(168)	(354)	(210.9)	(229)
<b>(29,481)</b>	<b>(4,717)</b>	<b>Total other borrowing cash flows</b>	<b>2,148</b>	<b>3,405</b>	<b>(1,257)</b>	<b>(236.2)</b>	<b>12,866</b>
		<b>Investing Cash Flows</b>					
6,043	(14,171)	Other net sale/(purchase) of marketable securities and deposits	(595)	(6,043)	5,448	90.2	(1,581)
234	101	Issues of circulating currency	324	21	303	-	84
3,681	6,150	Decrease/(increase) in cash	(1,717)	1,724	(3,441)	(199.6)	77
<b>9,958</b>	<b>(7,920)</b>	<b>Total investing cash flows</b>	<b>(1,988)</b>	<b>(4,298)</b>	<b>2,310</b>	<b>53.7</b>	<b>(1,420)</b>
<b>13,767</b>	<b>7,943</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>9,926</b>	<b>8,559</b>	<b>1,367</b>	<b>16.0</b>	<b>39,232</b>

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

# FISCAL INDICATOR ANALYSIS

As at 30 September 2021

## Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 30 Sep 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Net Debt:</b>							
131,256	124,778	Gross sovereign-issued debt	145,875	142,512	(3,363)	(2.4)	174,495
(29,176)	(30,741)	Less liquid financial assets (per net debt definition)	(33,675)	(19,683)	13,992	71.1	(21,184)
<b>102,080</b>	<b>94,037</b>	<b>Net core Crown Debt</b>	<b>112,200</b>	<b>122,829</b>	<b>10,629</b>	<b>8.7</b>	<b>153,311</b>
<b>Analysis of financial liabilities and assets included in net debt</b>							
<b>Gross sovereign-issued debt:</b>							
133,473	126,574	Core Crown borrowings	148,066	147,219	(847)	(0.6)	177,605
(2,217)	(1,796)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,191)	(4,707)	(2,516)	(53.5)	(3,110)
<b>131,256</b>	<b>124,778</b>	<b>Gross sovereign-issued debt</b>	<b>145,875</b>	<b>142,512</b>	<b>(3,363)</b>	<b>(2.4)</b>	<b>174,495</b>
<b>Liquid financial assets:</b>							
108,461	92,929	Core Crown financial assets	114,552	102,340	(12,212)	(11.9)	117,335
(60,557)	(47,355)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(59,089)	(59,680)	(591)	(1.0)	(61,895)
(3,059)	-	Less FLP advances	6,013	(7,560)	(13,573)	(179.5)	(18,720)
(15,669)	(14,833)	Less other advances	(27,801)	(15,417)	12,384	80.3	(15,536)
(79,285)	(62,188)	NZS Fund and advances	(80,877)	(82,657)	(1,780)	(2.2)	(96,151)
<b>29,176</b>	<b>30,741</b>	<b>Liquid financial assets (per net debt definition)</b>	<b>33,675</b>	<b>19,683</b>	<b>(13,992)</b>	<b>(71.1)</b>	<b>21,184</b>
<b>Additional net debt analysis</b>							
102,080	94,037	Net core Crown debt	112,200	122,829	10,629	8.7	153,311
(79,285)	(62,188)	Less NZS Fund and advances	(80,877)	(82,657)	(1,780)	(2.2)	(96,151)
<b>22,795</b>	<b>31,849</b>	<b>Net core Crown debt (incl. NZS Fund and advances)</b>	<b>31,323</b>	<b>40,172</b>	<b>8,849</b>	<b>22.0</b>	<b>57,160</b>
102,080	94,037	Net core Crown debt	112,200	122,829	10,629	8.7	153,311
(3,059)	-	less FLP advances	6,013	(7,560)	(13,573)	(179.5)	(18,720)
<b>99,021</b>	<b>94,037</b>	<b>Net core Crown debt (incl. FLP advances)</b>	<b>118,213</b>	<b>115,269</b>	<b>(2,944)</b>	<b>(2.6)</b>	<b>134,591</b>
<b>Gross Debt:</b>							
131,256	124,778	Gross sovereign-issued debt	145,875	142,512	(3,363)	(2.4)	174,495
(30,421)	(18,731)	Less Reserve Bank settlement cash and Reserve Bank bills	(33,698)	(47,234)	(13,536)	(28.7)	(80,152)
1,600	1,600	Add back changes to government borrowing owing to settlement cash	1,600	1,600	-	-	1,600
<b>102,435</b>	<b>107,647</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>113,777</b>	<b>96,878</b>	<b>(16,899)</b>	<b>(17.4)</b>	<b>95,943</b>
<b>Monetary Liabilities</b>							
8,256	8,123	Issued currency	8,580	8,440	(140)	(1.7)	8,503
29,466	18,104	Settlement deposits with Reserve Bank	32,434	44,433	11,999	27.0	79,152
<b>37,722</b>	<b>26,227</b>	<b>Total Monetary Liabilities</b>	<b>41,014</b>	<b>52,873</b>	<b>11,859</b>	<b>22.4</b>	<b>87,655</b>

Gross sovereign-issued debt (GSID) represents debt issued by the sovereign (the core Crown) and includes any government stock held by the other Crown reporting entities.

Core Crown borrowings in this instance include unsettled purchases of securities (classified as accounts payable in the Statement of Financial Position).

Core Crown financial assets exclude receivables, except for unsettled sales of securities.

The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the government borrowing programme. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

Monetary liabilities facilitate payments to be effected in New Zealand dollars, thereby ensuring the smooth functioning of the economy.

## FISCAL INDICATOR ANALYSIS

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

Financial Results	30 Sep 2021 Actual \$m	30 Sep 2021 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	23,990	21,708	2,282	10.5	93,188
...combined with other core Crown revenue...	1,940	1,621	319	19.7	6,590
...funds core Crown expenses...	(31,022)	(27,842)	(3,180)	(11.4)	(114,717)
...and including SOE and Crown entity revenues and expenses...	(260)	(57)	(203)	(356.1)	(3,470)
...results in an <b>OBEGAL</b> ...	(5,352)	(4,570)	(782)	(17.1)	(18,409)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	(11,556)	(4,029)	(7,527)	(186.8)	(15,648)
...removing net income in SOEs, Crown entities and the NZS Fund...	3,145	(659)	3,804	-	361
...and some items do not impact cash.	3,816	1,387	2,429	175.1	3,552
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(4,595)</b>	<b>(3,301)</b>	<b>(1,294)</b>	<b>(39.2)</b>	<b>(11,735)</b>
...used to make contributions to the NZS Fund...	(605)	(605)	-	-	(2,420)
...and to use for purchase of physical and intangible assets...	(940)	(988)	48	4.9	(4,612)
...and to make advances (eg, to students) and investments...	(3,786)	(3,908)	122	3.1	(20,857)
Adjusting for forecast adjustments (top-down/new spending)...	-	243	(243)	(100.0)	392
...results in a borrowing requirement <b>(Core Crown residual cash surplus/(deficit))</b> ...	<b>(9,926)</b>	<b>(8,559)</b>	<b>(1,367)</b>	<b>(16.0)</b>	<b>(39,232)</b>
Opening net core Crown debt...	102,080	113,655	11,575	10.2	113,655
...when combined with the residual cash (surplus)/deficit...	9,926	8,559	(1,367)	(16.0)	39,232
...and other fair value movements in financial assets and financial liabilities...	194	615	421	68.5	424
...results in a closing <b>net core Crown debt</b> ...	<b>112,200</b>	<b>122,829</b>	<b>10,629</b>	<b>8.7</b>	<b>153,311</b>
...which as a % of GDP is	<b>33.0%</b>	<b>36.2%</b>			<b>43.8%</b>