

# Interim Financial Statements of the Government of New Zealand

For the Five Months Ended  
30 November 2021



Prepared by the Treasury  
27 January 2022

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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 November 2021, 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 2021 (HYEFU 2021)*, published on 15 December 2021.

### Comparison against forecast

The November 2021 Interim Financial Statements of the Government show most key indicators were broadly in line with the forecast at HYEFU. Core Crown tax revenue and core Crown expenses were both close to expectation, with favourable forecast variances of \$0.3 billion and \$0.4 billion respectively.

However, the results continue to show the impacts of the COVID-19 pandemic with an operating balance before gains and losses (OBEGAL) deficit of \$8.4 billion and continued increase in the level of net core Crown debt at \$118.4 billion (34.5% of GDP). In January 2022, there have been outbreaks in the community of the Omicron variant of COVID-19 in New Zealand. Any fiscal implications of the Omicron outbreaks to the Government's accounts are not captured in the actual results or the forecasts of these financial statements as they reflect the results for the five months ended 30 November 2021.

**Table 1** – Key indicators for the five months ended 30 November 2021 compared to *HYEFU 2021*

	Year to date				Full Year
	November	November	Variance <sup>2</sup>	Variance	June
	2021	2021			2022
	Actual <sup>1</sup>	HYEFU 2021 Forecast <sup>1</sup>	HYEFU 2021	HYEFU 2021	HYEFU 2021 Forecast <sup>3</sup>
	\$m	\$m	\$m	%	\$m
<b>Core Crown</b>					
Core Crown tax revenue	41,129	40,877	252	0.6	102,561
Core Crown revenue	44,609	44,366	243	0.5	110,733
Core Crown expenses	52,751	53,157	406	0.8	128,028
Core Crown residual cash	(16,815)	(17,321)	506	2.9	(34,100)
Net core Crown debt <sup>4</sup>	118,444	119,026	582	0.5	136,305
<i>as a percentage of GDP</i>	34.5%	34.6%			37.6%
Gross debt <sup>5</sup>	116,914	115,012	(1,902)	(1.7)	113,973
<i>as a percentage of GDP</i>	34.0%	33.5%			31.4%
<b>Total Crown</b>					
Operating balance before gains and losses	(8,353)	(9,589)	1,236	12.9	(20,844)
Operating balance (excluding minority interests)	(12,702)	(14,968)	2,266	15.1	(23,826)
Total borrowings	188,436	182,218	(6,218)	(3.4)	200,357
Net worth attributable to the Crown	138,728	136,063	2,665	2.0	127,282
<i>as a percentage of GDP</i>	40.4%	39.6%			35.1%

1 Using the most recently published GDP (for the year ended 30 Sep 2021) of \$343,519 million (Source: Stats NZ).

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

3 Using HYEFU 2021 forecast GDP for the year ending 30 June 2022 of \$362,788 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 30 November was \$0.3 billion (0.6%) above forecast. The largest contributors to the variance were:

- Corporate tax revenue was \$204 million (3.1%) above forecast.
- Other individuals' tax revenue was \$145 million (4.3%) above forecast.
- Source deductions revenue was \$98 million (0.6%) above forecast.
- These positive variances were partially offset by customs and excise duties which were \$107 million (4.6%) below forecast, mainly due to below forecast tobacco excise.

**Core Crown expenses** at \$52.8 billion, were \$406 million (0.8%) below forecast, comprising of small variances across multiple Departments.

The **OBEGAL** deficit of \$8.4 billion was \$1.2 billion lower than the forecast deficit of \$9.6 billion. This favourable variance mainly reflects the core Crown results discussed above. In addition, the results of Crown entities (CEs) and state-owned enterprises (SOEs), were stronger than forecast by \$0.4 billion and \$0.2 billion respectively.

When net gains and losses are added to the OBEGAL result, the **operating balance** was a \$12.7 billion deficit, and \$2.3 billion lower than the deficit forecast. Net losses were \$1.1 billion lower than expected, largely owing to the actuarial losses on the ACC outstanding claims liability being \$1.5 billion lower than forecast. This favourable variance largely reflects changes in discount rates, which are used to value future claims cash flows into present value dollars. This was partially offset by net gains on the Crown's investment portfolios (New Zealand Superannuation Fund and ACC) which were \$0.5 billion lower than forecast, as current market returns were lower than those forecast (which assume the long run rate of return after the base month used to prepare than annual forecast).

The **core Crown residual cash** deficit of \$16.8 billion was \$0.5 billion lower than the deficit forecast. Net operating cash outflows were \$0.5 billion higher than forecast, largely as a result of tax receipts which were lower than forecast by \$0.4 billion. However, this was more than offset by capital payments which were lower than expected by \$1.0 billion, driven by lower than forecast uptake of the Reserve Bank's Funding for Lending Programme (FLP).

**Net core Crown debt** was \$118.4 billion (34.5% of GDP) at 30 November 2021, \$0.6 billion lower than forecast largely owing to the favourable core Crown residual cash variance of \$0.5 billion. When FLP advances are included, net core Crown debt was \$112.4 billion (32.7% of GDP).

**Gross debt** at \$116.9 billion (34.0% of GDP), was \$1.9 billion higher than forecast. This variance is primarily a result of Reserve Bank's Bond Lending Facility repurchases which were \$0.7 billion higher than forecast. In addition, there were issuances of \$0.8 billion of euro-commercial paper which had not been forecast. The majority of this variance has a corresponding impact on financial assets and therefore does not impact on net core Crown debt.

**Total borrowings** at \$188.4 billion was higher than forecast by \$6.2 billion (3.4%). This variance in part reflects the gross debt results above, as well as a higher level of settlement deposits held with the Reserve Bank (\$3.0 billion) and an unfavourable variance in derivatives in loss of \$1.5 billion.

**Total assets** at \$452.8 billion were \$8.1 billion above forecast. This was primarily owing to financial assets which were \$7.8 billion greater than forecast reflecting changes in market conditions, investment activity and financing activity.

**Total liabilities** at \$308.4 billion were \$5.4 billion higher than forecast. This variance was largely owing to the total borrowings variance discussed above (\$6.2 billion), partially offset by the valuation of the ACC insurance liability being \$1.6 billion below forecast.

**Net worth attributable to the Crown** was \$138.7 billion at 30 November 2021, \$2.7 billion higher than forecast. Most of this variance relates to the favourable operating balance discussed above.

## Comparison against the prior year actuals

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

	Year to date				Full Year
	November 2021 Actual <sup>1</sup> \$m	November 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	41,129	37,581	3,548	9.4	97,983
Core Crown revenue	44,609	40,347	4,262	10.6	104,968
Core Crown expenses	52,751	44,400	(8,351)	(18.8)	107,764
Core Crown residual cash	(16,815)	(11,875)	(4,940)	(41.6)	(13,767)
Net core Crown debt <sup>5</sup>	118,444	98,964	(19,480)	(19.7)	102,080
as a percentage of GDP	34.5%	30.9%			30.1%
Gross debt <sup>6</sup>	116,914	106,684	(10,230)	(9.6)	102,435
as a percentage of GDP	34.0%	33.3%			30.2%
<b>Total Crown</b>					
Operating balance before gains and losses	(8,353)	(4,336)	(4,017)	(92.6)	(4,560)
Operating balance (excluding minority interests)	(12,702)	157	(12,859)	-	16,159
Total Borrowings	188,436	159,511	(28,925)	(18.1)	162,560
Net worth attributable to the Crown	138,728	109,773	28,955	26.4	151,469
as a percentage of GDP	40.4%	34.2%			44.6%

1 Using the most recently published GDP (for the year ended 30 Sep 2021) of \$343,519 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 30 September 2020) of \$320,746 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 five months to November 2021 was \$3.5 billion (9.4%) higher than the 30 November 2020 results. The largest movements came from the following tax types:

- Corporate tax revenue was \$1.6 billion (30.2%) higher than last year, mainly owing to an increase in taxable profits through the 2021 income tax year.
- Source deduction revenue increased by \$1.5 billion (9.7%) compared to last year, mainly owing to growth in wages and employment.
- Other individuals' tax revenue was \$0.9 billion (36.9%) up on last year, reflecting growth in taxable profits in the 2021 tax year.
- GST revenue was lower than the comparative period, down \$0.3 billion (2.8%) on the previous year. The five months to November 2020 was a stronger period for GST, as domestic consumption began to bounce back following a period of COVID-19 Alert Level restrictions. In contrast, the five months to November 2021 were spent at higher Alert Level settings and with the Auckland boundary rules in place which have likely dampened domestic consumption.

**Core Crown expenses** at \$52.8 billion, were \$8.4 billion (18.8%) higher than the same time last year. The variance was largely related to wage subsidies (\$3.2 billion higher than last year), COVID-19 resurgence support payments being \$2.1 billion higher than last year and increased expenses in health and tertiary education (being \$1.4 billion higher and \$1.3 billion higher than last year, respectively).



**Core Crown residual cash** was a deficit of \$16.8 billion, \$4.9 billion greater than the deficit for November 2020. This reflects increased spending in response to the August outbreaks of the Delta variant of COVID-19 in the community and advances provided by the Reserve Bank through the FLP. This was partly offset by higher tax and sovereign receipts and lower investments into SOE's and CE's in the current period.

**Net core Crown debt** was \$19.5 billion higher than the same time last year and as a share of the economy, net core Crown debt increased to 34.5% (compared to 30.9% of GDP a year earlier). This increase reflects increased spending resulting in accumulated cash deficits of \$18.7 billion since November 2020.

**Net worth attributable to the Crown** at \$138.7 billion (40.4% of GDP) at 30 November 2021, which is \$29.0 billion higher than the prior year. This variance is largely reflecting an increase in taxpayers' funds of \$3.7 billion and an increase in the property revaluation reserve of \$21.4 billion. The decrease in the valuations of defined benefit retirement plan and veteran's disability entitlements contributed \$3.7 billion to the variance.





# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the five months ended 30 November 2021

Year to 30 June 2021	5 months to 30 Nov 2020		Note	Current Year Actual vs Forecast			Annual HYEUFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Revenue</b>						
97,362	37,294	Taxation revenue	2	40,890	40,631	259	0.6	102,081
7,038	2,814	Other sovereign revenue	2	3,465	3,395	70	2.1	8,083
<b>104,400</b>	<b>40,108</b>	<b>Total revenue levied through the Crown's Sovereign Power</b>		<b>44,355</b>	<b>44,026</b>	<b>329</b>	<b>0.7</b>	<b>110,164</b>
18,500	7,265	Sales of goods and services		6,977	6,956	21	0.3	17,271
2,846	1,156	Interest revenue and dividends	3	1,233	1,339	(106)	(7.9)	3,179
3,589	1,341	Other revenue		1,356	1,351	5	0.4	3,652
<b>24,935</b>	<b>9,762</b>	<b>Total revenue earned through the Crown's operations</b>		<b>9,566</b>	<b>9,646</b>	<b>(80)</b>	<b>(0.8)</b>	<b>24,102</b>
<b>129,335</b>	<b>49,870</b>	<b>Total revenue (excluding gains)</b>		<b>53,921</b>	<b>53,672</b>	<b>249</b>	<b>0.5</b>	<b>134,266</b>
		<b>Expenses</b>						
35,427	15,457	Transfer payments and subsidies	4	21,107	21,186	79	0.4	44,182
29,817	11,910	Personnel expenses		12,963	13,396	433	3.2	31,700
6,764	2,649	Depreciation and amortisation		2,947	2,862	(85)	(3.0)	7,018
52,604	21,025	Other operating expenses		22,494	23,384	890	3.8	62,028
2,272	1,092	Finance costs	5	1,017	1,061	44	4.1	3,121
6,838	1,956	Insurance expenses	6	1,770	1,959	189	9.6	6,763
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(526)	(526)	(100.0)	(4,130)
<b>133,722</b>	<b>54,089</b>	<b>Total expenses (excluding losses)</b>		<b>62,298</b>	<b>63,322</b>	<b>1,024</b>	<b>1.6</b>	<b>155,094</b>
		<b>Gains/(losses)</b>						
(3,976)	(3,586)	Net gains/(losses) on large scale asset purchases		(1)	(1)	-	-	(1)
18,130	8,010	Net gains/(losses) on financial instruments		66	545	(479)	(87.9)	3,039
6,869	420	Net gains/(losses) on non-financial instruments	8	(4,153)	(5,765)	1,612	28.0	(5,939)
<b>21,023</b>	<b>4,844</b>	<b>Total gains/(losses)</b>		<b>(4,088)</b>	<b>(5,221)</b>	<b>1,133</b>	<b>21.7</b>	<b>(2,901)</b>
		<b>Other interests</b>						
(360)	(343)	Net surplus/(deficit) from associates and joint ventures		(46)	39	(85)	(217.9)	106
(117)	(125)	Less minority interests share of operating balance		(191)	(136)	(55)	(40.4)	(203)
<b>16,159</b>	<b>157</b>	<b>Operating balance (excluding minority interests)</b>		<b>(12,702)</b>	<b>(14,968)</b>	<b>2,266</b>	<b>15.1</b>	<b>(23,826)</b>
117	125	Minority interests share of operating balance		191	136	55	40.4	203
<b>16,276</b>	<b>282</b>	<b>Operating balance (including minority interests)</b>		<b>(12,511)</b>	<b>(14,832)</b>	<b>2,321</b>	<b>15.6</b>	<b>(23,623)</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 2021

Year to 30 June 2021 Actual \$m	5 months to 30 Nov 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,276	282	Operating balance (including minority interest)	(12,511)	(14,832)	2,321	15.6	(23,623)
		<b>Other comprehensive revenue and expense</b>					
22,539	172	Revaluation of physical assets	(105)	(69)	(36)	(52.2)	(69)
		Revaluation of defined benefit retirement					
2,325	(807)	plan schemes	134	144	(10)	(6.9)	332
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	44	Transfers to/(from) reserves	301	13	288	-	(25)
		(Gains)/losses transferred to the					
181	(21)	statement of financial performance	(90)	(81)	(9)	(11.1)	(138)
		Foreign currency translation differences on					
8	(91)	foreign operations	(90)	(14)	(76)	-	(12)
15	(4)	Other movements	(207)	(440)	233	53.0	(459)
<b>25,361</b>	<b>(707)</b>	<b>Total other comprehensive revenue and expense</b>	<b>(57)</b>	<b>(447)</b>	<b>390</b>	<b>87.2</b>	<b>(371)</b>
<b>41,637</b>	<b>(425)</b>	<b>Total comprehensive revenue and expense</b>	<b>(12,568)</b>	<b>(15,279)</b>	<b>2,711</b>	<b>17.7</b>	<b>(23,994)</b>
		<b>Attributable to:</b>					
488	122	- minority interest	173	127	46	36.2	193
41,149	(547)	- the Crown	(12,741)	(15,406)	2,665	17.3	(24,187)
<b>41,637</b>	<b>(425)</b>	<b>Total comprehensive revenue and expense</b>	<b>(12,568)</b>	<b>(15,279)</b>	<b>2,711</b>	<b>17.7</b>	<b>(23,994)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the five months ended 30 November 2021

Year to 30 June 2021 Actual \$m	5 months to 30 Nov 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
115,943	115,943	Opening net worth	157,193	157,193	-	-	157,193
16,276	282	Operating balance (including minority interest)	(12,511)	(14,832)	2,321	15.6	(23,623)
22,539	172	Net revaluations	(105)	(69)	(36)	(52.2)	(69)
		Net revaluations of defined benefit retirement					
2,325	(807)	plan schemes	134	144	(10)	(6.9)	332
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	44	Transfers to/(from) reserves	301	13	288	-	(25)
		(Gains)/losses transferred to the					
181	(21)	statement of financial performance	(90)	(81)	(9)	(11.1)	(138)
		Foreign currency translation differences on					
8	(91)	foreign operations	(90)	(14)	(76)	-	(12)
15	(4)	Other movements	(207)	(440)	233	53.0	(459)
<b>41,637</b>	<b>(425)</b>	<b>Total comprehensive revenue and expense</b>	<b>(12,568)</b>	<b>(15,279)</b>	<b>2,711</b>	<b>17.7</b>	<b>(23,994)</b>
(387)	(221)	Transactions with minority interests	(201)	(225)	24	10.7	(369)
<b>157,193</b>	<b>115,297</b>	<b>Closing net worth</b>	<b>144,424</b>	<b>141,689</b>	<b>2,735</b>	<b>1.9</b>	<b>132,830</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 2021

Year to 30 June 2021	5 months to 30 Nov 2020		Current Year Actual vs Forecast				Annual HYEUFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
95,382	35,750	Taxation receipts		38,477	38,900	(423)	(1.1)	100,978
6,424	2,005	Other sovereign receipts		3,272	3,062	210	6.9	6,775
17,732	7,194	Sales of goods and services		7,203	7,537	(334)	(4.4)	17,122
1,670	715	Interest receipts		698	696	2	0.3	1,671
4,814	1,438	Other operating receipts		1,705	1,819	(114)	(6.3)	4,307
<b>126,022</b>	<b>47,102</b>	<b>Total cash provided from operations</b>		<b>51,355</b>	<b>52,014</b>	<b>(659)</b>	<b>(1.3)</b>	<b>130,853</b>
		<b>Cash was disbursed to</b>						
35,515	16,207	Transfer payments and subsidies		21,838	21,933	95	0.4	44,345
84,256	36,259	Personnel and operating payments		38,526	39,522	996	2.5	96,098
3,147	1,491	Interest payments		1,268	1,289	21	1.6	3,112
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(526)	(526)	(100.0)	(4,130)
<b>122,918</b>	<b>53,957</b>	<b>Total cash disbursed to operations</b>		<b>61,632</b>	<b>62,218</b>	<b>586</b>	<b>0.9</b>	<b>143,837</b>
<b>3,104</b>	<b>(6,855)</b>	<b>Net cash flows from operations</b>		<b>(10,277)</b>	<b>(10,204)</b>	<b>(73)</b>	<b>(0.7)</b>	<b>(12,984)</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(9,393)	(4,038)	Net (purchase)/sale of physical assets		(4,403)	(5,083)	680	13.4	(15,607)
4,189	4,512	Net (purchase)/sale of shares and other securities		(5,444)	1,718	(7,162)	(416.9)	15,302
(898)	(290)	Net (purchase)/sale of intangible assets		(381)	(364)	(17)	(4.7)	(1,208)
(5,663)	(724)	Net (issue)/repayment of advances		(4,151)	(5,011)	860	17.2	(11,260)
(392)	(221)	Net acquisition of investments in associates		(268)	(253)	(15)	(5.9)	(615)
-	-	Forecast new capital spending	7	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	7	-	448	(448)	(100.0)	2,240
<b>(12,157)</b>	<b>(761)</b>	<b>Net cash flows from investing activities</b>		<b>(14,647)</b>	<b>(8,545)</b>	<b>(6,102)</b>	<b>(71.4)</b>	<b>(12,893)</b>
<b>(9,053)</b>	<b>(7,616)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(24,924)</b>	<b>(18,749)</b>	<b>(6,175)</b>	<b>(32.9)</b>	<b>(25,877)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
234	179	Issues of circulating currency		587	277	310	111.9	326
1,158	3,986	Net issue/(repayment) of Government bonds		12,764	12,947	(183)	(1.4)	16,538
348	1,535	Net issue/(repayment) of foreign currency borrowing		851	(760)	1,611	212.0	(3,628)
5,847	(4,426)	Net issue/(repayment) of other New Zealand dollar borrowing		7,246	4,986	2,260	45.3	11,230
(373)	(227)	Dividends paid to minority interests		(206)	(229)	23	10.0	(365)
<b>7,214</b>	<b>1,047</b>	<b>Net cash flows from financing activities</b>		<b>21,242</b>	<b>17,221</b>	<b>4,021</b>	<b>23.3</b>	<b>24,101</b>
<b>(1,839)</b>	<b>(6,569)</b>	<b>Net movement in cash</b>		<b>(3,682)</b>	<b>(1,528)</b>	<b>(2,154)</b>	<b>(141.0)</b>	<b>(1,776)</b>
21,927	21,927	<b>Opening cash balance</b>		18,755	18,755	-	-	18,755
(1,333)	(823)	Foreign-exchange gains/(losses) on opening cash		29	(153)	182	119.0	(163)
<b>18,755</b>	<b>14,535</b>	<b>Closing cash balance</b>		<b>15,102</b>	<b>17,074</b>	<b>(1,972)</b>	<b>(11.5)</b>	<b>16,816</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 2021

Year to 30 June 2021	5 months to 30 Nov 2020		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>					
3,104	(6,855)	<b>Net cash flows from operations</b>	<b>(10,277)</b>	<b>(10,204)</b>	<b>(73)</b>	<b>(0.7)</b>	<b>(12,984)</b>
		<b>Gains/(losses) and other interests</b>					
18,130	8,010	Net gains/(losses) on financial instruments	66	545	(479)	(87.9)	3,039
6,869	420	Net gains/(losses) on non-financial instruments	(4,153)	(5,765)	1,612	28.0	(5,939)
(3,976)	(3,586)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
(360)	(343)	Net surplus from associates and joint ventures	(46)	39	(85)	(217.9)	106
(117)	(125)	Minority interests share of operating balance	(191)	(136)	(55)	(40.4)	(203)
<b>20,546</b>	<b>4,376</b>	<b>Total gains/(losses) and other interests</b>	<b>(4,325)</b>	<b>(5,318)</b>	<b>993</b>	<b>18.7</b>	<b>(2,998)</b>
		<b>Other non-cash items in operating balance</b>					
(6,764)	(2,649)	Depreciation and amortisation	(2,947)	(2,862)	(85)	(3.0)	(7,018)
(1,039)	(346)	Cost of concessionary lending	(215)	(210)	(5)	(2.4)	(763)
(1)	(38)	Impairment of financial assets (excluding receivables)	(17)	(21)	4	19.0	(73)
(1,868)	1,180	Decrease/(increase) in insurance liabilities	1,665	1,576	89	5.6	(1,492)
733	335	Change in accumulating pension expenses	95	92	3	3.3	979
149	-	Other	191	185	6	3.2	-
<b>(8,790)</b>	<b>(1,518)</b>	<b>Total other non-cash items</b>	<b>(1,228)</b>	<b>(1,240)</b>	<b>12</b>	<b>1.0</b>	<b>(8,367)</b>
		<b>Movements in working capital</b>					
1,481	83	Increase/(decrease) in receivables	370	(252)	622	246.8	(681)
1,126	505	Increase/(decrease) in accrued interest	366	414	(48)	(11.6)	377
421	100	Increase/(decrease) in inventories	167	66	101	153.0	137
63	531	Increase/(decrease) in prepayments	937	679	258	38.0	49
40	210	Decrease/(increase) in deferred revenue	(80)	(145)	65	44.8	(141)
(1,832)	2,725	Decrease/(increase) in payables/provisions	1,368	1,032	336	32.6	782
<b>1,299</b>	<b>4,154</b>	<b>Total movements in working capital</b>	<b>3,128</b>	<b>1,794</b>	<b>1,334</b>	<b>74.4</b>	<b>523</b>
<b>16,159</b>	<b>157</b>	<b>Operating balance (excluding minority interests)</b>	<b>(12,702)</b>	<b>(14,968)</b>	<b>2,266</b>	<b>15.1</b>	<b>(23,826)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 November 2021

As at 30 June 2021 Actual \$m	As at 30 Nov 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Assets</b>						
18,755	14,535	Cash and cash equivalents	9	15,102	17,074	(1,972)	(11.5)	16,816
26,829	25,791	Receivables	9	28,078	26,010	2,068	8.0	25,809
		Marketable securities, deposits and derivatives in gain	9	59,834	53,326	6,508	12.2	51,081
56,783	63,376	Share investments	9	53,796	51,292	2,504	4.9	52,436
48,539	40,181	Advances	9	50,303	51,465	(1,162)	(2.3)	57,409
45,612	39,452	Investments in controlled enterprises	9	4,722	4,876	(154)	(3.2)	5,273
4,718	4,216	Inventory		2,361	2,260	101	4.5	2,331
2,194	1,873	Other assets		4,552	4,218	334	7.9	3,614
3,928	4,116	Property, plant and equipment	10	215,779	216,338	(559)	(0.3)	223,315
213,216	188,777	Equity accounted investments <sup>1</sup>		14,667	14,707	(40)	(0.3)	15,084
14,421	14,107	Intangible assets and goodwill		3,599	3,582	17	0.5	4,061
3,601	3,844	Forecast for new capital spending	7	-	-	-	-	1,745
-	-	Top-down capital adjustment	7	-	(448)	448	100.0	(2,240)
<b>438,596</b>	<b>400,268</b>	<b>Total assets</b>		<b>452,793</b>	<b>444,700</b>	<b>8,093</b>	<b>1.8</b>	<b>456,734</b>
		<b>Liabilities</b>						
8,256	8,202	Issued currency		8,843	8,533	(310)	(3.6)	8,582
17,577	19,093	Payables	11	15,400	15,126	(274)	(1.8)	16,088
2,549	2,377	Deferred revenue		2,630	2,696	66	2.4	2,690
162,560	159,511	Borrowings	12	188,436	182,218	(6,218)	(3.4)	200,357
60,336	64,599	Insurance liabilities	13	60,156	61,788	1,632	2.6	65,062
11,038	14,490	Retirement plan liabilities		10,581	10,593	12	0.1	10,040
19,087	16,699	Provisions	14	22,323	22,057	(266)	(1.2)	21,085
<b>281,403</b>	<b>284,971</b>	<b>Total liabilities</b>		<b>308,369</b>	<b>303,011</b>	<b>(5,358)</b>	<b>(1.8)</b>	<b>323,904</b>
<b>157,193</b>	<b>115,297</b>	<b>Total assets less total liabilities</b>		<b>144,424</b>	<b>141,689</b>	<b>2,735</b>	<b>1.9</b>	<b>132,830</b>
		<b>Net worth</b>						
19,857	3,318	Taxpayers' funds	15	7,003	4,484	2,519	56.2	(4,400)
		Property, plant and equipment revaluation reserve	15	133,862	133,899	(37)	-	133,902
134,003	112,497	Defined benefit retirement plan revaluation reserve	15	(1,427)	(1,416)	(11)	(0.8)	(1,228)
(1,560)	(4,693)	Veterans' disability entitlements reserve	15	(659)	(659)	-	-	(659)
(659)	(1,095)	Other reserves	15	(51)	(245)	194	79.2	(333)
(172)	(254)							
<b>151,469</b>	<b>109,773</b>	<b>Total net worth attributable to the Crown</b>		<b>138,728</b>	<b>136,063</b>	<b>2,665</b>	<b>2.0</b>	<b>127,282</b>
5,724	5,524	Net worth attributable to minority interest	15	5,696	5,626	70	1.2	5,548
<b>157,193</b>	<b>115,297</b>	<b>Total net worth</b>		<b>144,424</b>	<b>141,689</b>	<b>2,735</b>	<b>1.9</b>	<b>132,830</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 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	41,129	40,877	-	-	-	-	(239)	(246)	40,890	40,631
Other sovereign revenue	1,665	1,606	2,636	2,640	-	-	(836)	(851)	3,465	3,395
Revenue from core Crown funding	-	-	16,092	16,081	222	224	(16,314)	(16,305)	-	-
Sales of goods and services	562	594	1,129	1,101	5,544	5,541	(258)	(280)	6,977	6,956
Interest and dividend revenue	915	960	511	513	336	375	(529)	(509)	1,233	1,339
Other revenue	338	329	1,689	1,840	378	368	(1,049)	(1,186)	1,356	1,351
<b>Total Revenue (excluding gains)</b>	<b>44,609</b>	<b>44,366</b>	<b>22,057</b>	<b>22,175</b>	<b>6,480</b>	<b>6,508</b>	<b>(19,225)</b>	<b>(19,377)</b>	<b>53,921</b>	<b>53,672</b>
<b>Expenses</b>										
Transfer payments and subsidies	23,737	23,816	-	-	-	-	(2,630)	(2,630)	21,107	21,186
Personnel expenses	4,040	4,061	7,784	8,179	1,161	1,173	(22)	(17)	12,963	13,396
Other operating expenses	24,112	24,939	14,173	14,246	4,979	5,140	(16,053)	(16,120)	27,211	28,205
Interest expenses	862	867	65	68	224	270	(134)	(144)	1,017	1,061
Forecast new operating spending and top-down adjustment	-	(526)	-	-	-	-	-	-	-	(526)
<b>Total Expenses (excluding losses)</b>	<b>52,751</b>	<b>53,157</b>	<b>22,022</b>	<b>22,493</b>	<b>6,364</b>	<b>6,583</b>	<b>(18,839)</b>	<b>(18,911)</b>	<b>62,298</b>	<b>63,322</b>
Gains/(losses) and other items	(3,025)	(2,834)	(1,944)	(2,753)	241	285	403	(16)	(4,325)	(5,318)
<b>Operating Balance (excluding minority interests)</b>	<b>(11,167)</b>	<b>(11,625)</b>	<b>(1,909)</b>	<b>(3,071)</b>	<b>357</b>	<b>210</b>	<b>17</b>	<b>(482)</b>	<b>(12,702)</b>	<b>(14,968)</b>
<b>Assets</b>										
Financial assets	139,748	132,707	65,479	64,720	33,884	34,105	(27,276)	(27,490)	211,835	204,043
Property, plant and equipment	52,629	52,701	120,676	120,963	42,474	42,673	-	-	215,779	216,338
Investments in associates, CEs and SOEs	55,135	55,031	12,902	12,904	342	296	(53,712)	(53,524)	14,667	14,707
Other assets	5,991	5,666	2,600	2,476	2,513	2,392	(592)	(474)	10,512	10,060
Forecast and top-down capital adjustments	-	(448)	-	-	-	-	-	-	-	(448)
<b>Total Assets</b>	<b>253,503</b>	<b>245,657</b>	<b>201,657</b>	<b>201,063</b>	<b>79,213</b>	<b>79,466</b>	<b>(81,580)</b>	<b>(81,488)</b>	<b>452,793</b>	<b>444,700</b>
<b>Liabilities</b>										
Borrowings	155,706	149,600	13,351	12,851	39,912	40,222	(20,533)	(20,455)	188,436	182,218
Other liabilities	48,679	47,379	73,576	74,801	9,050	9,621	(11,372)	(11,008)	119,933	120,793
<b>Total Liabilities</b>	<b>204,385</b>	<b>196,979</b>	<b>86,927</b>	<b>87,652</b>	<b>48,962</b>	<b>49,843</b>	<b>(31,905)</b>	<b>(31,463)</b>	<b>308,369</b>	<b>303,011</b>
<b>Net Worth</b>	<b>49,118</b>	<b>48,678</b>	<b>114,730</b>	<b>113,411</b>	<b>30,251</b>	<b>29,623</b>	<b>(49,675)</b>	<b>(50,025)</b>	<b>144,424</b>	<b>141,689</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>1,345</b>	<b>1,507</b>	<b>2,124</b>	<b>2,542</b>	<b>1,039</b>	<b>1,094</b>	<b>-</b>	<b>-</b>	<b>4,508</b>	<b>5,143</b>

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

## STATEMENT OF COMMITMENTS

As at 30 November 2021

	As at 30 Nov 2021 \$m	As at 30 Jun 2021 \$m	As at 30 Nov 2020 \$m
<b>Capital Commitments</b>			
State highways <sup>1</sup>	2,745	2,745	2,901
Specialist military equipment	2,455	2,598	2,455
Land and buildings	6,133	6,044	5,333
Other property, plant and equipment	4,473	4,431	3,840
Other capital commitments	928	1,031	1,784
Universities and Wānanga	875	875	400
<b>Total capital commitments</b>	<b>17,609</b>	<b>17,724</b>	<b>16,713</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,291	5,342	5,152
Other non-cancellable leases	3,854	3,866	3,859
Universities and Wānanga	1,137	1,137	1,084
<b>Total operating commitments</b>	<b>10,282</b>	<b>10,345</b>	<b>10,095</b>
<b>Total commitments</b>	<b>27,891</b>	<b>28,069</b>	<b>26,808</b>
<b>Total Commitments by Segment</b>			
Core Crown	13,814	14,090	13,974
Crown entities <sup>1</sup>	9,097	9,063	7,858
State-owned Enterprises	6,896	6,896	6,538
Inter-segment eliminations	(1,916)	(1,980)	(1,562)
<b>Total commitments</b>	<b>27,890</b>	<b>28,069</b>	<b>26,808</b>

1. A restatement to the 2020/21 state highway network capital commitments of \$1,887 million has been made to reflect the contracted work remaining.

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 November 2021

	As at 30 Nov 2021 \$m	As at 30 Jun 2021 \$m	As at 30 Nov 2020 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,641	8,568	8,036
Guarantees and indemnities	344	348	313
Legal proceedings and disputes	313	313	461
Other contingent liabilities	860	567	561
<b>Total quantifiable contingent liabilities</b>	<b>10,158</b>	<b>9,796</b>	<b>9,371</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,832	9,538	9,256
Crown entities	157	157	154
State-owned Enterprises	264	196	185
Inter-segment eliminations	(95)	(95)	(224)
<b>Total quantifiable contingent liabilities</b>	<b>10,158</b>	<b>9,796</b>	<b>9,371</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	37	37	20
Crown entities	21	21	28
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>58</b>	<b>58</b>	<b>48</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

Government departments are defined by the Public Finance Act 1989 and include departments (as defined in the Public Service Act 2020), departmental agencies, interdepartmental executive boards, interdepartmental ventures, the New Zealand Defence Force, the New Zealand Police, the Parliamentary Counsel Office, the Office of the Clerk of the House of Representatives and the Parliamentary Service.

The Crown has a full residual interest in all the above entities with the exception of Air New Zealand Limited, Tāmaki Redevelopment Company Limited and City Rail Link Limited (listed in Schedule 4A of the Public Finance Act 1989) and the entities listed in Schedule 5 of the Public Finance Act 1989 (Mixed ownership model companies).

Corresponding assets, liabilities, revenue and expenses, are added together line by line (with the exception of the New Zealand Superannuation Fund investments in controlled enterprises). Transactions and balances between these sub-entities are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies into line with those used by the Government reporting entity.

As a consequence of the agreements with Auckland Council, City Rail Link Limited (CRL) is reported as a joint venture in these financial statements and is, therefore, equity accounted. This treatment recognises the government share of CRL's net assets, including asset revaluation movements, surpluses and deficits.

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 *HYEFU 2021* published on 15 December 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, 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	5 months to 30 Nov 2020 Actual \$m		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>							
38,164	15,321	Source deductions	16,805	16,712	93	0.6	41,172
8,773	2,997	Other persons	3,819	3,689	130	3.5	9,244
(1,716)	(675)	Refunds	(590)	(605)	15	2.5	(1,829)
608	227	Fringe benefit tax	261	261	-	-	622
<b>45,829</b>	<b>17,870</b>	<b>Total individuals</b>	<b>20,295</b>	<b>20,057</b>	<b>238</b>	<b>1.2</b>	<b>49,209</b>
<b>Corporate tax</b>							
15,640	4,839	Gross companies tax	6,448	6,199	249	4.0	16,350
(344)	(106)	Refunds	(152)	(152)	-	-	(407)
472	171	Non-resident withholding tax	210	239	(29)	(12.1)	579
<b>15,768</b>	<b>4,904</b>	<b>Total corporate tax</b>	<b>6,506</b>	<b>6,286</b>	<b>220</b>	<b>3.5</b>	<b>16,522</b>
<b>Other direct income tax</b>							
1,000	465	Resident w/holding tax on interest income	269	306	(37)	(12.1)	869
1,519	342	Resident w/holding tax on dividend income	380	356	24	6.7	859
<b>2,519</b>	<b>807</b>	<b>Total other direct income tax</b>	<b>649</b>	<b>662</b>	<b>(13)</b>	<b>(2.0)</b>	<b>1,728</b>
<b>64,116</b>	<b>23,581</b>	<b>Total direct income tax</b>	<b>27,450</b>	<b>27,005</b>	<b>445</b>	<b>1.6</b>	<b>67,459</b>
<b>Goods and services tax</b>							
39,814	16,114	Gross goods and services tax	17,075	17,043	32	0.2	41,984
(14,252)	(5,583)	Refunds	(6,839)	(6,728)	(111)	(1.6)	(15,242)
<b>25,562</b>	<b>10,531</b>	<b>Total goods and services tax</b>	<b>10,236</b>	<b>10,315</b>	<b>(79)</b>	<b>(0.8)</b>	<b>26,742</b>
<b>Other indirect taxation</b>							
2,145	905	Petroleum fuels excise and duty <sup>1</sup>	762	783	(21)	(2.7)	2,083
1,637	611	Tobacco excise and duty <sup>1</sup>	826	891	(65)	(7.3)	1,761
1,930	790	Road user charges	781	774	7	0.9	1,929
1,249	589	Alcohol excise and duty <sup>1</sup>	563	581	(18)	(3.1)	1,357
169	68	Other customs duty	74	78	(4)	(5.1)	179
554	219	Miscellaneous indirect tax	198	204	(6)	(2.9)	571
<b>7,684</b>	<b>3,182</b>	<b>Total other indirect taxation</b>	<b>3,204</b>	<b>3,311</b>	<b>(107)</b>	<b>(3.2)</b>	<b>7,880</b>
<b>33,246</b>	<b>13,713</b>	<b>Total indirect taxation</b>	<b>13,440</b>	<b>13,626</b>	<b>(186)</b>	<b>(1.4)</b>	<b>34,622</b>
<b>97,362</b>	<b>37,294</b>	<b>Total taxation revenue</b>	<b>40,890</b>	<b>40,631</b>	<b>259</b>	<b>0.6</b>	<b>102,081</b>
<b>Other sovereign revenue</b>							
3,270	1,352	ACC levies	1,330	1,340	(10)	(0.7)	3,243
1,634	581	Emissions trading revenue	1,088	1,040	48	4.6	2,674
607	249	Fire Service levies	271	262	9	3.4	616
520	215	EQC levies	219	219	-	-	528
383	100	Child support and working for families penalties	173	167	6	3.6	285
138	56	Court fines	44	49	(5)	(10.2)	115
486	261	Other miscellaneous items	340	318	22	6.9	622
<b>7,038</b>	<b>2,814</b>	<b>Total other sovereign revenue</b>	<b>3,465</b>	<b>3,395</b>	<b>70</b>	<b>2.1</b>	<b>8,083</b>
<b>104,400</b>	<b>40,108</b>	<b>Total sovereign revenue</b>	<b>44,355</b>	<b>44,026</b>	<b>329</b>	<b>0.7</b>	<b>110,164</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	5 months to 30 Nov 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	833	Interest revenue	812	889	(77)	(8.7)	2,110
903	323	Dividends	421	450	(29)	(6.4)	1,069
<b>2,846</b>	<b>1,156</b>	<b>Total interest revenue and dividends</b>	<b>1,233</b>	<b>1,339</b>	<b>(106)</b>	<b>(7.9)</b>	<b>3,179</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
16,569	6,814	New Zealand superannuation	7,278	7,280	2	-	17,794
3,224	1,310	Jobseeker support and emergency benefit	1,376	1,376	-	-	3,340
2,302	942	Accommodation assistance	988	980	(8)	(0.8)	2,325
2,103	860	Family tax credit	805	791	(14)	(1.8)	2,098
1,826	757	Supported living payment	840	838	(2)	(0.2)	2,040
1,197	1,262	Wage Subsidy Scheme	4,475	4,521	46	1.0	5,345
1,455	596	Sole parent support	669	669	-	-	1,698
916	385	KiwiSaver subsidies	405	405	-	-	977
812	609	Winter energy payment	309	309	-	-	514
804	186	Official development assistance	236	327	91	27.8	840
590	297	Student allowances	295	298	3	1.0	625
585	227	Other working for families tax credits	200	197	(3)	(1.5)	598
479	202	Hardship assistance	198	201	3	1.5	505
409	169	Disability allowances	173	173	-	-	414
293	117	Orphan's/unsupported child's benefit	123	123	-	-	319
271	99	Best start	119	119	-	-	374
200	-	COVID-19 resurgence support payment	2,097	2,100	3	0.1	3,157
106	30	Income related rent subsidy	53	47	(6)	(12.8)	110
1,286	595	Other social assistance benefits	468	432	(36)	(8.5)	1,109
<b>35,427</b>	<b>15,457</b>	<b>Total transfer payments and subsidies</b>	<b>21,107</b>	<b>21,186</b>	<b>79</b>	<b>0.4</b>	<b>44,182</b>
<b>NOTE 5: Finance Costs</b>							
2,188	1,054	Interest on financial liabilities	999	1,032	33	3.2	3,019
84	38	Interest unwind on provisions and other interest	18	29	11	37.9	102
<b>2,272</b>	<b>1,092</b>	<b>Total finance costs</b>	<b>1,017</b>	<b>1,061</b>	<b>44</b>	<b>4.1</b>	<b>3,121</b>
<b>NOTE 6: Insurance Expenses</b>							
6,539	1,050	ACC	1,689	1,859	170	9.1	6,520
167	(9)	EQC	76	96	20	20.8	232
108	(5)	Southern Response	(8)	(8)	-	-	(18)
24	920	Other insurance expenses	13	12	(1)	(8.3)	29
<b>6,838</b>	<b>1,956</b>	<b>Total insurance expenses</b>	<b>1,770</b>	<b>1,959</b>	<b>189</b>	<b>9.6</b>	<b>6,763</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 Nov 2020 \$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>							
8,222	910	Actuarial gains/(losses) on ACC liability	(1,485)	(3,028)	1,543	51.0	(3,235)
(1,489)	(444)	Gains/(losses) on the Emissions Trading Scheme	(3,000)	(3,094)	94	3.0	(3,033)
136	(46)	Other	332	357	(25)	(7.0)	329
<b>6,869</b>	<b>420</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(4,153)</b>	<b>(5,765)</b>	<b>1,612</b>	<b>28.0</b>	<b>(5,939)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
18,755	14,535	Cash and cash equivalents	15,102	17,074	(1,972)	(11.5)	16,816
15,642	15,786	Tax receivables	17,682	16,761	921	5.5	15,020
11,187	10,005	Other receivables	10,396	9,249	1,147	12.4	10,789
25,155	23,435	Kiwibank mortgages	26,669	26,251	418	1.6	27,769
10,841	10,175	Student loans	10,534	10,540	(6)	(0.1)	10,561
2,558	-	Funding for Lending advances	5,216	6,423	(1,207)	(18.8)	11,894
7,058	5,842	Other advances	7,884	8,251	(367)	(4.4)	7,185
48,539	40,181	Share investments	53,796	51,292	2,504	4.9	52,436
4,718	4,216	Investments in controlled enterprises	4,722	4,876	(154)	(3.2)	5,273
44,687	48,053	Other marketable securities	43,923	39,432	4,491	11.4	37,582
5,108	4,841	Long-term deposits	5,655	4,988	667	13.4	4,939
4,509	8,030	Derivatives in gain	5,203	3,875	1,328	34.3	3,529
2,479	2,452	IMF financial assets	5,053	5,031	22	0.4	5,031
<b>201,236</b>	<b>187,551</b>	<b>Total financial assets and sovereign receivables</b>	<b>211,835</b>	<b>204,043</b>	<b>7,792</b>	<b>3.8</b>	<b>208,824</b>
<b>Financial assets by entity</b>							
54,903	50,809	The Treasury	56,585	58,717	(2,132)	(3.6)	43,304
44,935	37,871	Reserve Bank of New Zealand	51,666	47,821	3,845	8.0	51,780
62,312	57,652	NZ Superannuation Fund	63,647	61,686	1,961	3.2	65,741
35,095	29,560	Other core Crown	38,289	35,493	2,796	7.9	33,803
(68,586)	(56,352)	Intra-segment eliminations	(70,439)	(71,010)	571	0.8	(58,158)
<b>128,659</b>	<b>119,540</b>	<b>Total core Crown segment</b>	<b>139,748</b>	<b>132,707</b>	<b>7,041</b>	<b>5.3</b>	<b>136,470</b>
54,271	52,819	ACC	53,311	52,995	316	0.6	54,498
602	692	EQC	509	536	(27)	(5.0)	566
16,788	14,083	Other Crown entities	15,998	15,321	677	4.4	15,360
(4,132)	(2,816)	Intra-segment eliminations	(4,339)	(4,132)	(207)	(5.0)	(4,671)
<b>67,529</b>	<b>64,778</b>	<b>Total Crown entities segment</b>	<b>65,479</b>	<b>64,720</b>	<b>759</b>	<b>1.2</b>	<b>65,753</b>
<b>32,872</b>	<b>30,970</b>	<b>Total State-owned Enterprises segment</b>	<b>33,884</b>	<b>34,105</b>	<b>(221)</b>	<b>(0.6)</b>	<b>35,215</b>
(27,824)	(27,737)	Inter-segment eliminations	(27,276)	(27,489)	213	0.8	(28,614)
<b>201,236</b>	<b>187,551</b>	<b>Total financial assets and sovereign receivables</b>	<b>211,835</b>	<b>204,043</b>	<b>7,792</b>	<b>3.8</b>	<b>208,824</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Nov 2020 \$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>							
70,292	58,041	Land	70,455	70,562	(107)	(0.2)	71,096
53,507	46,014	Buildings	53,984	54,065	(81)	(0.1)	58,247
42,666	40,028	State highways	43,183	43,307	(124)	(0.3)	44,752
17,979	16,991	Electricity generation assets	18,603	18,762	(159)	(0.8)	18,820
4,318	4,267	Electricity distribution network (cost)	4,318	4,164	154	3.7	4,240
3,611	3,819	Aircraft (excl military)	3,595	3,190	405	12.7	3,901
3,649	3,385	Specialist military equipment	3,879	3,848	31	0.8	4,262
3,156	3,077	Specified cultural and heritage assets	3,158	3,160	(2)	(0.1)	3,173
7,407	6,961	Rail network	7,406	7,527	(121)	(1.6)	7,737
6,631	6,194	Other plant and equipment (cost)	7,198	7,753	(555)	(7.2)	7,087
<b>213,216</b>	<b>188,777</b>	<b>Total net carrying value</b>	<b>215,779</b>	<b>216,338</b>	<b>(559)</b>	<b>(0.3)</b>	<b>223,315</b>
<b>Land breakdown by usage</b>							
25,826	19,972	Housing stock	25,809	26,016	(207)	(0.8)	26,481
18,469	14,715	State highway corridor land	18,457	18,469	(12)	(0.1)	18,243
7,159	6,716	Conservation estate	7,159	7,143	16	0.2	7,144
7,106	6,037	Schools	7,143	7,138	5	0.1	7,239
3,802	3,787	Rail network corridor land	3,819	3,812	7	0.2	3,855
1,167	1,307	Commercial (SOE) excluding rail	1,257	1,232	25	2.0	1,232
6,763	5,507	Other	6,811	6,752	59	0.9	6,902
<b>70,292</b>	<b>58,041</b>	<b>Total land</b>	<b>70,455</b>	<b>70,562</b>	<b>(107)</b>	<b>(0.2)</b>	<b>71,096</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
205,689	205,689	Opening balance	231,234	231,234	-	-	231,234
10,762	4,733	Additions	5,432	6,636	(1,204)	(18.1)	16,556
(1,101)	(251)	Disposals	(419)	(464)	45	9.7	(549)
16,131	2	Net revaluations	(68)	-	(68)	-	(69)
(247)	(16)	Other	10	11	(1)	(9.1)	(79)
<b>231,234</b>	<b>210,157</b>	<b>Total cost or valuation</b>	<b>236,189</b>	<b>237,417</b>	<b>(1,228)</b>	<b>(0.5)</b>	<b>247,093</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
19,187	19,187	Opening balance	18,018	18,018	-	-	18,018
(636)	(113)	Eliminated on disposal	(314)	(201)	(113)	(56.2)	(393)
(5,979)	-	Eliminated on revaluation	-	-	-	-	-
(58)	-	Impairment losses charged to operating balance	-	-	-	-	-
5,566	2,306	Depreciation expense and impairment losses	2,577	2,907	(330)	(11.4)	6,145
(62)	-	Other	129	355	(226)	(63.7)	8
<b>18,018</b>	<b>21,380</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>20,410</b>	<b>21,079</b>	<b>(669)</b>	<b>(3.2)</b>	<b>23,778</b>
<b>213,216</b>	<b>188,777</b>	<b>Total property, plant and equipment</b>	<b>215,779</b>	<b>216,338</b>	<b>(559)</b>	<b>(0.3)</b>	<b>223,315</b>

2. Using a revaluation methodology unless otherwise stated.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Nov 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
12,179	14,449	Accounts payable	10,547	10,374	(173)	(1.7)	10,597
5,398	4,644	Taxes repayable	4,853	4,752	(101)	(2.1)	5,491
<b>17,577</b>	<b>19,093</b>	<b>Total payables</b>	<b>15,400</b>	<b>15,126</b>	<b>(274)</b>	<b>(1.8)</b>	<b>16,088</b>
<b>NOTE 12: Borrowings</b>							
70,653	72,981	Government bonds	83,593	83,546	(47)	(0.1)	87,410
29,466	22,204	Settlement deposits with Reserve Bank	35,865	32,848	(3,017)	(9.2)	48,296
7,593	8,251	Treasury bills	7,584	7,337	(247)	(3.4)	3,588
5,056	5,149	Derivatives in loss	6,850	5,377	(1,473)	(27.4)	5,022
1,307	1,385	Finance lease liabilities	1,202	1,287	85	6.6	1,363
182	217	Government retail stock	165	169	4	2.4	170
48,303	49,324	Other borrowings	53,177	51,654	(1,523)	(2.9)	54,508
<b>162,560</b>	<b>159,511</b>	<b>Total borrowings</b>	<b>188,436</b>	<b>182,218</b>	<b>(6,218)</b>	<b>(3.4)</b>	<b>200,357</b>
117,641	115,463	Sovereign-guaranteed debt	141,051	135,222	(5,829)	(4.3)	149,675
44,919	44,048	Non sovereign-guaranteed debt	47,385	46,996	(389)	(0.8)	50,682
<b>162,560</b>	<b>159,511</b>	<b>Total borrowings</b>	<b>188,436</b>	<b>182,218</b>	<b>(6,218)</b>	<b>(3.4)</b>	<b>200,357</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	63,198	ACC liability	59,335	60,930	1,595	2.6	64,309
803	1,253	EQC property damage liability	686	727	41	5.6	632
353	100	Southern Response	90	58	(32)	(55.2)	58
47	48	Other insurance liabilities	45	73	28	38.4	63
<b>60,336</b>	<b>64,599</b>	<b>Total insurance liabilities</b>	<b>60,156</b>	<b>61,788</b>	<b>1,632</b>	<b>2.6</b>	<b>65,062</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>							
5,824	4,020	Provision for emissions trading scheme credits	9,207	9,363	155	1.7	9,092
6,363	5,803	Provision for employee entitlements	6,634	6,062	(572)	(9.4)	5,557
3,036	3,458	Veterans disability entitlements	2,997	2,996	(1)	-	2,944
762	820	Provision for National Provident Fund guarantee	729	734	5	0.7	694
3,102	2,598	Other provisions	2,756	2,902	147	5.1	2,798
<b>19,087</b>	<b>16,699</b>	<b>Total provisions</b>	<b>22,323</b>	<b>22,057</b>	<b>(266)</b>	<b>(1.2)</b>	<b>21,085</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 Nov 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 15: Changes in Net Worth</b>							
19,857	3,318	Taxpayers' funds	7,003	4,484	2,519	56.2	(4,400)
134,003	112,497	Property, plant and equipment revaluation reserve	133,862	133,899	(37)	-	133,902
(1,560)	(4,693)	Defined benefit retirement plan revaluation reserve	(1,427)	(1,416)	(11)	(0.8)	(1,228)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(659)	-	-	(659)
5,724	5,524	Net worth attributable to minority interests	5,696	5,626	70	1.2	5,548
(172)	(254)	Other reserves	(51)	(245)	194	79.2	(333)
<b>157,193</b>	<b>115,297</b>	<b>Total net worth</b>	<b>144,424</b>	<b>141,689</b>	<b>2,735</b>	<b>1.9</b>	<b>132,830</b>
3,154	3,154	Opening taxpayers funds	19,857	19,857	-	-	19,857
16,159	157	Operating balance excluding minority interests	(12,702)	(14,968)	2,266	15.1	(23,826)
544	7	Transfers from/(to) other reserves	(152)	(405)	253	62.5	(431)
<b>19,857</b>	<b>3,318</b>	<b>Closing taxpayers funds</b>	<b>7,003</b>	<b>4,484</b>	<b>2,519</b>	<b>56.2</b>	<b>(4,400)</b>
112,334	112,334	Opening property, plant and equipment revaluation reserve	134,003	134,003	-	-	134,003
22,539	172	Net revaluations	(105)	(69)	(36)	(52.2)	(69)
(870)	(9)	Transfers from/(to) other reserves	(36)	(35)	(1)	(2.9)	(32)
<b>134,003</b>	<b>112,497</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>133,862</b>	<b>133,899</b>	<b>(37)</b>	<b>-</b>	<b>133,902</b>
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,724	-	-	5,724
101	(99)	Net movements	(28)	(98)	70	71.4	(176)
<b>5,724</b>	<b>5,524</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,696</b>	<b>5,626</b>	<b>70</b>	<b>1.2</b>	<b>5,548</b>
(187)	(187)	Opening other reserves	(172)	(172)	-	-	(172)
15	(67)	Net movements	121	(73)	194	265.8	(161)
<b>(172)</b>	<b>(254)</b>	<b>Closing other reserves</b>	<b>(51)</b>	<b>(245)</b>	<b>194</b>	<b>79.2</b>	<b>(333)</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2021

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

Year to 30 June 2021 Actual \$m	5 months to 30 Nov 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
129,335	49,870	Total revenue	53,921	53,672	249	0.5	134,266
133,722	54,089	Less total expenses	62,298	63,322	1,024	1.6	155,094
21,023	4,844	Total gains/(losses)	(4,088)	(5,221)	1,133	21.7	(2,901)
(360)	(343)	Net surplus from associates and joint ventures	(46)	39	(85)	(217.9)	106
(117)	(125)	Minority interests share of operating balance	(191)	(136)	(55)	(40.4)	(203)
<b>16,159</b>	<b>157</b>	<b>Operating balance</b>	<b>(12,702)</b>	<b>(14,968)</b>	<b>2,266</b>	<b>15.1</b>	<b>(23,826)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>16,159</b>	<b>157</b>	<b>Operating balance</b>	<b>(12,702)</b>	<b>(14,968)</b>	<b>2,266</b>	<b>15.1</b>	<b>(23,826)</b>
		Less items excluded from OBEGAL:					
(3,976)	(3,586)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
18,130	8,010	Net gains/(losses) on financial instruments	66	545	(479)	(87.9)	3,039
6,869	420	Net gains/(losses) on non-financial instruments	(4,153)	(5,765)	1,612	28.0	(5,939)
(360)	(343)	Net surplus from associates and joint ventures	(46)	39	(85)	(217.9)	106
56	(8)	Minority interests share of total gains/(losses)	(215)	(197)	(18)	(9.1)	(187)
<b>(4,560)</b>	<b>(4,336)</b>	<b>OBEGAL</b>	<b>(8,353)</b>	<b>(9,589)</b>	<b>1,236</b>	<b>12.9</b>	<b>(20,844)</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2021

## Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	5 months to 30 Nov 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
42,892	18,526	Social security and welfare		21,458	21,714	256	1.2	49,554
22,598	9,374	Health		10,652	10,746	94	0.9	27,411
17,384	7,096	Education		8,074	8,020	(54)	(0.7)	19,017
5,602	1,842	Core government services		1,939	2,077	138	6.6	6,315
5,533	2,140	Law and order		2,356	2,448	92	3.8	5,999
10,335	3,786	Transport and communications		3,779	4,322	543	12.6	12,162
13,429	4,924	Economic and industrial services		6,929	7,088	159	2.2	14,846
2,648	1,023	Defence		1,166	1,136	(30)	(2.6)	2,780
3,023	1,443	Heritage, culture and recreation		1,380	1,433	53	3.7	3,328
2,398	999	Primary services		990	1,051	61	5.8	2,589
3,351	1,130	Housing and community development		1,568	1,536	(32)	(2.1)	4,474
1,889	613	Environmental protection		936	983	47	4.8	2,712
114	37	GSF pension expenses		32	36	4	11.1	91
254	58	Other		22	197	175	88.8	413
2,272	1,098	Finance costs		1,017	1,061	44	4.1	3,121
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(526)	(526)	(100.0)	(4,130)
<b>133,722</b>	<b>54,089</b>	<b>Total Crown expenses excluding losses</b>		<b>62,298</b>	<b>63,322</b>	<b>1,024</b>	<b>1.6</b>	<b>155,094</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	5 months to 30 Nov 2020 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
36,759	16,193	Social security and welfare		19,948	20,001	53	0.3	43,342
22,784	9,499	Health		10,876	10,933	57	0.5	27,813
16,039	6,241	Education		7,514	7,516	2	-	18,227
5,754	2,109	Core government services		2,010	2,213	203	9.2	6,158
5,202	2,071	Law and order		2,198	2,277	79	3.5	5,537
5,656	1,778	Transport and communications		1,567	1,601	34	2.1	4,834
4,481	1,849	Economic and industrial services		3,761	3,970	209	5.3	7,682
2,664	1,034	Defence		1,175	1,136	(39)	(3.4)	2,797
1,420	687	Heritage, culture and recreation		653	718	65	9.1	1,537
1,015	360	Primary services		348	427	79	18.5	1,195
1,813	952	Housing and community development		855	813	(42)	(5.2)	2,672
1,906	614	Environmental protection		937	985	48	4.9	2,776
99	29	GSF pension expenses		25	29	4	13.8	75
254	58	Other		22	197	175	88.8	413
1,918	926	Finance costs		862	867	5	0.6	2,688
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(526)	(526)	(100.0)	(4,130)
<b>107,764</b>	<b>44,400</b>	<b>Core Crown expenses excluding losses</b>		<b>52,751</b>	<b>53,157</b>	<b>406</b>	<b>0.8</b>	<b>128,028</b>

# FISCAL INDICATOR ANALYSIS

For the five months ended 30 November 2021

## Core Crown Residual Cash

Year to 30 June 2021 \$m	5 months to 30 Nov 2020 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown Cash Flows from Operations</b>							
96,551	36,447	Tax receipts	40,745	41,167	(422)	(1.0)	104,033
2,287	335	Other sovereign receipts	1,135	1,048	87	8.3	2,532
249	82	Interest receipts	107	145	(38)	(26.2)	374
2,980	1,174	Sale of goods & services and other receipts	1,123	1,291	(168)	(13.0)	3,162
(36,574)	(16,655)	Transfer payments and subsidies	(22,388)	(22,464)	76	0.3	(45,583)
(63,894)	(27,292)	Personnel and operating costs	(29,768)	(30,227)	459	1.5	(74,766)
(2,642)	(1,253)	Interest payments	(1,090)	(1,123)	33	2.9	(2,635)
-	-	Forecast for future new operating spending	-	-	-	-	(4,412)
-	-	Top-down expense adjustment	-	526	(526)	(100.0)	4,130
<b>(1,043)</b>	<b>(7,162)</b>	<b>Net core Crown operating cash flows</b>	<b>(10,136)</b>	<b>(9,637)</b>	<b>(499)</b>	<b>(5.2)</b>	<b>(13,165)</b>
(3,137)	(1,190)	Net purchase of physical and intangible assets	(1,516)	(1,693)	177	10.5	(4,781)
(3,868)	(540)	Net increase in advances	(3,142)	(4,397)	1,255	28.5	(9,183)
(3,599)	(2,100)	Net purchase of investments	(1,013)	(1,034)	21	2.0	(5,046)
(2,120)	(883)	Contributions to New Zealand Superannuation Fund	(1,008)	(1,008)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	-	448	(448)	(100.0)	2,240
<b>(12,724)</b>	<b>(4,713)</b>	<b>Net core Crown capital cash flows</b>	<b>(6,679)</b>	<b>(7,684)</b>	<b>1,005</b>	<b>13.1</b>	<b>(20,935)</b>
<b>(13,767)</b>	<b>(11,875)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(16,815)</b>	<b>(17,321)</b>	<b>506</b>	<b>2.9</b>	<b>(34,100)</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	30,718	Issue of government bonds	13,519	13,633	(114)	(0.8)	19,730
(11,059)	-	Repayment of government bonds	-	-	-	-	(2,506)
(4,148)	(3,405)	Net issue/(repayment) of short-term borrowing	(230)	(919)	688	74.9	(5,359)
<b>33,290</b>	<b>27,313</b>	<b>Total market debt cash flows</b>	<b>13,289</b>	<b>12,714</b>	<b>574</b>	<b>4.5</b>	<b>11,865</b>
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(327)	(327)	-	-	(812)
-	-	<b>Total non-market debt cash flows</b>	<b>(327)</b>	<b>(327)</b>	<b>-</b>	<b>-</b>	<b>(812)</b>
<b>33,290</b>	<b>27,313</b>	<b>Total debt programme cash flows</b>	<b>12,962</b>	<b>12,387</b>	<b>574</b>	<b>4.6</b>	<b>11,053</b>
<b>Other Borrowing Cash Flows</b>							
(30,089)	(28,851)	Net (repayment)/issue of other New Zealand dollar borrowing	5,452	2,962	2,490	84.1	9,090
608	1,517	Net (repayment)/issue of foreign currency borrowing	801	(124)	926	-	(2,335)
<b>(29,481)</b>	<b>(27,334)</b>	<b>Total other borrowing cash flows</b>	<b>6,253</b>	<b>2,838</b>	<b>3,416</b>	<b>84.1</b>	<b>6,755</b>
<b>Investing Cash Flows</b>							
6,042	3,914	Other net sale/(purchase) of marketable securities and deposits	(2,402)	2,898	(5,300)	(182.9)	16,824
234	179	Issues of circulating currency	587	277	310	111.9	326
3,682	7,803	Decrease/(increase) in cash	(585)	(1,079)	494	45.8	(858)
<b>9,958</b>	<b>11,896</b>	<b>Total investing cash flows</b>	<b>(2,400)</b>	<b>2,096</b>	<b>(4,496)</b>	<b>(214.5)</b>	<b>16,292</b>
<b>13,767</b>	<b>11,875</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>16,815</b>	<b>17,321</b>	<b>(506)</b>	<b>(2.9)</b>	<b>34,100</b>

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

# FISCAL INDICATOR ANALYSIS

As at 30 November 2021

## Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 30 Nov 2020 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Net Debt:</b>					
131,256	127,732	Gross sovereign-issued debt	152,448	147,361	(5,087)	(3.5)	161,569
(29,176)	(28,768)	Less liquid financial assets (per net debt definition)	(34,004)	(28,335)	5,669	20.0	(25,264)
<b>102,080</b>	<b>98,964</b>	<b>Net core Crown Debt</b>	<b>118,444</b>	<b>119,026</b>	<b>582</b>	<b>0.5</b>	<b>136,305</b>
		<b>Analysis of financial liabilities and assets included in net debt</b>					
		<b>Gross sovereign-issued debt:</b>					
133,473	131,706	Core Crown borrowings	155,706	149,601	(6,105)	(4.1)	163,809
(2,217)	(3,974)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(3,258)	(2,240)	1,018	45.4	(2,240)
<b>131,256</b>	<b>127,732</b>	<b>Gross sovereign-issued debt</b>	<b>152,448</b>	<b>147,361</b>	<b>(5,087)</b>	<b>(3.5)</b>	<b>161,569</b>
		<b>Liquid financial assets:</b>					
108,461	99,493	Core Crown financial assets	116,905	111,366	(5,539)	(5.0)	116,682
(60,557)	(55,846)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(61,188)	(60,066)	1,122	1.9	(63,894)
(3,059)	-	Less FLP advances	(6,018)	(7,225)	(1,207)	(16.7)	(11,894)
(15,669)	(14,879)	Less other advances	(15,695)	(15,740)	(45)	(0.3)	(15,630)
(79,285)	(70,725)	NZS Fund and advances	(82,901)	(83,031)	(130)	(0.2)	(91,418)
<b>29,176</b>	<b>28,768</b>	<b>Liquid financial assets (per net debt definition)</b>	<b>34,004</b>	<b>28,335</b>	<b>(5,669)</b>	<b>(20.0)</b>	<b>25,264</b>
		<b>Additional net debt analysis</b>					
102,080	98,964	Net core Crown debt	118,444	119,026	582	0.5	136,305
(79,285)	(70,725)	Less NZS Fund and advances	(82,901)	(83,031)	(130)	(0.2)	(91,418)
<b>22,795</b>	<b>28,239</b>	<b>Net core Crown debt (incl. NZS Fund and advances)</b>	<b>35,543</b>	<b>35,995</b>	<b>452</b>	<b>1.3</b>	<b>44,887</b>
102,080	98,964	Net core Crown debt	118,444	119,026	582	0.5	136,305
(3,059)	-	less FLP advances	(6,018)	(7,225)	(1,207)	(16.7)	(11,894)
<b>99,021</b>	<b>98,964</b>	<b>Net core Crown debt (incl. FLP advances)</b>	<b>112,426</b>	<b>111,801</b>	<b>(625)</b>	<b>(0.6)</b>	<b>124,411</b>
		<b>Gross Debt:</b>					
131,256	127,732	Gross sovereign-issued debt	152,448	147,361	(5,087)	(3.5)	161,569
(30,421)	(22,648)	Less Reserve Bank settlement cash and Reserve Bank bills	(37,134)	(33,949)	3,185	9.4	(49,196)
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>106,684</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>116,914</b>	<b>115,012</b>	<b>(1,902)</b>	<b>(1.7)</b>	<b>113,973</b>
		<b>Monetary Liabilities</b>					
8,256	8,202	Issued currency	8,843	8,533	(310)	(3.6)	8,582
29,466	22,204	Settlement deposits with Reserve Bank	35,865	32,848	(3,017)	(9.2)	48,296
<b>37,722</b>	<b>30,406</b>	<b>Total Monetary Liabilities</b>	<b>44,708</b>	<b>41,381</b>	<b>(3,327)</b>	<b>(8.0)</b>	<b>56,878</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 Nov 2021 Actual \$m	30 Nov 2021 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	41,129	40,877	252	0.6	102,561
...combined with other core Crown revenue...	3,480	3,489	(9)	(0.3)	8,172
...funds core Crown expenses...	(52,751)	(53,157)	406	0.8	(128,028)
...and including SOE and Crown entity revenues and expenses...	(211)	(798)	587	73.6	(3,549)
...results in an <b>OBEGAL</b> ...	(8,353)	(9,589)	1,236	12.9	(20,844)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	(12,702)	(14,968)	2,266	15.1	(23,826)
...removing net income in SOEs, Crown entities and the NZS Fund...	695	2,845	(2,150)	(75.6)	3,693
...and some items do not impact cash.	1,871	2,486	(615)	(24.7)	6,968
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(10,136)</b>	<b>(9,637)</b>	<b>(499)</b>	<b>(5.2)</b>	<b>(13,165)</b>
...used to make contributions to the NZS Fund...	(1,008)	(1,008)	-	-	(2,420)
...and to use for purchase of physical and intangible assets...	(1,516)	(1,693)	177	10.5	(4,781)
...and to make advances (eg, to students) and investments...	(4,155)	(5,431)	1,276	23.5	(14,229)
Adjusting for forecast adjustments (top-down/new spending)...	-	448	(448)	(100.0)	495
...results in a borrowing requirement ( <b>Core Crown residual cash surplus/(deficit)</b> )...	<b>(16,815)</b>	<b>(17,321)</b>	<b>506</b>	<b>2.9</b>	<b>(34,100)</b>
Opening net core Crown debt...	102,080	102,080	-	-	102,080
...when combined with the residual cash (surplus)/deficit...	16,815	17,321	506	2.9	34,100
...and other fair value movements in financial assets and financial liabilities...	(451)	(375)	76	20.3	125
...results in a closing <b>net core Crown debt</b> ...	<b>118,444</b>	<b>119,026</b>	<b>582</b>	<b>0.5</b>	<b>136,305</b>
...which as a % of GDP is	<b>34.5%</b>	<b>34.6%</b>			<b>37.6%</b>