

Interim Financial Statements of the Government of New Zealand

For the Nine Months Ended
31 March 2022



Prepared by the Treasury
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Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 March 2022, and the financial results of operations and cash flows for the period ended on that date.

The March results are reported against forecasts based on the *Half Year Economic and Fiscal Update 2021 (HYEFU 2021)*, published on 15 December 2021 and the results against the same period for the previous year.

These are the final financial results to be compared against the *HYEFU 2021* forecast. The financial results for the month ended 30 April 2022 will be compared against the monthly forecast tracks based off the *2022 Budget Economic and Fiscal Update (BEFU 2022)* forecast due to be released on 19 May 2022.

Comparison against forecast

The March 2022 Interim Financial Statements of the Government show all key operating indicators are favourable to the forecast at *HYEFU 2021* except for gross debt and total Crown borrowings.

Core Crown revenue was \$3.2 billion higher than forecasts driven mainly by core Crown tax revenue, while core Crown expenses were \$0.1 billion lower than forecast.

The year-to-date results continue to show a stronger than expected operating balance before gains and losses (OBEGAL) deficit of \$8.1 billion, \$4.1 billion stronger than the deficit forecast.

Indicators impacted by the Governments cash position are in line with expectations, being the core Crown residual cash deficit, \$24.7 billion, and the net core Crown debt of \$127.2 billion, both \$0.2 billion favourable to forecast.

Gross debt and total borrowings are both greater than forecast reflecting repurchases of government stock being \$1.2 billion below forecast and the issuance of \$1.8 billion of euro-commercial paper (which was not forecast).

Table 1 – Key indicators for the nine months ended 31 March 2022 compared to *HYEFU 2021*

	Year to date				Full Year
	March	March	Variance ²	Variance	June
	2022	2022			2022
	Actual ¹	HYEFU 2021 Forecast ¹	HYEFU 2021	HYEFU 2021	HYEFU 2021 Forecast ³
	\$m	\$m	\$m	%	\$m
Core Crown					
Core Crown tax revenue	78,620	75,941	2,679	3.5	102,561
Core Crown revenue	85,159	81,937	3,222	3.9	110,733
Core Crown expenses	92,596	92,732	136	0.1	128,028
Core Crown residual cash	(24,698)	(24,857)	159	0.6	(34,100)
Net core Crown debt ⁴	127,170	127,325	155	0.1	136,305
as a percentage of GDP	36.3%	36.4%			37.6%
Gross debt ⁵	117,622	114,683	(2,939)	(2.6)	113,973
as a percentage of GDP	33.6%	32.8%			31.4%
Total Crown					
Operating balance before gains and losses	(8,111)	(12,205)	4,094	33.5	(20,844)
Operating balance (excluding minority interests)	(15,586)	(16,314)	728	4.5	(23,826)
Total borrowings	197,057	189,497	(7,560)	(4.0)	200,357
Net worth attributable to the Crown	136,414	135,024	1,390	1.0	127,282
as a percentage of GDP	39.0%	38.6%			35.1%

1 Using the most recently published GDP (for the year ended 31 December 2021) of \$350,083 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 nine months to 31 March 2022 was \$2.7 billion (3.5%) above forecast. The largest contributors to the variance were:

- Corporate tax revenue was \$1.8 billion (14.7%) above forecast, and net other individuals' tax revenue was \$1.0 billion (16.8%) above forecast. For both tax types, terminal tax revenue for the 2021 tax year and provisional tax revenue for the 2022 tax year are both above forecast.
- Source deductions revenue was \$0.8 billion (2.5%) above forecast, indicating that the labour market continues to remain strong, following the positive December 2021 quarter labour markets statistics.
- GST revenue was \$0.6 billion (2.9%) below forecast. The December quarter GDP data showed that the main economic drivers of GST, consumption and residential investment, were both below forecast.

Core Crown tax receipts, however, are in line with forecast.

The main driver between the difference in the receipts and revenue variance is that Inland Revenue uses a revenue estimation uplift factor of close to 10% for the 2022 tax year, whereas taxpayers will mostly still be paying using a 5% uplift factor. It should be noted that there are major payment due dates for terminal tax and provisional tax in both April and May, and it is expected that the corporate tax receipts variance (currently \$0.6 billion) will be closer to the revenue variance by the end of the fiscal year. However, there is a risk that some payments from taxpayers may fall into the 2022/23 fiscal year, when terminal tax is due.

Driven mainly by core Crown tax revenue, **core Crown revenue** was \$3.2 billion above forecast. In addition to core Crown tax revenue, Emissions Trading Scheme (ETS) revenue was higher than forecast by \$0.4 billion due to an increase in the New Zealand Unit (NZU) price to \$75.90 as at 31 March 2022 from the forecast \$64.50.

Core Crown expenses were \$92.6 billion, in line with expectations, a small variance to forecast of \$0.1 billion (0.1%). Expenses at a functional classification level show previously reported timing delays in spending from Government departments, however, these are expected to unwind through to the end of the financial year through the phasing of the top-down adjustment. The largest variances noted include:

- social security and welfare expenses being below forecast by \$0.7 billion as a result of COVID-19 business support subsidies being below forecast
- core government services being below forecast by \$0.5 billion which is spread across a range of programmes and agencies, and
- health expenditure being less than forecast by \$0.4 billion with the COVID-19 response impacting spending profiles.

These variances are partially offset by overspends in both economic and industrial services (\$0.2 billion) and housing and community development (\$0.1 billion) expense types and the top-down adjustment of \$1.8 billion.

The **OBEGAL** deficit of \$8.1 billion was \$4.1 billion better than the forecast deficit of \$12.2 billion. This variance mainly reflects the core Crown results discussed above. In addition, the results of Crown entities (CEs) and State-owned Enterprises (SOEs), were both stronger than forecast.

The **operating balance** was a deficit of \$15.6 billion, \$0.7 billion favourable to the deficit forecast as the variance in the OBEGAL result more than offsets the variance in net losses. The main driver is net losses on financial and non-financial instruments, specifically:

- Net losses on financial instruments were weaker than forecast by \$4.1 billion. This result was largely due to changes in market conditions resulting in the returns on the NZSF and ACC's investment portfolios being below forecast.
- While net losses on non-financial instruments were \$1.0 billion lower than the losses forecast for the period. This is primarily due to the ACC outstanding claims liability valuation loss being \$2.4 billion less than forecast due to changes in the actuarial assumptions used to calculate the claims liability partially offset by the losses on the ETS liability being \$1.6 billion higher than the loss forecast due to changes in the carbon price.

The **core Crown residual cash** deficit of \$24.7 billion was close to forecast reflecting the operating results and difference between tax revenue and receipts discussed above.

Net core Crown debt was \$127.2 billion (36.3% of GDP) at 31 March 2022, also is in line with forecast with the main driver being the variance in the core Crown residual cash.

Gross debt at \$117.6 billion (33.6% of GDP) was \$2.9 billion higher than forecast. This is mainly owing to repurchases of government stock being \$1.2 billion below forecast and the issuance of \$1.8 billion of euro-commercial paper (which was not forecast).

Total borrowings were \$197.1 billion, higher than forecast by \$7.6 billion. The increase is largely owing to the variance in gross debt above and the higher level of settlement deposits held with the Reserve Bank (\$6.1 billion).

Total assets at \$460.8 billion were \$11.0 billion above forecast. This was primarily owing to holdings of marketable securities, long-term deposits and derivative assets being above forecast by \$9.3 billion, along with cash and receivables being above forecast by \$3.5 billion. Share investments and property, plant and equipment were below forecast by \$1.5 billion and \$1.9 billion respectively.

Total liabilities at \$318.3 billion were \$9.3 billion higher than forecast largely owing to higher total borrowings of \$7.6 billion and increased provisions of \$2.1 billion (mainly ETS, as mentioned above).

Net worth attributable to the Crown was \$136.4 billion at 31 March 2022, \$1.4 billion higher than forecast. This is mainly driven by both the favourable operating balance variance previously mentioned and the changes in the defined benefit retirement plan and veteran's disability entitlements.

Comparison against the prior year actuals

Table 2 – Key indicators for the nine months ended 31 March 2022 compared to prior year actuals

	Year to date				Full Year
	March 2022 Actual ¹ \$m	March 2021 Prior Year Actual ² \$m	Variance ³ to 2020 \$m	Variance to 2020 %	June 2021 Prior Year Actual ⁴ \$m
Core Crown					
Core Crown tax revenue	78,620	69,906	8,714	12.5	97,983
Core Crown revenue	85,159	74,806	10,353	13.8	104,968
Core Crown expenses	92,596	79,087	(13,509)	(17.1)	107,764
Core Crown residual cash	(24,698)	(17,393)	(7,305)	(42.0)	(13,767)
Net core Crown debt ⁵	127,170	105,310	(21,860)	(20.8)	102,080
as a percentage of GDP	36.3%	32.5%			29.8%
Gross debt ⁶	117,622	107,648	(9,974)	(9.3)	102,435
as a percentage of GDP	33.6%	33.2%			29.9%
Total Crown					
Operating balance before gains and losses	(8,111)	(4,272)	(3,839)	(89.9)	(4,560)
Operating balance (excluding minority interests)	(15,586)	11,271	(26,857)	(238.3)	16,159
Total Borrowings	197,057	163,995	(33,062)	(20.2)	162,560
Net worth attributable to the Crown	136,414	121,926	14,488	11.9	151,469
as a percentage of GDP	39.0%	37.6%			44.2%

1 Using the most recently published GDP (for the year ended 31 December 2021) of \$350,083 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 31 December 2020) of \$324,140 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 \$342,477 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 nine months ended March 2022 was \$8.7 billion (12.5%) above last year. The largest movements came from:

- Corporate tax revenue that was \$3.8 billion (37.6%) and other individuals' tax revenue that was \$1.9 billion (37.5%) up on last year, mainly owing to an increase in taxable profits through the 2021 income tax year.
- Source deduction revenue that was \$3.1 billion (10.8%) up on last year, mainly owing to growth in hours worked, employment (full-time equivalent employees) and wages. The 2022 year-to-date also includes roughly \$0.3 billion in additional revenue due to the introduction of the 39% personal income tax rate for income over \$180,000 per year.
- GST revenue that was up \$0.5 billion (2.5%) on the previous year. The varying levels of restrictions due to COVID-19 over the current and prior periods is causing variability in GST revenue when compared to the prior period.
- Other direct tax revenue that was \$0.5 billion (27.3%) below last year, owing to lower resident withholding tax on interest, partially offset by higher resident withholding tax on dividends.

The drivers of the stronger tax revenue mentioned above have also impacted core Crown tax receipts which were \$6.2 billion (9.2%) up on the corresponding period last year. The largest movements came from:

- source deduction receipts that were greater by \$3.9 billion (14.4%)
- corporate tax receipts that were \$1.4 billion higher (13.3%)
- other individuals' tax receipts that were \$0.9 billion higher (22.5%)
- GST receipts that were up \$0.2 billion (1.4%).

Core Crown expenses were \$13.5 billion (17.1%) higher than the same time last year, at \$92.6 billion. The variance was largely driven by the impacts of COVID-19:

- wage subsidy scheme payments (\$3.5 billion higher than last year)
- COVID-19 resurgence and support payments of \$3.8 billion (\$3.6 billion higher than last year), and
- increased expenses in health and tertiary education (respectively, \$3.4 billion and \$2.1 billion higher than last year) as a result of COVID-19 funding.

Core Crown residual cash was a deficit of \$24.7 billion, \$7.3 billion greater than the deficit for March 2021. The main contributor to the variance is the introduction of the FLP which is a key driver in net advance outflow increasing by \$3.4 billion. Increased net operating cashflows account for \$3.5 billion of the larger deficit, primarily driven by the factors mentioned in core Crown tax revenue and core Crown expenses above.

Net core Crown debt was \$21.9 billion higher than the same time last year and as a share of the economy, net core Crown debt increased to 36.3% (compared to 32.5% a year earlier). This increase is largely driven by the greater spending, in part due to COVID-19 fiscal support measures introduced following the COVID-19 outbreaks.

Net worth attributable to the Crown was \$136.4 billion (39.0% of GDP) at 31 March 2022, which is \$14.5 billion higher than the prior year. This variance is mostly driven by an increase in the property revaluations of \$22.0 billion, in addition to a change of \$2.8 billion from the defined benefit retirement plan and veteran's disability entitlements. The operating balance since March 2021 partially offsets this.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the nine months ended 31 March 2022

Year to 30 June 2021	9 months to 31 Mar 2021		Note	Current Year Actual vs Forecast			Annual HYEPU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		Revenue						
97,362	69,419	Taxation revenue	2	78,131	75,491	2,640	3.5	102,081
7,038	4,898	Other sovereign revenue	2	6,480	5,961	519	8.7	8,083
104,400	74,317	Total revenue levied through the Crown's Sovereign Power		84,611	81,452	3,159	3.9	110,164
18,500	13,676	Sales of goods and services		12,012	12,578	(566)	(4.5)	17,271
2,846	2,171	Interest revenue and dividends	3	2,415	2,411	4	0.2	3,179
3,589	2,632	Other revenue		2,850	2,701	149	5.5	3,652
24,935	18,479	Total revenue earned through the Crown's operations		17,277	17,690	(413)	(2.3)	24,102
129,335	92,796	Total revenue (excluding gains)		101,888	99,142	2,746	2.8	134,266
		Expenses						
35,427	26,255	Transfer payments and subsidies	4	34,303	34,472	169	0.5	44,182
29,817	21,599	Personnel expenses		23,689	24,072	383	1.6	31,700
6,764	5,013	Depreciation and amortisation		4,971	5,146	175	3.4	7,018
52,604	38,472	Other operating expenses		41,281	43,692	2,411	5.5	62,028
2,272	1,801	Finance costs	5	2,257	2,191	(66)	(3.0)	3,121
6,838	3,817	Insurance expenses	6	3,464	3,656	192	5.3	6,763
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,841)	(1,841)	(100.0)	(4,130)
133,722	96,957	Total expenses (excluding losses)		109,965	111,388	1,423	1.3	155,094
		Gains/(losses)						
(3,976)	(3,923)	Net gains/(losses) on large scale asset purchases		(1)	(1)	-	-	(1)
18,130	12,950	Net gains/(losses) on financial instruments		(2,143)	1,943	(4,086)	(210.3)	3,039
6,869	7,268	Net gains/(losses) on non-financial instruments	8	(4,921)	(5,939)	1,018	17.1	(5,939)
21,023	16,295	Total gains/(losses)		(7,065)	(3,997)	(3,068)	(76.8)	(2,901)
		Other interests						
(360)	(612)	Net surplus/(deficit) from associates and joint ventures		(8)	81	(89)	(109.9)	106
(117)	(251)	Less minority interests share of operating balance		(436)	(152)	(284)	(186.8)	(203)
16,159	11,271	Operating balance (excluding minority interests)		(15,586)	(16,314)	728	4.5	(23,826)
117	251	Minority interests share of operating balance		436	152	284	186.8	203
16,276	11,522	Operating balance (including minority interests)		(15,150)	(16,162)	1,012	6.3	(23,623)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the nine months ended 31 March 2022

Year to 30 June 2021 Actual \$m	9 months to 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,276	11,522	Operating balance (including minority interest)	(15,150)	(16,162)	1,012	6.3	(23,623)
		Other comprehensive revenue and expense					
22,539	(373)	Revaluation of physical assets	(62)	140	(202)	(144.3)	(69)
2,325	586	Revaluation of defined benefit retirement plan schemes	653	252	401	159.1	332
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	14	Transfers to/(from) reserves (Gains)/losses transferred to the	455	11	444	-	(25)
181	(4)	statement of financial performance	(83)	(90)	7	7.8	(138)
8	(47)	Foreign currency translation differences on foreign operations	23	(14)	37	264.3	(12)
15	43	Other movements	(447)	(439)	(8)	(1.8)	(459)
25,361	219	Total other comprehensive revenue and expense	539	(140)	679	485.0	(371)
41,637	11,741	Total comprehensive revenue and expense	(14,611)	(16,302)	1,691	10.4	(23,994)
		Attributable to:					
488	135	- minority interest	444	143	301	210.5	193
41,149	11,606	- the Crown	(15,055)	(16,445)	1,390	8.5	(24,187)
41,637	11,741	Total comprehensive revenue and expense	(14,611)	(16,302)	1,691	10.4	(23,994)

STATEMENT OF CHANGES IN NET WORTH

For the nine months ended 31 March 2022

Year to 30 June 2021 Actual \$m	9 months to 31 Mar 2021 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	11,522	Operating balance (including minority interest)	(15,150)	(16,162)	1,012	6.3	(23,623)
22,539	(373)	Net revaluations	(62)	140	(202)	(144.3)	(69)
		Net revaluations of defined benefit retirement					
2,325	586	plan schemes	653	252	401	159.1	332
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	14	Transfers to/(from) reserves (Gains)/losses transferred to the	455	11	444	-	(25)
181	(4)	statement of financial performance	(83)	(90)	7	7.8	(138)
8	(47)	Foreign currency translation differences on foreign operations	23	(14)	37	264.3	(12)
15	43	Other movements	(447)	(439)	(8)	(1.8)	(459)
41,637	11,741	Total comprehensive revenue and expense	(14,611)	(16,302)	1,691	10.4	(23,994)
(387)	(305)	Transactions with minority interests	(12)	(5)	(7)	(140.0)	(369)
157,193	127,379	Closing net worth	142,570	140,886	1,684	1.2	132,830

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

STATEMENT OF CASH FLOWS

For the nine months ended 31 March 2022

Year to 30 June 2021	9 months to 31 Mar 2021		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
95,382	66,587	Taxation receipts		72,734	72,635	99	0.1	100,978
6,424	4,093	Other sovereign receipts		5,952	5,229	723	13.8	6,775
17,732	12,990	Sales of goods and services		12,491	13,214	(723)	(5.5)	17,122
1,670	1,224	Interest receipts		1,355	1,251	104	8.3	1,671
4,814	3,509	Other operating receipts		3,549	3,331	218	6.5	4,307
126,022	88,403	Total cash provided from operations		96,081	95,660	421	0.4	130,853
		Cash was disbursed to						
35,515	27,024	Transfer payments and subsidies		34,285	35,256	971	2.8	44,345
84,256	64,153	Personnel and operating payments		69,222	71,350	2,128	3.0	96,098
3,147	1,837	Interest payments		1,712	1,734	22	1.3	3,112
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,841)	(1,841)	(100.0)	(4,130)
122,918	93,014	Total cash disbursed to operations		105,219	106,499	1,280	1.2	143,837
3,104	(4,611)	Net cash flows from operations		(9,138)	(10,839)	1,701	15.7	(12,984)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(9,393)	(7,203)	Net (purchase)/sale of physical assets		(8,046)	(10,131)	2,085	20.6	(15,607)
4,189	4,397	Net (purchase)/sale of shares and other securities		(5,077)	7,311	(12,388)	(169.4)	15,302
(898)	(535)	Net (purchase)/sale of intangible assets		(583)	(711)	128	18.0	(1,208)
(5,663)	(3,986)	Net (issue)/repayment of advances		(8,764)	(9,020)	256	2.8	(11,260)
(392)	(292)	Net acquisition of investments in associates		(467)	(391)	(76)	(19.4)	(615)
-	-	Forecast new capital spending	7	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	7	-	1,568	(1,568)	(100.0)	2,240
(12,157)	(7,619)	Net cash flows from investing activities		(22,937)	(11,374)	(11,563)	(101.7)	(12,893)
(9,053)	(12,230)	Net cash flows from operating and investing activities		(32,075)	(22,213)	(9,862)	(44.4)	(25,877)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
234	411	Issues of circulating currency		847	305	542	177.7	326
1,158	5,703	Net issue/(repayment) of Government bonds		16,212	15,259	953	6.2	16,538
348	143	Net issue/(repayment) of foreign currency borrowing		1,527	(2,177)	3,704	170.1	(3,628)
5,847	(382)	Net issue/(repayment) of other New Zealand dollar borrowing		12,765	7,749	5,016	64.7	11,230
-	-	Net issue/(purchase) of equity		246	250	(4)	(1.6)	-
(373)	(311)	Dividends paid to minority interests		(279)	(272)	(7)	(2.6)	(365)
7,214	5,564	Net cash flows from financing activities		31,318	21,114	10,204	48.3	24,101
(1,839)	(6,666)	Net movement in cash		(757)	(1,099)	342	31.1	(1,776)
21,927	21,927	Opening cash balance		18,755	18,755	-	-	18,755
(1,333)	(1,178)	Foreign-exchange gains/(losses) on opening cash		(322)	(139)	(183)	(131.7)	(163)
18,755	14,083	Closing cash balance		17,676	17,517	159	0.9	16,816

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the nine months ended 31 March 2022

Year to 30 June 2021 Actual \$m	9 months to 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
3,104	(4,611)	Net cash flows from operations	(9,138)	(10,839)	1,701	15.7	(12,984)
		Gains/(losses) and other interests					
18,130	12,950	Net gains/(losses) on financial instruments	(2,143)	1,943	(4,086)	(210.3)	3,039
6,869	7,268	Net gains/(losses) on non-financial instruments	(4,921)	(5,939)	1,018	17.1	(5,939)
(3,976)	(3,923)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
(360)	(612)	Net surplus from associates and joint ventures	(8)	81	(89)	(109.9)	106
(117)	(251)	Minority interests share of operating balance	(436)	(152)	(284)	(186.8)	(203)
20,546	15,432	Total gains/(losses) and other interests	(7,509)	(4,068)	(3,441)	(84.6)	(2,998)
		Other non-cash items in operating balance					
(6,764)	(5,013)	Depreciation and amortisation	(4,971)	(5,146)	175	3.4	(7,018)
(1,039)	(733)	Cost of concessionary lending	(617)	(617)	-	-	(763)
(1)	(42)	Impairment of financial assets (excluding receivables)	(22)	(34)	12	35.3	(73)
(1,868)	2,090	Decrease/(increase) in insurance liabilities	2,471	2,533	(62)	(2.4)	(1,492)
733	550	Change in accumulating pension expenses	561	159	402	252.8	979
149	-	Other	480	240	240	100.0	-
(8,790)	(3,148)	Total other non-cash items	(2,098)	(2,865)	767	26.8	(8,367)
		Movements in working capital					
1,481	530	Increase/(decrease) in receivables	3,117	(518)	3,635	-	(681)
1,126	364	Increase/(decrease) in accrued interest	(300)	(139)	(161)	(115.8)	377
421	156	Increase/(decrease) in inventories	410	118	292	247.5	137
63	497	Increase/(decrease) in prepayments	1,024	607	417	68.7	49
40	98	Decrease/(increase) in deferred revenue	(459)	(152)	(307)	(202.0)	(141)
(1,832)	1,953	Decrease/(increase) in payables/provisions	(633)	1,542	(2,175)	(141.1)	782
1,299	3,598	Total movements in working capital	3,159	1,458	1,701	116.7	523
16,159	11,271	Operating balance (excluding minority interests)	(15,586)	(16,314)	728	4.5	(23,826)

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

As at 30 June 2021 Actual \$m	As at 31 Mar 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Assets						
18,755	14,083	Cash and cash equivalents	9	17,676	17,517	159	0.9	16,816
26,829	25,799	Receivables	9	29,700	26,393	3,307	12.5	25,809
		Marketable securities, deposits and derivatives in gain	9	60,095	50,824	9,271	18.2	51,081
56,783	57,446	Share investments	9	50,473	51,970	(1,497)	(2.9)	52,436
48,539	44,580	Advances	9	55,119	55,163	(44)	(0.1)	57,409
45,612	45,186	Investments in controlled enterprises	9	4,601	5,103	(502)	(9.8)	5,273
4,718	4,340	Inventory		2,604	2,312	292	12.6	2,331
2,194	1,929	Other assets		4,672	4,143	529	12.8	3,614
3,928	3,906	Property, plant and equipment	10	217,415	219,357	(1,942)	(0.9)	223,315
213,216	189,452	Equity accounted investments ¹		14,783	14,861	(78)	(0.5)	15,084
14,421	13,943	Intangible assets and goodwill		3,689	3,752	(63)	(1.7)	4,061
3,601	3,895	Forecast for new capital spending	7	-	-	-	-	1,745
-	-	Top-down capital adjustment	7	-	(1,568)	1,568	100.0	(2,240)
438,596	404,559	Total assets		460,827	449,827	11,000	2.4	456,734
		Liabilities						
8,256	8,433	Issued currency		9,103	8,561	(542)	(6.3)	8,582
17,577	15,687	Payables	11	16,430	14,895	(1,535)	(10.3)	16,088
2,549	2,492	Deferred revenue		3,006	2,706	(300)	(11.1)	2,690
162,560	163,995	Borrowings	12	197,057	189,497	(7,560)	(4.0)	200,357
60,336	56,752	Insurance liabilities	13	58,663	60,977	2,314	3.8	65,062
11,038	12,918	Retirement plan liabilities		9,885	10,277	392	3.8	10,040
19,087	16,903	Provisions	14	24,113	22,028	(2,085)	(9.5)	21,085
281,403	277,180	Total liabilities		318,257	308,941	(9,316)	(3.0)	323,904
157,193	127,379	Total assets less total liabilities		142,570	140,886	1,684	1.2	132,830
		Net worth						
19,857	14,649	Taxpayers' funds	15	3,935	3,139	796	25.4	(4,400)
		Property, plant and equipment revaluation reserve	15	133,896	134,108	(212)	(0.2)	133,902
134,003	111,927	Defined benefit retirement plan revaluation reserve	15	(907)	(1,308)	401	30.7	(1,228)
(1,560)	(3,300)	Veterans' disability entitlements reserve	15	(659)	(659)	-	-	(659)
(659)	(1,095)	Other reserves	15	149	(256)	405	158.2	(333)
(172)	(255)							
151,469	121,926	Total net worth attributable to the Crown		136,414	135,024	1,390	1.0	127,282
5,724	5,453	Net worth attributable to minority interest	15	6,156	5,862	294	5.0	5,548
157,193	127,379	Total net worth		142,570	140,886	1,684	1.2	132,830

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 nine months ended 31 March 2022

	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
Revenue										
Taxation revenue	78,620	75,941	-	-	-	-	(489)	(450)	78,131	75,491
Other sovereign revenue	3,229	2,757	4,773	4,728	-	-	(1,522)	(1,524)	6,480	5,961
Revenue from core Crown funding	-	-	29,706	30,185	680	420	(30,386)	(30,605)	-	-
Sales of goods and services	1,010	1,134	2,002	1,933	9,446	10,052	(446)	(541)	12,012	12,578
Interest and dividend revenue	1,633	1,531	935	931	650	673	(803)	(724)	2,415	2,411
Other revenue	667	574	2,455	2,718	687	757	(959)	(1,348)	2,850	2,701
Total Revenue (excluding gains)	85,159	81,937	39,871	40,495	11,463	11,902	(34,605)	(35,192)	101,888	99,142
Expenses										
Transfer payments and subsidies	35,222	35,400	-	-	-	-	(919)	(928)	34,303	34,472
Personnel expenses	7,221	7,318	14,396	14,738	2,111	2,047	(39)	(31)	23,689	24,072
Other operating expenses	48,233	49,978	25,376	26,323	8,612	9,373	(32,505)	(33,180)	49,716	52,494
Interest expenses	1,920	1,877	163	132	433	473	(259)	(291)	2,257	2,191
Forecast new operating spending and top-down adjustment	-	(1,841)	-	-	-	-	-	-	-	(1,841)
Total Expenses (excluding losses)	92,596	92,732	39,935	41,193	11,156	11,893	(33,722)	(34,430)	109,965	111,388
Gains/(losses) and other items	(6,117)	(1,467)	(2,682)	(2,725)	416	266	874	(142)	(7,509)	(4,068)
Operating Balance (excluding minority interests)	(13,554)	(12,262)	(2,746)	(3,423)	723	275	(9)	(904)	(15,586)	(16,314)
Assets										
Financial assets	146,452	136,152	63,040	64,175	34,675	35,058	(26,503)	(28,415)	217,664	206,970
Property, plant and equipment	53,103	53,582	122,025	122,971	42,286	42,804	-	-	217,415	219,357
Investments in associates, CEs and SOEs	56,407	56,775	12,930	12,939	341	299	(54,895)	(55,152)	14,783	14,861
Other assets	6,158	5,674	2,625	2,481	2,732	2,457	(550)	(405)	10,965	10,207
Forecast and top-down capital adjustments	-	(1,568)	-	-	-	-	-	-	-	(1,568)
Total Assets	262,120	250,615	200,620	202,566	80,034	80,618	(81,948)	(83,972)	460,827	449,827
Liabilities										
Borrowings	164,296	155,526	13,353	14,322	39,751	40,281	(20,343)	(20,632)	197,057	189,497
Other liabilities	50,625	46,942	72,223	73,778	9,496	9,528	(11,144)	(10,804)	121,200	119,444
Total Liabilities	214,921	202,468	85,576	88,100	49,247	49,809	(31,487)	(31,436)	318,257	308,941
Net Worth	47,199	48,147	115,044	114,466	30,787	30,809	(50,461)	(52,536)	142,570	140,886
Cost of Acquisition of Physical Assets (Cash)	2,624	2,959	4,011	5,367	1,649	1,910	-	-	8,285	10,236

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

STATEMENT OF COMMITMENTS

As at 31 March 2022

	As at 31 Mar 2022 \$m	As at 30 Jun 2021 \$m	As at 31 Mar 2021 \$m
Capital Commitments			
State highways ¹	2,751	2,745	3,232
Specialist military equipment	2,123	2,598	2,718
Land and buildings	6,587	6,044	5,789
Other property, plant and equipment	4,836	4,431	3,842
Other capital commitments	788	1,031	1,593
Universities and Wānanga	875	875	400
Total capital commitments	17,960	17,724	17,574
Operating Commitments			
Non-cancellable accommodation leases	5,163	5,342	5,018
Other non-cancellable leases	3,578	3,866	3,901
Universities and Wānanga	1,137	1,137	1,084
Total operating commitments	9,878	10,345	10,003
Total commitments	27,838	28,069	27,577
Total Commitments by Segment			
Core Crown	14,787	14,090	13,694
Crown entities ¹	9,398	9,063	8,617
State-owned Enterprises	6,965	6,896	6,632
Inter-segment eliminations	(3,312)	(1,980)	(1,366)
Total commitments	27,838	28,069	27,577

1. The March 2021 state highway network capital commitments have been restated to \$3,232 million to reflect the contracted work remaining.

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 March 2022

	As at 31 Mar 2022 \$m	As at 30 Jun 2021 \$m	As at 31 Mar 2021 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	8,436	8,568	8,740
Guarantees and indemnities	405	348	302
Legal proceedings and disputes	325	313	449
Other contingent liabilities	897	567	562
Total quantifiable contingent liabilities	10,063	9,796	10,053
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	9,668	9,538	9,897
Crown entities	165	157	177
State-owned Enterprises	287	196	203
Inter-segment eliminations	(57)	(95)	(224)
Total quantifiable contingent liabilities	10,063	9,796	10,053
Quantifiable Contingent Assets			
Core Crown	27	37	22
Crown entities	21	21	26
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	48	58	48

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

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	9 months to 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
38,164	28,427	Source deductions	31,485	30,736	749	2.4	41,172
8,773	5,920	Other persons	7,666	6,777	889	13.1	9,244
(1,716)	(1,223)	Refunds	(1,132)	(1,213)	81	6.7	(1,829)
608	437	Fringe benefit tax	524	481	43	8.9	622
45,829	33,561	Total individuals	38,543	36,781	1,762	4.8	49,209
Corporate tax							
15,640	9,578	Gross companies tax	13,476	11,599	1,877	16.2	16,350
(344)	(180)	Refunds	(333)	(245)	(88)	(35.9)	(407)
472	288	Non-resident withholding tax	333	374	(41)	(11.0)	579
15,768	9,686	Total corporate tax	13,476	11,728	1,748	14.9	16,522
Other direct income tax							
1,000	825	Resident w/holding tax on interest income	567	640	(73)	(11.4)	869
1,519	875	Resident w/holding tax on dividend income	670	608	62	10.2	859
2,519	1,700	Total other direct income tax	1,237	1,248	(11)	(0.9)	1,728
64,116	44,947	Total direct income tax	53,256	49,757	3,499	7.0	67,459
Goods and services tax							
39,814	29,012	Gross goods and services tax	31,710	31,238	472	1.5	41,984
(14,252)	(10,319)	Refunds	(12,548)	(11,506)	(1,042)	(9.1)	(15,242)
25,562	18,693	Total goods and services tax	19,162	19,732	(570)	(2.9)	26,742
Other indirect taxation							
2,145	1,593	Petroleum fuels excise and duty ¹	1,391	1,526	(135)	(8.8)	2,083
1,637	1,251	Tobacco excise and duty ¹	1,419	1,476	(57)	(3.9)	1,761
1,930	1,443	Road and track user charges	1,434	1,427	7	0.5	1,929
1,249	980	Alcohol excise and duty ¹	977	1,038	(61)	(5.9)	1,357
169	127	Other customs duty	131	137	(6)	(4.4)	179
554	385	Miscellaneous indirect tax	361	398	(37)	(9.3)	571
7,684	5,779	Total other indirect taxation	5,713	6,002	(289)	(4.8)	7,880
33,246	24,472	Total indirect taxation	24,875	25,734	(859)	(3.3)	34,622
97,362	69,419	Total taxation revenue	78,131	75,491	2,640	3.5	102,081
Other sovereign revenue							
3,270	2,340	ACC levies	2,462	2,428	34	1.4	3,243
1,634	1,026	Emissions trading revenue	2,314	1,954	360	18.4	2,741
607	421	Fire Service levies	443	429	14	3.3	616
520	389	EQC levies	396	396	-	-	528
383	170	Child support and working for families penalties	233	217	16	7.4	285
138	90	Court fines	73	88	(15)	(17.0)	115
486	462	Other miscellaneous items	559	449	110	24.5	555
7,038	4,898	Total other sovereign revenue	6,480	5,961	519	8.7	8,083
104,400	74,317	Total sovereign revenue	84,611	81,452	3,159	3.9	110,164

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	9 months to 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
1,943	1,513	Interest revenue	1,570	1,602	(32)	(2.0)	2,110
903	658	Dividends	845	809	36	4.4	1,069
2,846	2,171	Total interest revenue and dividends	2,415	2,411	4	0.2	3,179
NOTE 4: Transfer Payments and Subsidies							
16,569	12,280	New Zealand superannuation	13,078	13,107	29	0.2	17,794
3,224	2,438	Jobseeker support and emergency benefit	2,472	2,464	(8)	(0.3)	3,340
2,302	1,724	Accommodation assistance	1,790	1,761	(29)	(1.6)	2,325
2,103	1,528	Family tax credit	1,421	1,466	45	3.1	2,098
1,826	1,358	Supported living payment	1,503	1,499	(4)	(0.3)	2,040
1,197	1,249	Wage Subsidy Scheme	4,706	5,301	595	11.2	5,345
1,455	1,083	Sole parent support	1,241	1,239	(2)	(0.2)	1,698
916	693	KiwiSaver subsidies	729	730	1	0.1	977
812	609	Winter energy payment	309	309	-	-	514
804	404	Official development assistance	524	625	101	16.2	840
590	393	Student allowances	375	396	21	5.3	625
585	394	Other working for families tax credits	346	337	(9)	(2.7)	598
479	366	Hardship assistance	374	376	2	0.5	505
409	306	Disability allowances	308	309	1	0.3	414
293	221	Orphan's/unsupported child's benefit	230	233	3	1.3	319
271	184	Best start	214	232	18	7.8	374
200	192	COVID-19 resurgence and support payment	3,768	3,157	(611)	(19.4)	3,157
106	70	Income related rent subsidy	99	83	(16)	(19.3)	110
1,286	763	Other social assistance benefits	816	848	32	3.8	1,109
35,427	26,255	Total transfer payments and subsidies	34,303	34,472	169	0.5	44,182
NOTE 5: Finance Costs							
2,188	1,731	Interest on financial liabilities	2,190	2,132	(58)	(2.7)	3,019
84	70	Interest unwind on provisions and other interest	67	59	(8)	(13.6)	102
2,272	1,801	Total finance costs	2,257	2,191	(66)	(3.0)	3,121
NOTE 6: Insurance Expenses							
6,539	3,638	ACC	3,206	3,476	270	7.8	6,520
167	172	EQC	252	173	(79)	(45.7)	232
108	(9)	Southern Response	(14)	(14)	-	-	(18)
24	16	Other insurance expenses	20	21	1	4.8	29
6,838	3,817	Total insurance expenses	3,464	3,656	192	5.3	6,763

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 31 Mar 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
8,222	7,847	Actuarial gains/(losses) on ACC liability	(798)	(3,174)	2,376	74.9	(3,235)
(1,489)	(581)	Gains/(losses) on the Emissions Trading Scheme	(4,697)	(3,094)	(1,603)	(51.8)	(3,033)
136	2	Other	574	329	245	74.5	329
6,869	7,268	Net gains/(losses) on non-financial instruments	(4,921)	(5,939)	1,018	17.1	(5,939)
NOTE 9: Financial Assets and Sovereign Receivables							
18,755	14,083	Cash and cash equivalents	17,676	17,517	159	0.9	16,816
15,642	17,162	Tax receivables	21,120	17,612	3,508	19.9	15,020
11,187	8,637	Other receivables	8,580	8,781	(201)	(2.3)	10,789
25,155	24,520	Kiwibank mortgages	27,272	27,117	155	0.6	27,769
10,841	10,304	Student loans	10,541	10,704	(163)	(1.5)	10,561
2,558	-	Funding for Lending advances	8,732	8,790	(58)	(0.7)	11,894
7,058	10,362	Other advances	8,574	8,552	22	0.3	7,185
48,539	44,580	Share investments	50,473	51,970	(1,497)	(2.9)	52,436
4,718	4,340	Investments in controlled enterprises	4,601	5,103	(502)	(9.8)	5,273
44,687	45,052	Other marketable securities	43,176	37,266	5,910	15.9	37,582
5,108	4,211	Long-term deposits	6,023	4,902	1,121	22.9	4,939
4,509	5,750	Derivatives in gain	5,970	3,625	2,345	64.7	3,529
2,479	2,433	IMF financial assets	4,926	5,031	(105)	(2.1)	5,031
201,236	191,434	Total financial assets and sovereign receivables	217,664	206,970	10,694	5.2	208,824
Financial assets by entity							
54,903	57,919	The Treasury	52,373	53,294	(921)	(1.7)	43,304
44,935	40,752	Reserve Bank of New Zealand	60,127	50,733	9,394	18.5	51,780
62,312	58,153	NZ Superannuation Fund	61,983	63,933	(1,950)	(3.1)	65,741
35,095	34,140	Other core Crown	43,739	35,383	8,356	23.6	33,803
(68,586)	(68,492)	Intra-segment eliminations	(71,770)	(67,191)	(4,579)	(6.8)	(58,158)
128,659	122,472	Total core Crown segment	146,452	136,152	10,300	7.6	136,470
54,271	51,177	ACC	50,882	52,166	(1,284)	(2.5)	54,498
602	577	EQC	541	552	(11)	(2.0)	566
16,788	13,812	Other Crown entities	15,660	15,248	412	2.7	15,360
(4,132)	(2,691)	Intra-segment eliminations	(4,043)	(3,791)	(252)	(6.6)	(4,671)
67,529	62,875	Total Crown entities segment	63,040	64,175	(1,135)	(1.8)	65,753
32,872	32,187	Total State-owned Enterprises segment	34,675	35,058	(383)	(1.1)	35,215
(27,824)	(26,100)	Inter-segment eliminations	(26,503)	(28,415)	1,912	6.7	(28,614)
201,236	191,434	Total financial assets and sovereign receivables	217,664	206,970	10,694	5.2	208,824

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Mar 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value²							
<i>By class of asset:</i>							
70,292	58,133	Land	70,588	71,071	(483)	(0.7)	71,096
53,507	46,394	Buildings	54,888	55,325	(437)	(0.8)	58,247
42,666	40,448	State highways	43,633	43,899	(266)	(0.6)	44,752
17,979	16,644	Electricity generation assets	18,174	18,673	(499)	(2.7)	18,820
4,318	4,289	Electricity distribution network (cost)	4,355	4,214	141	3.3	4,240
3,611	3,745	Aircraft (excl military)	3,631	3,328	303	9.1	3,901
3,649	3,570	Specialist military equipment	4,115	4,138	(23)	(0.6)	4,262
3,156	3,079	Specified cultural and heritage assets	3,163	3,169	(6)	(0.2)	3,173
7,407	6,871	Rail network	7,561	7,606	(45)	(0.6)	7,737
6,631	6,279	Other plant and equipment (cost)	7,307	7,934	(627)	(7.9)	7,087
213,216	189,452	Total net carrying value	217,415	219,357	(1,942)	(0.9)	223,315
Land breakdown by usage							
25,826	20,043	Housing stock	25,918	26,309	(391)	(1.5)	26,481
18,469	14,701	State highway corridor land	18,424	18,469	(45)	(0.2)	18,243
7,159	6,720	Conservation estate	7,165	7,146	19	0.3	7,144
7,106	6,014	Schools	7,171	7,220	(49)	(0.7)	7,239
3,802	3,789	Rail network corridor land	3,821	3,825	(4)	(0.1)	3,855
1,167	1,306	Commercial (SOE) excluding rail	1,239	1,233	6	0.5	1,232
6,763	5,560	Other	6,850	6,869	(19)	(0.3)	6,902
70,292	58,133	Total land	70,588	71,071	(483)	(0.7)	71,096
Schedule of Movements							
Cost or Valuation							
205,689	205,689	Opening balance	231,234	231,234	-	-	231,234
10,762	7,986	Additions	8,332	10,657	(2,325)	(21.8)	16,556
(1,101)	(640)	Disposals	55	(129)	184	142.6	(549)
16,131	(438)	Net revaluations	(115)	-	(115)	-	(69)
(247)	(21)	Other	(7)	28	(35)	(125.0)	(79)
231,234	212,576	Total cost or valuation	239,499	241,790	(2,291)	(0.9)	247,093
Accumulated Depreciation & Impairment							
19,187	19,187	Opening balance	18,018	18,018	-	-	18,018
(636)	(279)	Eliminated on disposal	(315)	(157)	(158)	(100.6)	(393)
(5,979)	(193)	Eliminated on revaluation	(33)	-	(33)	-	-
(58)	-	Impairment losses charged to operating balance	-	-	-	-	-
5,566	4,384	Depreciation expense and impairment losses	4,300	4,504	(204)	(4.5)	6,145
(62)	25	Other	114	68	46	67.6	8
18,018	23,124	Total accumulated depreciation & impairment	22,084	22,433	(349)	(1.6)	23,778
213,216	189,452	Total property, plant and equipment	217,415	219,357	(1,942)	(0.9)	223,315

2. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 31 Mar 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,179	10,399	Accounts payable	10,667	9,788	(879)	(9.0)	10,597
5,398	5,288	Taxes repayable	5,763	5,107	(656)	(12.8)	5,491
17,577	15,687	Total payables	16,430	14,895	(1,535)	(10.3)	16,088
NOTE 12: Borrowings							
70,653	76,143	Government bonds	87,873	86,498	(1,375)	(1.6)	87,410
29,466	25,375	Settlement deposits with Reserve Bank	45,367	39,303	(6,064)	(15.4)	48,296
7,593	8,144	Treasury bills	4,335	4,738	403	8.5	3,588
5,056	5,245	Derivatives in loss	5,280	5,214	(66)	(1.3)	5,022
1,307	1,305	Finance lease liabilities	1,148	1,334	186	13.9	1,363
182	194	Government retail stock	156	169	13	7.7	170
48,303	47,589	Other borrowings	52,898	52,241	(657)	(1.3)	54,508
162,560	163,995	Total borrowings	197,057	189,497	(7,560)	(4.0)	200,357
117,641	119,690	Sovereign-guaranteed debt	149,553	140,822	(8,731)	(6.2)	149,675
44,919	44,305	Non sovereign-guaranteed debt	47,504	48,675	1,171	2.4	50,682
162,560	163,995	Total borrowings	197,057	189,497	(7,560)	(4.0)	200,357

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.

NOTE 13: Insurance Liabilities							
59,133	55,677	ACC liability	57,813	60,185	2,372	3.9	64,309
803	928	EQC property damage liability	718	661	(57)	(8.6)	632
353	100	Southern Response	90	90	-	-	58
47	47	Other insurance liabilities	42	41	(1)	(2.4)	63
60,336	56,752	Total insurance liabilities	58,663	60,977	2,314	3.8	65,062

The most recent valuation of the ACC liability was as at 31 December 2021, updated monthly for changes to discount rates.

NOTE 14: Provisions							
5,824	4,166	Provision for Emissions Trading Scheme	11,105	9,445	(1,660)	(17.6)	9,092
6,363	5,984	Provision for employee entitlements	6,541	6,260	(281)	(4.5)	5,557
3,036	3,438	Veterans disability entitlements	2,966	2,963	(3)	(0.1)	2,944
762	795	Provision for National Provident Fund guarantee	707	711	4	0.6	694
3,102	2,520	Other provisions	2,794	2,649	(145)	(5.5)	2,798
19,087	16,903	Total provisions	24,113	22,028	(2,085)	(9.5)	21,085

Further information on the Emissions Trading Scheme, 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 31 Mar 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Changes in Net Worth							
19,857	14,649	Taxpayers' funds	3,935	3,139	796	25.4	(4,400)
134,003	111,927	Property, plant and equipment revaluation reserve	133,896	134,108	(212)	(0.2)	133,902
(1,560)	(3,300)	Defined benefit retirement plan revaluation reserve	(907)	(1,308)	401	30.7	(1,228)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(659)	-	-	(659)
5,724	5,453	Net worth attributable to minority interests	6,156	5,862	294	5.0	5,548
(172)	(255)	Other reserves	149	(256)	405	158.2	(333)
157,193	127,379	Total net worth	142,570	140,886	1,684	1.2	132,830
3,154	3,154	Opening taxpayers funds	19,857	19,857	-	-	19,857
16,159	11,271	Operating balance excluding minority interests	(15,586)	(16,314)	728	4.5	(23,826)
544	224	Transfers from/(to) other reserves	(336)	(404)	68	16.8	(431)
19,857	14,649	Closing taxpayers funds	3,935	3,139	796	25.4	(4,400)
112,334	112,334	Opening property, plant and equipment revaluation reserve	134,003	134,003	-	-	134,003
22,539	(373)	Net revaluations	(62)	140	(202)	(144.3)	(69)
(870)	(34)	Transfers from/(to) other reserves	(45)	(35)	(10)	(28.6)	(32)
134,003	111,927	Closing property, plant and equipment revaluation reserve	133,896	134,108	(212)	(0.2)	133,902
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,724	-	-	5,724
-	-	Increase/(decrease) in minority interest from changes in equity ³	311	275	36	13.1	-
101	(170)	Net movements	121	(137)	258	188.3	(176)
5,724	5,453	Closing net worth attributable to minority interests	6,156	5,862	294	5.0	5,548
(187)	(187)	Opening other reserves	(172)	(172)	-	-	(172)
15	(68)	Net movements	321	(84)	405	482.1	(161)
(172)	(255)	Closing other reserves	149	(256)	405	158.2	(333)

3. This line relates to equity in SOEs which has been issued to third parties. This line includes the perpetual preference shares of \$250 million issued by Kiwibank Limited.

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2022

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

Year to 30 June 2021 Actual \$m	9 months to 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
129,335	92,796	Total revenue	101,888	99,142	2,746	2.8	134,266
133,722	96,957	Less total expenses	109,965	111,388	1,423	1.3	155,094
21,023	16,295	Total gains/(losses)	(7,065)	(3,997)	(3,068)	(76.8)	(2,901)
(360)	(612)	Net surplus from associates and joint ventures	(8)	81	(89)	(109.9)	106
(117)	(251)	Minority interests share of operating balance	(436)	(152)	(284)	(186.8)	(203)
16,159	11,271	Operating balance	(15,586)	(16,314)	728	4.5	(23,826)
		Reconciliation Between the Operating Balance and OBEGAL					
16,159	11,271	Operating balance	(15,586)	(16,314)	728	4.5	(23,826)
		Less items excluded from OBEGAL:					
(3,976)	(3,923)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
18,130	12,950	Net gains/(losses) on financial instruments	(2,143)	1,943	(4,086)	(210.3)	3,039
6,869	7,268	Net gains/(losses) on non-financial instruments	(4,921)	(5,939)	1,018	17.1	(5,939)
(360)	(612)	Net surplus from associates and joint ventures	(8)	81	(89)	(109.9)	106
56	(140)	Minority interests share of total gains/(losses)	(402)	(193)	(209)	(108.3)	(187)
(4,560)	(4,272)	OBEGAL	(8,111)	(12,205)	4,094	33.5	(20,844)

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2022

Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	9 months to 31 Mar 2021 Actual \$m		Note	Current Year Actual vs Forecast			Annual HYEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Total Crown expenses								
42,892	31,117	Social security and welfare		35,291	36,347	1,056	2.9	49,554
22,598	17,208	Health		20,007	20,578	571	2.8	27,411
17,384	12,216	Education		13,972	13,997	25	0.2	19,017
5,602	2,459	Core government services		3,552	4,075	523	12.8	6,315
5,533	3,979	Law and order		4,253	4,445	192	4.3	5,999
10,335	8,436	Transport and communications		7,351	8,313	962	11.6	12,162
13,429	9,447	Economic and industrial services		12,219	11,936	(283)	(2.4)	14,846
2,648	1,885	Defence		1,997	2,026	29	1.4	2,780
3,023	2,418	Heritage, culture and recreation		2,372	2,476	104	4.2	3,328
2,398	1,883	Primary services		1,766	1,915	149	7.8	2,589
3,351	2,597	Housing and community development		2,876	2,717	(159)	(5.9)	4,474
1,889	1,123	Environmental protection		1,786	1,821	35	1.9	2,712
114	67	GSF pension expenses		81	67	(14)	(20.9)	91
254	321	Other		185	325	140	43.1	413
2,272	1,801	Finance costs		2,257	2,191	(66)	(3.0)	3,121
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,841)	(1,841)	(100.0)	(4,130)
133,722	96,957	Total Crown expenses excluding losses		109,965	111,388	1,423	1.3	155,094

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	9 months to 31 Mar 2021 Actual \$m		Note	Current Year Actual vs Forecast			Annual HYEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Core Crown expenses								
36,759	27,727	Social security and welfare		32,384	33,067	683	2.1	43,342
22,784	17,087	Health		20,442	20,813	371	1.8	27,813
16,039	10,975	Education		13,064	13,197	133	1.0	18,227
5,754	3,819	Core government services		3,688	4,181	493	11.8	6,158
5,202	3,777	Law and order		3,942	4,112	170	4.1	5,537
5,656	4,019	Transport and communications		3,090	3,118	28	0.9	4,834
4,481	3,487	Economic and industrial services		6,802	6,627	(175)	(2.6)	7,682
2,664	1,898	Defence		2,012	2,027	15	0.7	2,797
1,420	1,071	Heritage, culture and recreation		1,062	1,173	111	9.5	1,537
1,015	735	Primary services		657	797	140	17.6	1,195
1,813	1,488	Housing and community development		1,492	1,378	(114)	(8.3)	2,672
1,906	1,127	Environmental protection		1,787	1,825	38	2.1	2,776
99	55	GSF pension expenses		69	56	(13)	(23.2)	75
254	321	Other		185	325	140	43.1	413
1,918	1,501	Finance costs		1,920	1,877	(43)	(2.3)	2,688
-	-	Forecast new operating spending	7	-	-	-	-	4,412
-	-	Top-down expense adjustment	7	-	(1,841)	(1,841)	(100.0)	(4,130)
107,764	79,087	Core Crown expenses excluding losses		92,596	92,732	136	0.1	128,028

FISCAL INDICATOR ANALYSIS

For the nine months ended 31 March 2022

Core Crown Residual Cash

Year to 30 June 2021 \$m	9 months to 31 Mar 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown Cash Flows from Operations					
96,551	67,575	Tax receipts	75,336	75,255	81	0.1	104,033
2,287	840	Other sovereign receipts	2,553	1,980	573	28.9	2,532
249	128	Interest receipts	221	282	(61)	(21.6)	374
2,980	2,285	Sale of goods & services and other receipts	2,141	2,189	(48)	(2.2)	3,162
(36,574)	(27,834)	Transfer payments and subsidies	(35,223)	(36,184)	961	2.7	(45,583)
(63,894)	(48,370)	Personnel and operating costs	(53,990)	(54,916)	926	1.7	(74,766)
(2,642)	(1,468)	Interest payments	(1,405)	(1,425)	20	1.4	(2,635)
-	-	Forecast for future new operating spending	-	-	-	-	(4,412)
-	-	Top-down expense adjustment	-	1,841	(1,841)	(100.0)	4,130
(1,043)	(6,844)	Net core Crown operating cash flows	(10,367)	(10,978)	611	5.6	(13,165)
(3,137)	(2,157)	Net purchase of physical and intangible assets	(2,907)	(3,337)	430	12.9	(4,781)
(3,868)	(3,849)	Net increase in advances	(7,278)	(7,465)	187	2.5	(9,183)
(3,599)	(2,953)	Net purchase of investments	(2,331)	(2,830)	499	17.6	(5,046)
(2,120)	(1,590)	Contributions to New Zealand Superannuation Fund	(1,815)	(1,815)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(1,745)
-	-	Top-down capital adjustment	-	1,568	(1,568)	(100.0)	2,240
(12,724)	(10,549)	Net core Crown capital cash flows	(14,331)	(13,879)	(452)	(3.3)	(20,935)
(13,767)	(17,393)	Core Crown residual cash surplus / (deficit)	(24,698)	(24,857)	159	0.6	(34,100)
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
48,497	42,125	Issue of government bonds	16,967	17,204	(237)	(1.4)	19,730
(11,059)	-	Repayment of government bonds	-	(1,259)	1,259	100.0	(2,506)
(4,148)	(3,198)	Net issue/(repayment) of short-term borrowing	(2,837)	(4,209)	1,372	32.6	(5,359)
33,290	38,927	Total market debt cash flows	14,130	11,736	2,394	20.4	11,865
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing ¹	(327)	(327)	-	-	(812)
-	-	Total non-market debt cash flows	(327)	(327)	-	-	(812)
33,290	38,927	Total debt programme cash flows	13,803	11,409	2,394	21.0	11,053
		Other Borrowing Cash Flows					
		Net (repayment)/issue of other New Zealand dollar borrowing	13,600	6,650	6,950	104.5	9,090
(30,089)	(33,282)	Net (repayment)/issue of foreign currency borrowing	1,061	(868)	1,929	222.2	(2,335)
(29,481)	(33,703)	Total other borrowing cash flows	14,661	5,782	8,879	326.7	6,755
		Investing Cash Flows					
		Other net sale/(purchase) of marketable securities and deposits	(1,316)	8,428	(9,744)	(115.6)	16,824
234	411	Issues of circulating currency	847	305	542	177.7	326
3,682	6,139	Decrease/(increase) in cash	(3,297)	(1,067)	(2,230)	(209.0)	(858)
9,958	12,169	Total investing cash flows	(3,766)	7,666	(11,432)	(149.1)	16,292
13,767	17,393	Core Crown residual cash deficit / (surplus) funding	24,698	24,857	(159)	(0.6)	34,100

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

FISCAL INDICATOR ANALYSIS

As at 31 March 2022

Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 31 Mar 2021 Actual \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Net Debt:					
131,256	132,241	Gross sovereign-issued debt	162,316	153,287	(9,029)	(5.9)	161,569
(29,176)	(26,931)	Less liquid financial assets (per net debt definition)	(35,146)	(25,962)	9,184	35.4	(25,264)
102,080	105,310	Net core Crown Debt	127,170	127,325	155	0.1	136,305
		Analysis of financial liabilities and assets included in net debt					
		Gross sovereign-issued debt:					
133,473	134,448	Core Crown borrowings	164,450	155,527	(8,923)	(5.7)	163,809
(2,217)	(2,207)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,134)	(2,240)	(106)	(4.7)	(2,240)
131,256	132,241	Gross sovereign-issued debt	162,316	153,287	(9,029)	(5.9)	161,569
		Liquid financial assets:					
108,461	101,387	Core Crown financial assets	121,222	113,972	(7,250)	(6.4)	116,682
(60,557)	(56,511)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(60,536)	(62,182)	(1,646)	(2.6)	(63,894)
(3,059)	(2,741)	Less FLP advances	(9,659)	(9,893)	(234)	(2.4)	(11,894)
(15,669)	(15,204)	Less other advances	(15,881)	(15,935)	(54)	(0.3)	(15,630)
(79,285)	(74,456)	NZS Fund and advances	(86,076)	(88,010)	(1,934)	(2.2)	(91,418)
29,176	26,931	Liquid financial assets (per net debt definition)	35,146	25,962	(9,184)	(35.4)	25,264
		Additional net debt analysis					
102,080	105,310	Net core Crown debt	127,170	127,325	155	0.1	136,305
(79,285)	(74,456)	Less NZS Fund and advances	(86,076)	(88,010)	(1,934)	(2.2)	(91,418)
22,795	30,854	Net core Crown debt (incl. NZS Fund and advances)	41,094	39,315	(1,779)	(4.5)	44,887
102,080	105,310	Net core Crown debt	127,170	127,325	155	0.1	136,305
(3,059)	(2,741)	less FLP advances	(9,659)	(9,893)	(234)	(2.4)	(11,894)
99,021	102,569	Net core Crown debt (incl. FLP advances)	117,511	117,432	(79)	(0.1)	124,411
		Gross Debt:					
131,256	132,241	Gross sovereign-issued debt	162,316	153,287	(9,029)	(5.9)	161,569
(30,421)	(26,193)	Less Reserve Bank settlement cash and Reserve Bank bills	(46,294)	(40,204)	6,090	15.1	(49,196)
1,600	1,600	Add back changes to government borrowing owing to settlement cash	1,600	1,600	-	-	1,600
102,435	107,648	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	117,622	114,683	(2,939)	(2.6)	113,973
		Monetary Liabilities					
8,256	8,433	Issued currency	9,103	8,561	(542)	(6.3)	8,582
29,466	25,375	Settlement deposits with Reserve Bank	45,367	39,303	(6,064)	(15.4)	48,296
37,722	33,808	Total Monetary Liabilities	54,470	47,864	(6,606)	(13.8)	56,878

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	31 Mar 2022 Actual \$m	31 Mar 2022 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	78,620	75,941	2,679	3.5	102,561
...combined with other core Crown revenue...	6,539	5,996	543	9.1	8,172
...funds core Crown expenses...	(92,596)	(92,732)	136	0.1	(128,028)
...and including SOE and Crown entity revenues and expenses...	(674)	(1,410)	736	52.2	(3,549)
...results in an OBE GAL ...	(8,111)	(12,205)	4,094	33.5	(20,844)
...with gains/losses leading to an operating surplus/(deficit) ...	(15,586)	(16,314)	728	4.5	(23,826)
...removing net income in SOEs, Crown entities and the NZS Fund...	2,251	2,410	(159)	(6.6)	3,693
...and some items do not impact cash.	2,968	2,926	42	1.4	6,968
This leads to a core Crown operating residual cash surplus/(deficit)...	(10,367)	(10,978)	611	5.6	(13,165)
...used to make contributions to the NZS Fund...	(1,815)	(1,815)	-	-	(2,420)
...and to use for purchase of physical and intangible assets...	(2,907)	(3,337)	430	12.9	(4,781)
...and to make advances (eg, to students) and investments...	(9,609)	(10,295)	686	6.7	(14,229)
Adjusting for forecast adjustments (top-down/new spending)...	-	1,568	(1,568)	(100.0)	495
...results in a borrowing requirement (Core Crown residual cash surplus/(deficit))...	(24,698)	(24,857)	159	0.6	(34,100)
Opening net core Crown debt...	102,080	102,080	-	-	102,080
...when combined with the residual cash (surplus)/deficit...	24,698	24,857	159	0.6	34,100
...and other fair value movements in financial assets and financial liabilities...	392	388	(4)	(1.0)	125
...results in a closing net core Crown debt ...	127,170	127,325	155	0.1	136,305
...which as a % of GDP is	36.3%	36.4%			37.6%