THE TREASURY
Kaitohutohu Kaupapa Rawa

6 June 2014

MEDIA STATEMENT
Embargoed until 10.00am, Friday 6 June 2014

Fergus Welsh
Acting Chief Government Accountant
The Treasury

Financial Statements of the Government of New Zealand for the Ten Months Ended 30 April 2014

The *Financial Statements of the Government of New Zealand* for the ten months ended 30 April 2014 were released by the Treasury today. These statements are compared against forecasts based on the *Budget and Fiscal Update (BEFU),* released on 15 May 2014.

The **operating balance before gains and losses** (OBEGAL) was in deficit by $1.4 billion, which was $148 million less than expected. Core Crown revenue of $55.5 billion was fractionally lower than forecast ($12 million), and core Crown expenses of $57.9 billion were 0.2% less than expected ($90 million).

The **operating balance** (including gains and losses) was in surplus by $3.8 billion, which was $252 million higher than forecast. In addition to the OBEGAL result, net gains were tracking $112 million above forecast. Continued strength in equity markets saws gains recorded on financial investments of $3.9 billion, which was $709 million ahead of forecast. These gains were offset mainly by an increase in ACC's insurance liability due to recent decreases in short-term discount rates.

Core Crown tax revenue, revised down in the BEFU, was $111 million (0.2%) below the latest forecast for the 10 month period to April, but $2.3 billion (4.8%) higher than in the year-earlier 10 month period. This year-on-year growth reflected positive macroeconomic conditions leading to growth in source deductions, GST and corporate tax.

The most significant variance within core Crown tax revenue was GST (1.5% below forecast) largely as a result of timing of GST refunds. This variance is expected to reverse out before the end of the fiscal year.

Net debt was close to forecast at $62.3 billion or 28.1% of GDP. At 30 April, total Crown assets were valued at $250.3 billion and liabilities were $174.1 billion and the Crown's share of **net worth** strengthened to $70.8 billion.

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$ million	Year to date April 2014 Actual[1]	April 2014 BEFU Forecast[1]	Variance to BEFU $m	Variance to BEFU %	Full Year June 2014 BEFU Forecast[2]
Core Crown					
Core Crown tax revenue	**50,528**	50,639	*(111)*	*(0.2)*	61,896
Core Crown revenue	**55,515**	55,527	*(12)*	*(0.0)*	67,775
Core Crown expenses	**57,876**	57,966	*90*	*0.2*	71,616
Core Crown residual cash	**(6,507)**	(6,644)	*138*	*2.1*	(3,914)
Gross debt[3]	**83,039**	83,083	*44*	*0.1*	82,157
as a percentage of GDP	***37.5%***	*37.5%*			*35.6%*
Net debt[4]	**62,252**	62,323	*71*	*0.1*	59,421
as a percentage of GDP	***28.1%***	*28.1%*			*25.8%*
Total Crown					
Operating balance before gains and losses	**(1,371)**	(1,519)	*148*	*9.7*	(2,447)
Operating balance	**3,806**	3,554	*252*	*7.1*	2,973
Net worth attributable to the Crown	**70,814**	70,604	*210*	*0.3*	70,032

1 Using GDP for the year ended 31 December 2013 of $221,417 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2014 of $230,717 million (Source: Treasury).

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

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.

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Financial Statements of the Government of New Zealand

For the Ten Months Ended
30 April 2014

Prepared by the Treasury
6 June 2014

This document is available on the New Zealand Treasury's internet site.
The URL for this site is **http://www.treasury.govt.nz**

New Zealand Government

978-0-478-42179-8 (Print)
978-0-478-42180-4 (Online)

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COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the ten months ended 30 April 2014 and its financial position as at that date.

The April results are reported against forecasts based on the recent 2014 *Budget Economic and Fiscal Update (BEFU)*, published on 15 May 2014.

At a Glance

Table 1 – Key indicators for the ten months ended 30 April 2014 compared to BEFU

	Year to date				*Full Year*
$ million	**April 2014 Actual[1]**	**April 2014 BEFU Forecast[1]**	***Variance to BEFU $m***	***Variance to BEFU %***	**June 2014 BEFU Forecast[2]**
Core Crown					
Core Crown tax revenue	**50,528**	50,639	*(111)*	*(0.2)*	61,896
Core Crown revenue	**55,515**	55,527	*(12)*	*(0.0)*	67,775
Core Crown expenses	**57,876**	57,966	*90*	*0.2*	71,616
Core Crown residual cash	**(6,507)**	(6,644)	*138*	*2.1*	(3,914)
Gross debt[3]	**83,039**	83,083	*44*	*0.1*	82,157
as a percentage of GDP	***37.5%***	*37.5%*			*35.6%*
Net debt[4]	**62,252**	62,323	*71*	*0.1*	59,421
as a percentage of GDP	***28.1%***	*28.1%*			*25.8%*
Total Crown					
Operating balance before gains and losses	**(1,371)**	(1,519)	*148*	*9.7*	(2,447)
Operating balance	**3,806**	3,554	*252*	*7.1*	2,973
Net worth attributable to the Crown	**70,814**	70,604	*210*	*0.3*	70,032

1 Using GDP for the year ended 31 December 2013 of $221,417 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2014 of $230,717 million (Source: Treasury).

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

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.

Core Crown includes Ministers, Departments, Offices of Parliament, the NZS Fund and the Reserve Bank of New Zealand but excludes State-owned enterprises and Crown entities.

Results for the ten months ended 30 April 2014

The **operating balance before gains and losses** (OBEGAL) was in deficit by $1.4 billion, which was $148 million less than expected. Core Crown revenue of $55.5 billion was fractionally lower than forecast ($12 million), and core Crown expenses of $57.9 billion were 0.2% less than expected ($90 million).

The **operating balance** (including gains and losses) was in surplus by $3.8 billion, which was $252 million higher than forecast. In addition to the OBEGAL result, net gains were tracking $112 million above forecast. Continued strength in equity markets saws gains recorded on financial investments of $3.9 billion, which was $709 million ahead of forecast. These gains were offset mainly by an increase in ACC's insurance liability due to recent decreases in short-term discount rates.

Core Crown tax revenue was $111 million (0.2%) below the latest forecast for the 10 month period to April, but $2.3 billion (4.8%) higher than in the year-earlier 10 month period. This year-on-year growth reflected positive macroeconomic conditions leading to growth in source deductions, GST and corporate tax.

The most significant variances within core Crown tax revenue were GST ($194 million below forecast), other direct taxes ($62 million below forecast) and source deductions ($136 million above forecast).

Net debt was close to forecast at $62.3 billion or 28.1% of GDP. At 30 April, total Crown assets were valued at $250.3 billion and liabilities were $174.1 billion and the Crown's share of net worth strengthened to $70.8 billion.

Further analysis of the April results follows.

PARTIAL SALE OF GENESIS ENERGY LIMITED

Core Crown

On 16 April 2014 the allocations of Genesis Energy Limited (Genesis) shares that were sold were confirmed. The Government sold 47.60% of its shares in Genesis (with a further 1.39% of shares held back for transfer to eligible investors as loyalty bonus shares in 12 months) and received gross cash proceeds of $733 million. The non-government shareholders are referred to as non-controlling "minority interests". The table below outlines the net assets of Genesis and the summary core Crown results of the partial share sale:

Genesis	**At date of share issue $m**
Property, plant and equipment	3,117
Financial assets	261
Other assets	281
Borrowings	(1,034)
Other liabilities	(776)
Net assets	1,849
Carrying amount of minority interests (47.60%)	**880**
Gross proceeds	733
Estimated direct costs[1]	(11)
Net proceeds	722
Loyalty bonus shares[2]	(22)
Estimated loss on disposal to minority interests	180
Carrying amount of minority interests (47.60%)	**880**

As a result of the sale of shares in Genesis to minority interests, the profit from its operations must be shared with the minority interests. However, because the Government retains control of the assets, no "sale" of Genesis assets is reported. As a result, 100% of the assets, liabilities, revenue and expenses of Genesis will continue to be included in the financial statements of the Government. The key change to the financial statements will be the disclosure of the non-controlling minority interests in those assets, liabilities, revenues and expenses.

Eligible New Zealand retail investors will receive one loyalty bonus share for every 15 shares they hold for one year from 16 April 2014, up to a maximum of 2,000 bonus shares per investor. The estimated cost of the loyalty bonus share scheme was recognised in the financial statements reflecting the maximum allocation of bonus shares (approximately $22 million).

The estimated impact of the partial sale of Genesis on the Government's key fiscal indicators at 30 April was as follows:

Indicator	**Before Sale $m**	**Impact $m**	**After Sale $m**
Residual Cash	(7,234)	722	(6,507)
Net Debt	62,974	(722)	62,252

Total Crown

In addition to the Core Crown's direct investment, a number of Crown Financial Institutions (CFI's) have also invested in Genesis as part of their normal investment activities. These investments have the effect of increasing the total Crown investment and therefore reducing the overall minority interest to 45.03%. When the CFI investment is removed, the estimated loss on disposal reduces to $163 million.

[1] Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.

[2] This is an estimate of the maximum cost of the loyalty bonus shares. While the bonus share will be transferred to eligible investors one year from now, the expected costs are recognised upfront. There is no cash impact in issuing the loyalty bonus shares so there is no residual cash or net debt impact.

A N A L Y S I S

Table 2 – Key indicator variances for the ten months ended 30 April 2014 compared to *BEFU:*

Item/indicator	Variance[1]	Key drivers
Core Crown		
Core Crown revenue	($12 million) lower than forecast	Core Crown revenue was slightly lower than forecast mainly due to lower-than-forecast core Crown tax revenue of $111m. Negative variances in GST, other direct taxes and Customs and excise duties were somewhat offset by a positive variance in source deductions. The negative tax revenue variance was largely offset by higher-than-forecast non-tax revenue (mostly telecommunications levy and SOE dividends). The most significant tax variances were: • **GST** was $194m (1.5%) below forecast as a result of the timing of refund assessments. This should reverse out in May, in which there are two GST due dates (there were none in April). • **Source deductions** were $136m (0.7%) above forecast. Part of this variance appears to be timing in nature, which should reverse out in the coming months. • **Customs and Excise duties** were $59m (1.8%) below forecast. The majority of this variance occurred in fuel excise tax owing to volatility of refined fuel imports. This variance is likely to dissipate over the remainder of the fiscal year. • **Other direct taxes** were $62m (3.5%) below forecast. The majority of this variance is due to lower RWT on dividends than forecast. This variance is likely to be permanent but should reverse out through other tax types (e.g. corporate or individuals' tax) over time.
Core Crown expenses	$90 million lower than forecast	Core Crown expenses at $57.9b were 0.2% below forecast. Excluding the top-down expense adjustment of $165m, underlying expenses were $255m lower than expected spread across a number of departments. The largest of the variances was MBIE, which had underspends ($61m) made up of small amounts across their activities.
Core Crown residual cash deficit	$138 million lower than forecast	The residual cash deficit was $138m lower than forecast largely due to the following: • Net purchases of physical assets were $131m lower than forecast. Including the top-down adjustment of $99m, capital purchases were $32m lower than forecast. This variance was spread over a number of departments. • Personnel and other operating payments were $179m lower than forecast. The main departments responsible for the variance are Education and Health, the variance is timing in nature and expected to reverse by June. Looking through the top-down adjustment of $165m, operating payments were $14m lower than forecast.

[1] Favourable variances against forecast have a positive sign and unfavourable variances against forecast have a negative sign.

Item/indicator	Variance[1]	Key drivers
Core Crown residual cash deficit (cont'd)		Offsetting these favourable variances: • Core Crown tax receipts were tracking below forecast ($188m). The main portion of this variance was a lower than forecast other individuals tax ($112m) owing to lower-than-forecast terminal tax payments. Additionally other direct taxes ($76m) follows the same story as tax revenue with RWT on dividends being lower than forecast.
Gross debt	$44 million lower than forecast	Gross debt at $83.0b was close to forecast at 37.5% of GDP.
Net debt	$71 million lower than forecast	Net debt was lower than forecast at $62.3b, or 28.1% of GDP. The $71m lower than forecast net debt was largely due to the lower than expected residual cash deficit explained earlier.
Total Crown		
Operating balance before gains and losses deficit	$148 million lower than forecast	The OBEGAL deficit at $1.4b was $148m lower than forecast. The key driver of the OBEGAL variance was lower core Crown expenses ($90m), partly offset by lower core Crown revenue ($12m) as previously discussed. In addition, ACC reported a higher than forecast results due to lower than forecast insurance expenses and higher than forecast levies revenue.
Operating balance	$252 million higher than forecast	Operating balance at $3.8b was $252m higher than forecast. In addition to the OBEGAL result, net gains were tracking $112m above forecast. Gains on financial instruments were $709m more favourable than forecast, with the NZS Fund net gains contributing $360m of the variance. This was offset mainly due to a reduction in the actuarial gain on ACC liability, reflecting decreases to short term discount rates.
Net worth attributable to the Crown	$210 million higher than forecast	Net worth was higher than forecast, at $70.8b, largely reflecting the operating balance result mentioned above.

Table 3 – Fiscal strategy and financial results

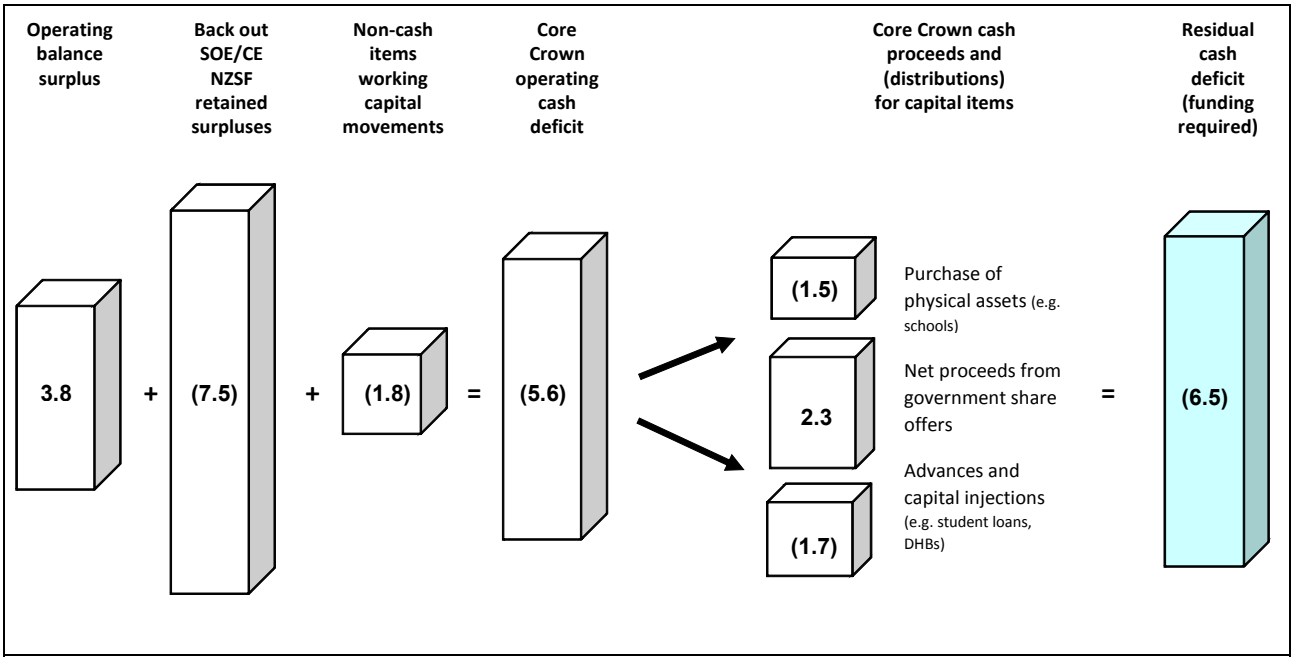
Fiscal Strategy	Financial Results	Ref	30 Apr 2014 Actual $m	30 Apr 2014 Forecast $m	*Variance $m*	*Variance [2] %*	Annual Forecast $m
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	27.4%	27.4%			26.8%
	Core Crown taxation revenue ...		50,528	50,639	*(111)*	*(0.2)*	61,896
	... combined with other core Crown revenue ...		4,987	4,888	*99*	*2.0*	5,879
Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP	... fund core Crown expenses...		(57,876)	(57,966)	*90*	*0.2*	(71,616)
	... and with SOE and Crown entity results and core Crown gains and losses...		6,167	5,993	*174*	*2.9*	6,814
Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	... result in an operating surplus or deficit...		3,806	3,554	*252*	*7.1*	2,973
	...with income in SOEs, CEs and the NZS Fund retained...		(7,524)	(7,208)	*(316)*	*(4.4)*	(8,216)
	... and some items do not impact cash ...		(1,880)	(1,888)	*8*	*0.4*	3,032
	... leaving operating cash flows to ...		**(5,598)**	**(5,542)**	***(56)***	***(1.0)***	**(2,211)**
	... meet the capital expenditure budget ...		(1,520)	(1,552)	*32*	*2.1*	(1,988)
	... make advances (e.g. to students and DHBs)...		(1,714)	(1,869)	*156*	*8.3*	(2,030)
	... and receive proceeds from government share offers		2,325	2,319	*6*	*0.3*	2,315
	With the residual cash ...		**(6,507)**	**(6,644)**	***138***	***2.1***	**(3,914)**
Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020	... when combined with opening net debt ...		55,835	55,835	-	-	55,835
	... and fair value movements and other changes in financial assets and financial liabilities ...		(90)	(156)	*(67)*	*(42.7)*	(328)
	... results in a closing net debt ...		**62,252**	**62,323**	***71***	***0.1***	**59,421**
	... and as a % of GDP		**28.1%**	**28.1%**			**25.8%**

1 GDP for the ten months ended 30 April 2014 (actual and forecast) is the actual data for the year ended 31 December 2013 (Source: Statistics New Zealand) pro-rated for ten months.

2 Percentage variances between the actual and comparative balances exceeding 500% are not shown.

Figure 1 – Application of core Crown cash flows ($billions)

This diagram shows how the Operating Balance translates into cash available to the core Crown and how this cash was spent.



YEAR-ON-YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	April 2014 Actual $m	April 2013 Actual $m	Change[1] $m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	50,528	48,204	*2,324*	*4.8*
Other revenue	4,987	4,463	*524*	*11.7*
Total Core Crown Revenue	**55,515**	**52,667**	***2,848***	***5.4***
Core Crown expenses				
Social security and welfare	19,024	18,644	*380*	*2.0*
GSF pension expenses	213	231	*(18)*	*(7.8)*
Health	12,364	12,002	*362*	*3.0*
Education	10,040	9,837	*203*	*2.1*
Core government services	3,355	4,275	*(920)*	*(21.5)*
Law and order	2,871	2,840	*31*	*1.1*
Defence	1,500	1,461	*39*	*2.7*
Transport and communications	1,643	1,759	*(116)*	*(6.6)*
Economic and industrial services	1,705	1,637	*68*	*4.2*
Primary services	549	513	*36*	*7.0*
Heritage, culture and recreation	690	673	*17*	*2.5*
Environmental protection	393	390	*3*	*0.8*
Housing and community development	280	165	*115*	*69.7*
Other	245	357	*(112)*	*(31.4)*
Finance costs	3,004	3,047	*(43)*	*(1.4)*
Total Core Crown Expenses	**57,876**	**57,831**	***45***	***0.1***
Net surplus of SOE/CE's (and inter-segment eliminations)	990	1,174	*(184)*	*(15.7)*
OBEGAL	**(1,371)**	**(3,990)**	***2,619***	***65.6***
Total gains/(losses)	4,974	6,581	*(1,607)*	*(24.4)*
Other operating items	203	219	*(16)*	*(7.3)*
Operating Balance	**3,806**	**2,810**	***996***	***35.4***
Core Crown residual cash	**(6,507)**	**(9,644)**	***3,137***	***32.5***
Debt indicators				
Gross debt[2]	**83,039**	**79,682**	***3,357***	***4.2***
Net debt[3]	**62,252**	**60,055**	***2,197***	***3.7***

1 Due to the seasonal nature of some expenditure it is not appropriate to annualise these changes.

2 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

3 Net core Crown debt excluding NZS Fund, student loans and other advances.

Revenue and Expenses

Core Crown taxation revenue for the ten months ended 30 April 2014 increased by $2,324 million (4.8%) on the same period last year. Source deductions continued to show strong growth, up 7.1% on last year. In addition, GST also grew by 5.4%.

Total **core Crown expenses** were similar to the same period last year, with the following movements:

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Social security and welfare	+ $380 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Health	+ $362 million	Funding provided in the 2013 Budget to maintain and improve existing service levels.
Education	+ $203 million	Funding provided in the 2013 Budget to maintain and improve existing service levels.
Decreases:		
Core government services	- $920 million	Costs associated with earthquake-damaged horizontal water infrastructure in Canterbury were recognised in March 2013. There are no similar expenses recognised in the current year.
Other functional classes	+ $20 million	
Total	**$45 million**	

Gains

Total net gains were $4,974 million in the ten months to April 2014, which was $1,607 million lower than the previous year. Net gains in relation to financial instruments were $2,440 million lower than in the prior year due largely to substantial gains by ACC and NZSF in the year to April 2013.

Debt

Gross debt has increased by $3,357 million or 4.2% from April 2013. **Net debt** has increased by $2,197 million over the same time, largely owing to a reduction in financial assets and an increase in borrowings.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Note	Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		Revenue						
58,134	47,786	Taxation revenue	2	50,050	50,203	*(153)*	*(0.3)*	61,380
5,172	4,206	Other sovereign revenue	2	4,533	4,493	*40*	*0.9*	5,383
63,306	**51,992**	**Total Revenue Levied through the Crown's Sovereign Power**		**54,583**	**54,696**	***(113)***	***(0.2)***	**66,763**
16,713	13,862	Sales of goods and services		13,582	13,372	*210*	*1.6*	16,432
2,939	2,375	Interest revenue and dividends	3	2,566	2,580	*(14)*	*(0.5)*	3,160
3,697	3,080	Other revenue		3,025	2,965	*60*	*2.0*	3,622
23,349	**19,317**	**Total revenue earned through the Crown's operations**		**19,173**	**18,917**	***256***	***1.4***	**23,214**
86,655	**71,309**	**Total revenue (excluding gains)**		**73,756**	**73,613**	***143***	***0.2***	**89,977**
		Expenses						
22,708	18,770	Transfer payments and subsidies	4	19,234	19,232	*(2)*	-	23,394
19,935	16,686	Personnel expenses	5	16,949	16,989	*40*	*0.2*	20,488
4,812	3,944	Depreciation and amortisation	6	3,592	3,649	*57*	*1.6*	4,644
36,163	29,540	Other operating expenses	6	28,865	28,887	*22*	*0.1*	36,527
4,358	3,598	Interest expenses	7	3,662	3,673	*11*	*0.3*	4,461
3,031	2,761	Insurance expenses	8	2,598	2,660	*62*	*2.3*	3,283
-	-	Forecast new operating spending	6	-	-	-	-	77
-	-	Top-down expense adjustment	6	-	(165)	*(165)*	*(100.0)*	(660)
91,007	**75,299**	**Total expenses (excluding losses)**		**74,900**	**74,925**	***25***	**-**	**92,214**
(62)	-	Minority interests share of operating balance before gains/losses		(227)	(207)	*(20)*	*(9.7)*	(210)
(4,414)	**(3,990)**	**Operating balance before gains/(losses)**		**(1,371)**	**(1,519)**	***148***	***9.7***	**(2,447)**
7,270	6,312	Net gains/(losses) on financial instruments	9	3,872	3,163	*709*	*22.4*	3,604
3,674	269	Net gains/(losses) on non-financial instruments	10	1,102	1,699	*(597)*	*(35.1)*	1,557
10,944	**6,581**	**Total gains/(losses)**		**4,974**	**4,862**	***112***	***2.3***	**5,161**
395	219	Net surplus/(deficit) from associates and joint ventures		203	211	*(8)*	*(3.8)*	259
6,925	**2,810**	**Operating balance**		**3,806**	**3,554**	***252***	***7.1***	**2,973**

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		Total Crown expenses					
26,268	21,550	Social security and welfare	22,326	22,396	*70*	*0.3*	27,373
286	237	GSF pension expenses	221	233	*12*	*5.2*	300
13,856	11,569	Health	11,906	11,979	*73*	*0.6*	14,382
13,366	10,547	Education	10,986	11,029	*43*	*0.4*	13,180
3,960	4,293	Core government services	3,144	3,180	*36*	*1.1*	4,351
3,670	3,014	Law and order	3,053	3,092	*39*	*1.3*	3,811
1,766	1,434	Defence	1,468	1,479	*11*	*0.7*	1,818
9,052	7,315	Transport and communications	7,081	7,049	*(32)*	*(0.5)*	9,212
8,375	7,094	Economic and industrial services	6,157	6,027	*(130)*	*(2.2)*	7,538
2,351	2,081	Heritage, culture and recreation	1,944	1,977	*33*	*1.7*	2,360
1,579	1,045	Primary services	1,398	1,397	*(1)*	*(0.1)*	1,759
989	796	Housing and community development	917	933	*16*	*1.7*	1,109
528	369	Environmental protection	392	401	*9*	*2.2*	536
603	357	Other	245	245	-	-	607
4,358	3,598	Finance costs	3,662	3,673	*11*	*0.3*	4,461
-	-	Forecast new operating spending	-	-	-	-	77
-	-	Top-down expense adjustment	-	(165)	*(165)*	*(100.0)*	(660)
91,007	**75,299**	**Total Crown expenses excluding losses**	**74,900**	**74,925**	***25***	**-**	**92,214**

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 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		Core Crown expenses					
22,741	18,644	Social security and welfare	19,024	19,018	*(6)*	-	23,329
278	231	GSF pension expenses	213	222	*9*	*4.1*	282
14,498	12,002	Health	12,364	12,395	*31*	*0.3*	14,889
12,504	9,837	Education	10,040	10,085	*45*	*0.4*	12,411
4,294	4,275	Core government services	3,355	3,409	*54*	*1.6*	4,792
3,456	2,840	Law and order	2,871	2,895	*24*	*0.8*	3,575
1,804	1,461	Defence	1,500	1,520	*20*	*1.3*	1,867
2,255	1,759	Transport and communications	1,643	1,656	*13*	*0.8*	2,241
1,978	1,637	Economic and industrial services	1,705	1,723	*18*	*1.0*	2,100
804	673	Heritage, culture and recreation	690	718	*28*	*3.9*	838
659	513	Primary services	549	549	-	-	716
283	165	Housing and community development	280	305	*25*	*8.2*	377
530	390	Environmental protection	393	399	*6*	*1.5*	534
603	357	Other	245	245	-	-	607
3,619	3,047	Finance costs	3,004	2,992	*(12)*	*(0.4)*	3,641
-	-	Forecast new operating spending	-	-	-	-	77
-	-	Top-down expense adjustment	-	(165)	*(165)*	*(100.0)*	(660)
70,306	**57,831**	**Core Crown expenses excluding losses**	**57,876**	**57,966**	***90***	***0.2***	**71,616**

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

STATEMENT OF COMPREHENSIVE INCOME

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
7,019	**2,810**	**Operating Balance (including minority interest)**	**4,052**	**3,790**	***262***	***6.9***	**3,216**
		Other comprehensive income					
1,367	(38)	Revaluation of physical assets	(342)	(351)	*9*	*2.6*	(351)
305	66	Effective portion of changes in value of cash flow hedges	(85)	(44)	*(41)*	*(93.2)*	(102)
(7)	2	Net change in fair value of cash flow hedges transferred to operating balance	(1)	(5)	*4*	*80.0*	(3)
(18)	(1)	Net change in fair value of cash flow hedges transferred to the hedged item	4	2	*2*	*100.0*	2
-	(20)	Foreign currency translation differences for foreign operations	(29)	(13)	*(16)*	*(123.1)*	(7)
36	18	Valuation gains/(losses) on investments available for sale taken to reserves	(79)	(73)	*(6)*	*(8.2)*	(13)
7	2	Other movements	17	(7)	*24*	*342.9*	4
1,690	**29**	**Total other comprehensive income**	**(515)**	**(491)**	***(24)***	***(4.9)***	**(470)**
8,709	**2,839**	**Total comprehensive income**	**3,537**	**3,299**	***238***	***7.2***	**2,746**
		Attributable to:					
153	-	- minority interest	246	236	*10*	*4.2*	243
8,556	2,839	- the Crown	3,291	3,063	*228*	*7.4*	2,503
8,709	**2,839**	**Total comprehensive income**	**3,537**	**3,299**	***238***	***7.2***	**2,746**

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

STATEMENT OF CASH FLOWS

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		Cash Flows From Operations					
		Cash was provided from					
56,413	44,067	Taxation receipts	46,789	46,899	*(110)*	*(0.2)*	60,442
4,806	4,064	Other sovereign receipts	4,197	4,146	*51*	*1.2*	4,969
16,651	14,153	Sales of goods and services	13,385	13,432	*(47)*	*(0.3)*	16,460
2,694	2,141	Interest and dividends	2,412	2,360	*52*	*2.2*	2,888
5,933	4,836	Other operating receipts	5,217	5,006	*211*	*4.2*	6,168
86,497	**69,261**	**Total cash provided from operations**	**72,000**	**71,843**	***157***	***0.2***	**90,927**
		Cash was disbursed to					
22,780	19,061	Transfer payments and subsidies	19,509	19,502	*(7)*	-	23,800
58,450	49,793	Personnel and operating payments	50,339	50,974	*635*	*1.2*	60,717
4,369	3,455	Interest payments	3,446	3,468	*22*	*0.6*	4,412
-	-	Forecast new operating spending	-	-	-	-	77
-	-	Top-down expense adjustment	-	(165)	*(165)*	*(100.0)*	(660)
85,599	**72,309**	**Total cash disbursed to operations**	**73,294**	**73,779**	***485***	***0.7***	**88,346**
898	**(3,048)**	**Net cash flows from operations**	**(1,294)**	**(1,936)**	***642***	***33.2***	**2,581**
		Cash Flows From Investing Activities					
		Cash was provided from/(disbursed to)					
(5,169)	(4,275)	Net purchase of physical assets	(4,441)	(4,863)	*422*	*8.7*	(6,787)
6,342	8,240	Net purchase of shares and other securities	(4,007)	(2,887)	*(1,120)*	*(38.8)*	(5,336)
(581)	(395)	Net purchase of intangible assets	(488)	(485)	*(3)*	*(0.6)*	(568)
(1,405)	(1,188)	Net (issue)/repayment of advances	(1,326)	(1,963)	*637*	*32.5*	(2,166)
280	232	Net acquisition of investments in associates	111	104	*7*	*6.7*	34
1,547	-	Net proceeds from Government share offer	2,186	2,180	*6*	*0.3*	2,216
-	-	Forecast new capital spending	-	-	-	-	(13)
-	-	Top-down capital adjustment	-	99	*(99)*	*(100.0)*	395
1,014	**2,614**	**Net cash flows from investing activities**	**(7,965)**	**(7,815)**	***(150)***	***(1.9)***	**(12,225)**
1,912	**(434)**	**Net cash flows from operating and investing activities**	**(9,259)**	**(9,751)**	***492***	***5.0***	**(9,644)**
		Cash Flows From Financing Activities					
		Cash was provided from/(disbursed to)					
234	260	Issues of circulating currency	444	382	*62*	*16.2*	382
5,476	4,523	Net issue/(repayment) of Government bonds	5,867	6,303	*(436)*	*(6.9)*	5,723
(2,926)	(1,661)	Net issue/(repayment) of foreign currency borrowing	569	271	*298*	*110.0*	(52)
(634)	201	Net issue/(repayment) of other New Zealand dollar borrowing	(505)	377	*(882)*	*(234.0)*	251
(20)	-	Dividends paid to minority interests	(165)	(163)	(2)	(1)	(246)
2,130	**3,323**	**Net cash flows from financing activities**	**6,210**	**7,170**	***(960)***	***(13.4)***	**6,058**
4,042	**2,889**	**Net movement in cash**	**(3,049)**	**(2,581)**	***(468)***	***(18.1)***	**(3,586)**
10,686	10,686	**Opening Cash Balance**	14,924	14,924	-	-	14,924
196	(266)	Foreign-exchange gains/(losses) on opening cash	(483)	(245)	*(238)*	*(97.1)*	(230)
14,924	**13,309**	**Closing Cash Balance**	**11,392**	**12,098**	***(706)***	***(5.8)***	**11,108**

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

STATEMENT OF CASH FLOWS *(CONTINUED)*

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		Reconciliation Between the Net Cash Flows from Operations and the Operating Balance					
898	**(3,048)**	**Net Cash Flows from Operations**	**(1,294)**	**(1,936)**	***642***	***33.2***	**2,581**
		Items included in the operating balance but not in net cash flows from operations					
		Gains/(losses)					
7,270	6,312	Gains/(losses) on financial instruments	3,872	3,163	*709*	*22.4*	3,604
3,674	269	Gains/(losses) on non-financial instruments	1,102	1,699	*(597)*	*(35.1)*	1,557
10,944	**6,581**	**Total gains/(losses)**	**4,974**	**4,862**	***112***	***2.3***	**5,161**
		Other Non-cash Items in Operating Balance					
(4,812)	(3,944)	Depreciation and amortisation	(3,592)	(3,649)	*57*	*1.6*	(4,644)
(684)	(612)	Write-down on initial recognition of financial assets	(727)	(733)	*6*	*0.8*	(843)
(497)	11	Impairment of financial assets (excluding receivables)	(8)	(11)	*3*	*27.3*	(18)
385	308	Non-cash movement in defined benefit retirement plan liabilities	383	445	*(62)*	*(13.9)*	458
1,106	240	Non-cash movement in insurance liabilities	1,086	1,416	*(330)*	*(23.3)*	1,730
299	137	Other	(25)	1	*(26)*	*-*	47
(4,203)	**(3,860)**	**Total other non-cash Items**	**(2,883)**	**(2,531)**	***(352)***	***(13.9)***	**(3,270)**
		Movements in Working Capital					
(1,302)	1,710	Increase/(decrease) in receivables	1,861	1,854	*7*	*0.4*	(1,346)
257	92	Increase/(decrease) in accrued interest	(62)	15	*(77)*	*-*	222
(94)	(45)	Increase/(decrease) in inventories	(75)	38	*(113)*	*(297.4)*	18
32	258	Increase/(decrease) in prepayments	280	229	*51*	*22.3*	(24)
(2)	94	Decrease/(increase) in deferred revenue	45	51	*(6)*	*(11.8)*	(87)
363	1,028	Decrease/(increase) in payables/provisions	960	972	*(12)*	*(1.2)*	(282)
(746)	**3,137**	**Total movements in working capital**	**3,009**	**3,159**	***(150)***	***(4.7)***	**(1,499)**
6,893	**2,810**	**Operating Balance**	**3,806**	**3,554**	***252***	***7.1***	**2,973**

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

STATEMENT OF CHANGES IN NET WORTH

for the ten months ended 30 April 2014

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
59,780	**59,780**	**Opening net worth**	**70,011**	**70,011**	-	-	**70,011**
7,019	2,810	Operating balance (including minority interest)	4,052	3,790	*262*	*6.9*	3,216
1,367	(38)	Net revaluations	(342)	(351)	*9*	*2.6*	(351)
260	83	Transfers to/(from) reserves	(163)	(117)	*(46)*	*(39.3)*	(119)
(10)	3	(Gains)/losses transferred to the statement of financial performance	(1)	(5)	*4*	*80.0*	(3)
73	(19)	Other movements	(9)	(18)	*9*	*50.0*	3
8,709	**2,839**	**Total comprehensive income**	**3,537**	**3,299**	***238***	***7.2***	**2,746**
167	-	Gain/(loss) on Government share offers in SOEs	(548)	(530)	*(18)*	*(3.4)*	(542)
1,371	-	Increase in minority interest from Government share offers	3,256	3,253	*3*	*0.1*	3,300
(16)	-	Transactions with minority interests	(49)	(52)	*3*	*5.8*	(48)
70,011	**62,619**	**Closing net worth**	**76,207**	**75,981**	***226***	***0.3***	**75,467**
		Attributable to:					
1,940	432	- minority interest	5,393	5,377	*16*	*0.3*	5,435
68,071	62,187	- the Crown	70,814	70,604	*210*	*0.3*	70,032
70,011	**62,619**	**Closing net worth**	**76,207**	**75,981**	***226***	***0.3***	**75,467**

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

STATEMENT OF FINANCIAL POSITION

as at 30 April 2014

As at 30 Jun 2013 Actual $m	As at 30 Apr 2013 Actual $m		Note	Current Year Actual vs Forecast: Actual $m	Forecast $m	Variance $m	%	Annual Forecast $m
		Assets						
14,924	13,309	Cash and cash equivalents	12	11,392	12,098	*(706)*	*(5.8)*	11,108
19,883	22,459	Receivables	12	21,124	21,043	*81*	*0.4*	17,873
44,000	42,411	Marketable securities, deposits and derivatives in gain	12	45,563	45,246	*317*	*0.7*	47,870
17,359	16,725	Share investments	12	20,613	19,850	*763*	*3.8*	19,672
22,613	23,587	Advances	12	24,484	24,306	*178*	*0.7*	24,611
1,140	1,189	Inventory		1,065	1,178	*(113)*	*(9.6)*	1,158
2,295	2,501	Other assets		2,697	2,619	*78*	*3.0*	2,267
109,833	108,080	Property, plant & equipment	13	110,781	111,015	*(234)*	*(0.2)*	112,264
9,593	9,587	Equity accounted investments [1]		9,776	9,785	*(9)*	*(0.1)*	10,021
2,776	2,619	Intangible assets and goodwill		2,823	2,798	*25*	*0.9*	2,841
-	-	Forecast for new capital spending		-	-	-	-	13
-	-	Top-down capital adjustment		-	(99)	*99*	*100.0*	(395)
244,416	**242,467**	**Total assets**		**250,318**	**249,839**	***479***	***0.2***	**249,303**
		Liabilities						
4,691	4,717	Issued currency		5,135	5,072	*(63)*	*(1.2)*	5,072
11,160	10,123	Payables	15	11,331	10,659	*(672)*	*(6.3)*	11,952
1,714	1,618	Deferred revenue		1,669	1,663	*(6)*	*(0.4)*	1,802
100,087	102,133	Borrowings		103,058	104,307	*1,249*	*1.2*	103,058
37,712	41,777	Insurance liabilities	16	36,207	35,153	*(1,054)*	*(3.0)*	34,900
11,903	12,314	Retirement plan liabilities		10,634	10,746	*112*	*1.0*	10,732
7,138	7,166	Provisions	17	6,077	6,258	*181*	*2.9*	6,320
174,405	**179,848**	**Total liabilities**		**174,111**	**173,858**	***(253)***	***(0.1)***	**173,836**
70,011	**62,619**	**Total assets less total liabilities**		**76,207**	**75,981**	***226***	***0.3***	**75,467**
		Net Worth						
10,862	6,540	Taxpayer funds	18	14,241	13,961	*280*	*2.0*	13,344
57,068	55,756	Revaluation reserve	18	56,646	56,660	*(14)*	-	56,648
141	(109)	Other reserves	18	(73)	(17)	*(56)*	*(329.4)*	40
68,071	**62,187**	**Total net worth attributable to the Crown**		**70,814**	**70,604**	***210***	***0.3***	**70,032**
1,940	432	Net worth attributable to minority interest	18	5,393	5,377	*16*	*0.3*	5,435
70,011	**62,619**	**Total net worth**		**76,207**	**75,981**	***226***	***0.3***	**75,467**

1. Tertiary education institutions constitute most equity accounted investments.

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

STATEMENT OF BORROWINGS

as at 30 April 2014

As at 30 Jun 2013 Actual $m	As at 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
57,377	59,404	Government bonds[1]	60,735	61,561	*826*	*1.3*	60,499
4,084	4,927	Treasury bills	3,541	3,232	*(309)*	*(9.6)*	3,087
199	200	Government retail stock	185	190	*5*	*2.6*	190
7,575	7,128	Settlement deposits with Reserve Bank	6,602	6,849	*247*	*3.6*	6,849
3,188	2,541	Derivatives in loss	2,504	2,231	*(273)*	*(12.2)*	2,099
1,454	1,336	Finance lease liabilities	1,490	1,471	*(19)*	*(1.3)*	1,574
26,210	26,597	Other borrowings	28,001	28,773	*772*	*2.7*	28,760
100,087	**102,133**	**Total borrowings**	**103,058**	**104,307**	***1,249***	***1.2***	**103,058**
75,684	77,212	Sovereign-guaranteed debt	77,197	77,906	*709*	*0.9*	76,653
24,403	24,921	Non sovereign-guaranteed debt	25,861	26,401	*540*	*2.0*	26,405
100,087	**102,133**	**Total borrowings**	**103,058**	**104,307**	***1,249***	***1.2***	**103,058**
		Net Debt:					
84,873	85,901	Core Crown borrowings[2]	88,953	89,389	*436*	*0.5*	88,442
(587)	(542)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(553)	(661)	*(108)*	*(16.3)*	(640)
84,286	**85,359**	**Gross sovereign-issued debt[3]**	**88,400**	**88,728**	***328***	***0.4***	**87,802**
62,984	60,118	Less core Crown financial assets[4]	64,445	64,487	*(42)*	*(0.1)*	66,764
21,302	**25,241**	**Net core Crown debt**	**23,955**	**24,241**	***286***	***1.2***	**21,038**
13,126	13,610	Core crown advances	13,671	13,745	*74*	*0.5*	13,786
34,428	**38,851**	**Net core Crown debt (incl NZS Fund)[5]**	**37,626**	**37,986**	***360***	***0.9***	**34,824**
21,407	21,204	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets[6]	24,626	24,337	*(289)*	*(1.2)*	24,597
55,835	**60,055**	**Net core Crown debt (excl NZS Fund and advances)[7]**	**62,252**	**62,323**	***71***	***0.1***	**59,421**
		Gross Debt:					
84,286	85,359	Gross sovereign-issued debt[3]	88,400	88,728	*328*	*0.4*	87,802
(7,902)	(7,277)	Less Reserve Bank settlement cash and Reserve Bank bills	(6,961)	(7,245)	*(284)*	*(3.9)*	(7,245)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash[8]	1,600	1,600	-	-	1,600
77,984	**79,682**	**Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills**	**83,039**	**83,083**	***44***	***0.1***	**82,157**

Notes on gross and net debt:

1. Government bonds includes $395 million of infrastructure bonds.
2. Core Crown borrowings in this instance includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
3. Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the New Zealand Superannuation Fund (NZS Fund), ACC and EQC.
4. Core Crown financial assets exclude receivables.
5. Net Core Crown Debt represents GSID less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the creditworthiness of a country.
6. Adding back the NZS Fund assets provides the financial liabilities less financial assets of the Core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.
7. Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
8. The Reserve Bank has used $1.6 billion of settlement cash to purchase reserves that were to have been funded by the NZ Debt Management Office borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

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

STATEMENT OF COMMITMENTS

as at 30 April 2014

	As at 30 Apr 2014 $m	As at 30 Jun 2013 $m	As at 30 Apr 2013 $m
Capital Commitments			
Specialist military equipment	393	549	88
Land and buildings	973	717	832
Other property, plant and equipment	5,125	5,478	6,360
Other capital commitments	878	790	656
Tertiary Education Institutions	169	169	255
Total capital commitments	**7,538**	**7,703**	**8,191**
Operating Commitments			
Non-cancellable accommodation leases	2,622	2,792	2,540
Other non-cancellable leases	2,544	2,735	3,420
Tertiary Education Institutions	466	466	282
Total operating commitments	**5,632**	**5,993**	**6,242**
Total commitments	**13,170**	**13,696**	**14,433**
Total Commitments by Segment			
Core Crown	3,665	4,226	3,534
Crown entities	5,359	5,296	6,306
State-owned Enterprises	5,004	5,078	5,503
Inter-segment eliminations	(858)	(904)	(910)
Total commitments	**13,170**	**13,696**	**14,433**

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 30 April 2014

	As at 30 Apr 2014 $m	As at 30 Jun 2013 $m	As at 30 Apr 2013 $m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	167	225	164
Uncalled capital	5,821	6,286	5,764
Legal proceedings and disputes	665	707	406
Other contingent liabilities	498	432	378
Total quantifiable contingent liabilities	**7,151**	**7,650**	**6,712**
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,786	7,350	6,463
Crown entities	51	35	79
State-owned Enterprises	314	265	170
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	**7,151**	**7,650**	**6,712**
Quantifiable Contingent Assets			
Core Crown	164	245	336
Crown entities	4	4	3
State owned enterprises	-	21	21
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	**168**	**270**	**360**

A list of unquantified contingent liabilities is included on the Treasury's website
http://www.treasury.govt.nz/government/financialstatements/yearend/jun13/067.htm

The accompanying notes and accounting policies are an integral part of these 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
- Crown Entities (excluding Tertiary Education Institutions)
- State-Owned Enterprises (SOEs)
- Air New Zealand Limited
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 87 - 89 of the *2014 Budget Economic and Fiscal Update* released on 15 May 2014.

With the exception of the 30 June 2013 comparative figures, all actual, forecast and comparative figures presented in these financial statements 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 and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities, including NZ *IAS 34 Interim Financial Reporting*. The Government reporting entity is a public benefit entity.

The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and equity investments held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis. These interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the information included in the Financial Statements of the Government of New Zealand for the year ended 30 June 2013.

Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:

http://www.treasury.govt.nz/publications/guidance/reporting/accounting

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2014.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site http://www.treasury.govt.nz/budget/forecasts/befu2014.

NOTE 1: Accounting Policies (continued)

Comparative Figures

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

Variance Percentages

Percentage variances between the actual and comparative balances exceeding 500% are not shown.

Judgements and Estimates

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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.

A second area of uncertainty relates to the immature nature of the claims experience available to assist in estimating the claims and provisions arising from the Canterbury earthquakes. Actuarial valuations of these liabilities using the best available information have been used, however it is common in such cases for adjustments to be required as the claims experience develops.

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.

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	Variance $m	%	Annual Forecast $m
		NOTE 2: Sovereign Revenue (Accrual)					
		Taxation Revenue (accrual)					
		Individuals					
22,330	18,443	Source deductions	19,744	19,613	*131*	*0.7*	23,811
5,210	4,228	Other persons	4,222	4,218	*4*	*0.1*	5,161
(1,644)	(1,061)	Refunds	(959)	(969)	*10*	*1.0*	(1,531)
480	394	Fringe benefit tax	419	417	*2*	*0.5*	487
26,376	**22,004**	**Total individuals**	**23,426**	**23,279**	***147***	***0.6***	**27,928**
		Corporate Tax					
8,747	6,892	Gross companies tax	6,983	6,955	*28*	*0.4*	9,195
(151)	(131)	Refunds	(172)	(159)	*(13)*	*(8.2)*	(195)
420	326	Non-resident withholding tax	319	330	*(11)*	*(3.3)*	421
2	2	Foreign-source dividend w/holding payments	9	2	*7*	*350.0*	2
9,018	**7,089**	**Total corporate tax**	**7,139**	**7,128**	***11***	***0.2***	**9,423**
		Other Income Tax					
1,631	1,344	Resident w/holding tax on interest income	1,345	1,334	*11*	*0.8*	1,642
516	404	Resident w/holding tax on dividend income	353	425	*(72)*	*(16.9)*	472
2,147	**1,748**	**Total other income tax**	**1,698**	**1,759**	***(61)***	***(3.5)***	**2,114**
37,541	**30,841**	**Total income tax**	**32,263**	**32,166**	***97***	***0.3***	**39,465**
		Goods and Services Tax					
25,125	20,613	Gross goods and services tax	22,409	22,496	*(87)*	*(0.4)*	27,364
(9,920)	(8,206)	Refunds	(9,330)	(9,223)	*(107)*	*(1.2)*	(11,079)
15,205	**12,407**	**Total goods and services tax**	**13,079**	**13,273**	***(194)***	***(1.5)***	**16,285**
		Other Taxation					
1,066	891	Road user charges	1,000	989	*11*	*1.1*	1,162
1,529	1,248	Petroleum fuels excise[1]	1,310	1,353	*(43)*	*(3.2)*	1,594
913	767	Alcohol excise[1]	734	747	*(13)*	*(1.7)*	901
1,235	1,082	Tobacco excise[1]	1,119	1,119	-	-	1,303
178	157	Other customs duty	145	147	*(2)*	*(1.4)*	169
214	181	Gaming duties	177	176	*1*	*0.6*	211
174	148	Motor vehicle fees	154	155	*(1)*	*(0.6)*	186
45	38	Approved issuer levy and cheque duty	44	52	*(8)*	*(15.4)*	68
34	26	Energy resources levies	25	26	*(1)*	*(3.8)*	36
5,388	**4,538**	**Total other indirect taxation**	**4,708**	**4,764**	***(56)***	***(1.2)***	**5,630**
20,593	**16,945**	**Total indirect taxation**	**17,787**	**18,037**	***(250)***	***(1.4)***	**21,915**
58,134	**47,786**	**Total taxation revenue**	**50,050**	**50,203**	***(153)***	***(0.3)***	**61,380**
		Other Sovereign Revenue (accrual)					
3,437	2,833	ACC levies	3,033	3,023	*10*	*0.3*	3,546
331	268	Fire Service levies	276	275	*1*	*0.4*	338
242	196	EQC levies	227	229	*(2)*	*(0.9)*	275
1,162	909	Other miscellaneous items	997	966	*31*	*3.2*	1,224
5,172	**4,206**	**Total other sovereign revenue**	**4,533**	**4,493**	***40***	***0.9***	**5,383**
63,306	**51,992**	**Total sovereign revenue**	**54,583**	**54,696**	***(113)***	***(0.2)***	**66,763**

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

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 2 (continued): Sovereign Receipts (Cash)					
		Income Tax Receipts (cash)					
		Individuals					
22,188	18,332	Source deductions	19,589	19,647	*(58)*	*(0.3)*	23,665
5,194	3,839	Other persons	4,038	4,131	*(93)*	*(2.3)*	5,655
(2,251)	(1,731)	Refunds	(1,717)	(1,702)	*(15)*	*(0.9)*	(2,149)
465	342	Fringe benefit tax	355	359	*(4)*	*(1.1)*	485
25,596	**20,782**	**Total individuals**	**22,265**	**22,435**	***(170)***	***(0.8)***	**27,656**
		Corporate Tax					
8,665	6,649	Gross companies tax	7,100	7,182	*(82)*	*(1.1)*	9,390
(597)	(496)	Refunds	(475)	(502)	*27*	*5.4*	(652)
451	368	Non-resident withholding tax	307	308	*(1)*	*(0.3)*	399
1	2	Foreign-source dividend w/holding payments	1	2	*(1)*	*(50.0)*	2
8,520	**6,523**	**Total corporate tax**	**6,933**	**6,990**	***(57)***	***(0.8)***	**9,139**
		Other Income Tax					
1,635	1,374	Resident w/holding tax on interest income	1,364	1,374	*(10)*	*(0.7)*	1,641
516	455	Resident w/holding tax on dividend income	381	447	*(66)*	*(14.8)*	471
2,151	**1,829**	**Total other income tax**	**1,745**	**1,821**	***(76)***	***(4.2)***	**2,112**
36,267	**29,134**	**Total income tax**	**30,943**	**31,246**	***(303)***	***(1.0)***	**38,907**
		Goods and Services Tax					
24,539	18,482	Gross goods and services tax	20,053	19,828	*225*	*1.1*	26,537
(9,783)	(8,127)	Refunds	(8,969)	(8,963)	*(6)*	*(0.1)*	(10,629)
14,756	**10,355**	**Total goods and services tax**	**11,084**	**10,865**	***219***	***2.0***	**15,908**
		Other Taxation					
1,064	886	Road user charges	971	989	*(18)*	*(1.8)*	1,162
1,818	1,563	Excise duties	1,515	1,519	*(4)*	*(0.3)*	1,777
2,035	1,760	Customs duty	1,861	1,872	*(11)*	*(0.6)*	2,190
216	181	Gaming duties	175	174	*1*	*0.6*	208
179	124	Motor vehicle fees	170	155	*15*	*9.7*	186
44	38	Approved issuer levy and cheque duty	45	53	*(8)*	*(15.1)*	68
34	26	Energy resources levies	25	26	*(1)*	*(3.8)*	36
5,390	**4,578**	**Total other indirect taxation**	**4,762**	**4,788**	***(26)***	***(0.5)***	**5,627**
20,146	**14,933**	**Total indirect taxation**	**15,846**	**15,653**	***193***	***1.2***	**21,535**
56,413	**44,067**	**Total tax receipts collected**	**46,789**	**46,899**	***(110)***	***(0.2)***	**60,442**
		Other Sovereign Receipts (cash)					
3,524	2,979	ACC levies	3,042	3,030	*12*	*0.4*	3,550
331	268	Fire Service levies	277	275	*2*	*0.7*	338
274	228	EQC levies	227	233	*(6)*	*(2.6)*	278
677	589	Other miscellaneous items	651	608	*43*	*7.1*	803
4,806	**4,064**	**Total other sovereign receipts**	**4,197**	**4,146**	***51***	***1.2***	**4,969**
61,219	**48,131**	**Total sovereign receipts**	**50,986**	**51,045**	***(59)***	***(0.1)***	**65,411**

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance* *$m*	*%*	Annual Forecast $m
		NOTE 3: Interest Revenue and Dividends					
		By type					
2,382	1,948	Interest revenue	2,040	2,081	*(41)*	*(2.0)*	2,555
557	427	Dividends	526	499	*27*	*5.4*	605
2,939	**2,375**	**Total interest revenue and dividends**	**2,566**	**2,580**	***(14)***	***(0.5)***	**3,160**
		By source					
2,104	1,774	Core Crown	2,012	1,981	*31*	*1.6*	2,304
1,270	1,007	Crown entities	972	947	*25*	*2.6*	1,156
856	696	State-owned Enterprises	735	721	*14*	*1.9*	885
(1,291)	(1,102)	Inter-segment eliminations	(1,153)	(1,069)	*(84)*	*(7.9)*	(1,185)
2,939	**2,375**	**Total interest revenue and dividends**	**2,566**	**2,580**	***(14)***	***(0.5)***	**3,160**
		NOTE 4: Transfer Payments and Subsidies					
10,235	8,460	New Zealand superannuation	9,013	9,012	*(1)*	-	10,903
-	-	Jobseeker support and emergency benefit	1,415	1,418	*3*	*0.2*	1,693
-	-	Supported living payment	1,170	1,171	*1*	*0.1*	1,422
-	-	Sole parent support	1,016	1,018	*2*	*0.2*	1,225
1,738	1,457	Domestic purposes benefit	63	63	-	-	63
1,330	1,106	Invalids benefit	52	52	-	-	52
782	652	Sickness benefit	29	29	-	-	29
812	691	Unemployment benefit	29	29	-	-	29
2,018	1,621	Family tax credit	1,565	1,559	*(6)*	*(0.4)*	1,976
575	455	Other working for families tax credits	443	430	*(13)*	*(3.0)*	556
1,177	984	Accommodation assistance	959	960	*1*	*0.1*	1,149
611	517	Income related rents	511	525	*14*	*2.7*	670
384	320	Disability assistance	316	316	-	-	379
596	476	Student allowances	424	428	*4*	*0.9*	542
1,290	1,135	Other social assistance benefits	1,205	1,191	*(14)*	*(1.2)*	1,354
21,548	**17,874**	**Total social assistance grants**	**18,210**	**18,201**	***(9)***	**-**	**22,042**
		Subsidies					
723	595	KiwiSaver	658	665	*7*	*1.1*	822
		Other transfer payments					
437	301	Official development assistance	366	366	-	-	530
22,708	**18,770**	**Total transfer payments and subsidies**	**19,234**	**19,232**	***(2)***	**-**	**23,394**
		NOTE 5: Personnel Expenses					
6,037	4,980	Core Crown	5,134	5,160	*26*	*0.5*	6,253
10,966	9,259	Crown entities	9,385	9,382	*(3)*	-	11,302
2,949	2,456	State-owned Enterprises	2,441	2,453	*12*	*0.5*	2,940
(17)	(9)	Inter-segment eliminations	(11)	(6)	*5*	*83.3*	(7)
19,935	**16,686**	**Total personnel expenses**	**16,949**	**16,989**	***40***	***0.2***	**20,488**

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 6: Operating Expenses					
		By type					
4,812	3,944	Depreciation and amortisation	3,592	3,649	*57*	*1.6*	4,644
36,163	29,540	Other operating expenses	28,865	28,887	*22*	*0.1*	36,527
-	-	Forecast new operating spending	-	-	-	-	77
-	-	Top-down expense adjustment	-	(165)	*(165)*	*(100.0)*	(660)
40,975	**33,484**	**Total operating expenses**	**32,457**	**32,371**	***(86)***	***(0.3)***	**40,588**
		By source					
37,943	31,031	Core Crown	30,501	30,581	*80*	*0.3*	38,326
18,649	15,167	Crown entities	15,703	15,817	*114*	*0.7*	19,236
11,539	9,528	State-owned Enterprises	8,631	8,422	*(209)*	*(2.5)*	10,707
(27,156)	(22,242)	Inter-segment eliminations	(22,378)	(22,449)	*(71)*	*(0.3)*	(27,681)
40,975	**33,484**	**Total operating expenses**	**32,457**	**32,371**	***(86)***	***(0.3)***	**40,588**
		NOTE 7: Interest Expenses					
		By type					
4,312	3,561	Interest on financial liabilities	3,634	3,645	*11*	*0.3*	4,416
46	37	Interest unwind on provisions	28	28	-	-	45
4,358	**3,598**	**Total interest expenses**	**3,662**	**3,673**	***11***	***0.3***	**4,461**
		By source					
3,619	3,047	Core Crown	3,004	2,992	*(12)*	*(0.4)*	3,641
235	197	Crown entities	182	183	*1*	*0.5*	224
1,248	942	State-owned Enterprises	948	950	*2*	*0.2*	1,173
(744)	(588)	Inter-segment eliminations	(472)	(452)	*20*	*4.4*	(577)
4,358	**3,598**	**Total interest expenses**	**3,662**	**3,673**	***11***	***0.3***	**4,461**
		NOTE 8: Insurance Expenses					
		By entity					
3,133	2,655	ACC	2,869	2,908	*39*	*1.3*	3,461
(103)	100	EQC	(339)	(329)	*10*	*3.0*	(252)
(22)	8	Southern Response	59	75	*16*	*21.3*	61
19	19	Other insurance expenses	14	11	*(3)*	*(27.3)*	13
4	(21)	Inter-segment eliminations	(5)	(5)	-	-	-
3,031	**2,761**	**Total insurance expenses**	**2,598**	**2,660**	***62***	***2.3***	**3,283**
		NOTE 9: Gains and Losses on Financial Instruments					
		By source					
5,081	4,422	Core Crown	3,145	2,896	*249*	*8.6*	3,301
1,192	1,873	Crown entities	567	281	*286*	*101.8*	342
354	(29)	State-owned Enterprises	176	66	*110*	*166.7*	88
643	46	Inter-segment eliminations	(16)	(80)	*64*	*80.0*	(127)
7,270	**6,312**	**Net gains/(losses) on financial instruments**	**3,872**	**3,163**	***709***	***22.4***	**3,604**

Year to 30 Jun 2013 Actual $m	10 months to 30 Apr 2013 Actual $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 10: Gains and Losses on Non-Financial Instruments					
		By type					
1,251	918	Actuarial gains/(losses) on GSF liability [1]	887	713	*174*	*24.4*	713
2,369	(830)	Actuarial gains/(losses) on ACC liability [2]	418	1,142	*(724)*	*(63.4)*	1,082
86	181	Other	(184)	(127)	*(57)*	*(44.9)*	(205)
(32)	-	Minority Interest share of net gains/losses	(19)	(29)	*10*	*34.5*	(33)
3,674	**269**	**Net gains/(losses) on non-financial instruments**	**1,102**	**1,699**	***(607)***	***(35.7)***	**1,557**
		By source					
1,298	1,108	Core Crown	719	584	*135*	*23.1*	557
2,309	(900)	Crown entities	418	1,137	*(719)*	*(63.2)*	1,034
68	61	State-owned Enterprises	(35)	(23)	*(12)*	*(52.2)*	(39)
(1)	-	Inter-segment eliminations	-	1	*(1)*	*(100.0)*	5
3,674	**269**	**Net gains/(losses) on non-financial instruments**	**1,102**	**1,699**	***(597)***	***(35.1)***	**1,557**
		NOTE 11: Operating Balance					
		By source					
371	404	Core Crown	1,572	1,115	*457*	*41.0*	109
5,877	2,653	Crown entities	2,448	2,740	*(292)*	*(10.7)*	2,993
614	470	State-owned Enterprises	811	704	*107*	*15.2*	654
63	(717)	Inter-segment eliminations	(1,025)	(1,005)	(20)	*(2.0)*	(783)
6,925	**2,810**	**Total operating balance**	**3,806**	**3,554**	***252***	***7.1***	**2,973**

1. The most recent GSF valuation was as at 28 February 2014.
2. The most recent ACC valuation was as at 31 December 2013, updated monthly for changes to discount rates.

As at 30 June 2013 $m	As at 30 Apr 2013 $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 12: Financial Assets and Sovereign Receivables					
14,924	13,309	Cash and cash equivalents	11,392	12,098	*(706)*	*(5.8)*	11,108
8,184	9,945	Tax receivables	10,681	10,784	*(103)*	*(1.0)*	8,555
11,699	12,514	Trade and other receivables	10,443	10,259	*184*	*1.8*	9,318
8,288	8,743	Student loans	8,734	8,731	*3*	*-*	8,752
13,202	13,051	Kiwibank mortgages	14,457	14,559	*(102)*	*(0.7)*	14,784
3,588	2,051	Long-term deposits	3,165	2,652	*513*	*19.3*	2,407
2,291	2,129	IMF financial assets	2,194	2,333	*(139)*	*(6.0)*	2,507
1,123	1,793	Other advances[1]	1,293	1,016	*277*	*27.3*	1,075
17,359	16,725	Share investments	20,613	19,850	*763*	*3.8*	19,672
3,775	5,196	Derivatives in gain	3,811	3,285	*526*	*16.0*	3,194
34,346	33,035	Other marketable securities	36,393	36,976	*(583)*	*(1.6)*	39,762
118,779	**118,491**	**Total financial assets and sovereign receivables**	**123,176**	**122,543**	***633***	***0.5***	**121,134**
		Financial assets by entity					
17,799	15,235	Debt Management Office	17,273	17,059	*214*	*1.3*	19,405
19,342	19,292	Reserve Bank of New Zealand	17,992	18,395	*(403)*	*(2.2)*	18,481
22,549	22,591	NZ Superannuation Fund	25,785	25,385	*400*	*1.6*	25,698
23,209	25,159	Other core Crown	27,092	27,174	*(82)*	*(0.3)*	22,419
(7,788)	(8,978)	Intra-segment eliminations	(8,932)	(8,987)	*55*	*0.6*	(7,733)
75,111	**73,299**	**Total core Crown segment**	**79,210**	**79,026**	***184***	***0.2***	**78,270**
28,243	29,226	ACC portfolio	31,435	30,712	*723*	*2*	30,632
5,401	6,049	EQC portfolio	3,891	3,621	*270*	*7*	3,237
9,075	10,851	Other Crown entities	8,905	8,945	*(40)*	*(0)*	8,722
(1,422)	(3,686)	Intra-segment eliminations	(1,835)	(1,803)	*(32)*	*(1.8)*	(1,764)
41,297	**42,440**	**Total Crown entities segment**	**42,396**	**41,475**	***921***	***2.2***	**40,827**
20,058	**20,086**	**Total State-owned Enterprises segment**	**21,081**	**21,659**	***(578)***	***(2.7)***	**21,541**
(17,687)	(17,334)	Inter-segment eliminations	(19,511)	(19,617)	*106*	*0.5*	(19,504)
118,779	**118,491**	**Total financial assets**	**123,176**	**122,543**	***633***	***0.5***	**121,134**

1. Other advances include finance lease receivables.

As at 30 June 2013 $m	As at 30 Apr 2013 $m		Current Year Actual vs Forecast Actual $m	Forecast $m	Variance $m	%	Annual Forecast $m
		NOTE 13: Property, Plant and Equipment					
		Net Carrying Value					
		By class of asset:					
34,453	33,429	Land (valuation)[1]	34,483	34,614	*(131)*	*(0.4)*	34,934
25,784	24,800	Buildings (valuation)	26,212	25,731	*481*	*1.9*	25,969
17,930	18,063	State highways (valuation) - excluding land	18,820	18,749	*71*	*0.4*	18,875
13,555	13,772	Electricity generation assets (valuation)	13,507	13,666	*(159)*	*(1.2)*	13,660
3,865	3,790	Electricity distribution network (cost)	4,040	4,120	*(80)*	*(1.9)*	4,167
3,094	3,100	Specialist military equipment (valuation)	2,241	2,823	*(582)*	*(20.6)*	2,854
2,617	2,496	Specified cultural and heritage assets (valuation)	2,623	2,668	*(45)*	*(1.7)*	2,677
2,296	2,322	Aircraft (excl military) (valuation)	2,228	2,430	*(202)*	*(8.3)*	2,639
1,035	1,061	Rail network (valuation) - excluding land	1,145	1,137	*8*	*0.7*	1,134
5,204	5,247	Other plant and equipment (cost)	5,482	5,077	*405*	*8.0*	5,355
109,833	**108,080**	**Total net carrying value**	**110,781**	**111,015**	***(234)***	***(0.2)***	**112,264**
		By source:					
29,507	28,966	Core Crown	29,473	29,560	*(87)*	*(0.3)*	29,971
51,823	50,406	Crown entities	52,763	52,528	*235*	*0.4*	53,043
28,503	28,708	State-owned Enterprises	28,545	28,927	*(382)*	*(1.3)*	29,250
-	-	Inter-segment eliminations	-	-	-	-	-
109,833	**108,080**	**Total net carrying value**	**110,781**	**111,015**	***(234)***	***(0.2)***	**112,264**
		Land breakdown by usage [1]					
9,580	8,668	Housing stock	9,575	9,576	*(1)*	-	9,582
8,003	8,353	State highway corridor land	8,003	8,003	-	-	8,153
5,364	5,425	Conservation estate	5,359	5,354	*5*	*0.1*	5,373
3,256	3,256	Rail network corridor land	3,257	3,257	-	-	3,252
2,887	2,703	Schools	2,863	2,865	*(2)*	*(0.1)*	2,880
1,374	1,466	Commercial (SOE) excluding rail	1,398	1,491	*(93)*	*(6.2)*	1,491
3,989	3,558	Other	4,028	4,068	*(40)*	*(1.0)*	4,203
34,453	**33,429**	**Total land**	**34,483**	**34,614**	***(131)***	***(0.4)***	**34,934**

1. Land relating to state highways, the rail network and conservation which had previously been included within the state highways, rail network and specified cultural and heritage assets categories has been reclassified to the Land category.

		Schedule of movements					
		Cost or valuation					
121,717	121,717	Opening balance	122,796	122,796	-	-	122,796
5,779	4,241	Additions	4,694	5,019	*(325)*	*(6.5)*	7,318
(1,471)	(826)	Disposals	(666)	(551)	*(115)*	*(20.9)*	(639)
(2,047)	(51)	Net revaluations	(362)	(404)	*42*	*10.4*	(363)
(1,182)	(1,110)	Other	40	(217)	*257*	*118.4*	(5)
122,796	**123,971**	**Total cost or valuation**	**126,502**	**126,643**	***(141)***	***(0.1)***	**129,107**
		Accumulated depreciation and impairment					
13,133	13,133	Opening balance	12,963	12,963	-	-	12,963
(659)	(246)	Eliminated on disposal	(283)	(184)	*(99)*	*(53.8)*	(98)
(3,587)	(49)	Eliminated on revaluation	(82)	(158)	*76*	*48*	(69)
3,697	3,442	Depreciation expense and impairment losses	3,088	3,149	*(61)*	*(1.9)*	4,025
379	(389)	Other	35	(142)	*177*	*124.6*	22
12,963	**15,891**	**Total accumulated depreciation and impairment**	**15,721**	**15,628**	***93***	***0.6***	**16,843**
109,833	**108,080**	**Total property, plant and equipment**	**110,781**	**111,015**	***(234)***	***(0.2)***	**112,264**

As at 30 June 2013 $m	As at 30 Apr 2013 $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 13 (continued): Property, Plant and Equipment					
		Additions - by functional classification					
2,041	1,497	Transport and communications	1,561	1,679	*(118)*	*(7.0)*	2,625
1,521	1,160	Economic and industrial services	960	1,037	*(77)*	*(7.4)*	1,147
472	354	Education	347	362	*(15)*	*(4.1)*	757
578	444	Health	377	380	*(3)*	*(0.8)*	572
201	142	Defence	304	314	*(10)*	*(3.2)*	413
966	644	Other	1,145	1,247	*(102)*	*(8.2)*	1,804
5,779	**4,241**	**Total additions**	**4,694**	**5,019**	***(325)***	***(6.5)***	**7,318**
		NOTE 14: NZ Superannuation Fund					
595	448	Revenue	615	592	*23*	*3.9*	707
(983)	(969)	Less: current tax expense	(855)	(737)	*118*	*16.0*	(832)
(165)	(99)	Less: other expenses[1]	(151)	(116)	*35*	*30.2*	(141)
4,374	3,946	Add gains/(losses)	2,908	2,560	*348*	*13.6*	2,872
3,821	**3,326**	**Operating balance**	**2,517**	**2,299**	***218***	***9.5***	**2,606**
18,703	18,703	Opening net worth	22,549	22,549	-	-	22,549
3,821	3,326	Operating balance	2,517	2,299	*218*	*9.5*	2,606
25	4	Other movements in reserves	(3)	(1)	*(2)*	*(200.0)*	2
22,549	**22,033**	**Closing net worth**	**25,063**	**24,847**	***216***	***0.9***	**25,157**
		comprising:					
23,419	22,591	Financial assets	25,785	25,385	*400*	*1.6*	25,698
(2,055)	(1,737)	Financial liabilities	(1,868)	(1,666)	*(202)*	*(12.1)*	(1,636)
1,185	1,179	Net other assets	1,146	1,128	*18*	*1.6*	1,095
22,549	**22,033**	**Closing net worth**	**25,063**	**24,847**	***216***	***0.9***	**25,157**
		Core Crown revenue (excl NZS Fund)					
64,149	52,667	Core Crown revenue	55,515	55,527	*(12)*	-	67,775
595	448	Less NZS Fund revenue	615	592	*23*	*3.9*	707
983	969	Add back NZS Fund intra-segment revenue	855	737	*118*	*16.0*	832
64,537	**53,188**	**Core Crown revenue (excl NZS Fund)**	**55,755**	**55,672**	***83***	***0.1***	**67,900**
		OBEGAL excluding NZS Fund					
(4,414)	(3,990)	Total Crown OBEGAL	(1,371)	(1,519)	*148*	*9.7*	(2,447)
595	448	Less NZS Fund revenue	615	592	*23*	*3.9*	707
142	72	Add back NZS Fund external expenses	113	114	*(1)*	*(0.9)*	137
983	969	Add back NZS Fund tax	855	(737)	*118*	*16.0*	832
(3,884)	**(3,397)**	**OBEGAL excluding NZS Fund**	**(1,018)**	**(2,734)**	***242***	***8.9***	**(2,185)**

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

As at 30 June 2013 $m	As at 30 Apr 2013 $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 15: Payables					
7,616	7,020	Accounts payable	7,774	7,187	*(587)*	*(8.2)*	7,756
3,544	3,103	Taxes repayable	3,557	3,472	*(85)*	*(2.4)*	4,196
11,160	**10,123**	**Total payables**	**11,331**	**10,659**	***(672)***	***(6.3)***	**11,952**
		NOTE 16: Insurance liabilities					
29,446	32,877	ACC liability	30,189	29,379	*(810)*	*(2.8)*	29,209
6,869	7,465	EQC property damage liability	4,870	4,634	*(236)*	*(5.1)*	4,308
1,744	1,827	Southern Response (formerly AMI Insurance)	1,479	1,473	*(6)*	*(0.4)*	1,327
67	45	Other insurance liabilities	56	55	*(1)*	*(1.8)*	56
(414)	(437)	Inter-segment eliminations	(387)	(388)	*(1)*	*(0.3)*	-
37,712	**41,777**	**Total insurance liabilities**	**36,207**	**35,153**	***(1,054)***	***(3.0)***	**34,900**
		NOTE 17: Provisions					
179	1	Provision for ETS Credits[1]	370	365	*(5)*	*(1.4)*	351
977	1,033	Provision for National Provident Fund guarantee	938	987	*49*	*5.0*	987
3,374	3,112	Provision for employee entitlements	3,034	3,052	*18*	*0.6*	3,181
222	448	Provision for Canterbury Red Zone support package	92	91	*(1)*	*(1.1)*	-
769	1,358	Provision for Infrastructure costs	423	420	*(3)*	*(0.7)*	391
123	67	Provision for weathertight services financial assistance package	119	99	*(20)*	*(20.2)*	123
1,494	1,147	Other provisions	1,101	1,244	*143*	*11.5*	1,287
7,138	**7,166**	**Total provisions**	**6,077**	**6,258**	***181***	***2.9***	**6,320**

1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz

		NOTE 18: Changes in Net Worth					
3,520	3,520	Opening taxpayers funds	10,862	10,862	-	-	10,862
6,925	2,810	Operating balance excluding minority interests	3,806	3,554	*252*	*7.1*	2,973
167	-	Gain/(loss) on Government share offers in state-owned enterprises	(548)	(530)	*(18)*	*(3.4)*	(542)
250	210	Transfers from/(to) other reserves	121	75	*46*	*61.3*	51
10,862	**6,540**	**Closing taxpayers funds**	**14,241**	**13,961**	***280***	***2.0***	**13,344**
56,001	56,001	Opening revaluation reserve	57,068	57,068	-	-	57,068
1,335	(38)	Net revaluations	(342)	(351)	*9*	*2.6*	(351)
(268)	(207)	Transfers from/(to) other reserves	(80)	(57)	*(23)*	*(40.4)*	(69)
57,068	**55,756**	**Closing revaluation reserve**	**56,646**	**56,660**	***(14)***	**-**	**56,648**
432	432	Opening minority interests	1,940	1,940	-	-	1,940
1,508	-	Net movements	3,453	3,437	*16*	*0.5*	3,495
1,940	**432**	**Closing minority interests**	**5,393**	**5,377**	***16***	***0.3***	**5,435**
(173)	(173)	Opening other reserves	141	141	-	-	141
314	64	Net movements	(214)	(158)	*(56)*	*(35.4)*	(101)
141	**(109)**	**Closing other reserves**	**(73)**	**(17)**	***(56)***	***(329.4)***	**40**

Year to 30 Jun 2013 $m	10 months to 30 Apr 2013 $m		Current Year Actual vs Forecast Actual $m	Forecast $m	*Variance $m*	*%*	Annual Forecast $m
		NOTE 19: Core Crown residual cash					
		Core Crown Cash Flows from Operations					
57,808	45,152	Tax receipts	48,067	48,255	*(188)*	*(0.4)*	61,892
651	537	Other sovereign receipts	636	587	*49*	*8.3*	732
1,553	1,362	Interest, profits and dividends	1,484	1,430	*54*	*3.8*	1,546
2,385	2,158	Sale of goods & services and other receipts	1,984	1,964	*20*	*1.0*	2,917
(22,780)	(19,061)	Transfer payments and subsidies	(19,509)	(19,502)	*(7)*	-	(23,800)
(40,412)	(34,353)	Personnel and operating costs	(35,391)	(35,570)	*179*	*0.5*	(42,417)
(3,729)	(3,016)	Finance costs	(2,869)	(2,871)	*2*	*0.1*	(3,664)
-	-	Forecast for future new operating spending	-	-	-	-	(77)
-	-	Top-down expense adjustment	-	165	*(165)*	*(100.0)*	660
(4,524)	**(7,221)**	**Net core Crown operating cash flows**	**(5,598)**	**(5,542)**	***(56)***	***(1.0)***	**(2,211)**
(1,231)	(954)	Net purchase of physical assets	(1,520)	(1,651)	*131*	*7.9*	(2,370)
(342)	(313)	Net increase in advances	(714)	(828)	*115*	*13.9*	(877)
(1,308)	(1,156)	Net purchase of investments	(1,000)	(1,041)	*41*	*3.9*	(1,153)
1,663	-	Net proceeds from partial share sales	2,325	2,319	*6*	*0.3*	2,315
-	-	Forecast for future new capital spending	-	-	-	-	(13)
-	-	Top-down capital adjustment	-	99	*(99)*	*(100.0)*	395
(1,218)	**(2,423)**	**Net Core Crown capital cash flows**	**(909)**	**(1,102)**	***194***	***17.6***	**(1,703)**
(5,742)	**(9,644)**	**Residual cash deficit**	**(6,507)**	**(6,644)**	***138***	***2.1***	**(3,914)**
		The residual cash deficit is funded as follows:					
		Debt programme cash flows					
		Market:					
15,458	14,505	Issue of government bonds	7,039	7,066	*(27)*	*(0.4)*	7,769
(9,982)	(9,982)	Repayment of government bonds	(1,172)	(763)	*(409)*	*(53.6)*	(2,046)
(5,404)	(4,284)	Net issue/(repayment) of short-term borrowing[1]	(535)	(675)	*140*	*20.7*	(795)
72	239	Total market debt cash flows	5,332	5,628	*(296)*	*(5.3)*	4,928
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
(499)	(499)	Repayment of government bonds	-	-	-	-	-
100	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
(399)	(499)	Total non-market debt cash flows	-	-	-	-	-
(327)	**(260)**	**Total debt programme cash flows**	**5,332**	**5,628**	***(296)***	***(5.3)***	**4,928**
		Other borrowing cash flows					
4,494	4,214	Net (repayment)/issue of other New Zealand dollar borrowing	(1,331)	(591)	*(740)*	*(125.2)*	(440)
(3,047)	(1,811)	Net (repayment)/issue of foreign currency borrowing	635	211	*424*	*200.9*	(118)
1,447	**2,403**	**Total other borrowing cash flows**	**(696)**	**(380)**	***(316)***	***75.7***	**(558)**
		Investing cashflows					
5,699	9,440	Other net sale/(purchase) of marketable securities and deposits	17	(219)	*235*	*107.6*	(2,644)
234	260	Issues of circulating currency	444	382	*62*	*16.2*	382
(1,311)	(2,199)	Decrease/(increase) in cash	1,410	1,233	*177*	*14.4*	1,806
4,622	**7,501**	**Total investing cash flows**	**1,871**	**1,396**	***474***	***34.0***	**(456)**
5,742	**9,644**	**Residual cash deficit funding**	**6,507**	**6,644**	***(138)***	***(2.1)***	**3,914**

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

Note 20: Government Share Offer Programme

Meridian Energy Limited

On 23 October 2013 the price and allocations in relation to Meridian Energy Limited (Meridian) instalment receipts that were sold were confirmed (settled on 30 October for the NZX portion and 31 October for the ASX portion). The Government sold instalment receipts representing 48.98% of its shares in Meridian and will receive gross cash proceeds of $1.883 billion once the final instalment is paid. The Crown has received $1.255 billion cash proceeds from the first instalment with the final instalment of $627.5 million payable on 15 May 2015.

The table below outlines the net assets of Meridian and the summary core Crown results of the partial share sale:

Meridian	**At date of share issue $m**
Property, plant and equipment	6,790
Financial assets	519
Other assets	130
Borrowings	(1,297)
Other liabilities	(1,546)
Net Assets	4,596
Carrying amount of minority interests (48.98%)	**2,251**
Gross proceeds	1,883
Present value discounting for the deferral of final instalment[1]	(33)
Estimated direct costs[2]	(21)
Net proceeds	1,829
Estimated loss on disposal to minority interests	422
Carrying amount of minority interests (48.98%)	**2,251**

Air New Zealand Limited

The Air New Zealand partial share sale was completed by 25 November 2013. The Government sold around 221 million of the shares it owned in Air New Zealand at a sale price of $1.65. The sale raised approximately $365 million in gross proceeds for the Government and resulted in an estimated gain on disposal of $52 million.

1 The present value discount represents the difference between the present value of the receivable in today's dollars of $594.5 million and the nominal value of $627.5 million to be received in May 2015.

2 Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.

Note 20 (continued): Government Share Offer Programme

Genesis Energy Limited

On 16 April 2014 the allocations of Genesis Energy Limited (Genesis) shares that were sold were confirmed. The Government sold 47.60% of its shares in Genesis (with a further 1.39% of shares held back for transfer to eligible investors as loyalty bonus shares in 12 months) and received gross cash proceeds of $733 million. The non-government shareholders are referred to as non-controlling "minority interests". The table below outlines the net assets of Genesis and the summary core Crown results of the partial share sale:

Genesis	**At date of share issue $m**
Property, plant and equipment	3,117
Financial assets	261
Other assets	281
Borrowings	(1,034)
Other liabilities	(776)
Net assets	1,849
Carrying amount of minority interests (47.60%)	**880**
Gross proceeds	733
Estimated direct costs[1]	(11)
Net proceeds	722
Loyalty bonus shares[2]	(22)
Estimated loss on disposal to minority interests	180
Carrying amount of minority interests (47.60%)	**880**

Year to date impact of the sales

Overall, the estimated impact of the partial sale (of Meridian and Air New Zealand) for this financial year on the Government's key fiscal indicators at 31 March 2014 was as follows:

Indicator	**Excluding proceeds from sales $m**	**Impact of sales $m**	**Including proceeds from sales $m**
Core Crown residual cash	(8,832)	2,325	(6,507)
Net debt	64,577	(2,325)	62,252

The core Crown has recorded an estimated loss on disposal of $548 million from both sales. In addition to the core Crown's direct investment, a number of Crown Financial Institutions (CFI's) have also invested in the companies as part of their normal investment activities. These investments have the effect of reducing the total Crown's estimated loss on disposal to $528 million.

[1] Direct costs are the costs that were deducted from the share sale proceeds received by the Crown.

[2] This is an estimate of the maximum cost of the loyalty bonus shares. While the bonus share will be transferred to eligible investors one year from now, the expected costs are recognised upfront. There is no cash impact in issuing the loyalty bonus shares so there is no residual cash or net debt impact.