

10 December 2014

MEDIA STATEMENT

Embargoed until 10.00am, Wednesday 10 December 2014

Paul Helm
Chief Government Accountant
The Treasury

Financial Statements of the Government of New Zealand for the Four Months Ended 31 October 2014

The *Financial Statements of the Government of New Zealand* for the four months ended 31 October 2014 were released by the Treasury today. These statements are compared against forecasts based on the *Budget Economic and Fiscal Update (BEFU 14)* released on 15 May 2014.

The **operating balance before gains and losses (OBEGAL)** was in deficit by \$1.0 billion, which was \$260 million more than expected, largely owing to lower than forecast core Crown revenue and higher than forecast core Crown expenses.

Core Crown tax revenue was \$97 million (0.5%) lower than the Budget forecast with both GST and source deductions being lower than expected (\$200 million and \$75 million respectively) which is expected to be a permanent difference. Partly offsetting these negative variances, other individuals and corporate tax were more than expected (\$70 million and \$129 million respectively).

Core Crown tax revenue was around 8% higher than in the equivalent four month period a year earlier, and is currently ahead of the *Pre-election Update* forecasts. This rate of growth is unlikely to continue over the rest of the 2014/15 year due to changes in economic conditions, including the flow-through from lower dairy prices and an ongoing low rate of inflation.

Core Crown expenses were \$118 million or 0.5% higher than forecast at \$24.0 billion. The primary reason for the variance was the Crown's signing of a \$103 million Deed of Indemnity in regards to Solid Energy. The costs associated with the indemnity do not impact OBEGAL, however, as both entities are within the Government Reporting Entity. Excluding these costs, core Crown expenses were close to forecast.

The **operating balance** (including gains and losses) was in deficit by \$1.0 billion, \$1.2 billion lower than the forecast surplus. Gains of \$2.0 billion were recorded on financial instruments, which was \$1.1 billion ahead of forecast. However, these gains were not enough to offset the actuarial losses on the ACC and Government Superannuation Fund liabilities (\$1.6 billion and \$0.4 billion respectively), resulting from changes in short term discount rates.

The **core Crown residual cash deficit** (at \$2.2 billion) was close to forecast. Within this result there were higher than forecast operating payments, offset by higher than forecast tax receipts and lower than forecast capital spending. With residual cash being close to forecast, **core Crown net debt** at \$61.9 billion (27% of GDP) was also close to forecast.

At 31 October, total Crown assets were valued at \$257.3 billion and liabilities were \$177.6 billion while the Crown's share of **net worth** stood at \$74.5 billion.

November results are due to be published on 23 January 2015 and will be the first results reported against the new *Half Year Economic and Fiscal Update (HYEFU 14)*, which is due to be released on the 16 December.

\$ million	Year to date				Full Year	
	October	October	Variance	Variance	June	June
	2014	2014			2015	2015
	Actual ¹	Forecast ¹	\$m	%	Forecast ²	Forecast ³
Core Crown						
Core Crown tax revenue	20,878	20,975	(97)	(0.5)	66,442	66,157
Core Crown revenue	22,944	23,111	(167)	(0.7)	72,537	72,213
Core Crown expenses	23,975	23,857	(118)	(0.5)	73,107	72,826
Core Crown residual cash	(2,249)	(2,306)	57	2.5	(4,306)	(4,596)
Gross debt ⁴	84,693	83,119	(1,574)	(1.9)	79,834	81,002
<i>as a percentage of GDP</i>	37.0%	36.3%			33.1%	33.7%
Net debt ⁵	61,854	61,851	(3)	(0.0)	63,567	64,275
<i>as a percentage of GDP</i>	27.0%	27.0%			26.4%	26.8%
Total Crown						
Operating balance before gains and losses	(1,000)	(740)	(260)	(35.1)	372	297
Operating balance	(998)	188	(1,186)	(630.9)	3,102	2,983
Net worth attributable to the Crown	74,504	70,342	4,162	5.9	73,115	77,367

1 Using GDP for the year ended 30 June 2014 of \$229,145 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ended 30 June 2015 of \$241,090 million (Source: Treasury).

3 Using forecast GDP for the year ended 30 June 2015 of \$240,199 million (Source: Treasury).

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

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.

ENDS

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Financial Statements of the Government of New Zealand

For the Four Months Ended
31 October 2014



Prepared by the Treasury
10 December 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

978-0-478-43615-0 (Print)
978-0-478-43614-3 (Online)

CONTENTS

Commentary

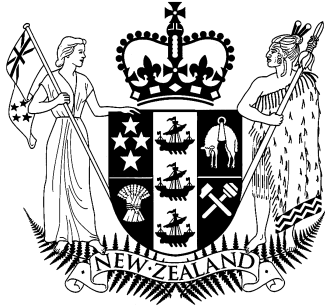
Summary	2
Analysis	4
Year-on-Year Perspective	8

Financial Statements

Statement of Financial Performance	12
<i>The statement outlines the operating results of the total Government (ie, the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities). Expense by functional class is also shown for total Crown and core Crown.</i>	
Analysis of Expenses by Functional Classification	13
<i>Breakdown of expenses by function for total Crown and core Crown.</i>	
Statement of Comprehensive Income	14
<i>The statement reports changes in net worth due to the operating balance, items of income or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Cash Flows	15
<i>The statement sets out the cash flows that result from the operating, investing and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Changes in Net Worth	17
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Financial Position	18
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Borrowings	19
<i>The statement outlines total borrowings (split by sovereign-guaranteed debt and non sovereign-guaranteed debt), including the calculation of the core Crown debt indicators.</i>	
Statement of Commitments	20
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	20
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	21
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	

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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 four months ended 31 October 2014 and its financial position as at that date.

The October results are reported against forecasts based on the 2014 *Budget Economic and Fiscal Update (BEFU 14)*, published on 15 May 2014.

At a Glance

Table 1 – Key indicators for the four months ended 31 October 2014 compared to *BEFU 14*

	Year to date				Full Year	
	October	October	Variance	Variance	June	June
	2014	2014			2015	2015
	BEFU 14 to BEFU 14	BEFU 14 to BEFU 14			BEFU	PREFU
\$ million	Actual ¹	Forecast ¹	\$m	%	Forecast ²	Forecast ³
Core Crown						
Core Crown tax revenue	20,878	20,975	(97)	(0.5)	66,442	66,157
Core Crown revenue	22,944	23,111	(167)	(0.7)	72,537	72,213
Core Crown expenses	23,975	23,857	(118)	(0.5)	73,107	72,826
Core Crown residual cash	(2,249)	(2,306)	57	2.5	(4,306)	(4,596)
Gross debt ⁴	84,693	83,119	(1,574)	(1.9)	79,834	81,002
<i>as a percentage of GDP</i>	37.0%	36.3%			33.1%	33.7%
Net debt ⁵	61,854	61,851	(3)	(0.0)	63,567	64,275
<i>as a percentage of GDP</i>	27.0%	27.0%			26.4%	26.8%
Total Crown						
Operating balance before gains and losses	(1,000)	(740)	(260)	(35.1)	372	297
Operating balance	(998)	188	(1,186)	(630.9)	3,102	2,983
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2 Using forecast GDP for the year ended 30 June 2015 of \$241,090 million (Source: Treasury).

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

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.

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 four months ended 31 October 2014

The **operating balance before gains and losses (OBEGAL)** was in deficit by \$1.0 billion, which was \$260 million more than expected, largely owing to lower than forecast core Crown revenue and higher than forecast core Crown expenses.

Core Crown tax revenue was \$97 million (0.5%) lower than the *BEFU 14* forecast with both GST and source deductions being lower than expected (\$200 million and \$75 million respectively) which is expected to be a permanent difference. Partly offsetting these negative variances, other individuals and corporate tax were more than expected (\$70 million and \$129 million respectively).

Core Crown tax revenue was around 8% higher than in the equivalent four month period a year earlier, and is currently ahead of the *Pre-election Update* forecasts. This rate of growth is unlikely to continue over the rest of the 2014/15 year due to changes in economic conditions, including the flow-through from lower dairy prices and an ongoing low rate of inflation.

Core Crown expenses were \$118 million or 0.5% higher than forecast at \$24.0 billion. The primary reason for the variance was the Crown's signing of a \$103 million Deed of Indemnity in regards to Solid Energy. The costs associated with the indemnity do not impact OBEGAL, however, as both entities are within the Government Reporting Entity. Excluding these costs, core Crown expenses were close to forecast.

The **operating balance** (including gains and losses) was in deficit by \$1.0 billion, \$1.2 billion lower than the forecast surplus. Gains of \$2.0 billion were recorded on financial instruments, which was \$1.1 billion ahead of forecast. However, these gains were not enough to offset the actuarial losses on the ACC and Government Superannuation Fund liabilities (\$1.6 billion and \$0.4 billion respectively), resulting from changes in short term discount rates.

The **core Crown residual cash** deficit (at \$2.2 billion) was close to forecast. Within this result there were higher than forecast operating payments, offset by higher than forecast tax receipts and lower than forecast capital spending. With residual cash being close to forecast, core Crown net debt at \$61.9 billion (27% of GDP) was also close to forecast.

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Further analysis of the October results follows.

ANALYSIS

Table 2 – Key indicator variances for the four months ended 31 October 2014 compared to *BEFU*:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	(\$167) million lower than forecast	<p>Core Crown revenue was lower than forecast mainly due to core Crown tax revenue being \$97m lower than forecast. Negative variances in GST, source deductions and other direct taxes were partly offset by higher-than-forecast corporate and other individuals taxes:</p> <ul style="list-style-type: none"> • GST was \$200m (3.5%) below forecast mainly due to nominal consumption and residential investment being weaker than forecast. • Source deductions were \$75m (0.9%) below forecast reflecting slower nominal wage growth, given weaker wage inflation to date. • Other direct taxes were \$59m (7.9%) below forecast. The majority of this variance is due to lower resident withholding tax (RWT) on interest than forecast, as deposit interest rates remained lower than expected. • Corporate tax was \$129m (4.6%) above forecast mainly owing to terminal tax assessments being above forecast. The higher-than-expected terminal tax is expected to persist through to the end of the fiscal year. • Other individuals tax was \$70m (5.3%) above forecast. Stronger-than-forecast gross other persons tax was partially offset by larger refunds than expected. The first round of provisional tax assessments has been strong but we expect this to reverse as profit expectations are downgraded throughout the fiscal year as the nominal economy softens. <p>These tax revenue trends have been considered in the upcoming <i>HYEFU 14</i> forecast.</p> <p>In addition to the tax result, petroleum royalties were \$84m below forecast.</p>
Core Crown expenses	(\$118 million) higher than forecast	<p>Core Crown expenses at \$24.0b were \$118m higher than forecast. Excluding the top-down expense adjustment of \$175m, underlying expenses were \$57m lower than expected.</p> <p>The largest of the variances related to the Crown's signing of a \$103m Deed of Indemnity in regards to Solid Energy, which was not forecast at <i>BEFU 14</i>. However, the costs associated with the indemnity do not impact <i>OBEGAL</i> as both entities are within the Government Reporting Entity. The other significant variance related to phasing of forecast expenditure on the part payment of rent to social housing services. This variance is expected to reverse.</p>

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	\$57 million lower than forecast	<p>While the residual cash deficit was close to forecast, there were a number of overs and unders as follows:</p> <ul style="list-style-type: none"> • Core Crown tax receipts were tracking above forecast (\$629m). The main portion of this variance was NZS Fund tax receipts, which were \$308m above forecast. <p>In addition, corporate tax and other individuals tax were \$164m and \$94m above forecast respectively, reflecting the variance reported in tax revenue.</p> <p>Customs and excise duties were also \$131m above forecast, mainly due to higher-than-expected tobacco excise duties. This is expected to be a temporary timing difference.</p> <ul style="list-style-type: none"> • Operating payments were \$697m higher than forecast. Excluding the top-down adjustment of \$175m, underlying operating payments were \$522m higher than forecast. A significant portion of the variance reflects payments being carried over from the 2013/14 year by a number of departments, as well as timing differences in relation to payments being brought forward. • Net purchases of assets were \$360m lower than forecast. \$236m of this variance relates to a radio spectrum sale that was not forecast (due to the highly variable nature of the spectrum sales), while the rest of the variance was spread over a number of departments.
Gross debt	(\$1,574 million) higher than forecast	Gross debt at \$84.7b (37.0% of GDP) was higher than forecast, mainly due to higher EQC Government stock holdings (\$863m) as the forecast sell-down of Government securities has not yet commenced. In addition, \$568m was attributable to higher than forecast derivative liabilities. The increased debt is largely held in financial assets so has no flow on impact to net debt.
Net debt	(\$3 million) higher than forecast	Net debt was close to forecast at \$61.9b, or 27.0% of GDP.

Item/indicator	Variance ¹	Key drivers
Total Crown		
Operating balance before gains and losses deficit	(\$260 million) higher than forecast	<p>The OBEGAL deficit at \$1.0b was \$260m higher than forecast.</p> <p>The key driver of the OBEGAL variance was the lower core Crown revenue and higher core Crown expenses previously discussed.</p>
Operating balance	(\$1,186 million) lower than forecast	<p>The operating balance at (\$1.0b) was \$1.2b lower than forecast.</p> <p>In addition to the OBEGAL result, net gains were tracking \$0.9b below forecast.</p> <p>Gains on financial instruments were \$1.1b more favourable than forecast, with ACC net gains contributing just over half of the variance.</p> <p>These gains were offset by losses on non-financial instruments (\$2.1b) mainly due to an actuarial loss on the ACC liability (\$1.6b), reflecting changes to short term discount rates. The inclusion of the recently issued NZ Government 2027 bond in the discount rate calculation has helped to partially counter the impact of this.</p> <p>The Government Superannuation Fund (GSF) also recorded an actuarial loss of \$405m, primarily due to a change in discount rate assumptions.</p>
Net worth attributable to the Crown	\$4,162 million higher than forecast	Net worth was higher than forecast, at \$74.5b, largely due to the stronger starting position from 30 June 2014 and revaluations.

Table 3 – Fiscal strategy and financial results

Fiscal Strategy		Financial Results		Ref	31 Oct 2014 Actual \$m	31 Oct 2014 Forecast \$m	Variance \$m	Variance ² %	BEFU 14 Forecast \$m
		Taxation as a % of GDP		1	27.3%	27.5%			27.6%
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective		Core Crown taxation revenue ...			20,878	20,975	(97)	(0.5)	66,442
		... combined with other core Crown revenue ...			2,066	2,136	(70)	(3.3)	6,095
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...			(23,975)	(23,857)	(118)	(0.5)	(73,107)
		... and with SOE and Crown entity results and core Crown gains and losses...			33	934	(901)	(96.5)	3,672
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...			(998)	188	(1,186)	-	3,102
		...with income in SOEs, CEs and the NZS Fund retained...			(232)	(1,308)	1,076	82.3	(4,795)
		... and some items do not impact cash ...			(71)	(107)	36	33.6	2,798
		... leaving operating cash flows to ...			(1,301)	(1,227)	(74)	(6.0)	1,105
		... meet the capital expenditure budget ...			(344)	(630)	286	45.4	(2,556)
Debt Manage total debt at prudent levels ensuring net debt is reduced to a level no higher than 20% of GDP by 2020. Beyond 2020, maintain net debt within a range of around 10% to 20% of GDP over the economic cycle.		... make advances (e.g. to students and DHBs)...			(604)	(449)	(155)	(34.4)	(3,483)
		... and receive proceeds from government share offers			-	-	-	-	628
		With the residual cash ...			(2,249)	(2,306)	57	2.5	(4,306)
		... when combined with opening net debt ...			59,931	59,421	(510)	(1)	59,421
		... and fair value movements and other changes in financial assets and financial liabilities ...			(326)	124	450	362.6	(160)
	... results in a closing net debt ...			61,854	61,851	(3)	-	63,567	
	... and as a % of GDP			27.0%	27.0%			26.4%	

1 GDP for the four months ended 31 October 2014 (actual and forecast) is the actual data for the year ended 30 June 2014 (Source: Statistics New Zealand) pro-rated for four months.

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

YEAR - ON - YEAR PERSPECTIVE

Table 4 – Comparison with previous year

	October 2014 Actual \$m	October 2013 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown revenue				
Taxation revenue	20,878	19,344	1,534	7.9
Other revenue	2,066	2,165	(99)	(4.6)
Total Core Crown Revenue	22,944	21,509	1,435	6.7
Core Crown expenses				
Social security and welfare	7,911	7,780	131	1.7
GSF pension expenses	120	85	35	41.2
Health	4,962	4,875	87	1.8
Education	4,224	4,089	135	3.3
Core government services	1,292	1,369	(77)	(5.6)
Law and order	1,206	1,163	43	3.7
Defence	637	616	21	3.4
Transport and communications	612	633	(21)	(3.3)
Economic and industrial services	736	694	42	6.1
Primary services	214	223	(9)	(4.0)
Heritage, culture and recreation	307	304	3	1.0
Environmental protection	264	143	121	84.6
Housing and community development	152	136	16	11.8
Other	63	56	7	12.5
Finance costs	1,275	1,154	121	10.5
Total Core Crown Expenses	23,975	23,320	655	2.8
Net surplus of SOE/CEs (and inter-segment eliminations)	31	65	(34)	(52.3)
OBEGAL	(1,000)	(1,746)	746	42.7
Total gains/(losses)	(73)	3,509	(3,582)	(102.1)
Other operating items	75	70	5	7.1
Operating Balance	(998)	1,833	(2,831)	(154.4)
Core Crown residual cash	(2,249)	(3,264)	1,015	31.1
Debt indicators				
Gross debt²	84,693	82,889	1,804	2.2
Net debt³	61,854	59,076	2,778	4.7

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 four months ended 31 October 2014 increased by \$1,534 million (7.9%) on the same period last year. Improving macroeconomic conditions have led to growth in corporate tax (9.1%), source deductions (7.3%) and GST (6.6%).

Total **core Crown expenses** increased by 2.8% on the same period last year. The main increases relate to the following:

Functional expense	Movement from previous year	Main drivers of the change
Increases:		
Education	+ \$135 million	Funding provided in the 2014 Budget to maintain and improve existing service levels.
Social security and welfare	+ \$131 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Environmental protection	+ \$121 million	\$103 million of this relates to the Crown's signing of the Deed of Indemnity with Solid Energy.
Finance costs	+ \$121 million	A direct result of the increased debt levels currently held.
Health	+ \$87 million	Funding provided in the 2014 Budget to maintain and improve existing service levels.
Other functional class	+ \$60 million	
Total	\$655 million	

Gains/Losses

Total net losses were \$73 million in the four months to October 2014, compared to gains of \$3,509 million in the previous year due largely to the actuarial losses on the ACC and GSF liability in the current period.

Debt

Gross debt has increased by \$1,804 million or 2.2% from October 2013. **Net debt** has increased by \$2,778 million over the same time, largely owing to continued cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

for the four months ended 31 October 2014

Year to 30 Jun 2014	4 months to 31 Oct 2013		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
60,879	19,138	Taxation revenue	2	20,667	20,711	(44)	(0.2)	65,824
5,450	1,833	Other sovereign revenue	2	1,760	1,732	28	1.6	5,138
66,329	20,971	Total Revenue Levied through the Crown's Sovereign Power		22,427	22,443	(16)	(0.1)	70,962
16,472	5,372	Sales of goods and services		5,478	5,766	(288)	(5.0)	17,091
3,175	1,084	Interest revenue and dividends	3	1,131	1,215	(84)	(6.9)	3,672
3,420	1,191	Other revenue		1,145	1,237	(92)	(7.4)	3,842
23,067	7,647	Total revenue earned through the Crown's operations		7,754	8,218	(464)	(5.6)	24,605
89,396	28,618	Total revenue (excluding gains)		30,181	30,661	(480)	(1.6)	95,567
		Expenses						
23,360	7,807	Transfer payments and subsidies	4	7,919	7,866	(53)	(0.7)	23,876
20,484	6,761	Personnel expenses	5	6,993	7,001	8	0.1	20,881
4,872	1,434	Depreciation and amortisation	6	1,488	1,548	60	3.9	4,882
35,553	11,909	Other operating expenses	6	11,967	12,501	534	4.3	37,520
4,400	1,446	Interest expenses	7	1,541	1,516	(25)	(1.6)	4,763
3,501	1,007	Insurance expenses	8	1,077	1,029	(48)	(4.7)	3,517
-	-	Forecast new operating spending	6	-	-	-	-	291
-	-	Top-down expense adjustment	6	-	(175)	(175)	(100.0)	(875)
92,170	30,364	Total expenses (excluding losses)		30,985	31,286	301	1.0	94,855
(159)	-	Minority interests share of operating balance before gains/losses		(196)	(115)	(81)	(70.4)	(340)
(2,933)	(1,746)	Operating balance before gains/(losses)		(1,000)	(740)	(260)	(35.1)	372
4,820	2,365	Net gains/(losses) on financial instruments	9	2,008	879	1,129	128.4	2,583
561	1,144	Net gains/(losses) on non-financial instruments	10	(2,081)	(35)	(2,046)	-	(107)
5,381	3,509	Total gains/(losses)		(73)	844	(917)	(108.6)	2,476
360	70	Net surplus/(deficit) from associates and joint ventures		75	84	(9)	(10.7)	254
2,808	1,833	Operating balance		(998)	188	(1,186)	-	3,102

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the four months ended 31 October 2014

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
27,266	8,982	Social security and welfare	9,199	9,116	(83)	(0.9)	28,125
295	88	GSF pension expenses	124	137	13	9.5	409
14,344	4,740	Health	4,899	4,883	(16)	(0.3)	14,741
13,064	4,618	Education	4,748	4,805	57	1.2	13,571
4,104	1,333	Core government services	1,183	1,272	89	7.0	4,462
3,730	1,230	Law and order	1,282	1,288	6	0.5	3,750
1,776	602	Defence	619	641	22	3.4	1,936
9,137	2,850	Transport and communications	2,798	2,902	104	3.6	9,427
7,767	2,529	Economic and industrial services	2,626	2,832	206	7.3	7,924
2,372	813	Heritage, culture and recreation	794	832	38	4.6	2,348
1,703	538	Primary services	580	599	19	3.2	1,788
1,095	396	Housing and community development	371	412	41	10.0	1,141
538	143	Environmental protection	158	155	(3)	(1.9)	511
579	56	Other	63	71	8	11.3	543
4,400	1,446	Finance costs	1,541	1,516	(25)	(1.6)	4,763
-	-	Forecast new operating spending	-	-	-	-	291
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(875)
92,170	30,364	Total Crown expenses excluding losses	30,985	31,286	301	1.0	94,855

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 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown expenses					
23,281	7,780	Social security and welfare	7,911	7,837	(74)	(0.9)	23,954
282	85	GSF pension expenses	120	132	12	9.1	395
14,898	4,875	Health	4,962	4,963	1	-	15,065
12,300	4,089	Education	4,224	4,277	53	1.2	12,827
4,502	1,369	Core government services	1,292	1,399	107	7.6	4,816
3,501	1,163	Law and order	1,206	1,201	(5)	(0.4)	3,486
1,811	616	Defence	637	657	20	3.0	1,984
2,237	633	Transport and communications	612	617	5	0.8	2,217
2,058	694	Economic and industrial services	736	765	29	3.8	2,215
842	304	Heritage, culture and recreation	307	312	5	1.6	770
676	223	Primary services	214	225	11	4.9	700
347	136	Housing and community development	152	150	(2)	(1.3)	326
533	143	Environmental protection	264	154	(110)	(71.4)	510
579	56	Other	63	71	8	11.3	543
3,620	1,154	Finance costs	1,275	1,272	(3)	(0.2)	3,883
-	-	Forecast new operating spending	-	-	-	-	291
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(875)
71,467	23,320	Core Crown expenses excluding losses	23,975	23,857	(118)	(0.5)	73,107

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

STATEMENT OF COMPREHENSIVE INCOME

for the four months ended 31 October 2014

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
2,946	1,833	Operating Balance (including minority interest)	(790)	316	(1,106)	(350.0)	3,467
		Other comprehensive income					
5,395	(41)	Revaluation of physical assets	(74)	-	(74)	-	-
30	(72)	Effective portion of changes in value of cash flow hedges	(50)	(30)	(20)	(66.7)	(3)
(45)	(7)	Net change in fair value of cash flow hedges transferred to operating balance	(1)	-	(1)	-	-
(19)	3	Net change in fair value of cash flow hedges transferred to the hedged item	(2)	-	(2)	-	-
(51)	(29)	Foreign currency translation differences for foreign operations	56	127	(71)	(55.9)	4
(36)	(55)	Valuation gains/(losses) on investments available for sale taken to reserves	7	21	(14)	(66.7)	10
1	(25)	Other movements	(2)	4	(6)	(150.0)	(30)
5,275	(226)	Total other comprehensive income	(66)	122	(188)	(154.1)	(19)
8,221	1,607	Total comprehensive income	(856)	438	(1,294)	(295.4)	3,448
		Attributable to:					
147	-	- minority interest	208	128	80	62.5	365
8,074	1,607	- the Crown	(1,064)	310	(1,374)	(443.2)	3,083
8,221	1,607	Total comprehensive income	(856)	438	(1,294)	(295.4)	3,448

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

STATEMENT OF CASH FLOWS

for the four months ended 31 October 2014

Year to 30 Jun 2014	4 months to 31 Oct 2013		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Cash Flows From Operations					
		Cash was provided from					
59,853	18,675	Taxation receipts	20,612	20,345	267	1.3	64,913
4,974	1,860	Other sovereign receipts	1,980	1,772	208	11.7	4,645
16,608	5,551	Sales of goods and services	6,088	6,661	(573)	(8.6)	17,113
2,945	991	Interest and dividends	1,108	1,129	(21)	(1.9)	3,310
5,737	1,919	Other operating receipts	536	958	(422)	(44.1)	4,972
90,117	28,996	Total cash provided from operations	30,324	30,865	(541)	(1.8)	94,953
		Cash was disbursed to					
23,447	8,333	Transfer payments and subsidies	8,089	7,818	(271)	(3.5)	24,020
59,891	21,324	Personnel and operating payments	21,096	22,700	1,604	7.1	63,953
4,312	1,282	Interest payments	1,360	1,402	42	3.0	4,728
-	-	Forecast new operating spending	-	-	-	-	291
-	-	Top-down expense adjustment	-	(175)	(175)	(100.0)	(875)
87,650	30,939	Total cash disbursed to operations	30,545	31,745	1,200	3.8	92,117
2,467	(1,943)	Net cash flows from operations	(221)	(880)	659	74.9	2,836
		Cash Flows From Investing Activities					
		Cash was provided from/(disbursed to)					
(5,503)	(1,931)	Net purchase of physical assets	(1,672)	(1,911)	239	12.5	(7,832)
(5,725)	(4,652)	Net (purchase)/sale of shares and other securities	(2,932)	1,365	(4,297)	(314.8)	4,339
(658)	(172)	Net (purchase)/sale of intangible assets	38	(207)	245	118.4	(576)
(1,529)	(3)	Net (issue)/repayment of advances	(567)	(751)	184	24.5	(1,971)
73	36	Net acquisition of investments in associates	(71)	13	(84)	-	(46)
-	-	Forecast new capital spending	-	-	-	-	(326)
-	-	Top-down capital adjustment	-	74	(74)	(100.0)	370
(13,342)	(6,722)	Net cash flows from investing activities	(5,204)	(1,417)	(3,787)	(267.3)	(6,042)
(10,875)	(8,665)	Net cash flows from operating and investing activities	(5,425)	(2,297)	(3,128)	(136.2)	(3,206)
		Cash Flows From Financing Activities					
		Cash was provided from/(disbursed to)					
274	260	Issues of circulating currency	222	51	171	335.3	152
2,186	1,195	Net proceeds from Government share offer	-	-	-	-	598
5,520	4,764	Net issue/(repayment) of Government bonds	2,070	1,844	226	12.3	(759)
1,442	97	Net issue/(repayment) of foreign currency borrowing	(1,028)	(290)	(738)	(254.5)	(838)
(832)	(887)	Net issue/(repayment) of other New Zealand dollar borrowing	1,389	1,102	287	26.0	3,808
(166)	-	Dividends paid to minority interests	(280)	(227)	(53)	(23)	(365)
8,424	5,429	Net cash flows from financing activities	2,373	2,480	(107)	(4.3)	2,596
(2,451)	(3,236)	Net movement in cash	(3,052)	183	(3,235)	-	(610)
14,924	14,924	Opening Cash Balance	11,888	11,108	780	7.0	11,108
(585)	(296)	Foreign-exchange gains/(losses) on opening cash	401	8	393	-	-
11,888	11,392	Closing Cash Balance	9,237	11,299	(2,062)	(18.2)	10,498

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the four months ended 31 October 2014

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation Between the Net Cash Flows from Operations and the Operating Balance							
2,467	(1,943)	Net Cash Flows from Operations	(221)	(880)	659	74.9	2,836
<i>Items included in the operating balance but not in net cash flows from operations</i>							
Gains/(losses)							
4,820	2,365	Gains/(losses) on financial instruments	2,008	879	1,129	128.4	2,583
561	1,144	Gains/(losses) on non-financial instruments	(2,081)	(35)	(2,046)	-	(107)
5,381	3,509	Total gains/(losses)	(73)	844	(917)	(108.6)	2,476
Other Non-cash Items in Operating Balance							
(4,872)	(1,434)	Depreciation and amortisation	(1,488)	(1,548)	60	3.9	(4,882)
(789)	(170)	Write-down on initial recognition of financial assets	(158)	(182)	24	13.2	(838)
(47)	(27)	Impairment of financial assets (excluding receivables)	(5)	(9)	4	44.4	(128)
442	119	Non-cash movement in defined benefit retirement plan liabilities	99	143	(44)	(30.8)	353
1,409	1,437	Non-cash movement in insurance liabilities	1,267	2,329	(1,062)	(45.6)	3,629
202	71	Other	(123)	(31)	(92)	(296.8)	(86)
(3,655)	(4)	Total other non-cash Items	(408)	702	(1,110)	(158.1)	(1,952)
Movements in Working Capital							
(1,553)	(1,403)	Increase/(decrease) in receivables	(1,890)	(1,097)	(793)	(72.3)	(803)
143	(71)	Increase/(decrease) in accrued interest	(158)	(28)	(130)	(464.3)	326
(41)	47	Increase/(decrease) in inventories	15	(8)	23	287.5	(4)
39	140	Increase/(decrease) in prepayments	153	41	112	273.2	(27)
(248)	(63)	Decrease/(increase) in deferred revenue	(120)	150	(270)	(180.0)	(20)
275	1,621	Decrease/(increase) in payables/provisions	1,704	464	1,240	267.2	270
(1,385)	271	Total movements in working capital	(296)	(478)	182	38.1	(258)
2,808	1,833	Operating Balance	(998)	188	(1,186)	-	3,102

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

STATEMENT OF CHANGES IN NET WORTH

for the four months ended 31 October 2014

Year to 30 Jun 2014	4 months to 31 Oct 2013		Current Year Actual vs Forecast				
			Actual \$m	Forecast \$m	Variance \$m	Annual Forecast \$m	
70,011	70,011	Opening net worth	80,779	75,467	5,312	7.0	75,467
2,946	1,833	Operating balance (including minority interest)	(790)	316	(1,106)	(350.0)	3,467
5,395	(41)	Net revaluations	(74)	-	(74)	-	-
(2)	(108)	Transfers to/(from) reserves (Gains)/losses transferred to the	(43)	(10)	(33)	(330.0)	10
(43)	(7)	statement of financial performance	(1)	-	(1)	-	3
(75)	(70)	Other movements	52	132	(80)	(60.6)	(32)
8,221	1,607	Total comprehensive income	(856)	438	(1,294)	(295.4)	3,448
(577)	(378)	Gain/(loss) on Government share offers in SOEs Increase in minority interest from Government	-	-	-	-	-
3,308	2,144	share offers	-	-	-	-	-
(184)	75	Transactions with minority interests	(217)	(217)	-	-	(282)
80,779	73,459	Closing net worth	79,706	75,688	4,018	5.3	78,633
		Attributable to:					
5,211	4,159	- minority interest	5,202	5,346	(144)	(2.7)	5,518
75,568	69,300	- the Crown	74,504	70,342	4,162	5.9	73,115
80,779	73,459	Closing net worth	79,706	75,688	4,018	5.3	78,633

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

STATEMENT OF FINANCIAL POSITION

as at 31 October 2014

As at 30 Jun 2014 Actual \$m	As at 31 Oct 2013 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
11,888	11,392	Cash and cash equivalents	12	9,237	11,299	(2,062)	(18.2)	10,498
17,480	18,371	Receivables	12	15,741	16,832	(1,091)	(6.5)	16,610
		Marketable securities, deposits and derivatives in gain						
48,457	46,844		12	50,853	46,813	4,040	8.6	42,731
20,596	19,799	Share investments	12	22,748	20,311	2,437	12.0	21,234
24,756	22,923	Advances	12	24,852	25,226	(374)	(1.5)	26,626
1,099	1,187	Inventory		1,114	1,150	(36)	(3.1)	1,155
2,510	2,461	Other assets		2,501	2,089	412	19.7	2,144
116,306	110,363	Property, plant & equipment	13	117,053	113,100	3,953	3.5	115,873
10,071	9,668	Equity accounted investments ¹		10,287	9,971	316	3.2	10,326
2,920	2,801	Intangible assets and goodwill		2,904	2,892	12	0.4	2,934
-	-	Forecast for new capital spending		-	-	-	-	339
-	-	Top-down capital adjustment		-	(469)	469	100.0	(765)
256,083	245,809	Total assets		257,290	249,214	8,076	3.2	249,705
Liabilities								
4,964	4,951	Issued currency		5,186	5,123	(63)	(1.2)	5,224
11,294	10,075	Payables	15	9,686	11,309	1,623	14.4	11,874
1,962	1,777	Deferred revenue		2,082	1,652	(430)	(26.0)	1,821
103,419	102,161	Borrowings		106,563	105,961	(602)	(0.6)	104,390
35,825	35,477	Insurance liabilities	16	36,186	32,571	(3,615)	(11.1)	31,272
10,885	11,245	Retirement plan liabilities		11,191	10,589	(602)	(5.7)	10,380
6,955	6,664	Provisions	17	6,690	6,321	(369)	(5.8)	6,111
175,304	172,350	Total liabilities		177,584	173,526	(4,058)	(2.3)	171,072
80,779	73,459	Total assets less total liabilities		79,706	75,688	4,018	5.3	78,633
Net Worth								
13,300	12,339	Taxpayer funds	18	12,363	13,646	(1,283)	(9.4)	16,601
62,225	57,005	Revaluation reserve	18	62,131	56,580	5,551	9.8	56,509
43	(44)	Other reserves	18	10	116	(106)	(91.4)	5
75,568	69,300	Total net worth attributable to the Crown		74,504	70,342	4,162	5.9	73,115
5,211	4,159	Net worth attributable to minority interest	18	5,202	5,346	(144)	(2.7)	5,518
80,779	73,459	Total net worth		79,706	75,688	4,018	5.3	78,633

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 31 October 2014

As at 30 Jun 2014 Actual \$m	As at 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
60,337	60,500	Government bonds ¹	61,918	62,258	340	0.5	58,855
3,147	3,926	Treasury bills	3,591	3,224	(367)	(11.4)	3,688
183	193	Government retail stock	180	191	11	5.8	190
7,758	6,316	Settlement deposits with Reserve Bank	7,888	6,849	(1,039)	(15.2)	6,849
2,245	2,129	Derivatives in loss	3,199	1,984	(1,215)	(61.2)	1,890
1,501	1,391	Finance lease liabilities	1,750	1,740	(10)	(0.6)	1,994
28,248	27,706	Other borrowings	28,037	29,715	1,678	5.6	30,924
103,419	102,161	Total borrowings	106,563	105,961	(602)	(0.6)	104,390
77,461	77,226	Sovereign-guaranteed debt	80,229	78,548	(1,681)	(2.1)	75,602
25,958	24,935	Non sovereign-guaranteed debt	26,334	27,413	1,079	3.9	28,788
103,419	102,161	Total borrowings	106,563	105,961	(602)	(0.6)	104,390
		Net Debt:					
89,090	88,402	Core Crown borrowings ²	92,613	89,536	(3,077)	(3.4)	86,246
(622)	(409)	Add back NZS Fund holdings of sovereign- issued debt and NZS Fund borrowings	(1,331)	(772)	559	72.4	(767)
88,468	87,993	Gross sovereign-issued debt³	91,282	88,764	(2,518)	(2.8)	85,479
68,047	65,066	Less core Crown financial assets ⁴	69,938	66,046	3,892	5.9	63,248
20,421	22,927	Net core Crown debt	21,344	22,718	1,374	6.0	22,231
13,753	13,192	Add back core Crown advances	13,854	13,798	(56)	(0.4)	15,056
34,174	36,119	Net core Crown debt (incl NZS Fund)⁵	35,198	36,516	1,318	3.6	37,287
25,757	22,957	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	26,656	25,335	(1,321)	(5.2)	26,280
59,931	59,076	Net core Crown debt (excl NZS Fund and advances)⁷	61,854	61,851	(3)	-	63,567
		Gross Debt:					
88,468	87,993	Gross sovereign-issued debt ³	91,282	88,764	(2,518)	(2.8)	85,479
(8,112)	(6,704)	Less Reserve Bank settlement cash and Reserve Bank bills	(8,189)	(7,245)	944	13.0	(7,245)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
81,956	82,889	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills	84,693	83,119	(1,574)	(1.9)	79,834

Notes on gross and net debt:

- Government bonds includes \$395 million of infrastructure bonds.
- Core Crown borrowings in this instance includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
- 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.
- Core Crown financial assets exclude receivables.
- 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.
- 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.
- Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
- 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 31 October 2014

	As at 31 Oct 2014 \$m	As at 30 Jun 2014 \$m	As at 31 Oct 2013 \$m
Capital Commitments			
Specialist military equipment	638	732	438
Land and buildings	1,143	878	716
Other property, plant and equipment	5,346	5,307	5,377
Other capital commitments	862	919	760
Tertiary Education Institutions	201	201	169
Total capital commitments	8,190	8,037	7,460
Operating Commitments			
Non-cancellable accommodation leases	2,969	3,059	2,694
Other non-cancellable leases	2,318	2,340	2,620
Tertiary Education Institutions	494	494	466
Total operating commitments	5,781	5,893	5,780
Total commitments	13,971	13,930	13,240
Total Commitments by Segment			
Core Crown	5,111	4,916	3,881
Crown entities	5,403	5,465	5,283
State-owned Enterprises	4,841	4,847	5,062
Inter-segment eliminations	(1,384)	(1,298)	(986)
Total commitments	13,971	13,930	13,240

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 October 2014

	As at 31 Oct 2014 \$m	As at 30 Jun 2014 \$m	As at 31 Oct 2013 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	217	222	178
Uncalled capital	6,089	5,662	6,006
Legal proceedings and disputes	481	604	672
Other contingent liabilities	381	357	444
Total quantifiable contingent liabilities	7,168	6,845	7,300
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	6,897	6,568	6,983
Crown entities	42	44	53
State-owned Enterprises	229	233	264
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	7,168	6,845	7,300
Quantifiable Contingent Assets			
Core Crown	140	129	228
Crown entities	4	4	4
State owned enterprises	12	-	21
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	156	133	253

A list of unquantified contingent liabilities is included on the Treasury's website
<http://www.treasury.govt.nz/government/financialstatements/yearend/jun14/74.htm>

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 Tertiary Education Institutions)
- 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
- Organisations listed in Schedule 6 of the Public Finance Act 1989

A schedule of the entities that are included in the Government reporting entity was set out on pages 176 - 178 of the *Financial Statements of the Government for the year ended 30 June 2014* released on 7 October 2014.

With the exception of the 30 June 2014 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 as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards), including 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.

These financial statements are the first interim set prepared in accordance with PBE Standards. There were no material adjustments as a result of transitioning to PBE standards.

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.

Specific Accounting Policies

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

<http://www.treasury.govt.nz/budget/forecasts/prefu2014/107.htm>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2015.

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>.

NOTES TO THE FINANCIAL STATEMENTS

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 further area of uncertainty relates to the estimation of the claims and provisions arising from the Canterbury earthquakes. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue (Accrual)							
Taxation Revenue (accrual)							
Individuals							
23,738	7,713	Source deductions	8,277	8,353	(76)	(0.9)	25,224
5,216	1,578	Other persons	1,736	1,620	116	7.2	5,428
(1,573)	(486)	Refunds	(482)	(457)	(25)	(5.5)	(1,395)
489	141	Fringe benefit tax	144	165	(21)	(12.7)	512
27,870	8,946	Total individuals	9,675	9,681	(6)	(0.1)	29,769
Corporate Tax							
9,020	2,511	Gross companies tax	2,743	2,530	213	8.4	9,555
(192)	(61)	Refunds	(41)	(60)	19	31.7	(207)
428	87	Non-resident withholding tax	71	118	(47)	(39.8)	481
8	(1)	Foreign-source dividend w/holding payments	(5)	-	(5)	-	2
9,264	2,536	Total corporate tax	2,768	2,588	180	7.0	9,831
Other Income Tax							
1,644	513	Resident w/holding tax on interest income	544	611	(67)	(11.0)	2,007
446	126	Resident w/holding tax on dividend income	145	136	9	6.6	495
2,090	639	Total other income tax	689	747	(58)	(7.8)	2,502
39,224	12,121	Total income tax	13,132	13,016	116	0.9	42,102
Goods and Services Tax							
27,208	8,672	Gross goods and services tax	9,283	9,388	(105)	(1.1)	29,392
(11,191)	(3,488)	Refunds	(3,757)	(3,662)	(95)	(2.6)	(11,630)
16,017	5,184	Total goods and services tax	5,526	5,726	(200)	(3.5)	17,762
Other Taxation							
1,205	390	Road user charges	426	422	4	0.9	1,268
1,612	498	Petroleum fuels excise ¹	547	567	(20)	(3.5)	1,702
892	267	Alcohol excise ¹	305	292	13	4.5	936
1,272	453	Tobacco excise ¹	500	457	43	9.4	1,394
172	64	Other customs duty	60	60	-	-	155
211	72	Gaming duties	73	75	(2)	(2.7)	209
187	62	Motor vehicle fees	66	65	1	1.5	195
52	18	Approved issuer levy and cheque duty	20	19	1	5.3	65
35	9	Energy resources levies	12	12	-	-	36
5,638	1,833	Total other indirect taxation	2,009	1,969	40	2.0	5,960
21,655	7,017	Total indirect taxation	7,535	7,695	(160)	(2.1)	23,722
60,879	19,138	Total taxation revenue	20,667	20,711	(44)	(0.2)	65,824
Other Sovereign Revenue (accrual)							
3,600	1,179	ACC levies	1,096	1,054	42	4.0	3,172
339	125	Fire Service levies	131	127	4	3.1	348
274	90	EQC levies	93	94	(1)	(1.1)	282
1,237	439	Other miscellaneous items	440	457	(17)	(3.7)	1,336
5,450	1,833	Total other sovereign revenue	1,760	1,732	28	1.6	5,138
66,329	20,971	Total sovereign revenue	22,427	22,443	(16)	(0.1)	70,962

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2 (continued): Sovereign Receipts (Cash)							
Income Tax Receipts (cash)							
Individuals							
23,621	7,678	Source deductions	8,256	8,279	(23)	(0.3)	25,074
5,466	1,498	Other persons	1,640	1,569	71	4.5	5,964
(2,276)	(956)	Refunds	(973)	(1,003)	30	3.0	(2,211)
482	218	Fringe benefit tax	226	233	(7)	(3.0)	510
27,293	8,438	Total individuals	9,149	9,078	71	0.8	29,337
Corporate Tax							
9,374	2,643	Gross companies tax	3,089	3,011	78	2.6	9,963
(563)	(194)	Refunds	(183)	(204)	21	10.3	(703)
405	90	Non-resident withholding tax	135	118	17	14.4	480
-	-	Foreign-source dividend w/holding payments	(5)	-	(5)	-	2
9,216	2,539	Total corporate tax	3,036	2,925	111	3.8	9,742
Other Income Tax							
1,629	521	Resident w/holding tax on interest income	584	628	(44)	(7.0)	2,005
449	141	Resident w/holding tax on dividend income	164	136	28	20.6	495
2,078	662	Total other income tax	748	764	(16)	(2.1)	2,500
38,587	11,639	Total income tax	12,933	12,767	166	1.3	41,579
Goods and Services Tax							
26,596	8,665	Gross goods and services tax	9,394	9,292	102	1.1	28,504
(10,948)	(3,480)	Refunds	(3,806)	(3,644)	(162)	(4.4)	(11,130)
15,648	5,185	Total goods and services tax	5,588	5,648	(60)	(1.1)	17,374
Other Taxation							
1,187	371	Road user charges	422	422	-	-	1,268
1,780	581	Excise duties	572	603	(31)	(5.1)	1,903
2,179	720	Customs duty	897	734	163	22.2	2,284
208	70	Gaming duties	73	75	(2)	(2.7)	209
178	80	Motor vehicle fees	95	65	30	46.2	195
51	20	Approved issuer levy and cheque duty	20	19	1	5.3	65
35	9	Energy resources levies	12	12	-	-	36
5,618	1,851	Total other indirect taxation	2,091	1,930	161	8.3	5,960
21,266	7,036	Total indirect taxation	7,679	7,578	101	1.3	23,334
59,853	18,675	Total tax receipts collected	20,612	20,345	267	1.3	64,913
Other Sovereign Receipts (cash)							
3,579	1,352	ACC levies	1,308	1,261	47	3.7	3,174
340	125	Fire Service levies	136	127	9	7.1	348
273	97	EQC levies	100	101	(1)	(1.0)	282
782	286	Other miscellaneous items	436	283	153	54.1	841
4,974	1,860	Total other sovereign receipts	1,980	1,772	208	11.7	4,645
64,827	20,535	Total sovereign receipts	22,592	22,117	475	2.1	69,558

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
<i>By type</i>							
2,516	796	Interest revenue	917	1,026	(109)	(10.6)	3,101
659	288	Dividends	214	189	25	13.2	571
3,175	1,084	Total interest revenue and dividends	1,131	1,215	(84)	(6.9)	3,672
<i>By source</i>							
2,295	1,050	Core Crown	1,021	1,046	(25)	(2.4)	2,492
1,249	353	Crown entities	463	432	31	7.2	1,277
879	290	State-owned Enterprises	350	325	25	7.7	1,006
(1,248)	(609)	Inter-segment eliminations	(703)	(588)	(115)	(19.6)	(1,103)
3,175	1,084	Total interest revenue and dividends	1,131	1,215	(84)	(6.9)	3,672
NOTE 4: Transfer Payments and Subsidies							
10,913	3,602	New Zealand superannuation	3,845	3,841	(4)	(0.1)	11,590
1,691	527	Jobseeker support and emergency benefit	565	556	(9)	(1.6)	1,648
1,422	436	Supported living payment	508	509	1	0.2	1,518
1,222	392	Sole parent support	406	418	12	2.9	1,243
1,965	687	Family tax credit	645	638	(7)	(1.1)	1,934
567	180	Other working for families tax credits	165	164	(1)	(0.6)	527
1,146	387	Accommodation assistance	379	384	5	1.3	1,141
660	219	Income related rents	233	173	(60)	(34.7)	718
379	128	Disability assistance	127	126	(1)	(0.8)	373
539	237	Student allowances	228	228	-	-	531
1,519	648	Other social assistance benefits	457	458	1	0.2	1,293
22,023	7,443	Total social assistance grants	7,558	7,495	(63)	(0.8)	22,516
Subsidies							
804	270	KiwiSaver	283	280	(3)	(1.1)	827
Other transfer payments							
533	94	Official development assistance	78	91	13	14.3	533
23,360	7,807	Total transfer payments and subsidies	7,919	7,866	(53)	(0.7)	23,876
NOTE 5: Personnel Expenses							
6,232	2,071	Core Crown	2,190	2,190	-	-	6,361
11,315	3,721	Crown entities	3,830	3,846	16	0.4	11,607
2,956	974	State-owned Enterprises	978	969	(9)	(0.9)	2,923
(19)	(5)	Inter-segment eliminations	(5)	(4)	1	25.0	(10)
20,484	6,761	Total personnel expenses	6,993	7,001	8	0.1	20,881

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 Actual \$m	4 months to 31 Oct 2013 Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 6: Operating Expenses						
<i>By type</i>						
4,872	1,434	1,488	1,548	60	3.9	4,882
35,553	11,909	11,967	12,501	534	4.3	37,520
-	-	-	-	-	-	291
-	-	-	(175)	(175)	(100.0)	(875)
40,425	13,343	13,455	13,874	419	3.0	41,818
<i>By source</i>						
38,252	12,291	12,591	12,529	(62)	(0.5)	38,987
18,959	6,571	6,716	6,758	42	0.6	19,467
10,777	3,435	3,512	3,812	300	7.9	11,195
(27,563)	(8,954)	(9,364)	(9,225)	139	1.5	(27,831)
40,425	13,343	13,455	13,874	419	3.0	41,818
NOTE 7: Interest Expenses						
<i>By type</i>						
4,360	1,434	1,529	1,501	(28)	(1.9)	4,721
40	12	12	15	3	20.0	42
4,400	1,446	1,541	1,516	(25)	(1.6)	4,763
<i>By source</i>						
3,620	1,154	1,275	1,272	(3)	(0.2)	3,883
219	76	75	75	-	-	237
1,161	379	417	409	(8)	(2.0)	1,295
(600)	(163)	(226)	(240)	(14)	(5.8)	(652)
4,400	1,446	1,541	1,516	(25)	(1.6)	4,763
NOTE 8: Insurance Expenses						
<i>By entity</i>						
3,484	1,021	1,085	1,102	17	1.5	3,561
(111)	(33)	(68)	(22)	46	209.1	34
87	16	56	(29)	(85)	(293.1)	(89)
17	3	4	(22)	(26)	(118.2)	11
24	-	-	-	-	-	-
3,501	1,007	1,077	1,029	(48)	(4.7)	3,517
NOTE 9: Gains and Losses on Financial Instruments						
<i>By source</i>						
4,045	1,833	1,452	807	645	79.9	2,378
702	329	1,070	120	950	-	373
161	81	(76)	24	(100)	(416.7)	52
(88)	122	(438)	(72)	(366)	-	(220)
4,820	2,365	2,008	879	1,129	128.4	2,583

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014	4 months to 31 Oct 2013		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Gains and Losses on Non-Financial Instruments							
<i>By type</i>							
577	539	Actuarial gains/(losses) on GSF liability ¹	(405)	-	(405)	-	-
479	798	Actuarial gains/(losses) on ACC liability ²	(1,627)	-	(1,627)	-	-
(516)	(193)	Other	(37)	(22)	(15)	(68.2)	(82)
21	-	Minority Interest share of net gains/losses	(12)	(13)	1	7.7	(25)
561	1,144	Net gains/(losses) on non-financial instruments	(2,081)	(35)	(2,046)	-	(107)
<i>By source</i>							
220	358	Core Crown	(441)	(1)	(440)	-	(13)
477	793	Crown entities	(1,626)	(22)	(1,604)	-	(69)
(135)	(7)	State-owned Enterprises	(14)	(16)	2	12.5	(45)
(1)	-	Inter-segment eliminations	-	4	(4)	(100.0)	20
561	1,144	Net gains/(losses) on non-financial instruments	(2,081)	(35)	(2,046)	-	(107)
NOTE 11: Operating Balance							
<i>By source</i>							
203	405	Core Crown	(5)	86	(91)	(105.8)	1,871
2,874	1,671	Crown entities	13	612	(599)	(97.9)	1,357
428	351	State-owned Enterprises	105	262	(157)	(59.9)	593
(697)	(594)	Inter-segment eliminations	(1,111)	(772)	(339)	(43.9)	(719)
2,808	1,833	Total operating balance	(998)	188	(1,186)	-	3,102

1. The most recent GSF valuation was as at 30 September 2014.

2. The most recent ACC valuation was as at 30 June 2014, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Oct 2013 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 12: Financial Assets and Sovereign Receivables							
11,888	11,392	Cash and cash equivalents	9,237	11,299	(2,062)	(18.2)	10,498
8,112	7,964	Tax receivables	7,443	8,624	(1,181)	(13.7)	8,664
9,368	10,407	Trade and other receivables	8,298	8,208	90	1.1	7,946
8,716	8,342	Student loans	8,722	8,781	(59)	(0.7)	9,024
14,630	13,635	Kiwibank mortgages	14,814	15,332	(518)	(3.4)	16,361
3,844	3,606	Long-term deposits	3,560	2,327	1,233	53.0	1,986
2,142	2,301	IMF financial assets	2,514	2,524	(10)	(0.4)	2,557
1,410	946	Other advances ¹	1,316	1,113	203	18.2	1,241
20,596	19,799	Share investments	22,748	20,311	2,437	12.0	21,234
4,164	3,746	Derivatives in gain	3,084	3,140	(56)	(1.8)	2,797
38,307	37,191	Other marketable securities	41,695	38,822	2,873	7.4	35,391
123,177	119,329	Total financial assets and sovereign receivables	123,431	120,481	2,950	2.4	117,699
Financial assets by entity							
18,359	20,016	Debt Management Office	18,960	17,410	1,550	8.9	13,555
18,849	18,185	Reserve Bank of New Zealand	20,146	18,672	1,474	7.9	18,657
26,990	24,803	NZ Superannuation Fund	27,856	26,356	1,500	5.7	27,419
24,358	23,421	Other core Crown	23,478	24,175	(697)	(2.9)	21,202
(8,473)	(9,077)	Intra-segment eliminations	(8,852)	(8,627)	(225)	(2.6)	(6,318)
80,083	77,348	Total core Crown segment	81,588	77,986	3,602	4.6	74,515
30,897	29,054	ACC portfolio	31,770	30,491	1,279	4	32,539
3,605	4,803	EQC portfolio	3,119	1,718	1,401	82	102
9,806	8,972	Other Crown entities	8,431	7,961	470	6	7,852
(2,464)	(1,766)	Intra-segment eliminations	(1,708)	(1,753)	45	2.6	(1,777)
41,844	41,063	Total Crown entities segment	41,612	38,417	3,195	8.3	38,716
21,151	19,937	Total State-owned Enterprises segment	21,242	22,477	(1,235)	(5.5)	23,459
(19,901)	(19,019)	Inter-segment eliminations	(21,011)	(18,399)	(2,612)	(14.2)	(18,991)
123,177	119,329	Total financial assets	123,431	120,481	2,950	2.4	117,699

1. Other advances include finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Oct 2013 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
37,138	34,365	Land ²	37,257	35,003	2,254	6.4	35,030
27,396	25,826	Buildings	27,463	26,526	937	3.5	27,365
19,709	18,392	State highways - excluding land	19,942	18,960	982	5.2	19,797
13,941	13,549	Electricity generation assets	13,893	13,606	287	2.1	13,529
3,992	3,930	Electricity distribution network (cost)	3,993	4,140	(147)	(3.6)	4,261
2,891	3,060	Specialist military equipment	2,951	2,978	(27)	(0.9)	3,080
2,975	2,618	Specified cultural and heritage assets	2,972	2,681	291	10.9	2,679
2,287	2,303	Aircraft (excl military)	2,504	2,520	(16)	(0.6)	3,269
936	1,130	Rail network - excluding land	1,013	1,229	(216)	(17.6)	1,372
5,041	5,190	Other plant and equipment (cost)	5,065	5,457	(392)	(7.2)	5,491
116,306	110,363	Total net carrying value	117,053	113,100	3,953	3.5	115,873
By source:							
30,963	29,565	Core Crown	31,152	30,424	728	2.4	31,334
56,802	52,159	Crown entities	57,168	53,411	3,757	7.0	54,618
28,541	28,639	State-owned Enterprises	28,733	29,265	(532)	(1.8)	29,921
-	-	Inter-segment eliminations	-	-	-	-	-
116,306	110,363	Total net carrying value	117,053	113,100	3,953	3.5	115,873
Land breakdown by usage²							
11,361	9,583	Housing stock	11,352	9,524	1,828	19.2	9,410
8,853	8,003	State highway corridor land	8,853	8,303	550	6.6	8,303
5,432	5,354	Conservation estate	5,425	5,374	51	0.9	5,385
3,256	3,258	Rail network corridor land	3,256	3,249	7	0.2	3,232
3,167	2,882	Schools	3,141	2,880	261	9.1	2,875
1,312	1,368	Commercial (SOE) excluding rail	1,377	1,491	(114)	(7.6)	1,491
3,757	3,917	Other	3,853	4,182	(329)	(7.9)	4,334
37,138	34,365	Total land	37,257	35,003	2,254	6.4	35,030
Schedule of movements							
Cost or valuation							
122,796	122,796	Opening balance	130,342	129,107	1,235	1	129,107
6,672	1,864	Additions	2,191	2,095	96	4.6	8,678
(1,432)	(133)	Disposals	(310)	(330)	20	6.1	(865)
3,038	(2)	Net revaluations	(24)	3	(27)	-	-
(732)	(29)	Other	(156)	197	(353)	(179.2)	(37)
130,342	124,496	Total cost or valuation	132,043	131,072	971	0.7	136,883
Accumulated depreciation and impairment							
12,963	12,963	Opening balance	14,036	16,843	(2,807)	(17)	16,843
(813)	(56)	Eliminated on disposal	(87)	(52)	(35)	(67.3)	(52)
(2,133)	-	Eliminated on revaluation	(1)	-	(1)	-	-
3,805	1,223	Depreciation expense and impairment losses	1,274	1,330	(56)	(4.2)	4,224
214	3	Other	(232)	(149)	(83)	(55.7)	(5)
14,036	14,133	Total accumulated depreciation and impairment	14,990	17,972	(2,982)	(16.6)	21,010
116,306	110,363	Total property, plant and equipment	117,053	113,100	3,953	3.5	115,873

1. Using a revaluation methodology unless otherwise stated.

2. 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.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Oct 2013 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13 (continued): Property, Plant and Equipment							
Additions - by functional classification							
2,363	663	Transport and communications	855	687	168	24.5	3,235
1,108	359	Economic and industrial services	235	179	56	31.3	717
529	150	Education	200	185	15	8.1	895
443	199	Health	186	129	57	44.2	803
386	81	Defence	197	237	(40)	(16.9)	619
1,843	412	Other	518	678	(160)	(23.6)	2,409
6,672	1,864	Total additions	2,191	2,095	96	4.6	8,678
NOTE 14: NZ Superannuation Fund							
767	272	Revenue	229	228	1	0.4	685
(1,074)	(515)	Less: current tax expense	(8)	(195)	(187)	(95.9)	(585)
(164)	(64)	Less: other expenses ¹	(37)	(52)	(15)	(28.8)	(157)
3,735	1,877	Add gains/(losses)	882	638	244	38.2	1,914
3,264	1,570	Operating balance	1,066	619	447	72.2	1,857
22,549	22,549	Opening net worth	25,809	25,157	652	2.6	25,157
3,264	1,570	Operating balance	1,066	619	447	72.2	1,857
(4)	(13)	Other movements in reserves	40	6	34	-	19
25,809	24,106	Closing net worth	26,915	25,782	1,133	4.4	27,033
<i>comprising:</i>							
26,990	24,803	Financial assets	27,856	26,356	1,500	5.7	27,419
(2,323)	(1,887)	Financial liabilities	(2,083)	(1,695)	(388)	(22.9)	(1,557)
1,142	1,190	Net other assets	1,142	1,121	21	1.9	1,171
25,809	24,106	Closing net worth	26,915	25,782	1,133	4.4	27,033
Core Crown revenue (excl NZS Fund)							
67,297	21,509	Core Crown revenue	22,944	23,111	(167)	(0.7)	72,537
767	272	Less NZS Fund revenue	229	228	1	0.4	685
1,074	515	Add back NZS Fund intra-segment revenue	8	195	(187)	(95.9)	585
67,604	21,752	Core Crown revenue (excl NZS Fund)	22,723	23,078	(355)	(1.5)	72,437
OBEGAL excluding NZS Fund							
(2,933)	(1,746)	Total Crown OBEGAL	(1,000)	(740)	(260)	(35.1)	372
767	272	Less NZS Fund revenue	229	228	1	0.4	685
133	57	Add back NZS Fund external expenses	38	49	(11)	(22.4)	147
1,074	515	Add back NZS Fund tax	8	195	(187)	(95.9)	585
(2,493)	(1,446)	OBEGAL excluding NZS Fund	(1,183)	(724)	(459)	(63.4)	419

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

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2014 \$m	As at 31 Oct 2013 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Payables							
7,626	7,276	Accounts payable	6,912	7,513	601	8.0	7,439
3,668	2,799	Taxes repayable	2,774	3,796	1,022	26.9	4,435
11,294	10,075	Total payables	9,686	11,309	1,623	14.4	11,874
NOTE 16: Insurance liabilities							
29,948	28,106	ACC liability	31,081	28,776	(2,305)	(8.0)	30,383
4,747	6,088	EQC property damage liability	4,041	2,696	(1,345)	(49.9)	364
1,434	1,633	Southern Response (formerly AMI Insurance)	1,300	1,042	(258)	(24.8)	466
63	59	Other insurance liabilities	64	57	(7)	(12.3)	59
(367)	(409)	Inter-segment eliminations	(300)	-	300	-	-
35,825	35,477	Total insurance liabilities	36,186	32,571	(3,615)	(11.1)	31,272
NOTE 17: Provisions							
521	389	Provision for ETS Credits ¹	567	373	(194)	(52.0)	362
910	966	Provision for National Provident Fund guarantee	896	969	73	7.5	942
3,444	3,262	Provision for employee entitlements	3,345	3,196	(149)	(4.7)	3,174
66	111	Provision for Canterbury Red Zone support package	91	-	(91)	-	-
394	518	Provision for Infrastructure costs	338	327	(11)	(3.4)	201
112	122	Provision for weathertight services financial assistance package	127	126	(1)	(0.8)	123
1,508	1,296	Other provisions	1,326	1,330	4	0.3	1,309
6,955	6,664	Total provisions	6,690	6,321	(369)	(5.8)	6,111
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							
10,862	10,862	Opening taxpayers funds	13,300	13,344	(44)	(0.3)	13,344
2,808	1,833	Operating balance excluding minority interests	(998)	188	(1,186)	-	3,102
(577)	(378)	Gain/(loss) on Government share offers in state-owned enterprises	-	-	-	-	-
207	22	Transfers from/(to) other reserves	61	114	(53)	(46.5)	155
13,300	12,339	Closing taxpayers funds	12,363	13,646	(1,283)	(9.4)	16,601
57,068	57,068	Opening revaluation reserve	62,225	56,648	5,577	9.8	56,648
5,386	(41)	Net revaluations	(74)	2	(76)	-	-
(229)	(22)	Transfers from/(to) other reserves	(20)	(70)	50	71.4	(139)
62,225	57,005	Closing revaluation reserve	62,131	56,580	5,551	9.8	56,509
1,940	1,940	Opening minority interests	5,211	5,435	(224)	(4.1)	5,435
3,271	2,219	Net movements	(9)	(89)	80	89.9	83
5,211	4,159	Closing minority interests	5,202	5,346	(144)	(2.7)	5,518
141	141	Opening other reserves	43	40	3	7.5	40
(98)	(185)	Net movements	(33)	76	(109)	(143.4)	(35)
43	(44)	Closing other reserves	10	116	(106)	(91.4)	5

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2014 \$m	4 months to 31 Oct 2013 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 19: Core Crown residual cash							
Core Crown Cash Flows from Operations							
61,321	19,026	Tax receipts	21,205	20,576	629	3.1	66,030
747	265	Other sovereign receipts	439	260	179	68.8	771
1,627	773	Interest, profits and dividends	835	764	71	9.3	1,737
2,397	738	Sale of goods & services and other receipts	397	653	(256)	(39.2)	2,307
(23,447)	(8,332)	Transfer payments and subsidies	(8,089)	(7,818)	(271)	(3.5)	(24,021)
(41,989)	(14,876)	Personnel and operating costs	(14,961)	(14,707)	(254)	(1.7)	(42,419)
(3,642)	(1,038)	Finance costs	(1,127)	(1,130)	3	0.3	(3,884)
-	-	Forecast for future new operating spending	-	-	-	-	(291)
-	-	Top-down expense adjustment	-	175	(175)	(100.0)	875
(2,986)	(3,444)	Net core Crown operating cash flows	(1,301)	(1,227)	(74)	(6.0)	1,105
(1,867)	(667)	Net purchase of physical assets	(344)	(704)	360	51.1	(2,600)
(716)	(68)	Net increase in advances	(32)	27	(59)	(217.1)	(1,423)
(865)	(340)	Net purchase of investments	(572)	(476)	(96)	(20.2)	(2,060)
2,325	1,255	Net proceeds from partial share sales	-	-	-	-	628
-	-	Forecast for future new capital spending	-	-	-	-	(326)
-	-	Top-down capital adjustment	-	74	(74)	(100.0)	370
(1,123)	180	Net Core Crown capital cash flows	(948)	(1,079)	131	12.2	(5,411)
(4,109)	(3,264)	Residual cash deficit	(2,249)	(2,306)	57	2.5	(4,306)
<i>The residual cash deficit is funded as follows:</i>							
Debt programme cash flows							
Market:							
7,716	4,764	Issue of government bonds	3,593	1,844	1,749	94.8	8,046
(2,196)	-	Repayment of government bonds	(1,523)	-	(1,523)	-	(8,805)
(935)	(60)	Net issue/(repayment) of short-term borrowing ¹	475	160	315	196.9	720
4,585	4,704	Total market debt cash flows	2,545	2,004	541	27.0	(39)
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	(892)	892	100.0	(1,427)
-	-	Net issue/(repayment) of short-term borrowing	(80)	(114)	34	29.8	(500)
-	-	Total non-market debt cash flows	(80)	(1,006)	926	92.0	(1,927)
4,585	4,704	Total debt programme cash flows	2,465	998	1,467	147.0	(1,966)
Other borrowing cash flows							
(674)	(901)	Net (repayment)/issue of other New Zealand dollar borrowing	727	231	496	214.7	1,136
1,083	119	Net (repayment)/issue of foreign currency borrowing	(701)	(289)	(412)	(142.6)	(842)
409	(782)	Total other borrowing cash flows	26	(58)	84	72.2	294
Investing cash flows							
(1,510)	(2,547)	Other net sale/(purchase) of marketable securities and deposits	(790)	1,652	(2,442)	(147.8)	5,830
274	260	Issues of circulating currency	222	51	171	335.3	152
351	1,629	Decrease/(increase) in cash	326	(337)	663	196.7	(4)
(885)	(658)	Total investing cash flows	(242)	1,366	(1,608)	(117.7)	5,978
4,109	3,264	Residual cash deficit funding	2,249	2,306	(57)	(2.5)	4,306

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