

5 July 2016

MEDIA STATEMENT

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Nicola Haslam, Acting Chief Government Accountant

Financial Statements of the Government of New Zealand for the eleven months ended 31 May 2016

The *Financial Statements of the Government of New Zealand* for the eleven months ended 31 May 2016 were released by the Treasury today. The statements are compared against forecasts based on the *2016 Budget Year Economic and Fiscal Update (BEFU)* published on 26 May 2016.

The results for the eleven months to the end of May show an **operating balance before gains and losses** (OBEGAL) surplus of \$2,304 million. The OBEGAL surplus is expected to decline in June as growth in expenses is expected to outpace revenue. Most key indicators were consistent with BEFU forecasts, with the large timing variance in tax revenue from April of \$1.1 billion largely reversing as expected.

Core Crown tax revenue at \$64.7 billion, was 0.6% or \$364 million higher than forecast largely due to customs and excise duties (\$188 million), source deductions (\$182 million) and GST (\$98 million). These variances are a mix of timing and permanent in nature.

Core Crown expenses at \$67.2 billion, were close to forecast.

When gains and losses are combined with the OBEGAL result, the **operating balance** was a deficit of \$1.5 billion (\$82 million larger than forecast).

The **core Crown residual cash** position, at a deficit of \$927 million, was \$871 million smaller than expected, primarily reflecting higher than expected tax receipts and lower cash payments.

Net debt at \$61.5 billion (24.7% of GDP) was \$469 million lower than forecast, largely reflecting the residual cash result, partly offset by lower amounts of circulating currency and the impact of changes in foreign exchange rates on financial instruments.

At 31 May 2016, total Crown assets were valued at \$285.6 billion and liabilities were \$195.3 billion while the Crown's share of **net worth** stood at \$84.6 billion.

The current OBEGAL surplus of \$2,304 million compares to a surplus of \$1,176 million at the same time last year. Core Crown tax revenue has increased by 5.7%, while core Crown expenses have grown by 2.3% over that time.

\$ million	Year to date				Full Year
	May 2016	May 2016	Variance	Variance	June 2016
	Actual ¹	BEFU 16 Forecast ¹	to BEFU 16 \$m	to BEFU 16 %	BEFU 16 Forecast ²
Core Crown					
Core Crown tax revenue	64,720	64,356	364	0.6	69,682
Core Crown revenue	69,829	69,433	396	0.6	75,329
Core Crown expenses	67,244	67,333	89	0.1	74,382
Core Crown residual cash	(927)	(1,798)	871	48.4	(2,115)
Gross debt ³	87,836	86,487	(1,349)	(1.6)	86,783
as a percentage of GDP	35.3%	34.8%			34.7%
Net debt ⁴	61,487	61,956	469	0.8	62,272
as a percentage of GDP	24.7%	24.9%			24.9%
Total Crown					
Operating balance before gains and losses	2,304	1,983	321	16.2	668
Operating balance	(1,460)	(1,378)	(82)	(6.0)	(2,565)
Net worth attributable to the Crown	84,574	84,771	(197)	(0.2)	83,547

1 Using the most recently published GDP (for the year ended 31 Mar 2016) of \$248,647 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ending 30 June 2016 of \$250,126 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 Eleven Months Ended
31 May 2016



Prepared by the Treasury
5 July 2016

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

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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 eleven months ended 31 May 2016 and its financial position as at that date.

The May results are reported against forecasts based on the 2016 *Budget Economic and Fiscal Update (BEFU)*, published on 26 May 2016.

At a Glance

Table 1 – Key indicators for the eleven months ended 31 May 2016 compared to BEFU

	Year to date				Full Year
	May 2016	May 2016 BEFU 16	Variance to BEFU 16	Variance to BEFU 16	June 2016 BEFU 16
\$ million	Actual ¹	Forecast ¹	\$m	%	Forecast ²
Core Crown					
Core Crown tax revenue	64,720	64,356	364	0.6	69,682
Core Crown revenue	69,829	69,433	396	0.6	75,329
Core Crown expenses	67,244	67,333	89	0.1	74,382
Core Crown residual cash	(927)	(1,798)	871	48.4	(2,115)
Gross debt ³	87,836	86,487	(1,349)	(1.6)	86,783
as a percentage of GDP	35.3%	34.8%			34.7%
Net debt ⁴	61,487	61,956	469	0.8	62,272
as a percentage of GDP	24.7%	24.9%			24.9%
Total Crown					
Operating balance before gains and losses	2,304	1,983	321	16.2	668
Operating balance	(1,460)	(1,378)	(82)	(6.0)	(2,565)
Net worth attributable to the Crown	84,574	84,771	(197)	(0.2)	83,547

1 Using the most recently published GDP (for the year ended 31 Mar 2016) of \$248,647 million (Source: Statistics New Zealand).

2 Using forecast GDP for the year ending 30 June 2016 of \$250,126 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.

Results for the eleven months ended 31 May 2016

The results for the eleven months to the end of May show an **operating balance before gains and losses (OBEGAL)** surplus of \$2,304 million. The OBEGAL surplus is expected to decline in June as growth in expenses is expected to outpace revenue. Most key indicators were consistent with BEFU forecasts, with the large timing variance in tax revenue from April of \$1.1 billion largely reversing as expected.

Core Crown tax revenue at \$64.7 billion, was 0.6% or \$364 million higher than forecast largely due to customs and excise duties (\$188 million), source deductions (\$182 million) and GST (\$98 million). These variances are a mix of timing and permanent in nature.

Core Crown expenses at \$67.2 billion, were close to forecast.

When gains and losses are combined with the OBEGAL result, the **operating balance** was a deficit of \$1.5 billion (\$82 million larger than forecast).

The **core Crown residual cash** position, at a deficit of \$927 million, was \$871 million smaller than expected, primarily reflecting higher than expected tax receipts and lower cash payments.

Net debt at \$61.5 billion (24.7% of GDP) was \$469 million lower than forecast, largely reflecting the residual cash result, partly offset by lower amounts of circulating currency and the impact of changes in foreign exchange rates on financial instruments.

At 31 May 2016, total Crown assets were valued at \$285.6 billion and liabilities were \$195.3 billion while the Crown's share of **net worth** stood at \$84.6 billion.

The current OBEGAL surplus of \$2,304 million compares to a surplus of \$1,176 million at the same time last year. Core Crown tax revenue has increased by 5.7%, while core Crown expenses have grown by 2.3% over that time.

ANALYSIS

Table 2 – Key indicator variances for the eleven months ended 31 May 2016 compared to BEFU:

Item/indicator	Variance ¹	Key drivers
Core Crown		
Core Crown revenue	\$396m higher than forecast	<p>Core Crown revenue was higher than forecast primarily due to higher core Crown tax revenue of \$364m across the following tax types:</p> <ul style="list-style-type: none"> • Customs and excise duties were \$188m (4.5%) above forecast, mainly owing to above-forecast tobacco excise (\$137m). This variance is expected to persist to year end and reverse in the next financial year. • Source deductions were \$182m (0.7%) above forecast. Recent labour market data releases show that employment and wages in the March quarter were above forecasts and this has likely persisted into the June quarter. • GST was \$98m (0.6%) above forecast mainly owing to inbound tourist spending and residential investment both being slightly above forecast. <p>Partially offsetting the above items, Corporate tax revenue was \$161m (1.5%) below forecast, mainly owing to below-forecast Portfolio Investment Entity (PIE) tax. PIE tax is expected to remain below forecast for the remainder of the 2015/16 fiscal year.</p>
Core Crown expenses	\$89m lower than forecast	<p>Core Crown expenses at \$67.2b were relatively close to forecast (0.1% variance). Excluding the top-down expense adjustment of \$360m, underlying expenses were \$449m lower than expected.</p> <p>The most significant variance relates to an operating to capital swap on state highway projects of \$123m since the forecast was prepared, with activities being undertaken now capital in nature rather than operating.</p> <p>The remainder of the variance was spread across a number of departments.</p>
Core Crown residual cash deficit	\$871m lower than forecast	<p>The residual cash deficit was \$871m lower than forecast largely due to:</p> <ul style="list-style-type: none"> • Core Crown tax receipts were \$594m above forecast. Source deductions (\$229m) and GST (\$186m) accounted for most of the variance due to the reasons discussed in core Crown revenue above. • Operating and capital payments were \$296m lower than forecast with the largest contributor being Ministry of Transport, due to a delay in funding payments to Crown entities. This is a timing difference and is expected to reverse prior to year-end.

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

Item/indicator	Variance ¹	Key drivers
Gross debt	(\$1,349m) higher than forecast	Gross debt at \$87.8b (35.3% of GDP) was \$1,349 higher than forecast. The majority of this variance relates to unsettled trades of \$1.4b for marketable securities and therefore does not impact on net debt and is expected to reverse next month.
Net debt	\$469m lower than forecast	Net debt was lower than forecast largely as a result of the lower than forecast residual cash deficit of \$871m offset by circulating currency being \$220m lower than forecast and the impact of changes in foreign exchange rates on financial instruments.
Total Crown		
Operating balance before gains and losses	\$321m higher than forecast	The OBEGAL surplus at \$2,304m was \$321m higher than forecast. The key driver of the OBEGAL variance was due to the favourable core Crown tax revenue discussed above.
Operating balance deficit	(\$82m) higher than forecast	The operating balance was in deficit by \$1,460m. This was larger than forecast by \$82m. The favourable variance in OBEGAL is largely offset by higher than expected net losses of \$378m. The higher net losses at 31 May were made up of: <ul style="list-style-type: none"> • ACC actuarial losses (primarily due to changes in discount rates) of \$880m. • The Emissions Trading Scheme liability has increased due to an increase in carbon prices (from \$12.00 to \$15.15/unit), resulting in losses of \$520m. The above losses were partly offset by favourable movements in financial instruments of \$1.0b
Net worth attributable to the Crown	(\$197m) lower than forecast	Net worth at \$84.6b was \$197m (0.2%) lower than forecast.

Table 3 – Fiscal strategy and financial results

Fiscal Strategy	Financial Results	Ret	31 May 2016	31 May 2016	Variance \$m	Variance ² %	Annual Forecast \$m
			Actual \$m	Forecast \$m			
Operating revenue Ensure sufficient operating revenue to meet the operating balance objective	Taxation as a % of GDP	1	28.4%	28.2%			27.9%
	Core Crown taxation revenue		64,720	64,356	364	0.6	69,682
	... combined with other core Crown revenue ...		5,109	5,077	32	0.6	5,647
Operating expenses To control the growth in government spending so core Crown expenses are below 30% of GDP	... fund core Crown expenses...		(67,244)	(67,333)	89	0.1	(74,382)
	... and with SOE and Crown entity results and core Crown gains and losses...		(4,045)	(3,478)	(567)	(16.3)	(3,512)
	... result in an operating surplus or deficit...		(1,460)	(1,378)	(82)	(6.0)	(2,565)
Operating balance Deliver operating balances sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective	...with income in SOEs, CEs and the NZS Fund retained...		3,133	2,836	297	10.5	2,768
	... and some items do not impact cash ...		1,420	820	600	73.2	1,930
	... leaving operating cash flows to ...		3,093	2,278	815	35.8	2,133
	... meet the capital expenditure budget ...		(1,768)	(1,891)	123	6.5	(2,267)
	... make advances (e.g. to students and DHBs)...		(2,252)	(2,185)	(67)	(3.1)	(1,981)
Debt Manage total debt at prudent levels ensuring net debt is reduced to around 20% of GDP in 2020. Beyond 2020, manage net debt within a range of 0% to 20% of GDP	With the residual cash ...		(927)	(1,798)	871	48.4	(2,115)
	... when combined with opening net debt ...		60,631	60,631	-	-	60,631
	... and fair value movements and other changes in financial assets and financial liabilities ...		(71)	(473)	(402)	(85.0)	(474)
	... results in a closing net debt ...		61,487	61,956	469	0.8	62,272
	... and as a % of GDP		24.7%	24.9%			24.9%

1 GDP For the eleven months ended 31 May 2016 (actual and forecast) is the actual data for the year ended 31 March 2016 (Source: Statistics New Zealand) pro-rated for eleven 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

	May 2016 Actual \$m	May 2015 Actual \$m	Change ¹ \$m	Change %
Statement of Financial Performance				
Core Crown Revenue				
Taxation revenue	64,720	61,238	3,482	5.7
Other revenue	5,109	5,047	62	1.2
Total core Crown revenue	69,829	66,285	3,544	5.3
Core Crown Expenses				
Social security and welfare	21,997	21,430	(567)	(2.6)
GSF pension expenses	247	320	73	22.8
Health	14,263	13,757	(506)	(3.7)
Education	11,798	11,642	(156)	(1.3)
Core government services	3,843	3,807	(36)	(0.9)
Law and order	3,312	3,194	(118)	(3.7)
Defence	1,869	1,781	(88)	(4.9)
Transport and communications	1,832	1,999	167	8.4
Economic and industrial services	1,901	2,001	100	5.0
Primary services	674	594	(80)	(13.5)
Heritage, culture and recreation	730	723	(7)	(1.0)
Environmental protection	506	589	83	14.1
Housing and community development	510	288	(222)	(77.1)
Other	452	115	(337)	(293.0)
Finance costs	3,310	3,502	192	5.5
Total core Crown expenses	67,244	65,742	(1,502)	(2.3)
Net surplus of SOE/CE's (and inter-segment eliminations)	(281)	633	(914)	(144.4)
OBEGAL	2,304	1,176	1,128	95.9
Total gains/(losses)	(3,997)	2,823	(6,820)	(241.6)
Other operating items	233	605	(372)	(61.5)
Operating balance	(1,460)	4,604	(6,064)	(131.7)
Core Crown residual cash	(927)	(1,291)	364	28.2
Debt indicators				
Gross debt²	87,836	85,715	(2,121)	(2.5)
Net debt³	61,487	60,365	(1,122)	(1.9)

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 tax revenue for the eleven months ended 31 May 2016 was \$3,482 million (5.7%) higher than the corresponding period last year. Source deduction revenue was up \$1,344 million (5.8%) owing to growth in employment and wages. GST revenue was up \$1,215 million (7.8%) on growth in domestic spending by both NZ households and international visitors. Corporate tax revenue was up \$535 million (5.5%) on last year owing largely to profit growth, offset somewhat by a decline in Portfolio Investment Entity (PIE) tax.

Core Crown expenses increased by 2.3% 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:		
Social security and welfare	+ \$567 million	Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants.
Health	+ \$506 million	Funding provided in the 2015 Budget to maintain and improve existing service levels.
Housing and community development	+ \$222 million	Mainly relates to funding for community participation and strong families and connected communities programmes, that was previously classified in the social security and welfare and economic and industrial services functional expense classifications.
Other functional classes	+ \$207 million	
Total	\$1,502 million	

Gains/Losses

Total net losses were \$4.0 billion in the eleven months to 31 May 2016, compared to gains of \$2.8 billion in the previous year. Last year, large gains on financial instruments more than offset actuarial losses on financial instruments. Overall, due to actuarial valuations and the increasing price of carbon credits, net losses are larger than last year.

Debt

Gross debt increased by \$2.1 billion or 2.5 % to \$87.8 billion from May 2015. **Net debt** increased by \$1.1 billion or 1.9% over the same time primarily due to the \$0.9 billion increase in the residual cash deficit during the current year.



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the eleven months ended 31 May 2016

Year to 30 Jun 2015	11 months to 31 May 2015			Current Year Actual vs Forecast				Annual Forecast
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
Revenue								
66,055	60,655	Taxation revenue	2	63,982	63,621	361	0.6	68,931
4,953	4,565	Other sovereign revenue	2	4,182	4,213	(31)	(0.7)	4,637
71,008	65,220	Total Revenue Levied through the Crown's Sovereign Power		68,164	67,834	330	0.5	73,568
16,866	14,986	Sales of goods and services		15,346	15,356	(10)	(0.1)	16,866
3,524	3,203	Interest revenue and dividends	3	3,283	3,385	(102)	(3.0)	3,721
3,615	3,354	Other revenue		3,425	3,404	21	0.6	3,607
24,005	21,543	Total revenue earned through the Crown's operations		22,054	22,145	(91)	(0.4)	24,194
95,013	86,763	Total revenue (excluding gains)		90,218	89,979	239	0.3	97,762
Expenses								
23,723	21,579	Transfer payments and subsidies	4	22,072	22,116	44	0.2	24,421
21,124	19,350	Personnel expenses	5	19,775	19,816	41	0.2	21,783
4,842	4,184	Depreciation and amortisation	6	4,287	4,201	(86)	(2.0)	4,875
35,910	32,289	Other operating expenses	7	33,275	33,669	394	1.2	37,303
4,563	4,155	Finance costs	8	4,003	4,091	88	2.2	4,472
4,110	3,705	Insurance expenses	9	4,122	4,050	(72)	(1.8)	4,335
-	-	Forecast new operating spending		-	-	-	-	2
-	-	Top-down expense adjustment		-	(360)	(360)	(100.0)	(600)
94,272	85,262	Total expenses (excluding losses)		87,534	87,583	49	0.1	96,591
(327)	(325)	Minority interests share of operating balance before gains/(losses)		(380)	(413)	33	8.0	(503)
414	1,176	Operating balance before gains/(losses) (excluding minority interests)		2,304	1,983	321	16.2	668
5,978	6,278	Net gains/(losses) on financial instruments	10	1,838	804	1,034	128.6	979
(1,649)	(3,455)	Net gains/(losses) on non-financial instruments	11	(5,835)	(4,423)	(1,412)	(31.9)	(4,496)
4,329	2,823	Total gains/(losses)		(3,997)	(3,619)	(378)	(10.4)	(3,517)
1,028	605	Net surplus/(deficit) from associates and joint ventures		233	258	(25)	(9.7)	284
5,771	4,604	Operating balance (excluding minority interests)		(1,460)	(1,378)	(82)	(6.0)	(2,565)

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the eleven months ended 31 May 2016

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Total Crown expenses					
28,231	25,513	Social security and welfare	26,424	26,442	18	0.1	29,036
373	332	GSF pension expenses	260	262	2	0.8	290
14,696	13,526	Health	13,878	13,888	10	0.1	15,156
13,537	12,481	Education	12,587	12,714	127	1.0	13,968
3,898	3,499	Core government services	3,649	3,712	63	1.7	4,236
3,730	3,429	Law and order	3,507	3,476	(31)	(0.9)	3,926
1,917	1,736	Defence	1,856	1,817	(39)	(2.1)	2,033
9,279	8,019	Transport and communications	8,141	8,222	81	1.0	9,435
8,235	7,417	Economic and industrial services	7,081	7,037	(44)	(0.6)	7,729
2,198	1,987	Heritage, culture and recreation	2,039	2,053	14	0.7	2,208
1,740	1,599	Primary services	1,706	1,775	69	3.9	1,908
1,114	965	Housing and community development	1,443	1,468	25	1.7	1,593
616	489	Environmental protection	508	523	15	2.9	687
145	115	Other	452	463	11	2.4	512
4,563	4,155	Finance costs	4,003	4,091	88	2.2	4,472
-	-	Forecast new operating spending	-	-	-	-	2
-	-	Top-down expense adjustment	-	(360)	(360)	(100.0)	(600)
94,272	85,262	Total Crown expenses excluding losses	87,534	87,583	49	0.1	96,591

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 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses							
23,523	21,430	Social security and welfare	21,997	22,061	64	0.3	24,296
358	320	GSF pension expenses	247	247	-	-	272
15,058	13,757	Health	14,263	14,274	11	0.1	15,635
12,879	11,642	Education	11,798	11,895	97	0.8	13,215
4,134	3,807	Core government services	3,843	3,871	28	0.7	4,446
3,515	3,194	Law and order	3,312	3,320	8	0.2	3,691
1,961	1,781	Defence	1,869	1,829	(40)	(2.2)	2,047
2,291	1,999	Transport and communications	1,832	1,947	115	5.9	2,246
2,228	2,001	Economic and industrial services	1,901	1,950	49	2.5	2,134
778	723	Heritage, culture and recreation	730	750	20	2.7	794
667	594	Primary services	674	709	35	4.9	777
320	288	Housing and community development	510	524	14	2.7	583
723	589	Environmental protection	506	521	15	2.9	685
145	115	Other	452	463	11	2.4	512
3,783	3,502	Finance costs	3,310	3,332	22	0.7	3,647
-	-	Forecast new operating spending	-	-	-	-	2
-	-	Top-down expense adjustment	-	(360)	(360)	(100.0)	(600)
72,363	65,742	Core Crown expenses excluding losses	67,244	67,333	89	0.1	74,382

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the eleven months ended 31 May 2016

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
6,316	4,972	Operating Balance (including minority interest)	(1,063)	(899)	(164)	(18.2)	(2,000)
		Other comprehensive revenue and expense					
5,519	(47)	Revaluation of physical assets	(274)	(280)	6	2.1	(259)
(99)	(89)	Net change in hedging instruments entered into for cash flow hedges	(193)	(78)	(115)	(147.4)	(117)
51	52	Foreign currency translation differences for foreign operations	14	-	14	-	(112)
43	35	Valuation gains/(losses) on investments available for sale taken to reserves	(19)	(23)	4	17.4	(2)
(13)	(64)	Other movements	(57)	(20)	(37)	(185.0)	(4)
5,501	(113)	Total other comprehensive revenue and expense	(529)	(401)	(128)	(31.9)	(494)
11,817	4,859	Total comprehensive revenue and expense	(1,592)	(1,300)	(292)	(22.5)	(2,494)
		Attributable to:					
849	385	- minority interest	288	383	(95)	(24.8)	413
10,968	4,474	- the Crown	(1,880)	(1,683)	(197)	(11.7)	(2,907)
11,817	4,859	Total comprehensive revenue and expense	(1,592)	(1,300)	(292)	(22.5)	(2,494)

STATEMENT OF CHANGES IN NET WORTH

For the eleven months ended 31 May 2016

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
80,697	80,779	Opening net worth	92,236	92,236	-	-	92,236
6,316	4,972	Operating balance (including minority interest)	(1,063)	(899)	(164)	(18.2)	(2,000)
5,519	(47)	Net revaluations	(274)	(280)	6	2.1	(259)
-	(69)	Transfers to/(from) reserves (Gains)/losses transferred to the	(236)	(143)	(93)	(65.0)	(211)
(56)	(6)	Statement of Financial Performance	27	31	(4)	(12.9)	22
38	9	Other movements	(46)	(9)	(37)	(411.1)	(46)
11,817	4,859	Total comprehensive revenue and expense	(1,592)	(1,300)	(292)	(22.5)	(2,494)
(278)	(313)	Transactions with minority interests	(372)	(408)	36	8.8	(440)
92,236	85,325	Closing net worth	90,272	90,528	(256)	(0.3)	89,302

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

STATEMENT OF CASH FLOWS

For the eleven months ended 31 May 2016

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m	Current Year Actual vs Forecast					Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Cash Flows from Operations							
Cash was provided from							
64,945	59,786	Taxation receipts	63,536	63,177	359	0.6	68,401
4,731	4,547	Other sovereign receipts	4,319	4,298	21	0.5	4,566
17,232	15,366	Sales of goods and services	15,397	15,514	(117)	(0.8)	17,130
3,364	3,023	Interest and dividends receipts	3,058	3,124	(66)	(2.1)	3,401
3,823	3,613	Other operating receipts	3,891	3,806	85	2.2	4,044
94,095	86,335	Total cash provided from operations	90,201	89,919	282	0.3	97,542
Cash was disbursed to							
23,896	21,716	Transfer payments and subsidies	22,158	22,249	91	0.4	24,449
60,009	55,397	Personnel and operating payments	56,364	57,265	901	1.6	62,110
4,598	4,151	Interest payments	3,896	3,994	98	2.5	4,438
-	-	Forecast new operating spending	-	-	-	-	2
-	-	Top-down expense adjustment	-	(360)	(360)	(100.0)	(600)
88,503	81,264	Total cash disbursed to operations	82,418	83,148	730	0.9	90,399
5,592	5,071	Net cash flows from operations	7,783	6,771	1,012	14.9	7,143
Cash Flows from Investing Activities							
Cash was provided from/(disbursed to)							
(6,177)	(5,266)	Net (purchase)/sale of physical assets	(5,724)	(6,029)	305	5.1	(6,884)
(4,912)	(884)	Net (purchase)/sale of shares and other securities	376	(49)	425	-	(45)
(632)	(498)	Net (purchase)/sale of intangible assets	(557)	(598)	41	6.9	(703)
(1,685)	(1,366)	Net (issue)/repayment of advances	(1,551)	(1,402)	(149)	(10.6)	(962)
153	115	Net acquisition of investments in associates	99	110	(11)	(10.0)	116
-	-	Forecast new capital spending	-	-	-	-	(31)
-	-	Top-down capital adjustment	-	60	(60)	(100.0)	100
(13,253)	(7,899)	Net cash flows from investing activities	(7,357)	(7,908)	551	7.0	(8,409)
(7,661)	(2,828)	Net cash flows from operating and investing activities	426	(1,137)	1,563	137.5	(1,266)
Cash Flows from Financing Activities							
Cash was provided from/(disbursed to)							
372	407	Issues of circulating currency	344	564	(220)	(39.0)	564
579	-	Net proceeds from Government share offer programme	-	-	-	-	-
1,548	(1,043)	Net issue/(repayment) of Government bonds	5,660	6,226	(566)	(9.1)	6,564
(2,321)	(2,485)	Net issue/(repayment) of foreign currency borrowing	1,020	(266)	1,286	483.5	(419)
7,077	7,062	Net issue/(repayment) of other New Zealand dollar borrowing	(3,571)	(2,211)	(1,360)	(61.5)	(2,228)
(478)	(477)	Dividends paid to minority interests	(521)	(501)	(20)	(4.0)	(492)
6,777	3,464	Net cash flows from financing activities	2,932	3,812	(880)	(23.1)	3,989
(884)	636	Net movement in cash	3,358	2,675	683	25.5	2,723
11,888	11,888	Opening cash balance	11,982	11,982	-	-	11,982
978	699	Foreign-exchange gains/(losses) on opening cash	161	331	(170)	(51.4)	331
11,982	13,223	Closing cash balance	15,501	14,988	513	3.4	15,036

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the eleven months ended 31 May 2016

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 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							
5,592	5,071	Net Cash Flows from Operations	7,783	6,771	1,012	14.9	7,143
Items included in the operating balance but not in net cash flows from operations							
Gains/(losses)							
5,978	6,278	Net gains/(losses) on financial instruments	1,838	804	1,034	128.6	979
(1,649)	(3,455)	Net gains/(losses) on non-financial instruments	(5,835)	(4,423)	(1,412)	(31.9)	(4,496)
4,329	2,823	Total gains/(losses)	(3,997)	(3,619)	(378)	(10.4)	(3,517)
Other Non-cash Items in Operating Balance							
(4,842)	(4,184)	Depreciation and amortisation	(4,287)	(4,201)	(86)	(2.0)	(4,875)
(696)	(659)	Cost of concessionary lending	(681)	(687)	6	0.9	(806)
(305)	(281)	Impairment of financial assets (excluding receivables)	(81)	(80)	(1)	(1.3)	(82)
373	342	Decrease/(increase) in defined benefit retirement plan liabilities	404	411	(7)	(1.7)	445
746	248	Decrease/(increase) in insurance liabilities	(544)	(38)	(506)	-	170
699	279	Other	(146)	(156)	10	6.4	(218)
(4,025)	(4,255)	Total other non-cash Items	(5,335)	(4,751)	(584)	(12.3)	(5,366)
Movements in Working Capital							
141	(1,225)	Increase/(decrease) in receivables	(851)	(966)	115	11.9	(229)
196	147	Increase/(decrease) in accrued interest	120	163	(43)	(26.4)	286
(105)	(12)	Increase/(decrease) in inventories	74	20	54	270.0	(16)
(12)	108	Increase/(decrease) in prepayments	83	86	(3)	(3.5)	(3)
(149)	(105)	Decrease/(increase) in deferred revenue	(60)	(5)	(55)	-	(18)
(196)	2,052	Decrease/(increase) in payables/provisions	723	923	(200)	(21.7)	(845)
(125)	965	Total movements in working capital	89	221	(132)	(59.7)	(825)
5,771	4,604	Operating balance (excluding minority interests)	(1,460)	(1,378)	(82)	(6.0)	(2,565)

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

STATEMENT OF FINANCIAL POSITION

as at 31 May 2016

As at 30 Jun 2015 Actual \$m	As at 31 May 2015 Actual \$m			Current Year Actual vs Forecast				Annual Forecast \$m
			Note	Actual \$m	Forecast \$m	Variance \$m	%	
Assets								
11,982	13,223	Cash and cash equivalents	13	15,501	14,988	513	3.4	15,036
17,602	16,141	Receivables	13	16,317	16,775	(458)	(2.7)	16,946
		Marketable securities, deposits and derivatives in gain						
54,298	51,840		13	54,920	50,007	4,913	9.8	49,729
25,408	26,082	Share investments	13	25,900	25,334	566	2.2	25,443
26,497	26,524	Advances	13	28,104	27,856	248	0.9	27,504
995	1,087	Inventory		1,069	1,015	54	5.3	979
2,389	2,480	Other assets		2,439	2,460	(21)	(0.9)	2,346
124,558	118,610	Property, plant and equipment	14	126,489	126,805	(316)	(0.2)	127,001
11,918	10,721	Equity accounted investments ¹		11,728	12,163	(435)	(3.6)	12,172
3,056	3,002	Intangible assets and goodwill	15	3,145	3,196	(51)	(1.6)	3,306
-	-	Forecast for new capital spending		-	-	-	-	31
-	-	Top-down capital adjustment		-	(60)	60	100.0	(100)
278,703	269,710	Total assets		285,612	280,539	5,073	1.8	280,393
Liabilities								
5,336	5,371	Issued currency		5,681	5,900	219	3.7	5,900
11,953	9,826	Payables	17	12,616	11,140	(1,476)	(13.2)	12,088
2,112	2,068	Deferred revenue		2,172	2,117	(55)	(2.6)	2,130
112,580	111,124	Borrowings		114,798	112,777	(2,021)	(1.8)	113,009
36,431	36,885	Insurance liabilities	18	40,909	39,522	(1,387)	(3.5)	39,325
10,834	12,592	Retirement plan liabilities		11,329	11,321	(8)	(0.1)	11,287
7,221	6,519	Provisions	19	7,835	7,234	(601)	(8.3)	7,352
186,467	184,385	Total liabilities		195,340	190,011	(5,329)	(2.8)	191,091
92,236	85,325	Total assets less total liabilities		90,272	90,528	(256)	(0.3)	89,302
Net Worth								
19,354	17,942	Taxpayers' funds	20	17,852	17,932	(80)	(0.4)	16,807
67,107	62,117	Property, plant and equipment revaluation reserve	20	66,841	66,866	(25)	-	66,831
(7)	(17)	Other reserves	20	(119)	(27)	(92)	(340.7)	(91)
86,454	80,042	Total net worth attributable to the Crown		84,574	84,771	(197)	(0.2)	83,547
5,782	5,283	Net worth attributable to minority interest	20	5,698	5,757	(59)	(1.0)	5,755
92,236	85,325	Total net worth		90,272	90,528	(256)	(0.3)	89,302

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 May 2016

As at 30 Jun 2015 Actual \$m	As at 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
58,743	58,802	Government bonds ¹	64,750	63,899	(851)	(1.3)	64,045
6,734	6,586	Treasury bills	3,955	3,308	(647)	(19.6)	3,407
188	187	Government retail stock	199	191	(8)	(4.2)	190
7,931	7,510	Settlement deposits with Reserve Bank	7,471	7,657	186	2.4	7,657
6,261	5,095	Derivatives in loss	4,482	4,319	(163)	(3.8)	4,228
1,788	1,861	Finance lease liabilities	1,673	1,645	(28)	(1.7)	2,290
30,935	31,083	Other borrowings	32,268	31,758	(510)	(1.6)	31,192
112,580	111,124	Total borrowings	114,798	112,777	(2,021)	(1.8)	113,009
84,008	80,431	Sovereign-guaranteed debt	84,822	82,906	(1,916)	(2.3)	83,148
28,572	30,693	Non sovereign-guaranteed debt	29,976	29,871	(105)	(0.4)	29,861
112,580	111,124	Total borrowings	114,798	112,777	(2,021)	(1.8)	113,009
Net Debt:							
95,649	93,660	Core Crown borrowings ²	97,193	95,371	(1,822)	(1.9)	95,670
(2,493)	(1,538)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,237)	(1,652)	(415)	(25.1)	(1,606)
93,156	92,122	Gross sovereign-issued debt³	95,956	93,719	(2,237)	(2.4)	94,064
76,434	75,832	Less core Crown financial assets ⁴	78,990	75,020	3,970	5.3	74,843
16,722	16,290	Net core Crown debt	16,966	18,699	1,733	9.3	19,221
14,140	14,031	Add back core Crown advances	14,674	14,492	(182)	(1.3)	14,152
30,862	30,321	Net core Crown debt (incl NZS Fund)⁵	31,640	33,191	1,551	4.7	33,373
29,769	30,044	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶	29,847	28,765	(1,082)	(3.8)	28,899
60,631	60,365	Net core Crown debt (excl NZS Fund and advances)⁷	61,487	61,956	469	0.8	62,272
Gross Debt:							
93,156	92,122	Gross sovereign-issued debt ³	95,956	93,719	(2,237)	(2.4)	94,064
(8,631)	(8,007)	Less Reserve Bank settlement cash and Reserve Bank bills	(9,720)	(8,832)	888	10.1	(8,881)
1,600	1,600	Add back changes to DMO borrowing due to settlement cash ⁸	1,600	1,600	-	-	1,600
86,125	85,715	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	87,836	86,487	(1,349)	(1.6)	86,783

Notes on borrowings:

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

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 31 May 2016

	As at 31 May 2016 \$m	As at 30 Jun 2015 \$m	As at 31 May 2015 \$m
Capital Commitments			
Specialist military equipment	476	420	386
Land and buildings	2,073	1,122	1,089
Other property, plant and equipment	2,889	2,958	1,651
Other capital commitments	656	694	836
State highways	3,859	4,060	3,859
Tertiary Education Institutions	480	480	201
Total capital commitments	10,433	9,734	8,022
Operating Commitments			
Non-cancellable accommodation leases	3,131	3,088	2,853
Other non-cancellable leases	2,235	2,291	2,375
Tertiary Education Institutions	542	540	494
Total operating commitments	5,908	5,919	5,722
Total commitments	16,341	15,653	13,744
Total Commitments by Segment			
Core Crown	5,186	4,453	4,156
Crown entities	7,023	7,231	5,354
State-owned Enterprises	4,809	4,887	5,021
Inter-segment eliminations	(677)	(918)	(787)
Total commitments	16,341	15,653	13,744

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 31 May 2016

	As at 31 May 2016 \$m	As at 30 Jun 2015 \$m	As at 31 May 2015 \$m
Quantifiable Contingent Liabilities			
Guarantees and indemnities	295	310	248
Uncalled capital	8,369	7,337	6,510
Legal proceedings and disputes	293	247	449
Other contingent liabilities	415	379	366
Total quantifiable contingent liabilities	9,372	8,273	7,573
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	9,157	8,025	7,507
Crown entities	90	30	47
State-owned Enterprises	125	218	19
Inter-segment eliminations	-	-	-
Total quantifiable contingent liabilities	9,372	8,273	7,573
Quantifiable Contingent Assets			
Core Crown	140	160	136
Crown entities	4	3	3
State owned enterprises	28	75	12
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	172	238	151

A list of unquantifiable contingent liabilities is included on the Treasury's website

<http://www.treasury.govt.nz/budget/forecasts/befu2016/039.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
- the 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
- Legal entities listed in Schedule 6 of the Public Finance Act 1989
- Other Crown entity

A schedule of the entities that are included in the Government reporting entity was set out on pages 93 - 95 of the 2016 *Budget Economic and Fiscal Update* released on 26 May 2016.

With the exception of the 30 June 2015 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) – Tier 1, 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.

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

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

Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:
<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2016, based on the 2016 *Budget Economic and Fiscal Update (BEFU)*.

The accounting policies underlying the preparation of forecasts are the same as the specific accounting policies set out above.

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.

Comparative figures for 31 May 2015 were restated for the impact from the new PBE standards. Note 33 in the *Financial Statements of the Government for the year ended 30 June 2015* outlines the impact of adoption of NZ PBE standards.

Variance Percentages

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

Judgements and Estimates

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future, as with the settlement of ACC outstanding claim obligations and Government Superannuation retirement benefits, depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 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							
25,309	23,236	Source deductions	24,575	24,393	182	0.7	26,578
5,848	5,370	Other persons	5,366	5,275	91	1.7	5,705
(1,595)	(1,113)	Refunds	(1,197)	(1,200)	3	0.3	(1,698)
514	498	Fringe benefit tax	494	501	(7)	(1.4)	529
30,076	27,991	Total individuals	29,238	28,969	269	0.9	31,114
Corporate Tax							
9,972	8,999	Gross companies tax	9,224	9,479	(255)	(2.7)	10,578
(143)	(131)	Refunds	(232)	(222)	(10)	(4.5)	(240)
470	420	Non-resident withholding tax	688	589	99	16.8	624
(3)	(3)	Foreign-source dividend w/holding payments	(8)	(9)	1	11.1	(9)
10,296	9,285	Total corporate tax	9,672	9,837	(165)	(1.7)	10,953
Other Direct Income Tax							
1,830	1,657	Resident w/holding tax on interest income	1,552	1,629	(77)	(4.7)	1,791
543	496	Resident w/holding tax on dividend income	564	541	23	4.3	590
2,373	2,153	Total other direct income tax	2,116	2,170	(54)	(2.5)	2,381
42,745	39,429	Total income tax	41,026	40,976	50	0.1	44,448
Goods and Services Tax							
28,123	25,723	Gross goods and services tax	27,049	26,750	299	1.1	28,969
(10,954)	(10,084)	Refunds	(10,195)	(9,995)	(200)	(2.0)	(10,840)
17,169	15,639	Total goods and services tax	16,854	16,755	99	0.6	18,129
Other Indirect Taxation							
1,283	1,180	Road user charges	1,271	1,248	23	1.8	1,345
1,739	1,559	Petroleum fuels excise ¹	1,712	1,672	40	2.4	1,825
910	852	Alcohol excise ¹	874	862	12	1.4	932
1,507	1,404	Tobacco excise ¹	1,669	1,532	137	8.9	1,620
214	152	Other customs duty	116	116	-	-	127
214	194	Gaming duties	203	201	2	1.0	221
181	162	Motor vehicle fees	195	191	4	2.1	207
57	52	Approved issuer levy and cheque duty	38	40	(2)	(5.0)	44
36	32	Energy resources levies	24	28	(4)	(14.3)	33
6,141	5,587	Total other indirect taxation	6,102	5,890	212	3.6	6,354
23,310	21,226	Total indirect taxation	22,956	22,645	311	1.4	24,483
66,055	60,655	Total taxation revenue	63,982	63,621	361	0.6	68,931
Other Sovereign Revenue (accrual)							
3,276	3,088	ACC levies	2,583	2,547	36	1.4	2,766
351	328	Fire Service levies	328	327	1	0.3	371
281	258	EQC levies	257	259	(2)	(0.8)	284
283	262	Child support and working for families penalties	237	253	(16)	(6.3)	275
110	103	Court fines	91	92	(1)	(1.1)	104
652	526	Other miscellaneous items	686	735	(49)	(6.7)	837
4,953	4,565	Total other sovereign revenue	4,182	4,213	(31)	(0.7)	4,637
71,008	65,220	Total sovereign revenue	68,164	67,834	330	0.5	73,568

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2 (continued): Sovereign Receipts (Cash)							
Taxation Receipts (cash)							
Individuals							
25,128	23,026	Source deductions	24,418	24,195	223	0.9	26,484
6,044	5,643	Other persons	5,775	5,637	138	2.4	6,010
(2,275)	(1,867)	Refunds	(2,034)	(1,967)	(67)	(3.4)	(2,393)
498	442	Fringe benefit tax	506	495	11	2.2	528
29,395	27,244	Total individuals	28,665	28,360	305	1.1	30,629
Corporate Tax							
10,484	9,809	Gross companies tax	10,601	10,938	(337)	(3.1)	11,507
(600)	(573)	Refunds	(867)	(872)	5	0.6	(917)
532	476	Non-resident withholding tax	620	567	53	9.3	602
(5)	(5)	Foreign-source dividend w/holding payments	(6)	(6)	-	-	(6)
10,411	9,707	Total corporate tax	10,348	10,627	(279)	(2.6)	11,186
Other Direct Income Tax							
1,810	1,688	Resident w/holding tax on interest income	1,611	1,671	(60)	(3.6)	1,787
542	497	Resident w/holding tax on dividend income	588	541	47	8.7	590
2,352	2,185	Total other direct income tax	2,199	2,212	(13)	(0.6)	2,377
42,158	39,136	Total income tax	41,212	41,199	13	-	44,192
Goods and Services Tax							
27,609	25,077	Gross goods and services tax	26,205	25,813	392	1.5	28,347
(10,900)	(10,072)	Refunds	(9,970)	(9,816)	(154)	(1.6)	(10,590)
16,709	15,005	Total goods and services tax	16,235	15,997	238	1.5	17,757
Other Indirect Taxation							
1,283	1,181	Road user charges	1,273	1,248	25	2.0	1,345
1,924	1,803	Excise duties	2,074	2,068	6	0.3	2,225
2,395	2,215	Customs duty	2,269	2,197	72	3.3	2,378
214	194	Gaming duties	203	201	2	1.0	221
173	161	Motor vehicle fees	201	191	10	5.2	207
53	59	Approved issuer levy and cheque duty	45	48	(3)	(6.3)	43
36	32	Energy resources levies	24	28	(4)	(14.3)	33
6,078	5,645	Total other indirect taxation	6,089	5,981	108	1.8	6,452
22,787	20,650	Total indirect taxation	22,324	21,978	346	1.6	24,209
64,945	59,786	Total tax receipts collected	63,536	63,177	359	0.6	68,401
Other Sovereign Receipts (cash)							
3,170	3,042	ACC levies	2,945	2,856	89	3.1	3,037
351	328	Fire Service levies	338	327	11	3.4	370
281	260	EQC levies	241	264	(23)	(8.7)	283
208	189	Child support and working for families penalties	190	194	(4)	(2.1)	212
148	136	Court fines	119	125	(6)	(4.8)	134
573	592	Other miscellaneous items	486	532	(46)	(8.6)	530
4,731	4,547	Total other sovereign receipts	4,319	4,298	21	0.5	4,566
69,676	64,333	Total sovereign receipts	67,855	67,475	380	0.6	72,967

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 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>							
2,802	2,586	Interest revenue	2,563	2,659	(96)	(3.6)	2,929
722	617	Dividends	720	726	(6)	(0.8)	792
3,524	3,203	Total interest revenue and dividends	3,283	3,385	(102)	(3.0)	3,721
<i>By source</i>							
2,452	2,300	Core Crown	2,228	2,198	30	1.4	2,404
1,429	1,287	Crown entities	1,364	1,383	(19)	(1.4)	1,470
1,043	978	State-owned Enterprises	923	968	(45)	(4.6)	1,061
(1,400)	(1,362)	Inter-segment eliminations	(1,232)	(1,164)	(68)	(5.8)	(1,214)
3,524	3,203	Total interest revenue and dividends	3,283	3,385	(102)	(3.0)	3,721
NOTE 4: Transfer Payments and Subsidies							
11,591	10,610	New Zealand superannuation	11,223	11,218	(5)	-	12,261
1,684	1,553	Jobseeker support and emergency benefit	1,539	1,540	1	0.1	1,674
1,515	1,389	Supported living payment	1,398	1,399	1	0.1	1,524
1,186	1,092	Sole parent support	1,054	1,053	(1)	(0.1)	1,151
1,854	1,570	Family tax credit	1,541	1,549	8	0.5	1,824
549	523	Other working for families tax credits	495	480	(15)	(3.1)	568
1,129	1,037	Accommodation assistance	1,042	1,043	1	0.1	1,135
703	644	Income related rents	688	700	12	1.7	766
377	346	Disability assistance	346	346	-	-	377
511	460	Student allowances	435	443	8	1.8	496
1,255	1,202	Other social assistance benefits	1,262	1,275	13	1.0	1,414
22,354	20,426	Total social assistance grants	21,023	21,046	23	0.1	23,190
Subsidies							
856	767	KiwiSaver	626	627	1	0.2	701
Other transfer payments							
513	386	Official development assistance	423	443	20	4.5	530
23,723	21,579	Total transfer payments and subsidies	22,072	22,116	44	0.2	24,421
NOTE 5: Personnel Expenses							
6,552	5,931	Core Crown	6,042	6,070	28	0.5	6,683
11,660	10,780	Crown entities	11,083	11,073	(10)	(0.1)	12,185
2,935	2,654	State-owned Enterprises	2,670	2,693	23	0.9	2,937
(23)	(15)	Inter-segment eliminations	(20)	(20)	-	-	(22)
21,124	19,350	Total personnel expenses	19,775	19,816	41	0.2	21,783
NOTE 6: Depreciation and Amortisation							
1,441	1,312	Core Crown	1,384	1,397	13	0.9	1,532
1,751	1,533	Crown entities	1,594	1,588	(6)	(0.4)	1,780
1,650	1,339	State-owned Enterprises	1,309	1,216	(93)	(7.6)	1,563
-	-	Inter-segment eliminations	-	-	-	-	-
4,842	4,184	Total depreciation and amortisation	4,287	4,201	(86)	(2.0)	4,875

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 7: Other Operating Expenses							
By source							
36,860	33,415	Core Crown	34,435	34,777	342	1.0	38,696
17,914	16,047	Crown entities	16,795	16,958	163	1.0	18,534
9,333	8,401	State-owned Enterprises	8,336	8,366	30	0.4	9,061
(28,197)	(25,574)	Inter-segment eliminations	(26,291)	(26,432)	(141)	(0.5)	(28,988)
35,910	32,289	Total other operating expenses	33,275	33,669	394	1.2	37,303
NOTE 8: Finance Costs							
By type							
4,522	4,115	Interest on financial liabilities	3,974	4,064	90	2.2	4,453
41	40	Interest unwind on provisions	29	27	(2)	(7.4)	19
4,563	4,155	Total finance costs	4,003	4,091	88	2.2	4,472
By source							
3,783	3,502	Core Crown	3,310	3,332	22	0.7	3,647
221	203	Crown entities	187	179	(8)	(4.5)	176
1,280	1,167	State-owned Enterprises	1,079	1,143	64	5.6	1,246
(721)	(717)	Inter-segment eliminations	(573)	(563)	10	1.8	(597)
4,563	4,155	Total finance costs	4,003	4,091	88	2.2	4,472
NOTE 9: Insurance Expenses							
By entity							
4,104	3,573	ACC	3,803	3,793	(10)	(0.3)	4,079
(357)	(174)	EQC	156	123	(33)	(26.8)	128
335	285	Southern Response	152	123	(29)	(23.6)	117
28	21	Other insurance expenses	11	11	-	-	11
4,110	3,705	Total insurance expenses	4,122	4,050	(72)	(1.8)	4,335
NOTE 10: Net Gains and Losses on Financial Instruments							
By source							
4,389	4,542	Core Crown	752	(255)	1,007	394.9	(53)
2,752	2,742	Crown entities	1,818	1,142	676	59.2	1,125
(281)	(148)	State-owned Enterprises	24	116	(92)	(79.3)	120
(882)	(858)	Inter-segment eliminations	(756)	(199)	(557)	(279.9)	(213)
5,978	6,278	Net gains/(losses) on financial instruments	1,838	804	1,034	128.6	979

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 Actual \$m	11 months to 31 May 2015 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Net Gains and Losses on Non-Financial Instruments							
By type							
(322)	(2,049)	Actuarial gains/(losses) on GSF liability ¹	(898)	(898)	-	-	(898)
(1,352)	(1,308)	Actuarial gains/(losses) on ACC liability ²	(3,934)	(3,054)	(880)	(28.8)	(3,065)
25	(98)	Other	(1,003)	(471)	(532)	(113.0)	(533)
(1,649)	(3,455)	Net gains/(losses) on non-financial instruments	(5,835)	(4,423)	(1,412)	(31.9)	(4,496)
By source							
(719)	(2,174)	Core Crown	(1,923)	(1,388)	(535)	(38.5)	(1,431)
(1,335)	(1,322)	Crown entities	(3,942)	(3,075)	(867)	(28.2)	(3,096)
405	41	State-owned Enterprises	30	40	(10)	(25.0)	31
-	-	Inter-segment eliminations	-	-	-	-	-
(1,649)	(3,455)	Net gains/(losses) on non-financial instruments	(5,835)	(4,423)	(1,412)	(31.9)	(4,496)
NOTE 12: Operating Balance (excluding Minority Interests)							
By source							
3,879	2,929	Core Crown	1,476	549	927	168.9	(437)
2,786	2,727	Crown entities	(2,123)	(1,897)	(226)	(11.9)	(2,111)
689	615	State-owned Enterprises	803	973	(170)	(17.5)	873
(1,583)	(1,667)	Inter-segment eliminations	(1,616)	(1,003)	(613)	(61.1)	(890)
5,771	4,604	Total operating balance	(1,460)	(1,378)	(82)	(6.0)	(2,565)

1. The most recent GSF valuation was as at 31 January 2016.

2. The most recent ACC valuation was as at 31 December 2015, updated monthly for changes to discount rates.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2015 \$m	As at 31 May 2015 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 13: Financial Assets and Sovereign Receivables							
11,982	13,223	Cash and cash equivalents	15,501	14,988	513	3.4	15,036
8,957	7,596	Tax receivables	8,474	8,715	(241)	(2.8)	9,040
8,645	8,545	Trade and other receivables	7,843	8,060	(217)	(2.7)	7,906
8,864	8,875	Student loans	9,084	9,090	(6)	(0.1)	9,097
15,598	15,506	Kiwibank mortgages	16,566	16,554	12	0.1	16,640
5,214	3,563	Long-term deposits	5,210	5,229	(19)	(0.4)	5,053
2,299	2,231	IMF financial assets	2,017	2,280	(263)	(11.5)	2,287
2,035	2,143	Other advances	2,454	2,212	242	10.9	1,767
25,408	26,082	Share investments	25,900	25,334	566	2.2	25,443
3,015	3,547	Derivatives in gain	4,406	3,305	1,101	33.3	3,209
43,770	42,499	Other marketable securities	43,287	39,193	4,094	10.4	39,180
135,787	133,810	Total financial assets and sovereign receivables	140,742	134,960	5,782	4.3	134,658
Financial Assets by Entity							
19,481	19,462	Debt Management Office	22,729	20,787	1,942	9.3	20,424
22,905	21,827	Reserve Bank of New Zealand	22,540	21,223	1,317	6.2	21,241
31,274	30,640	NZ Superannuation Fund	30,475	30,283	192	0.6	30,514
22,907	23,543	Other core Crown	24,380	23,637	743	3.1	22,731
(7,812)	(9,451)	Intra-segment eliminations	(9,953)	(8,891)	(1,062)	(11.9)	(7,764)
88,755	86,021	Total core Crown segment	90,171	87,039	3,132	3.6	87,146
35,765	37,167	ACC portfolio	38,347	37,267	1,080	2.9	37,119
2,485	2,571	EQC portfolio	2,084	1,739	345	19.8	1,614
10,311	9,664	Other Crown entities	9,237	9,129	108	1.2	8,938
(3,305)	(4,218)	Intra-segment eliminations	(2,437)	(2,548)	111	4.4	(2,403)
45,256	45,184	Total Crown entities segment	47,231	45,587	1,644	3.6	45,268
22,588	23,015	Total State-owned Enterprises segment	24,015	23,701	314	1.3	23,706
(20,812)	(20,410)	Inter-segment eliminations	(20,675)	(21,367)	692	3.2	(21,462)
135,787	133,810	Total financial assets and sovereign receivables	140,742	134,960	5,782	4.3	134,658

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2015 \$m	As at 31 May 2015 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 14: Property, Plant and Equipment							
Net Carrying Value ¹							
By class of asset:							
39,912	37,209	Land	40,027	40,018	9	-	40,006
28,914	27,702	Buildings	29,385	29,501	(116)	(0.4)	29,694
21,034	20,782	State highways	22,090	22,079	11	-	22,201
14,739	13,634	Electricity generation assets	14,520	14,603	(83)	(0.6)	14,570
4,107	4,048	Electricity distribution network (cost)	4,066	4,174	(108)	(2.6)	4,109
3,080	3,036	Specialist military equipment	3,043	3,042	1	-	3,025
3,004	2,969	Specified cultural and heritage assets	2,991	2,998	(7)	(0.2)	2,997
3,272	2,977	Aircraft (excl military)	3,947	3,948	(1)	-	4,125
983	1,096	Rail network	1,123	1,127	(4)	(0.4)	1,083
5,513	5,157	Other plant and equipment (cost)	5,297	5,315	(18)	(0.3)	5,191
124,558	118,610	Total net carrying value	126,489	126,805	(316)	(0.2)	127,001
By source							
32,289	31,407	Core Crown	32,602	32,710	(108)	(0.3)	32,995
61,416	58,148	Crown entities	62,851	62,951	(100)	(0.2)	62,967
30,852	29,055	State-owned Enterprises	31,036	31,144	(108)	(0.3)	31,039
1	-	Inter-segment eliminations	-	-	-	-	-
124,558	118,610	Total net carrying value	126,489	126,805	(316)	(0.2)	127,001
Land breakdown by usage							
12,976	11,347	Housing stock	12,811	13,140	(329)	(2.5)	13,158
9,356	8,853	State highway corridor land	9,343	9,343	-	-	9,343
5,522	5,354	Conservation estate	5,498	5,521	(23)	(0.4)	5,504
3,363	3,253	Rail network corridor land	3,363	3,350	13	0.4	3,340
3,425	3,134	Schools	3,416	3,396	20	0.6	3,423
1,362	1,346	Commercial (SOE) excluding rail	1,684	1,667	17	1.0	1,637
3,908	3,922	Other	3,912	3,601	311	8.6	3,601
39,912	37,209	Total land	40,027	40,018	9	-	40,006
Schedule of Movements							
Cost or Valuation							
129,449	130,342	Opening balance	138,681	138,681	-	-	138,681
7,229	6,459	Additions (refer below)	6,388	6,308	80	1.3	7,550
(1,211)	(660)	Disposals	(677)	(433)	(244)	(56.4)	(650)
3,064	(69)	Net revaluations	(185)	(194)	9	4.6	(205)
150	47	Other	(77)	25	(102)	(408.0)	(167)
138,681	136,119	Total cost or valuation	144,130	144,387	(257)	(0.2)	145,209
Accumulated Depreciation and Impairment							
13,143	14,036	Opening balance	14,123	14,123	-	-	14,123
(655)	(225)	Eliminated on disposal	(204)	(147)	(57)	(38.8)	(124)
(2,159)	(23)	Eliminated on revaluation	-	-	-	-	-
3,951	3,563	Depreciation expense and impairment losses	3,786	3,732	54	1.4	4,234
(157)	158	Other	(64)	(126)	62	49.2	(25)
14,123	17,509	Total accumulated depreciation and impairment	17,641	17,582	59	0.3	18,208
124,558	118,610	Total property, plant and equipment	126,489	126,805	(316)	(0.2)	127,001
Additions - by functional classification							
3,364	2,997	Transport and communications	3,021	2,945	76	2.6	3,411
618	560	Economic and industrial services	188	272	(84)	(30.9)	328
893	794	Education	909	968	(59)	(6.1)	1,132
502	461	Health	555	538	17	3.2	563
523	446	Defence	320	347	(27)	(7.8)	401
1,329	1,201	Other	1,395	1,238	157	12.7	1,715
7,229	6,459	Total additions	6,388	6,308	80	1.3	7,550

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2015 \$m	As at 31 May 2015 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Intangible Assets and Goodwill							
591	602	Goodwill	589	600	(11)	(1.8)	600
2,465	2,400	Other intangible assets	2,556	2,596	(40)	(1.5)	2,706
3,056	3,002	Total intangible assets and goodwill	3,145	3,196	(51)	(1.6)	3,306
By source							
1,238	1,243	Core Crown	1,316	1,351	(35)	(2.6)	1,388
607	535	Crown entities	568	548	20	3.6	596
1,211	1,224	State-owned Enterprises	1,261	1,296	(35)	(2.7)	1,322
-	-	Inter-segment eliminations	-	1	(1)	(100.0)	-
3,056	3,002	Total intangible assets and goodwill	3,145	3,196	(51)	(1.6)	3,306
NOTE 16: NZ Superannuation Fund							
760	680	Revenue	676	671	5	0.7	737
(46)	(282)	Less: current tax expense	(336)	(79)	257	325.3	(128)
(198)	(120)	Less: other expenses ¹	(129)	(530)	(401)	(75.7)	(546)
3,156	3,335	Add gains/(losses)	185	(733)	918	125.2	(573)
3,672	3,613	Operating balance	396	(671)	1,067	159.0	(510)
25,809	25,809	Opening net worth	29,522	29,522	-	-	29,522
3,672	3,613	Operating balance	396	(671)	1,067	159.0	(510)
41	33	Other movements in reserves	(7)	28	(35)	(125.0)	30
29,522	29,455	Closing net worth	29,911	28,879	1,032	3.6	29,042
Comprising:							
31,274	30,640	Financial assets	30,475	30,283	192	0.6	30,514
(3,145)	(2,307)	Financial liabilities	(1,983)	(2,435)	452	18.6	(2,479)
1,393	1,122	Net other assets	1,419	1,031	388	37.6	1,007
29,522	29,455	Closing net worth	29,911	28,879	1,032	3.6	29,042
1. NZS Fund other expenses include deferred tax expense/(credits).							
NOTE 17: Payables							
7,599	6,749	Accounts payable	8,429	6,970	(1,459)	(20.9)	7,325
4,354	3,077	Taxes repayable	4,187	4,170	(17)	(0.4)	4,763
11,953	9,826	Total payables	12,616	11,140	(1,476)	(13.2)	12,088
By source							
8,131	6,576	Core Crown	8,977	7,666	(1,311)	(17.1)	8,544
5,670	4,919	Crown entities	5,348	5,169	(179)	(3.5)	4,981
4,951	4,559	State-owned Enterprises	4,871	4,969	98	2.0	4,964
(6,799)	(6,228)	Inter-segment eliminations	(6,580)	(6,664)	(84)	(1.3)	(6,401)
11,953	9,826	Total payables	12,616	11,140	(1,476)	(13.2)	12,088
NOTE 18: Insurance Liabilities							
32,518	32,677	ACC liability	37,991	36,974	(1,017)	(2.8)	36,976
2,965	3,236	EQC property damage liability	2,361	2,042	(319)	(15.6)	1,908
1,216	1,240	Southern Response	819	770	(49)	(6.4)	710
68	50	Other insurance liabilities	54	52	(2)	(3.8)	64
(336)	(318)	Inter-segment eliminations	(316)	(316)	-	-	(333)
36,431	36,885	Total insurance liabilities	40,909	39,522	(1,387)	(3.5)	39,325

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2015 \$m	As at 31 May 2015 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 19: Provisions							
3,533	3,281	Provision for employee entitlements	3,421	3,402	(19)	(0.6)	3,441
855	635	Provision for ETS Credits ¹	1,809	1,264	(545)	(43.1)	1,303
893	872	Provision for National Provident Fund guarantee	853	847	(6)	(0.7)	847
1,940	1,731	Other provisions	1,752	1,721	(31)	(1.8)	1,761
7,221	6,519	Total provisions	7,835	7,234	(601)	(8.3)	7,352
By source							
4,855	4,325	Core Crown	5,350	4,793	(557)	(11.6)	4,989
2,113	2,015	Crown entities	2,135	2,103	(32)	(1.5)	2,107
1,267	1,129	State-owned Enterprises	1,154	1,154	-	-	1,111
(1,014)	(950)	Inter-segment eliminations	(804)	(816)	(12)	(1.5)	(855)
7,221	6,519	Total provisions	7,835	7,234	(601)	(8.3)	7,352
1. Further information on the ETS, can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz							
NOTE 20: Changes in Net Worth							
19,354	17,942	Taxpayers' funds	17,852	17,932	(80)	(0.4)	16,807
67,107	62,117	Property, plant and equipment revaluation reserve	66,841	66,866	(25)	-	66,831
5,782	5,283	Net worth attributable to minority interests	5,698	5,757	(59)	(1.0)	5,755
(7)	(17)	Other reserves	(119)	(27)	(92)	(340.7)	(91)
92,236	85,325	Total net worth	90,272	90,528	(256)	(0.3)	89,302
13,218	13,300	Opening taxpayers funds	19,354	19,354	-	-	19,354
5,771	4,604	Operating balance excluding minority interests	(1,460)	(1,378)	(82)	(6.0)	(2,565)
365	38	Transfers from/(to) other reserves	(42)	(44)	2	4.5	18
19,354	17,942	Closing taxpayers funds	17,852	17,932	(80)	(0.4)	16,807
62,225	62,225	Opening property, plant and equipment revaluation reserve	67,107	67,107	-	-	67,107
5,274	(47)	Net revaluations	(269)	(280)	11	3.9	(259)
(392)	(61)	Transfers from/(to) other reserves	3	39	(36)	(92.3)	(17)
67,107	62,117	Closing property, plant and equipment revaluation reserve	66,841	66,866	(25)	-	66,831
5,211	5,211	Opening net worth attributable to minority interests	5,782	5,782	-	-	5,782
571	72	Net movements	(84)	(25)	(59)	(236.0)	(27)
5,782	5,283	Closing net worth attributable to minority interests	5,698	5,757	(59)	(1.0)	5,755
125	43	Opening other reserves	(7)	(7)	-	-	(7)
(132)	(60)	Net movements	(112)	(20)	(92)	(460.0)	(84)
(7)	(17)	Closing other reserves	(119)	(27)	(92)	(340.7)	(91)

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2015 \$m	11 months to 31 May 2015 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 21: Core Crown Residual Cash							
Core Crown Cash Flows from Operations							
66,348	61,082	Tax receipts	64,170	63,576	594	0.9	69,018
889	891	Other sovereign receipts	759	801	(42)	(5.2)	829
1,806	1,700	Interest, profits and dividends	1,595	1,574	21	1.3	1,660
2,433	2,074	Sale of goods & services and other receipts	1,718	1,716	2	0.1	2,046
(23,895)	(21,716)	Transfer payments and subsidies	(22,158)	(22,250)	92	0.4	(24,449)
(42,064)	(38,871)	Personnel and operating costs	(39,765)	(40,272)	507	1.3	(43,942)
(3,922)	(3,531)	Interest payments	(3,226)	(3,227)	1	-	(3,627)
-	-	Forecast for future new operating spending	-	-	-	-	(2)
-	-	Top-down expense adjustment	-	360	(360)	(100.0)	600
1,595	1,629	Net core Crown operating cash flows	3,093	2,278	815	35.8	2,133
(1,955)	(1,831)	Net purchase of physical assets	(1,768)	(1,951)	183	9.4	(2,336)
(570)	(473)	Net increase in advances	(445)	(415)	(30)	(7.2)	(64)
(897)	(1,240)	Net purchase of investments	(1,807)	(1,770)	(37)	(2.1)	(1,917)
-	624	Net proceeds from partial share sales	-	-	-	-	-
-	-	Forecast for future new capital spending	-	-	-	-	(31)
-	-	Top-down capital adjustment	-	60	(60)	(100.0)	100
(3,422)	(2,920)	Net Core Crown capital cash flows	(4,020)	(4,076)	56	1.4	(4,248)
(1,827)	(1,291)	Residual cash deficit	(927)	(1,798)	871	48.4	(2,115)
The residual cash deficit is funded as follows:							
Debt Programme Cash Flows							
Market:							
8,058	7,641	Issue of government bonds	7,489	8,006	(517)	(6.5)	8,343
(8,684)	(8,684)	Repayment of government bonds	(1,779)	(1,779)	-	-	(1,779)
4,179	4,179	Net issue/(repayment) of short-term borrowing ¹	(3,453)	(3,753)	300	8.0	(3,653)
3,553	3,136	Total market debt cash flows	2,257	2,474	(217)	(8.8)	2,911
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
(482)	(375)	Repayment of government bonds	(138)	(138)	-	-	(138)
(480)	(480)	Net issue/(repayment) of short-term borrowing	(100)	(100)	-	-	(100)
(962)	(855)	Total non-market debt cash flows	(238)	(238)	-	-	(238)
2,591	2,281	Total debt programme cash flows	2,019	2,236	(217)	(9.7)	2,673
Other Borrowing Cash Flows							
3,207	3,021	Net (repayment)/issue of other New Zealand dollar borrowing	(1,638)	(1,067)	(571)	(53.5)	(1,036)
(2,757)	(2,553)	Net (repayment)/issue of foreign currency borrowing	2,286	1,000	1,286	128.6	844
450	468	Total other borrowing cash flows	648	(67)	715	75.1	(192)
Investing Cash Flows							
Other net sale/(purchase) of marketable securities and deposits							
795	(678)		19	451	(432)	(95.8)	491
372	407	Issues of circulating currency	344	564	(220)	(39.0)	564
(2,381)	(1,187)	Decrease/(increase) in cash	(2,103)	(1,386)	(717)	(51.7)	(1,421)
(1,214)	(1,458)	Total investing cash flows	(1,740)	(371)	(1,369)	(369.0)	(366)
1,827	1,291	Residual cash deficit funding	927	1,798	(871)	(48.4)	2,115

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