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MEDIA STATEMENT



TE TAI ŌHANGA  
THE TREASURY

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Paul Helm, Chief Government Accountant

## **Interim Financial Statements of the Government of New Zealand for the three months ended 30 September 2020**

The interim *Financial Statements of the Government of New Zealand for the three months ended 30 September 2020* (the financial statements) were released by the Treasury today.

The financial statements are the first for the new financial year and are compared against forecasts included in the *2020 Pre-election Economic and Fiscal Update (PREFU 2020)* published on 16 September 2020.

The unaudited numbers for the Financial Statements of the Government for the year ended 30 June 2020 have formed the starting position for the financial statements. The 30 June 2020 unaudited numbers in the financial statements are subject to change.

The September results show the on-going impacts of the COVID-19 pandemic with an **operating balance** deficit of \$6.8 billion and an increase in **net core Crown debt** to \$94.0 billion. However, both the operating balance deficit and net core Crown debt are better than forecast by \$1.3 billion and \$3.6 billion respectively.

**Core Crown tax revenue** was \$22.0 billion, \$2.1 billion above the *PREFU 2020* forecast. GST revenue was \$6.2 billion, \$1.2 billion above forecast and was driven from stronger domestic spending. In addition, source deduction revenue was \$9.3 billion, \$0.6 billion above forecast, as salary and wage income for the period has held up better-than-expected, assisted by the extension of the Government's Wage Subsidy Scheme.

**Core Crown expenses** were \$27.0 billion, \$1.1 billion below forecast mainly owing to the Wage Subsidy Scheme which was below forecast by \$1.0 billion.

The **operating balance before gains and losses (OBEGAL)** was a deficit of \$3.2 billion and \$3.3 billion less than the deficit forecast, primarily owing to the core Crown results.

When total gains and losses are added to the OBEGAL result, the **operating balance** (excluding minority interests) was a \$6.8 billion deficit, and \$1.3 billion less than the deficit forecast.

Losses on non-financial instruments were \$4.5 billion above forecast mainly owing to losses on the ACC claims liability as a result of a drop in discount rates. This variance was partly offset by lower than forecast losses on financial instruments of \$2.7 billion, mainly driven by favourable changes in market prices.

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**Core Crown residual cash** was a deficit of \$7.9 billion, \$3.6 billion lower than the deficit forecast. This was mainly due to the cashflow impacts of the core Crown operating results.

**Net core Crown debt** was \$94.0 billion (30.5% of GDP), \$3.6 billion less than forecast mainly owing to the core Crown residual cash variance discussed above.

**Total borrowings** at \$154.6 billion were \$27.8 billion below forecast, primary owing to decreased bank settlement deposits held with the Reserve Bank (\$31.6 billion below forecast), slightly offset by above forecast Government bonds (\$2.2 billion).

As market liquidity is being managed through different measures such as large scale asset purchase programme, the Reserve Bank has not invested in marketable securities or used other instruments to the level forecast and as a result has not drawn on settlement deposits as expected. Therefore assets and liabilities are lower than forecast.

**Net worth attributable to the Crown** at \$103.3 billion, was \$1.3 billion higher than forecast. Most of this variance relates to the operating balance variance as discussed above.

Key indicators for the three months ended 30 September 2020 compared to *PREFU 2020*.

	Year to date				Full Year
	September	September	Variance <sup>2</sup>	Variance	June
	2020	2020	PREFU 2020	PREFU 2020	2021
	Actual <sup>1</sup>	Forecast <sup>1</sup>			PREFU 2020
	\$m	\$m	\$m	%	Forecast <sup>3</sup>
					\$m
<b>Core Crown</b>					
Core Crown tax revenue	22,048	19,993	2,055	10.3	84,660
Core Crown revenue	23,734	21,622	2,112	9.8	91,300
Core Crown expenses	26,983	28,107	1,124	4.0	119,458
Core Crown residual cash	(7,943)	(11,578)	3,635	31.4	(40,971)
Net core Crown debt <sup>4</sup>	94,037	97,631	3,594	3.7	130,195
<i>as a percentage of GDP</i>	30.5%	31.7%			43.0%
Gross debt <sup>5</sup>	107,647	108,771	1,124	1.0	93,791
<i>as a percentage of GDP</i>	34.9%	35.3%			31.0%
<b>Total Crown</b>					
Operating balance before gains and losses	(3,168)	(6,451)	3,283	50.9	(31,695)
Operating balance (excluding minority interests)	(6,776)	(8,088)	1,312	16.2	(35,260)
Total borrowings	154,556	182,350	27,794	15.2	210,268
Net worth attributable to the Crown	103,329	102,064	1,265	1.2	75,038
<i>as a percentage of GDP</i>	33.5%	33.1%			24.8%

1 Using the most recently published GDP (for the year ended 30 June 2020) of \$308,276 million (Source: Statistics NZ).

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

3 Using PREFU 2020 forecast GDP for the year ending 30 June 2021 of \$302,875 million (Source: The Treasury).

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

ENDS

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# Interim Financial Statements of the Government of New Zealand

For the Three Months Ended  
30 September 2020



Prepared by the Treasury  
10 November 2020

This document is available on the New Zealand Treasury's website at:  
<https://treasury.govt.nz/publications/financial-statements-government>



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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 September 2020, and the financial results of operations and cash flows for the period ended on that date.

The financial statements are the first for the new financial year and are compared against forecasts included in the *2020 Pre-election Economic and Fiscal Update (PREFU 2020)* published on 16 September 2020.

### Comparison against forecast

The September results show the on-going impacts of the COVID-19 pandemic with an operating balance deficit of \$6.8 billion and an increase in net core Crown debt to \$94.0 billion. However, both the operating balance deficit and net core Crown debt are better than forecast by \$1.3 billion and \$3.6 billion respectively.

Tax revenue was \$22.0 billion, \$2.1 billion above the *PREFU 2020* forecast. GST revenue was \$6.2 billion, \$1.2 billion above forecast and was driven from stronger domestic spending than forecast. In addition, source deduction revenue was \$9.3 billion, \$0.6 billion above forecast, as salary and wage income for the period has held up better-than-expected, assisted by the extension of the Government's Wage Subsidy Scheme.

Core Crown expenses were \$27.0 billion, \$1.1 billion below forecast mainly owing to the Wage Subsidy Scheme which was below forecast by \$1.0 billion.

A further decline in discount rates has continued to increase the Crown's long-term liabilities, resulting in a loss on ACC's claims liability of \$4.1 billion above forecast. Partly offsetting the ACC losses, net investment gains were \$2.7 billion above forecast largely due to favourable changes in market prices.

### 30 June 2020 unaudited results

The unaudited numbers for the Financial Statements of the Government for the year ended 30 June 2020 have formed the starting position for these financial statements. The 30 June 2020 unaudited numbers in these financial statements are subject to change.



**Table 1** – Key indicators for the three months ended 30 September 2020 compared to *PREFU 2020*

	Year to date				Full Year
	September 2020 Actual <sup>1</sup> \$m	September 2020 <i>PREFU 2020</i> Forecast <sup>1</sup> \$m	Variance <sup>2</sup> <i>PREFU 2020</i> \$m	Variance <i>PREFU 2020</i> %	June 2021 <i>PREFU 2020</i> Forecast <sup>3</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	22,048	19,993	2,055	10.3	84,660
Core Crown revenue	23,734	21,622	2,112	9.8	91,300
Core Crown expenses	26,983	28,107	1,124	4.0	119,458
Core Crown residual cash	(7,943)	(11,578)	3,635	31.4	(40,971)
Net core Crown debt <sup>4</sup>	94,037	97,631	3,594	3.7	130,195
<i>as a percentage of GDP</i>	30.5%	31.7%			43.0%
Gross debt <sup>5</sup>	107,647	108,771	1,124	1.0	93,791
<i>as a percentage of GDP</i>	34.9%	35.3%			31.0%
<b>Total Crown</b>					
Operating balance before gains and losses	(3,168)	(6,451)	3,283	50.9	(31,695)
Operating balance (excluding minority interests)	(6,776)	(8,088)	1,312	16.2	(35,260)
Total borrowings	154,556	182,350	27,794	15.2	210,268
Net worth attributable to the Crown	103,329	102,064	1,265	1.2	75,038
<i>as a percentage of GDP</i>	33.5%	33.1%			24.8%

1 Using the most recently published GDP (for the year ended 30 June 2020) of \$308,276 million (Source: Statistics NZ).

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

3 Using *PREFU 2020* forecast GDP for the year ending 30 June 2021 of \$302,875 million (Source: The Treasury).

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

**Core Crown tax revenue** for the three months to September 2020 was \$2.1 billion (10.3%) above the *PREFU 2020* forecast, mainly owing to GST and source deduction revenue while most other major tax types were close to forecast. GST revenue was \$1.2 billion (24.9%) above forecast, mainly owing to stronger domestic spending than was forecast. Source deduction revenue was \$0.6 billion (6.7%) above forecast, as salary and wage income has held up better-than-expected, assisted by the extension of the Government's Wage Subsidy Scheme.

**Core Crown expenses** were \$27.0 billion, \$1.1 billion below forecast mainly owing to the Wage Subsidy Scheme which was below forecast by \$1.0 billion.

The **OBEGAL** was a \$3.2 billion deficit, \$3.3 billion less than forecast mainly reflecting the core Crown results. When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$6.8 billion deficit, \$1.3 billion less than forecast.

Losses on non-financial instruments were \$4.5 billion above forecast mainly owing to losses on the ACC claims liability as a result of a drop in discount rates. This variance was partly offset by lower than forecast losses on financial instruments of \$2.7 billion, mainly driven by favourable changes in market prices.

Losses on the Reserve Bank's large scale asset programme (LSAP) of \$2.5 billion were close to forecast (\$0.2 billion above forecast).

Core Crown residual cash was a deficit of \$7.9 billion, \$3.6 billion lower than the deficit forecast. This was mainly due to the cashflow impacts of the core Crown operating results.

**Net core Crown debt** was \$94.0 billion (30.5% of GDP) at the end of September 2020, \$3.6 billion less than forecast mainly owing to the core Crown residual cash variance discussed above.

**Gross debt** at \$107.7 billion (34.9% of GDP), was close to forecast.

**Total borrowings** at \$154.6 billion was \$27.8 billion below forecast, primary owing to decreased bank settlement deposits held with the Reserve Bank (\$31.6 billion below forecast), slightly offset by above forecast Government bonds (\$2.2 billion). As market liquidity is being managed through different measures such as LSAP, the Reserve Bank has not invested in marketable securities or used other instruments to the level forecast and as a result has not drawn on settlement deposits as expected. Therefore, assets and liabilities are lower than forecast.

**Total assets** at \$389.3 billion were \$22.3 billion below forecast. This is primarily owing to decreased marketable securities held by the Reserve Bank.

**Total liabilities** at \$280.4 billion were \$23.5 billion below forecast, and mainly owing to the decrease in borrowings.

**Net worth attributable to the Crown** at \$103.3 billion, was \$1.3 billion higher than forecast. Most of this variance relates to the operating balance variance as discussed above.

## Comparison against the prior year actuals

**Table 2** – Key indicators for the three months ended 30 September 2020 compared to prior year actuals

	Year to date				Full Year
	September 2020 Actual <sup>1</sup> \$m	September 2019 Prior Year Actual <sup>2</sup> \$m	Variance <sup>3</sup> to 2019 \$m	Variance to 2019 %	June 2020 Unaudited Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	22,048	20,356	1,692	8.3	85,102
Core Crown revenue	23,734	22,260	1,474	6.6	91,923
Core Crown expenses	26,983	22,697	(4,286)	(18.9)	108,832
Core Crown residual cash	(7,943)	(2,970)	(4,973)	(167.4)	(23,692)
Net core Crown debt <sup>5</sup>	94,037	60,795	(33,242)	(54.7)	83,374
as a percentage of GDP	30.5%	20.3%			27.6%
Gross debt <sup>6</sup>	107,647	89,619	(18,028)	(20.1)	101,506
as a percentage of GDP	34.9%	29.9%			33.6%
<b>Total Crown</b>					
Operating balance before gains and losses	(3,168)	(593)	(2,575)	(434.2)	(31,695)
Operating balance (excluding minority interests)	(6,776)	(3,543)	(3,233)	(91.3)	(30,258)
Total Borrowings	154,556	119,349	(35,207)	(29.5)	152,737
Net worth attributable to the Crown	103,329	136,034	(32,705)	(24.0)	110,106
as a percentage of GDP	33.5%	45.3%			36.4%

1 Using the most recently published GDP (for the year ended 30 June 2020) of \$308,276 million (Source: Statistics NZ).

2 Using prior year published GDP (for the year ended 30 June 2019) of \$300,032 million (Source: Statistics New Zealand).

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

4 Using GDP for the year ended 30 June 2020 of \$302,212 million published in the Treasury's PREFU 2020.

5 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

**Core Crown tax revenue** for the three months to September 2020 was \$1.7 billion (8.3%) higher than the corresponding period from last year. The largest increases came from:

- source deduction revenue was \$0.8 billion (9.8%) higher, mainly owing to increases in wage rates and employment
- GST revenue was \$0.7 billion (13.3%) higher, mainly owing to growth in nominal private consumption, and
- other individuals' tax revenue was \$0.2 billion (15.4%) higher than last year, mainly owing to growth in provisional tax assessments.

**Core Crown expenses** grew by \$4.3 billion, largely relating to the Government's response to COVID-19 in the social security and welfare and health sectors, and higher benefit rates leading to higher expenses.

The **core Crown residual cash** deficit was \$7.9 billion, \$5.0 billion higher than the deficit of \$3.0 billion recorded in September 2019:

- The net core Crown operating cash deficit was \$3.6 billion more than the same time last year. Tax receipts were higher by \$1.1 billion, however this was more than offset by higher operating payments of \$4.4 billion. The increase in operating payments was largely due to the Government's response to COVID-19 and an increase in benefit payments (due to the increased benefit rates).
- Net core Crown capital cash outflows were \$1.4 billion more than last year. This was mainly owing to an increase in advances and contributions to the New Zealand Transport Agency for state highways, Provincial Growth Fund and payments to small businesses under the Small Business Cashflow Scheme.

**Net core Crown debt** was \$33.2 billion higher than at the same time last year. The results from the 30 June 2020 unaudited financial statements have meant a higher starting net core Crown debt position of \$25.0 billion compared to last year. The remaining variance relates mainly to the core Crown residual cash deficit being higher than last year (directly impacting net core Crown debt) and core Crown valuation losses being higher than last year by \$3.0 billion.

**Net worth attributable to the Crown** at \$103.3 billion, was \$32.7 billion lower than as at 30 September 2019, largely reflecting the June 2020 year-end operating balance deficit, and the current year's operating balance deficit partly offset by an increase in property, plant and equipment revaluations as at 30 June 2020.



# **Unaudited Interim Financial Statements**

# STATEMENT OF FINANCIAL PERFORMANCE

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Note	Current Year Actual vs Forecast				Annual PREFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
84,335	20,216	Taxation revenue	2	21,836	19,886	1,950	9.8	84,169
6,269	1,633	Other sovereign revenue	2	1,626	1,553	73	4.7	6,283
<b>90,604</b>	<b>21,849</b>	<b>Total Revenue Levied through the Crown's Sovereign Power</b>		<b>23,462</b>	<b>21,439</b>	<b>2,023</b>	<b>9.4</b>	<b>90,452</b>
18,438	5,184	Sales of goods and services		4,520	4,068	452	11.1	15,970
3,206	931	Interest revenue and dividends	3	797	826	(29)	(3.5)	3,219
3,518	911	Other revenue		871	861	10	1.2	3,333
<b>25,162</b>	<b>7,026</b>	<b>Total revenue earned through the Crown's operations</b>		<b>6,188</b>	<b>5,755</b>	<b>433</b>	<b>7.5</b>	<b>22,522</b>
<b>115,766</b>	<b>28,875</b>	<b>Total revenue (excluding gains)</b>		<b>29,650</b>	<b>27,194</b>	<b>2,456</b>	<b>9.0</b>	<b>112,974</b>
		<b>Expenses</b>						
42,607	7,553	Transfer payments and subsidies	4	10,121	11,283	1,162	10.3	37,770
27,785	6,590	Personnel expenses		7,110	7,168	58	0.8	28,818
7,716	1,505	Depreciation and amortisation		1,588	1,529	(59)	(3.9)	6,449
50,196	11,689	Other operating expenses		12,079	12,562	483	3.8	55,793
3,773	880	Finance costs	5	691	798	107	13.4	2,544
6,903	1,123	Insurance expenses	6	1,166	1,144	(22)	(1.9)	6,602
-	-	Forecast new operating spending	7	-	-	-	-	10,057
-	-	Top-down expense adjustment	7	-	(875)	(875)	(100.0)	(3,500)
<b>138,980</b>	<b>29,340</b>	<b>Total expenses (excluding losses)</b>		<b>32,755</b>	<b>33,609</b>	<b>854</b>	<b>2.5</b>	<b>144,533</b>
		<b>Gains/(losses)</b>						
(3,258)	-	Net gains/(losses) on large scale asset purchases		(2,481)	(2,303)	(178)	(7.7)	(6,095)
1,906	1,581	Net gains/(losses) on financial instruments		3,547	888	2,659	299.4	3,396
(7,313)	(4,595)	Net gains/(losses) on non-financial instruments	8	(4,507)	(20)	(4,487)	-	(83)
<b>(8,665)</b>	<b>(3,014)</b>	<b>Total gains/(losses)</b>		<b>(3,441)</b>	<b>(1,435)</b>	<b>(2,006)</b>	<b>(139.8)</b>	<b>(2,782)</b>
1,193	27	Net surplus/(deficit) from associates and joint ventures		(198)	(198)	-	-	(780)
428	(91)	Less minority interests share of operating and balance		(32)	(40)	8	20.0	(139)
<b>(30,258)</b>	<b>(3,543)</b>	<b>Operating balance (excluding minority interests)</b>		<b>(6,776)</b>	<b>(8,088)</b>	<b>1,312</b>	<b>16.2</b>	<b>(35,260)</b>
(428)	91	Minority interests share of operating balance		32	40	(8)	(20.0)	139
<b>(30,686)</b>	<b>(3,452)</b>	<b>Operating balance (including minority interests)</b>		<b>(6,744)</b>	<b>(8,048)</b>	<b>1,304</b>	<b>16.2</b>	<b>(35,121)</b>

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

## ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Note	Current Year Actual vs Forecast			Annual PREFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Total Crown expenses</b>						
49,900	8,969	Social security and welfare		11,748	12,818	1,070	8.3	46,127
20,410	4,750	Health		5,551	5,292	(259)	(4.9)	22,695
17,581	4,097	Education		3,926	3,981	55	1.4	17,297
5,869	1,043	Core government services		1,258	1,249	(9)	(0.7)	5,703
5,304	1,287	Law and order		1,299	1,314	15	1.1	5,730
13,011	2,784	Transport and communications		2,176	2,248	72	3.2	11,614
11,244	2,609	Economic and industrial services		3,057	3,247	190	5.9	11,318
2,482	613	Defence		582	637	55	8.6	2,745
2,904	730	Heritage, culture and recreation		931	837	(94)	(11.2)	3,248
2,430	595	Primary services		649	661	12	1.8	3,057
2,450	631	Housing and community development		467	800	333	41.6	3,425
1,472	246	Environmental protection		346	384	38	9.9	1,683
87	69	GSF pension expenses		22	24	2	8.3	51
63	37	Other		52	194	142	73.2	739
3,773	880	Finance costs		691	798	107	13.4	2,544
-	-	Forecast new operating spending	7	-	-	-	-	10,057
-	-	Top-down expense adjustment	7	-	(875)	(875)	(100.0)	(3,500)
<b>138,980</b>	<b>29,340</b>	<b>Total Crown expenses excluding losses</b>		<b>32,755</b>	<b>33,609</b>	<b>854</b>	<b>2.5</b>	<b>144,533</b>

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments and the Reserve Bank, but not Crown entities and SOEs.

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Note	Current Year Actual vs Forecast			Annual PREFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		<b>Core Crown expenses</b>						
44,028	7,801	Social security and welfare		10,488	11,775	1,287	10.9	39,897
19,891	4,814	Health		5,633	5,365	(268)	(5.0)	23,132
16,322	3,859	Education		3,550	3,784	234	6.2	15,968
6,083	1,139	Core government services		1,274	1,234	(40)	(3.2)	5,966
4,911	1,198	Law and order		1,280	1,305	25	1.9	5,384
3,179	600	Transport and communications		959	1,053	94	8.9	5,548
3,988	806	Economic and industrial services		1,141	1,386	245	17.7	4,744
2,499	617	Defence		588	641	53	8.3	2,762
1,106	289	Heritage, culture and recreation		436	426	(10)	(2.3)	1,576
961	222	Primary services		228	270	42	15.6	1,448
1,015	265	Housing and community development		412	451	39	8.6	1,972
1,485	248	Environmental protection		347	385	38	9.9	1,691
73	65	GSF pension expenses		17	19	2	10.5	30
63	37	Other		52	194	142	73.2	739
3,228	737	Finance costs		578	694	116	16.7	2,044
-	-	Forecast new operating spending	7	-	-	-	-	10,057
-	-	Top-down expense adjustment	7	-	(875)	(875)	(100.0)	(3,500)
<b>108,832</b>	<b>22,697</b>	<b>Core Crown expenses excluding losses</b>		<b>26,983</b>	<b>28,107</b>	<b>1,124</b>	<b>4.0</b>	<b>119,458</b>

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

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(30,686)	(3,452)	<b>Operating Balance (including minority interest)</b>	<b>(6,744)</b>	<b>(8,048)</b>	<b>1,304</b>	<b>16.2</b>	<b>(35,121)</b>
		<b>Other comprehensive revenue and expense</b>					
5,118	(285)	Revaluation of physical assets	-	-	-	-	-
(1,271)	41	Revaluations of defined benefit retirement plan schemes	50	50	-	-	199
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
-	35	Transfers to/(from) reserves (Gains)/losses transferred to the statement of financial performance	47	10	37	370.0	7
(75)	(19)	Foreign currency translation differences on foreign operations	(24)	(10)	(14)	(140.0)	(30)
3	(100)	Other movements	(110)	7	(117)	-	4
38	175		36	26	10	38.5	-
<b>3,502</b>	<b>(153)</b>	<b>Total other comprehensive revenue and expense</b>	<b>(1)</b>	<b>83</b>	<b>(84)</b>	<b>(101.2)</b>	<b>180</b>
<b>(27,184)</b>	<b>(3,605)</b>	<b>Total comprehensive revenue and expense</b>	<b>(6,745)</b>	<b>(7,965)</b>	<b>1,220</b>	<b>15.3</b>	<b>(34,941)</b>
		<b>Attributable to:</b>					
(341)	107	- minority interest	32	77	(45)	(58.4)	127
(26,843)	(3,712)	- the Crown	(6,777)	(8,042)	1,265	15.7	(35,068)
<b>(27,184)</b>	<b>(3,605)</b>	<b>Total comprehensive revenue and expense</b>	<b>(6,745)</b>	<b>(7,965)</b>	<b>1,220</b>	<b>15.3</b>	<b>(34,941)</b>

## STATEMENT OF CHANGES IN NET WORTH

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>143,339</b>	<b>146,313</b>	<b>Opening net worth</b>	<b>115,729</b>	<b>115,729</b>	<b>-</b>	<b>-</b>	<b>115,729</b>
(30,686)	(3,452)	Operating balance (including minority interest)	(6,744)	(8,048)	1,304	16.2	(35,121)
5,118	(285)	Net revaluations	-	-	-	-	-
(1,271)	41	Net revaluations of defined benefit retirement plan schemes	50	50	-	-	199
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
-	35	Transfers to/(from) reserves (Gains)/losses transferred to the Statement of Financial Performance	47	10	37	370.0	7
(75)	(19)	Foreign currency translation differences on foreign operations	(24)	(10)	(14)	(140.0)	(30)
3	(100)	Other movements	(110)	7	(117)	-	4
38	175		36	26	10	38.5	-
<b>(27,184)</b>	<b>(3,605)</b>	<b>Total comprehensive revenue and expense</b>	<b>(6,745)</b>	<b>(7,965)</b>	<b>1,220</b>	<b>15.3</b>	<b>(34,941)</b>
(426)	(266)	Transactions with minority interests	(90)	(59)	(31)	(52.5)	(352)
<b>115,729</b>	<b>142,442</b>	<b>Closing net worth</b>	<b>108,894</b>	<b>107,705</b>	<b>1,189</b>	<b>1.1</b>	<b>80,436</b>

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



# STATEMENT OF CASH FLOWS

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash Flows from Operations</b>						
		<b>Cash was provided from</b>						
83,157	19,900	Taxation receipts		20,997	18,664	2,333	12.5	81,815
5,294	1,535	Other sovereign receipts		1,094	1,099	(5)	(0.5)	5,144
18,289	5,101	Sales of goods and services		4,506	4,033	473	11.7	15,429
2,307	525	Interest receipts		421	447	(26)	(5.8)	1,741
4,537	1,125	Other operating receipts		1,397	1,104	293	26.5	4,378
<b>113,584</b>	<b>28,186</b>	<b>Total cash provided from operations</b>		<b>28,415</b>	<b>25,347</b>	<b>3,068</b>	<b>12.1</b>	<b>108,507</b>
		<b>Cash was disbursed to</b>						
42,945	8,672	Transfer payments and subsidies		11,213	12,392	1,179	9.5	38,099
77,376	19,608	Personnel and operating payments		22,669	22,990	321	1.4	87,055
3,849	283	Interest payments		213	236	23	9.7	3,446
-	-	Forecast new operating spending	7	-	-	-	-	10,057
-	-	Top-down expense adjustment	7	-	(875)	(875)	(100.0)	(3,500)
<b>124,170</b>	<b>28,563</b>	<b>Total cash disbursed to operations</b>		<b>34,095</b>	<b>34,743</b>	<b>648</b>	<b>1.9</b>	<b>135,157</b>
<b>(10,586)</b>	<b>(377)</b>	<b>Net cash flows from operations</b>		<b>(5,680)</b>	<b>(9,396)</b>	<b>3,716</b>	<b>39.5</b>	<b>(26,650)</b>
		<b>Cash Flows from Investing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(8,878)	(2,146)	Net (purchase)/sale of physical assets		(2,347)	(3,018)	671	22.2	(12,333)
(34,317)	(2,124)	Net (purchase)/sale of shares and other securities		(15,167)	(16,775)	1,608	9.6	(73,048)
(855)	(185)	Net (purchase)/sale of intangible assets		(161)	(219)	58	26.5	(926)
(1,292)	(344)	Net (issue)/repayment of advances		(416)	(725)	309	42.6	(1,429)
(286)	(55)	Net acquisition of investments in associates		(98)	(11)	(87)	-	(403)
-	-	Forecast new capital spending	7	-	-	-	-	(2,663)
-	-	Top-down capital adjustment	7	-	450	(450)	(100.0)	1,800
<b>(45,628)</b>	<b>(4,854)</b>	<b>Net cash flows from investing activities</b>		<b>(18,189)</b>	<b>(20,298)</b>	<b>2,109</b>	<b>10.4</b>	<b>(89,002)</b>
<b>(56,214)</b>	<b>(5,231)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(23,869)</b>	<b>(29,694)</b>	<b>5,825</b>	<b>19.6</b>	<b>(115,652)</b>
		<b>Cash Flows from Financing Activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
1,209	121	Issues of circulating currency		101	(1)	102	-	(4)
28,622	4,152	Net issue/(repayment) of Government bonds		21,736	4,424	17,312	391.3	48,352
1,192	875	Net issue/(repayment) of foreign currency borrowing		2,299	(1,782)	4,081	229.0	(3,663)
27,365	(125)	Net issue/(repayment) of other New Zealand dollar borrowing		(7,455)	25,958	(33,413)	(128.7)	71,088
(479)	(121)	Dividends paid to minority interests		(90)	(57)	(33)	(57.9)	(424)
<b>57,909</b>	<b>4,902</b>	<b>Net cash flows from financing activities</b>		<b>16,591</b>	<b>28,542</b>	<b>(11,951)</b>	<b>(41.9)</b>	<b>115,349</b>
<b>1,695</b>	<b>(329)</b>	<b>Net movement in cash</b>		<b>(7,278)</b>	<b>(1,152)</b>	<b>(6,126)</b>	<b>-</b>	<b>(303)</b>
20,248	20,892	<b>Opening cash balance</b>		22,783	22,783	-	-	22,783
840	383	Foreign-exchange gains/(losses) on opening cash		(104)	6	(110)	-	-
<b>22,783</b>	<b>20,946</b>	<b>Closing cash balance</b>		<b>15,401</b>	<b>21,637</b>	<b>(6,236)</b>	<b>(28.8)</b>	<b>22,480</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the three months ended 30 September 2020

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Reconciliation Between the Net Cash Flows from Operations and the Operating Balance</b>							
(10,586)	(377)	<b>Net Cash Flows from Operations</b>	<b>(5,680)</b>	<b>(9,396)</b>	<b>3,716</b>	<b>39.5</b>	<b>(26,650)</b>
<b>Gains/(losses)</b>							
1,906	1,581	Net gains/(losses) on financial instruments	3,547	888	2,659	299.4	3,396
(7,313)	(4,595)	Net gains/(losses) on non-financial instruments	(4,507)	(20)	(4,487)	-	(83)
(3,258)	-	Net gains/(losses) on large scale asset purchases	(2,481)	(2,303)	(178)	(7.7)	(6,095)
(572)	(37)	Less minority interests share of net gains/(losses)	(31)	4	(35)	-	3
<b>(8,093)</b>	<b>(2,977)</b>	<b>Total gains/(losses)</b>	<b>(3,410)</b>	<b>(1,439)</b>	<b>(1,971)</b>	<b>(137.0)</b>	<b>(2,785)</b>
<b>Other Non-cash Items in Operating Balance</b>							
(7,716)	(1,505)	Depreciation and amortisation	(1,588)	(1,529)	(59)	(3.9)	(6,449)
(1,279)	(102)	Cost of concessionary lending	(242)	(373)	131	35.1	(1,021)
(53)	(1)	Impairment of financial assets (excluding receivables)	(2)	(5)	3	60.0	(20)
(2,351)	956	Decrease/(increase) in insurance liabilities	669	757	(88)	(11.6)	(1,429)
1,100	(16)	Other	(264)	(233)	(31)	(13.3)	(918)
<b>(10,299)</b>	<b>(668)</b>	<b>Total other non-cash items</b>	<b>(1,427)</b>	<b>(1,383)</b>	<b>(44)</b>	<b>(3.2)</b>	<b>(9,837)</b>
<b>Movements in Working Capital</b>							
(386)	(262)	Increase/(decrease) in receivables	596	1,693	(1,097)	(64.8)	2,037
1	(482)	Increase/(decrease) in accrued interest	(317)	(452)	135	29.9	1,404
257	42	Increase/(decrease) in inventories	64	106	(42)	(39.6)	30
159	255	Increase/(decrease) in prepayments	247	182	65	35.7	(251)
(68)	(140)	Decrease/(increase) in deferred revenue	79	62	17	27.4	538
(804)	153	Change in accumulating pension expenses	248	245	3	1.2	828
(439)	913	Decrease/(increase) in payables/provisions	2,824	2,294	530	23.1	(574)
<b>(1,280)</b>	<b>479</b>	<b>Total movements in working capital</b>	<b>3,741</b>	<b>4,130</b>	<b>(389)</b>	<b>(9.4)</b>	<b>4,012</b>
<b>(30,258)</b>	<b>(3,543)</b>	<b>Operating balance (excluding minority interests)</b>	<b>(6,776)</b>	<b>(8,088)</b>	<b>1,312</b>	<b>16.2</b>	<b>(35,260)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

30 June 2020 Unaudited Actual \$m	As at 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Assets</b>						
22,783	20,946	Cash and cash equivalents	9	15,401	21,637	(6,236)	(28.8)	22,480
23,725	24,312	Receivables	9	23,965	23,397	568	2.4	24,959
60,993	45,862	Marketable securities, deposits and derivatives in gain	9	58,599	76,844	(18,245)	(23.7)	69,774
33,791	41,181	Share investments	9	35,990	34,576	1,414	4.1	36,726
37,631	34,123	Advances	9	39,550	37,957	1,593	4.2	37,846
4,220	3,859	Investments in controlled enterprises	9	4,215	4,349	(134)	(3.1)	5,231
1,776	1,561	Inventory		1,837	1,879	(42)	(2.2)	1,807
3,662	3,066	Other assets		3,900	3,751	149	4.0	3,130
186,432	178,478	Property, plant and equipment	10	187,852	189,572	(1,720)	(0.9)	193,604
14,308	14,081	Equity accounted investments <sup>1</sup>		14,155	14,205	(50)	(0.4)	13,991
3,892	3,911	Intangible assets and goodwill		3,849	3,862	(13)	(0.3)	4,154
-	-	Forecast for new capital spending	7	-	-	-	-	2,663
-	-	Top-down capital adjustment	7	-	(450)	450	100.0	(1,800)
<b>393,213</b>	<b>371,380</b>	<b>Total assets</b>		<b>389,313</b>	<b>411,579</b>	<b>(22,266)</b>	<b>(5.4)</b>	<b>414,565</b>
		<b>Liabilities</b>						
8,022	6,934	Issued currency		8,123	8,079	(44)	(0.5)	8,018
16,970	14,997	Payables	12	14,884	14,767	(117)	(0.8)	15,781
2,593	2,663	Deferred revenue		2,507	2,530	23	0.9	2,050
152,737	119,349	Borrowings		154,556	182,350	27,794	15.2	210,268
66,690	61,708	Insurance liabilities	13	70,140	65,934	(4,206)	(6.4)	68,543
13,983	12,985	Retirement plan liabilities		13,735	13,737	2	-	13,154
16,489	10,302	Provisions	14	16,474	16,477	3	-	16,315
<b>277,484</b>	<b>228,938</b>	<b>Total liabilities</b>		<b>280,419</b>	<b>303,874</b>	<b>23,455</b>	<b>7.7</b>	<b>334,129</b>
<b>115,729</b>	<b>142,442</b>	<b>Total assets less total liabilities</b>		<b>108,894</b>	<b>107,705</b>	<b>1,189</b>	<b>1.1</b>	<b>80,436</b>
		<b>Net Worth</b>						
3,082	32,564	Taxpayers' funds	15	(3,715)	(5,163)	1,448	28.0	(32,170)
112,192	106,153	Property, plant and equipment revaluation reserve	15	112,201	112,240	(39)	-	112,181
(3,886)	(2,574)	Defined benefit retirement plan revaluation reserve	15	(3,836)	(3,836)	-	-	(3,687)
(1,095)	-	Veterans' disability entitlements reserve	15	(1,095)	(1,095)	-	-	(1,095)
(187)	(109)	Other reserves	15	(226)	(82)	(144)	(175.6)	(191)
<b>110,106</b>	<b>136,034</b>	<b>Total net worth attributable to the Crown</b>		<b>103,329</b>	<b>102,064</b>	<b>1,265</b>	<b>1.2</b>	<b>75,038</b>
5,623	6,408	Net worth attributable to minority interest	15	5,565	5,641	(76)	(1.3)	5,398
<b>115,729</b>	<b>142,442</b>	<b>Total net worth</b>		<b>108,894</b>	<b>107,705</b>	<b>1,189</b>	<b>1.1</b>	<b>80,436</b>

1. Equity accounted investments include tertiary education institutions and City Rail Link Limited.

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

## STATEMENT OF SEGMENTS

For the three months ended 30 September 2020

	Current Year Actual vs Forecast (Pre-election Economic and Fiscal Update 2020)									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
<b>Revenue</b>										
Taxation revenue	22,048	19,993	-	-	-	-	(212)	(107)	21,836	19,886
Other sovereign revenue	596	555	1,487	1,452	-	-	(457)	(454)	1,626	1,553
Revenue from core Crown funding	-	-	8,163	8,318	78	115	(8,241)	(8,433)	-	-
Sales of goods and services	321	344	820	618	3,524	3,235	(145)	(129)	4,520	4,068
Interest and dividend revenue	562	520	359	360	204	216	(328)	(270)	797	826
Other revenue	207	210	1,406	1,371	287	160	(1,029)	(880)	871	861
<b>Total Revenue (excluding gains)</b>	<b>23,734</b>	<b>21,622</b>	<b>12,235</b>	<b>12,119</b>	<b>4,093</b>	<b>3,726</b>	<b>(10,412)</b>	<b>(10,273)</b>	<b>29,650</b>	<b>27,194</b>
<b>Expenses</b>										
Transfer payments and subsidies	10,387	11,543	-	-	-	-	(266)	(260)	10,121	11,283
Personnel expenses	2,227	2,174	4,279	4,402	615	602	(11)	(10)	7,110	7,168
Other operating expenses	13,791	14,577	7,885	7,748	3,101	2,802	(9,944)	(9,892)	14,833	15,235
Interest expenses	578	688	46	38	174	185	(107)	(113)	691	798
Forecast new operating spending and top down adjustment	-	(875)	-	-	-	-	-	-	-	(875)
<b>Total Expenses (excluding losses)</b>	<b>26,983</b>	<b>28,107</b>	<b>12,210</b>	<b>12,188</b>	<b>3,890</b>	<b>3,589</b>	<b>(10,328)</b>	<b>(10,275)</b>	<b>32,755</b>	<b>33,609</b>
Gains/(losses) and other items	(395)	(1,494)	(2,252)	(187)	(118)	20	(906)	(12)	(3,671)	(1,673)
<b>Operating Balance (excluding minority interests)</b>	<b>(3,644)</b>	<b>(7,979)</b>	<b>(2,227)</b>	<b>(256)</b>	<b>85</b>	<b>157</b>	<b>(990)</b>	<b>(10)</b>	<b>(6,776)</b>	<b>(8,088)</b>
<b>Assets</b>										
Financial assets	111,992	138,468	64,158	59,048	30,661	29,788	(29,091)	(28,545)	177,720	198,760
Property, plant and equipment	45,234	45,469	102,785	104,538	39,833	39,564	(2)	-	187,852	189,572
Investments in associates, CEs and SOEs	51,082	50,976	12,661	12,752	514	561	(50,102)	(50,084)	14,155	14,205
Other assets	5,156	4,960	2,035	1,925	2,598	2,682	(203)	(75)	9,586	9,492
Forecast adjustments	-	(450)	-	-	-	-	-	-	-	(450)
<b>Total Assets</b>	<b>213,464</b>	<b>239,423</b>	<b>181,639</b>	<b>178,263</b>	<b>73,606</b>	<b>72,595</b>	<b>(79,398)</b>	<b>(78,704)</b>	<b>389,313</b>	<b>411,579</b>
<b>Liabilities</b>										
Borrowings	125,926	156,037	11,489	11,005	37,102	35,863	(19,961)	(20,555)	154,556	182,350
Other liabilities	44,199	43,411	82,734	78,429	8,325	8,563	(9,395)	(8,879)	125,863	121,524
<b>Total Liabilities</b>	<b>170,125</b>	<b>199,448</b>	<b>94,223</b>	<b>89,434</b>	<b>45,427</b>	<b>44,426</b>	<b>(29,356)</b>	<b>(29,434)</b>	<b>280,419</b>	<b>303,874</b>
<b>Net Worth</b>	<b>43,339</b>	<b>39,975</b>	<b>87,416</b>	<b>88,829</b>	<b>28,179</b>	<b>28,169</b>	<b>(50,042)</b>	<b>(49,270)</b>	<b>108,894</b>	<b>107,705</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>616</b>	<b>708</b>	<b>1,267</b>	<b>1,828</b>	<b>510</b>	<b>492</b>	<b>(1)</b>	<b>-</b>	<b>2,392</b>	<b>3,028</b>

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

# STATEMENT OF BORROWINGS

As at 30 September 2020

30 June 2020 Unaudited Actual \$m	As at 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
64,363	61,062	Government bonds	72,140	69,920	(2,220)	(3.2)	58,646
23,027	7,630	Settlement deposits with Reserve Bank	18,104	49,716	31,612	63.6	86,320
5,567	6,751	Derivatives in loss	5,758	4,924	(834)	(16.9)	4,306
11,269	2,560	Treasury bills	10,267	9,872	(395)	(4.0)	10,489
1,495	1,490	Finance lease liabilities	1,439	1,096	(343)	(31.3)	1,326
242	171	Government retail stock	242	242	-	-	242
46,774	39,685	Other borrowings	46,606	46,580	(26)	(0.1)	48,939
<b>152,737</b>	<b>119,349</b>	<b>Total borrowings</b>	<b>154,556</b>	<b>182,350</b>	<b>27,794</b>	<b>15.2</b>	<b>210,268</b>
109,547	80,104	Sovereign-guaranteed debt	110,642	140,190	29,548	21.1	165,268
43,190	39,245	Non sovereign-guaranteed debt	43,914	42,160	(1,754)	(4.2)	45,000
<b>152,737</b>	<b>119,349</b>	<b>Total borrowings</b>	<b>154,556</b>	<b>182,350</b>	<b>27,794</b>	<b>15.2</b>	<b>210,268</b>
		<b>Net Debt:</b>					
126,820	99,115	Core Crown borrowings <sup>1</sup>	126,574	156,452	29,878	19.1	180,824
(2,675)	(2,522)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(1,796)	(2,650)	(854)	(32.2)	(1,988)
<b>124,145</b>	<b>96,593</b>	<b>Gross sovereign-issued debt<sup>2</sup></b>	<b>124,778</b>	<b>153,802</b>	<b>29,024</b>	<b>18.9</b>	<b>178,836</b>
102,170	94,408	Less core Crown financial assets <sup>3</sup>	92,929	118,946	(26,017)	(21.9)	114,413
<b>21,975</b>	<b>2,185</b>	<b>Net core Crown debt</b>	<b>31,849</b>	<b>34,856</b>	<b>3,007</b>	<b>8.6</b>	<b>64,423</b>
14,556	13,718	Add back core Crown advances	14,833	14,883	50	0.3	15,465
<b>36,531</b>	<b>15,903</b>	<b>Net core Crown debt (incl NZS Fund)<sup>4</sup></b>	<b>46,682</b>	<b>49,739</b>	<b>3,057</b>	<b>6.1</b>	<b>79,888</b>
46,843	44,892	Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets <sup>5</sup>	47,355	47,892	537	1.1	50,307
-	-	Less Reserve Bank lending facility	-	-	-	-	-
<b>83,374</b>	<b>60,795</b>	<b>Net core Crown debt (excl NZS Fund and advances)<sup>6</sup></b>	<b>94,037</b>	<b>97,631</b>	<b>3,594</b>	<b>3.7</b>	<b>130,195</b>
		<b>Gross Debt:</b>					
124,145	96,593	Gross sovereign-issued debt <sup>2</sup>	124,778	153,802	29,024	18.9	178,836
(24,239)	(8,574)	Less Reserve Bank settlement cash and Reserve Bank bills	(18,731)	(46,631)	(27,900)	(59.8)	(86,645)
1,600	1,600	Add back changes to government borrowing due to settlement cash <sup>7</sup>	1,600	1,600	-	-	1,600
<b>101,506</b>	<b>89,619</b>	<b>Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills</b>	<b>107,647</b>	<b>108,771</b>	<b>1,124</b>	<b>1.0</b>	<b>93,791</b>

## 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. Core Crown borrowings includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
2. 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.
3. Core Crown financial assets exclude receivables.
4. 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.
5. 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.
6. Net core Crown debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
7. The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the Treasury borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

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

## STATEMENT OF COMMITMENTS

As at 30 September 2020

	As at 30 Sep 2020 \$m	As at 30 Jun 2020 \$m	As at 30 Sep 2019 \$m
<b>Capital Commitments</b>			
State highways	4,788	4,788	4,296
Specialist military equipment	2,595	2,677	1,841
Land and buildings	5,341	5,395	4,878
Other property, plant and equipment	3,825	3,833	1,970
Other capital commitments	1,498	1,784	857
Tertiary Education Institutions	400	400	595
<b>Total capital commitments</b>	<b>18,446</b>	<b>18,877</b>	<b>14,437</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,077	5,237	4,650
Other non-cancellable leases	3,838	5,016	3,429
Tertiary Education Institutions	1,084	1,084	936
<b>Total operating commitments</b>	<b>9,999</b>	<b>11,337</b>	<b>9,015</b>
<b>Total commitments</b>	<b>28,445</b>	<b>30,214</b>	<b>23,452</b>
<b>Total Commitments by Segment</b>			
Core Crown	13,888	15,712	10,207
Crown entities	9,613	9,832	8,939
State-owned Enterprises	6,547	6,555	4,486
Inter-segment eliminations	(1,603)	(1,885)	(180)
<b>Total commitments</b>	<b>28,445</b>	<b>30,214</b>	<b>23,452</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 September 2020

	As at 30 Sep 2020 \$m	As at 30 Jun 2020 \$m	As at 30 Sep 2019 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,626	8,384	8,627
Guarantees and indemnities	274	263	192
Legal proceedings and disputes	463	446	319
Other contingent liabilities	595	485	904
<b>Total quantifiable contingent liabilities</b>	<b>9,957</b>	<b>9,578</b>	<b>10,042</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,749	9,409	9,561
Crown entities	152	89	392
State-owned Enterprises	185	210	190
Inter-segment eliminations	(129)	(130)	(101)
<b>Total quantifiable contingent liabilities</b>	<b>9,957</b>	<b>9,578</b>	<b>10,042</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	17	17	71
Crown entities	-	28	-
State-owned Enterprises	-	-	2
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>17</b>	<b>45</b>	<b>73</b>

A list of unquantifiable contingent liabilities is included on the Treasury's website <https://treasury.govt.nz/publications/year-end/financial-statements-2019>  
These can be found in Note 25: Contingent Liabilities and Contingent Assets

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: Accounting Policies

#### Reporting Entity

These financial statements are the consolidated financial statements for the Government reporting entity as specified in Part III of the Public Finance Act 1989. This comprises:

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- 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 Government entities specified by legislation

A schedule of the entities that are included in the Government reporting entity was set out on pages 135–138 of the *Pre-election Economic and Fiscal Update 2020 (PREFU 2020)*, published on 16 September 2020.

All figures presented in these financial statements including for 30 June 2020 are unaudited.

#### Basis of Preparation and General Accounting Policies

These unaudited interim financial statements of the Government reporting entity comply with generally accepted accounting practice as defined in the Financial Reporting Act 2013 and have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards) – Tier 1, as set out in PBE IAS 34: *Interim Financial Reporting*. The Government reporting entity is a public benefit entity. Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

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

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

#### Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site: <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/financial-reporting-policies-and-guidance/accounting-policies>

#### Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2021, based on the *PREFU 2020*.

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

## **Comparative Figures**

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

The Crown adopted PBE IPSAS 39: *Employee Benefits* from 1 July 2019, however the 30 September 2019 comparative figures for the Veterans' Disability Entitlements have not been restated. The main impact from restatement in the unaudited numbers at 30 June 2020 was a newly reported liability of \$3.2 billion on the Government's balance sheet (accumulated in a new revaluation reserve), decreasing the net worth by the same amount.

## **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 September 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

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation Revenue</b>							
<b>Individuals</b>							
34,809	8,458	Source deductions	9,288	8,705	583	6.7	35,606
7,159	1,551	Other persons	1,804	1,534	270	17.6	6,983
(1,887)	(424)	Refunds	(474)	(368)	(106)	(28.8)	(1,744)
593	136	Fringe benefit tax	127	139	(12)	(8.6)	599
<b>40,674</b>	<b>9,721</b>	<b>Total individuals</b>	<b>10,745</b>	<b>10,010</b>	<b>735</b>	<b>7.3</b>	<b>41,444</b>
<b>Corporate Tax</b>							
11,895	2,711	Gross companies tax	2,704	2,720	(16)	(0.6)	12,067
(424)	(52)	Refunds	(69)	(70)	1	1.4	(353)
570	60	Non-resident withholding tax	56	51	5	9.8	433
<b>12,041</b>	<b>2,719</b>	<b>Total corporate tax</b>	<b>2,691</b>	<b>2,701</b>	<b>(10)</b>	<b>(0.4)</b>	<b>12,147</b>
<b>Other Direct Income Tax</b>							
1,529	379	Resident w/holding tax on interest income	294	260	34	13.1	1,088
828	122	Resident w/holding tax on dividend income	130	135	(5)	(3.7)	794
<b>2,357</b>	<b>501</b>	<b>Total other direct income tax</b>	<b>424</b>	<b>395</b>	<b>29</b>	<b>7.3</b>	<b>1,882</b>
<b>55,072</b>	<b>12,941</b>	<b>Total income tax</b>	<b>13,860</b>	<b>13,106</b>	<b>754</b>	<b>5.8</b>	<b>55,473</b>
<b>Goods and Services Tax</b>							
35,861	8,989	Gross goods and services tax	9,438	8,322	1,116	13.4	34,503
(14,112)	(3,512)	Refunds	(3,233)	(3,354)	121	3.6	(13,583)
<b>21,749</b>	<b>5,477</b>	<b>Total goods and services tax</b>	<b>6,205</b>	<b>4,968</b>	<b>1,237</b>	<b>24.9</b>	<b>20,920</b>
<b>Other Indirect Taxation</b>							
1,716	434	Road user charges	455	424	31	7.3	1,752
1,876	508	Petroleum fuels excise <sup>1</sup>	507	525	(18)	(3.4)	2,066
1,064	272	Alcohol excise <sup>1</sup>	328	253	75	29.6	1,088
2,168	418	Tobacco excise <sup>1</sup>	321	444	(123)	(27.7)	2,165
164	45	Other customs duty	39	46	(7)	(15.2)	170
200	41	Gaming duties	43	42	1	2.4	215
226	68	Motor vehicle fees	66	63	3	4.8	217
76	8	Approved issuer levy and cheque duty	6	8	(2)	(25.0)	77
24	4	Energy resources levies	6	7	(1)	(14.3)	26
<b>7,514</b>	<b>1,798</b>	<b>Total other indirect taxation</b>	<b>1,771</b>	<b>1,812</b>	<b>(41)</b>	<b>(2.3)</b>	<b>7,776</b>
<b>29,263</b>	<b>7,275</b>	<b>Total indirect taxation</b>	<b>7,976</b>	<b>6,780</b>	<b>1,196</b>	<b>17.6</b>	<b>28,696</b>
<b>84,335</b>	<b>20,216</b>	<b>Total taxation revenue</b>	<b>21,836</b>	<b>19,886</b>	<b>1,950</b>	<b>9.8</b>	<b>84,169</b>
<b>Other Sovereign Revenue</b>							
3,032	748	ACC levies	747	720	27	3.8	2,911
596	151	Fire Service levies	141	135	6	4.4	578
446	101	EQC levies	128	125	3	2.4	500
254	64	Child support and working for families penalties	55	62	(7)	(11.3)	234
134	34	Court fines	37	34	3	8.8	115
1,043	250	Emissions trading revenue	366	330	36	10.9	1,152
764	285	Other miscellaneous items	152	147	5	3.4	793
<b>6,269</b>	<b>1,633</b>	<b>Total other sovereign revenue</b>	<b>1,626</b>	<b>1,553</b>	<b>73</b>	<b>4.7</b>	<b>6,283</b>
<b>90,604</b>	<b>21,849</b>	<b>Total sovereign revenue</b>	<b>23,462</b>	<b>21,439</b>	<b>2,023</b>	<b>9.4</b>	<b>90,452</b>

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

Further information on the monthly tax outturns (revenue and receipts) can be found on the Treasury's website  
<https://treasury.govt.nz/information-and-services/financial-management-and-advice/revenue-expenditure/tax-outturn-data>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
2,300	622	Interest revenue	539	549	(10)	(1.8)	2,247
906	309	Dividends	258	277	(19)	(6.9)	972
<b>3,206</b>	<b>931</b>	<b>Total interest revenue and dividends</b>	<b>797</b>	<b>826</b>	<b>(29)</b>	<b>(3.5)</b>	<b>3,219</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
15,521	3,825	New Zealand superannuation	4,086	4,089	3	0.1	16,426
2,189	560	Family tax credit	522	536	14	2.6	2,147
2,285	500	Jobseeker support and emergency benefit	774	803	29	3.6	3,772
1,650	400	Supported living payment	455	450	(5)	(1.1)	1,790
1,923	447	Accommodation assistance	564	553	(11)	(2.0)	2,424
1,231	289	Sole parent support	355	334	(21)	(6.3)	1,504
63	11	Income related rent subsidy	17	42	25	59.5	48
893	250	KiwiSaver subsidies	231	232	1	0.4	936
641	164	Other working for families tax credits	139	163	24	14.7	653
736	87	Official development assistance	131	164	33	20.1	825
567	185	Student allowances	188	181	(7)	(3.9)	624
669	272	Winter energy payment	602	609	7	1.1	828
184	37	Best start	58	62	4	6.5	336
395	99	Disability allowances	101	102	1	1.0	411
418	89	Hardship assistance	117	128	11	8.6	560
248	59	Orphan's/unsupported child's benefit	70	70	-	-	295
12,095	-	Wage Subsidy Scheme	1,321	2,272	951	41.9	2,697
899	279	Other social assistance benefits	390	493	103	20.9	1,494
<b>42,607</b>	<b>7,553</b>	<b>Total transfer payments and subsidies</b>	<b>10,121</b>	<b>11,283</b>	<b>1,162</b>	<b>10.3</b>	<b>37,770</b>
<b>NOTE 5: Finance Costs</b>							
3,518	867	Interest on financial liabilities	657	774	117	15.1	2,351
255	13	Interest unwind on provisions and other interest	34	24	(10)	(41.7)	193
<b>3,773</b>	<b>880</b>	<b>Total finance costs</b>	<b>691</b>	<b>798</b>	<b>107</b>	<b>13.4</b>	<b>2,544</b>
<b>NOTE 6: Insurance Expenses</b>							
6,246	1,171	ACC	1,172	1,107	(65)	(5.9)	6,284
614	(41)	EQC	(8)	37	45	121.6	188
27	(11)	Southern Response	(4)	(4)	-	-	(15)
16	4	Other insurance expenses	6	4	(2)	(50.0)	145
<b>6,903</b>	<b>1,123</b>	<b>Total insurance expenses</b>	<b>1,166</b>	<b>1,144</b>	<b>(22)</b>	<b>(1.9)</b>	<b>6,602</b>

### NOTE 7: Forecast Adjustments

#### Top Down Adjustment

An adjustment to capital and operating expenditure forecasts to reflect the extent to which departments use appropriations (upper spending limits) rather than their best estimates when preparing their forecasts. As appropriations apply to the core Crown only, no adjustment is required to SOE or Crown entity forecasts.

#### Forecast for new operating and new capital spending

Forecast new capital spending is an amount provided in the forecast to represent the balance sheet impact of capital initiatives expected to be introduced over the forecast period.

Forecast new operating spending and forecast new capital spending includes unallocated contingencies. Unallocated contingencies represent expenses or capital spending from Budget 2020 and previous Budgets that has yet to be allocated to appropriations for departments.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June Unaudited \$m	As at 30 Sep 2019 \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-Financial Instruments</b>							
<i>By type</i>							
(5,974)	(4,300)	Actuarial gains/(losses) on ACC liability	(4,120)	-	(4,120)	-	-
(1,097)	(214)	Gains/(losses) on the Emissions Trading Scheme	(346)	-	(346)	-	-
(242)	(81)	Other	(41)	(20)	(21)	(105.0)	(83)
<b>(7,313)</b>	<b>(4,595)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>(4,507)</b>	<b>(20)</b>	<b>(4,487)</b>	<b>-</b>	<b>(83)</b>
<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
22,783	20,946	Cash and cash equivalents	15,401	21,637	(6,236)	(28.8)	22,480
14,104	14,612	Tax receivables	15,170	15,315	(145)	(0.9)	15,421
9,621	9,700	Other receivables	8,795	8,082	713	8.8	9,538
10,395	10,631	Student loans	10,274	10,317	(43)	(0.4)	10,442
22,189	20,720	Kiwibank mortgages	22,872	22,019	853	3.9	21,518
5,443	4,609	Long-term deposits	5,193	4,793	400	8.3	4,893
2,538	2,486	IMF financial assets	2,571	2,538	33	1.3	2,538
5,047	2,772	Other advances	6,404	5,621	783	13.9	5,886
33,791	41,181	Share investments	35,990	34,576	1,414	4.1	36,726
4,220	3,859	Investments in controlled enterprises	4,215	4,349	(134)	(3.1)	5,231
7,166	4,558	Derivatives in gain	5,824	5,669	155	2.7	4,956
45,846	34,209	Other marketable securities	45,011	63,844	(18,833)	(29.5)	57,387
<b>183,143</b>	<b>170,283</b>	<b>Total financial assets and sovereign receivables</b>	<b>177,720</b>	<b>198,760</b>	<b>(21,040)</b>	<b>(10.6)</b>	<b>197,016</b>
<b>Financial Assets by Entity</b>							
35,474	22,625	The Treasury	48,203	42,833	5,370	12.5	34,624
37,759	21,208	Reserve Bank of New Zealand	33,769	60,936	(27,167)	(44.6)	95,165
48,323	46,169	NZ Superannuation Fund	49,254	49,384	(130)	(0.3)	52,731
28,610	32,188	Other core Crown	28,538	28,763	(225)	(0.8)	27,724
(30,068)	(9,609)	Intra-segment eliminations	(47,772)	(43,448)	(4,324)	(10.0)	(75,805)
<b>120,098</b>	<b>112,581</b>	<b>Total core Crown segment</b>	<b>111,992</b>	<b>138,468</b>	<b>(26,476)</b>	<b>(19.1)</b>	<b>134,439</b>
51,135	49,638	ACC portfolio	52,564	49,752	2,812	5.7	50,751
808	849	EQC portfolio	805	720	85	11.8	533
15,914	10,665	Other Crown entities	14,080	12,467	1,613	12.9	12,018
(4,603)	(2,614)	Intra-segment eliminations	(3,291)	(3,891)	600	15.4	(2,549)
<b>63,254</b>	<b>58,538</b>	<b>Total Crown entities segment</b>	<b>64,158</b>	<b>59,048</b>	<b>5,110</b>	<b>8.7</b>	<b>60,753</b>
<b>30,004</b>	<b>28,624</b>	<b>Total State-owned Enterprises segment</b>	<b>30,661</b>	<b>29,788</b>	<b>873</b>	<b>2.9</b>	<b>28,571</b>
(30,213)	(29,460)	Inter-segment eliminations	(29,091)	(28,544)	(547)	(1.9)	(26,747)
<b>183,143</b>	<b>170,283</b>	<b>Total financial assets and sovereign receivables</b>	<b>177,720</b>	<b>198,760</b>	<b>(21,040)</b>	<b>(10.6)</b>	<b>197,016</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June Unaudited \$m	As at 30 Sep 2019 \$m	Current Year Actual vs Forecast				Annual Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>						
<b>Net Carrying Value<sup>2</sup></b>						
<b>By class of asset:</b>						
57,875	54,912	57,921	57,906	15	-	58,203
44,989	40,872	45,817	47,077	(1,260)	(2.7)	48,682
39,410	37,487	39,688	39,883	(195)	(0.5)	41,305
17,091	17,217	17,035	17,002	33	0.2	16,756
4,291	4,196	4,263	4,611	(348)	(7.5)	4,351
3,794	3,384	3,353	3,393	(40)	(1.2)	3,929
3,339	3,161	2,991	3,173	(182)	(5.7)	3,855
2,980	5,199	3,821	3,446	375	10.9	2,992
6,872	6,446	6,907	6,991	(84)	(1.2)	7,037
5,791	5,604	6,056	6,090	(34)	(0.6)	6,494
<b>186,432</b>	<b>178,478</b>	<b>187,852</b>	<b>189,572</b>	<b>(1,720)</b>	<b>(0.9)</b>	<b>193,604</b>
<b>Land breakdown by usage</b>						
19,949	18,986	19,948	19,957	(9)	-	20,202
14,724	13,745	14,725	14,724	1	-	14,341
6,733	6,616	6,714	6,735	(21)	(0.3)	6,736
3,779	3,519	3,779	3,781	(2)	(0.1)	3,810
6,024	5,742	6,032	6,068	(36)	(0.6)	6,096
1,146	1,308	1,175	1,105	70	6.3	1,176
5,520	4,996	5,548	5,536	12	0.2	5,842
<b>57,875</b>	<b>54,912</b>	<b>57,921</b>	<b>57,906</b>	<b>15</b>	<b>-</b>	<b>58,203</b>
<b>Schedule of Movements</b>						
<b>Cost or Valuation</b>						
192,808	193,214	205,723	205,723	-	-	205,723
9,568	2,368	3,002	4,592	(1,590)	(34.6)	13,366
(1,224)	(214)	(101)	(161)	60	37.3	(614)
2,546	34	3	-	3	-	-
2,025	(522)	(186)	112	(298)	(266.1)	(55)
<b>205,723</b>	<b>194,880</b>	<b>208,441</b>	<b>210,266</b>	<b>(1,825)</b>	<b>(0.9)</b>	<b>218,420</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
15,183	15,189	19,291	19,291	-	-	19,291
(686)	(77)	(46)	13	(59)	(453.8)	(154)
(2,086)	3	9	-	9	-	-
(2,516)	-	-	-	-	-	-
9,107	1,292	1,383	1,341	42	3.1	5,650
289	(5)	(48)	49	(97)	(198.0)	29
<b>19,291</b>	<b>16,402</b>	<b>20,589</b>	<b>20,694</b>	<b>(105)</b>	<b>(0.5)</b>	<b>24,816</b>
<b>186,432</b>	<b>178,478</b>	<b>187,852</b>	<b>189,572</b>	<b>(1,720)</b>	<b>(0.9)</b>	<b>193,604</b>

2. Using a revaluation methodology unless otherwise stated.

3. The 30 June balances include the opening balances of the newly created New Zealand Institute of Skills and Technology. These were previously recorded within equity accounted investments in the Statement of Financial Position as part of the tertiary education institutions (TEIs).

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June Unaudited \$m	As at 30 Sep 2019 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: NZ Superannuation Fund</b>							
803	240	Revenue	172	219	(47)	(21.5)	877
(449)	237	Less current tax expense	(484)	(217)	267	123.0	(867)
(148)	(46)	Less other expenses <sup>4</sup>	(32)	(48)	(16)	(33.3)	(193)
16	339	Add gains/(losses)	2,324	735	1,589	216.2	2,939
<b>222</b>	<b>770</b>	<b>Operating balance</b>	<b>1,980</b>	<b>689</b>	<b>1,291</b>	<b>187.4</b>	<b>2,756</b>
42,316	42,445	Opening net worth	43,998	43,998	-	-	43,998
1,460	365	Contributions from the Crown	530	530	-	-	2,120
222	770	Operating balance	1,980	689	1,291	187.4	2,756
-	(129)	Other movements in reserves	(1)	(1)	-	-	-
<b>43,998</b>	<b>43,451</b>	<b>Closing net worth</b>	<b>46,507</b>	<b>45,216</b>	<b>1,291</b>	<b>2.9</b>	<b>48,874</b>
<b>Comprising:</b>							
48,323	46,169	Financial assets	49,254	49,384	(130)	(0.3)	52,731
(4,317)	(2,721)	Financial liabilities	(2,749)	(4,168)	1,419	34.0	(3,838)
(8)	3	Net other assets	2	-	2	-	(19)
<b>43,998</b>	<b>43,451</b>	<b>Closing net worth</b>	<b>46,507</b>	<b>45,216</b>	<b>1,291</b>	<b>2.9</b>	<b>48,874</b>
<b>NOTE 12: Payables</b>							
11,927	9,746	Accounts payable	10,373	10,406	33	0.3	10,795
5,043	5,251	Taxes repayable	4,511	4,361	(150)	(3.4)	4,986
<b>16,970</b>	<b>14,997</b>	<b>Total payables</b>	<b>14,884</b>	<b>14,767</b>	<b>(117)</b>	<b>(0.8)</b>	<b>15,781</b>
<b>NOTE 13: Insurance Liabilities</b>							
64,946	60,473	ACC liability <sup>5</sup>	68,591	64,423	(4,168)	(6.5)	67,230
1,528	1,189	EQC property damage liability	1,411	1,373	(38)	(2.8)	1,044
168	-	Southern Response	94	94	-	-	94
48	46	Other insurance liabilities	44	44	-	-	175
-	-	Inter-segment eliminations	-	-	-	-	-
<b>66,690</b>	<b>61,708</b>	<b>Total insurance liabilities</b>	<b>70,140</b>	<b>65,934</b>	<b>(4,206)</b>	<b>(6.4)</b>	<b>68,543</b>

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

5. The most recent ACC valuation was as at 30 June 2020, updated monthly for changes to discount rates.

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June Unaudited \$m	As at 30 Sep 2019 \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 14: Provisions</b>							
5,535	4,551	Provision for employee entitlements	5,559	5,936	377	6.4	5,786
3,804	2,964	Provision for ETS Credits <sup>6</sup>	3,990	3,645	(345)	(9.5)	3,514
857	862	Provision for National Provident Fund guarantee	832	841	9	1.1	796
3,483	-	Veterans Disability Entitlements	3,468	3,468	-	-	3,428
2,810	1,925	Other provisions	2,625	2,587	(38)	(1.5)	2,791
<b>16,489</b>	<b>10,302</b>	<b>Total provisions</b>	<b>16,474</b>	<b>16,477</b>	<b>3</b>	<b>-</b>	<b>16,315</b>
<b>NOTE 15: Changes in Net Worth</b>							
3,082	32,564	Taxpayers' funds	(3,715)	(5,163)	1,448	28.0	(32,170)
112,192	106,153	Property, plant and equipment revaluation reserve	112,201	112,240	(39)	-	112,181
(3,886)	(2,574)	Defined benefit retirement plan revaluation reserve	(3,836)	(3,836)	-	-	(3,687)
(1,095)	-	Veterans' disability entitlements reserve	(1,095)	(1,095)	-	-	(1,095)
5,623	6,408	Net worth attributable to minority interests	5,565	5,641	(76)	(1.3)	5,398
(187)	(109)	Other reserves	(226)	(82)	(144)	(175.6)	(191)
<b>115,729</b>	<b>142,442</b>	<b>Total net worth</b>	<b>108,894</b>	<b>107,705</b>	<b>1,189</b>	<b>1.1</b>	<b>80,436</b>
33,966	35,893	Opening taxpayers funds	3,082	3,082	-	-	3,082
(30,258)	(3,543)	Operating balance excluding minority interests	(6,776)	(8,088)	1,312	16.2	(35,260)
(626)	214	Transfers from/(to) other reserves	(21)	(157)	136	86.6	8
<b>3,082</b>	<b>32,564</b>	<b>Closing taxpayers funds</b>	<b>(3,715)</b>	<b>(5,163)</b>	<b>1,448</b>	<b>28.0</b>	<b>(32,170)</b>
106,495	106,502	Opening property, plant and equipment revaluation reserve	112,192	112,192	-	-	112,192
5,118	(285)	Net revaluations	40	55	(15)	(27.3)	(11)
579	(64)	Transfers from/(to) other reserves	(31)	(7)	(24)	(342.9)	-
<b>112,192</b>	<b>106,153</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>112,201</b>	<b>112,240</b>	<b>(39)</b>	<b>-</b>	<b>112,181</b>
6,567	6,567	Opening net worth attributable to minority interests	5,623	5,623	-	-	5,623
(944)	(159)	Net movements	(58)	18	(76)	(422.2)	(225)
<b>5,623</b>	<b>6,408</b>	<b>Closing net worth attributable to minority interests</b>	<b>5,565</b>	<b>5,641</b>	<b>(76)</b>	<b>(1.3)</b>	<b>5,398</b>
26	(34)	Opening other reserves	(187)	(187)	-	-	(187)
(213)	(75)	Net movements	(39)	105	(144)	(137.1)	(4)
<b>(187)</b>	<b>(109)</b>	<b>Closing other reserves</b>	<b>(226)</b>	<b>(82)</b>	<b>(144)</b>	<b>(175.6)</b>	<b>(191)</b>

6. Further information on the ETS, can be found on the Ministry for the Environment's climate change website <http://www.climatechange.govt.nz>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020 Unaudited Actual \$m	3 months to 30 Sep 2019 Actual \$m		Current Year Actual vs Forecast				Annual PREFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
<b>NOTE 16: OBEGAL reconciliation</b>								
<b>Operating Balance Calculation</b>								
115,766	28,875	Total revenue		29,650	27,194	2,456	9.0	112,974
138,980	29,340	Less Total expenses		32,755	33,609	(854)	(2.5)	144,533
(8,665)	(3,014)	Total gains/(losses)		(3,441)	(1,435)	(2,006)	(139.8)	(2,782)
428	(91)	Minority interests share of operating balance		(32)	(40)	8	20.0	(139)
1,193	27	Net surplus from associates and joint ventures		(198)	(198)	-	-	(780)
<b>(30,258)</b>	<b>(3,543)</b>	<b>Operating balance</b>		<b>(6,776)</b>	<b>(8,088)</b>	<b>1,312</b>	<b>16</b>	<b>(35,260)</b>
<b>OBEGAL Reconciliation to Operating</b>								
<b>(30,258)</b>	<b>(3,543)</b>	<b>Operating balance</b>		<b>(6,776)</b>	<b>(8,088)</b>	<b>1,312</b>	<b>16</b>	<b>(35,260)</b>
Less:								
(3,258)	-	Net gains/(losses) on large scale asset purchases		(2,481)	(2,303)	(178)	(7.7)	(6,095)
1,906	1,581	Net gains/(losses) on financial instruments		3,547	888	2,659	299.4	3,396
(7,313)	(4,595)	Net gains/(losses) on non-financial instruments		(4,507)	(20)	(4,487)	-	(83)
572	37	Minority interests share of total gains/(losses)		31	(4)	35	-	(3)
1,193	27	Net surplus from associates and joint ventures		(198)	(198)	-	-	(780)
<b>(23,358)</b>	<b>(593)</b>	<b>OBEGAL</b>		<b>(3,168)</b>	<b>(6,451)</b>	<b>3,283</b>	<b>51</b>	<b>(31,695)</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020 Unaudited \$m	3 months to 30 Sep 2019 \$m	Current Year Actual vs Forecast				Annual PREFU Forecast \$m
		Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 17: Core Crown Residual Cash</b>						
<b>Core Crown Cash Flows from Operations</b>						
84,310	20,395	21,499	19,051	2,448	12.8	83,318
1,226	280	207	190	17	8.9	1,136
428	109	30	63	(33)	(52.4)	250
3,243	896	743	622	121	19.5	3,118
(43,916)	(8,899)	(11,520)	(12,652)	1,132	8.9	(39,257)
(56,583)	(14,068)	(15,859)	(16,756)	897	5.4	(68,076)
(3,016)	(108)	(66)	(103)	37	35.9	(2,904)
-	-	-	-	-	-	(10,057)
-	-	-	875	(875)	(100.0)	3,500
<b>(14,308)</b>	<b>(1,395)</b>	<b>(4,966)</b>	<b>(8,710)</b>	<b>3,744</b>	<b>43.0</b>	<b>(28,972)</b>
(2,955)	(659)	(720)	(821)	101	12.3	(3,367)
(1,798)	135	(470)	(685)	215	31.4	(1,327)
(3,171)	(686)	(1,257)	(1,282)	25	2.0	(4,322)
(1,460)	(365)	(530)	(530)	-	-	(2,120)
-	-	-	-	-	-	(2,663)
-	-	-	450	(450)	(100.0)	1,800
<b>(9,384)</b>	<b>(1,575)</b>	<b>(2,977)</b>	<b>(2,868)</b>	<b>(109)</b>	<b>(3.8)</b>	<b>(11,999)</b>
<b>(23,692)</b>	<b>(2,970)</b>	<b>(7,943)</b>	<b>(11,578)</b>	<b>3,635</b>	<b>31.4</b>	<b>(40,971)</b>
<i>The residual cash surplus / (deficit) is funded or invested by the Treasury as follows:</i>						
<b>Debt Programme Cash Flows</b>						
Market:						
31,951	4,152	21,736	20,963	773	3.7	55,011
(5,380)	-	-	-	-	-	(11,059)
8,415	(900)	(1,156)	(2,057)	901	43.8	(2,666)
<b>34,986</b>	<b>3,252</b>	<b>20,580</b>	<b>18,906</b>	<b>1,674</b>	<b>8.9</b>	<b>41,286</b>
Non market:						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>34,986</b>	<b>3,252</b>	<b>20,580</b>	<b>18,906</b>	<b>1,674</b>	<b>8.9</b>	<b>41,286</b>
<b>Other Borrowing Cash Flows</b>						
15,928	(425)	(7,103)	26,691	(33,794)	(126.6)	69,539
1,121	852	2,386	(1,273)	3,659	287.5	(3,701)
<b>17,049</b>	<b>427</b>	<b>(4,717)</b>	<b>25,418</b>	<b>(30,135)</b>	<b>160.9</b>	<b>65,838</b>
<b>Investing Cash Flows</b>						
(33,039)	(1,366)	(14,171)	(32,808)	18,637	56.8	(66,173)
1,209	121	101	(1)	102	-	(4)
3,487	536	6,150	63	6,087	-	24
<b>(28,343)</b>	<b>(709)</b>	<b>(7,920)</b>	<b>(32,746)</b>	<b>24,826</b>	<b>75.8</b>	<b>(66,153)</b>
<b>23,692</b>	<b>2,970</b>	<b>7,943</b>	<b>11,578</b>	<b>(3,635)</b>	<b>(31.4)</b>	<b>40,971</b>

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