

8 June 2022



TE TAI ŌHANGA
THE TREASURY

MEDIA STATEMENT

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Jayne Winfield, Chief Government Accountant

Interim Financial Statements of the Government of New Zealand for the ten months ended 30 April 2022

The interim *Financial Statements of the Government of New Zealand* for the ten months ended 30 April 2022 (the financial statements) were released by the Treasury today.

The April results are reported against forecasts based on the *Budget Economic and Fiscal Update 2022 (BEFU 2022)*, published on 19 May 2022.

	Year to date				Full Year
	April 2022	April 2022	Variance ²	Variance	June 2022
	Actual ¹	BEFU 2022 Forecast ¹	BEFU 2022	BEFU 2022	BEFU 2022 Forecast ³
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	87,940	86,147	1,793	2.1	103,796
Core Crown revenue	95,399	93,605	1,794	1.9	112,910
Core Crown expenses	102,835	103,603	768	0.7	128,444
Core Crown residual cash	(29,652)	(28,648)	(1,004)	(3.5)	(31,780)
Net debt ⁴	62,884	58,541	(4,343)	(7.4)	61,163
as a percentage of GDP	18.0%	16.7%			16.9%
Gross debt	117,418	115,061	(2,358)	(2.0)	115,139
as a percentage of GDP	33.5%	32.9%			31.8%
Operating balance before gains and losses	(9,370)	(12,543)	3,173	25.3	(18,978)
Operating balance (excluding minority interests)	(15,661)	(20,812)	5,151	24.8	(27,880)
Total borrowings	202,996	196,728	(6,268)	(3.2)	200,518
Net worth attributable to the Crown	136,576	131,148	5,428	4.1	123,853
as a percentage of GDP	39.0%	37.5%			34.2%

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

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

3 Using BEFU 2022 forecast GDP for the year ending 30 June 2022 of \$362,367 million (Source: The Treasury).

4 The net debt indicator includes core Crown advances, Crown entity borrowings and the financial assets and borrowings of the New Zealand Super Fund (NZS Fund). Net core Crown debt (the previous headline net debt indicator) was \$131.3 billion or 37.5% of GDP. Further information can be found within the box on page 5 of the financial statements.

Core Crown tax revenue for the ten months ended 30 April 2022 was \$1.8 billion (2.1%) above forecast, at \$87.9 billion. The key drivers were positive variances in corporate tax (\$0.9 billion), net other individuals' tax (\$0.6 billion) and source deductions (\$0.3 billion). This was slightly offset by GST revenue being \$0.1 billion below forecast.

Similar to the trend reported in previous months, **core Crown tax receipts** are in line with forecast and there remains a risk that some payments from the stronger core Crown tax revenue outturn may fall into the 2022/23 fiscal year, when terminal tax is due.

Core Crown expenses were \$102.8 billion, \$0.8 billion (0.7%) below forecast mainly reflecting timing delays in spending from Government departments.

The **operating balance before gains and losses** (OBEGAL) deficit of \$9.4 billion was \$3.2 billion better than forecast, mainly reflecting the core Crown results discussed above. The results of Crown entities and State-owned Enterprises were also stronger than expected.

When total gains and losses are added to the OBEGAL result, the **operating balance** was a \$15.7 billion deficit, \$5.2 billion better than the deficit forecast.

The key driver of the net gains and losses variance were changes in discount rates, resulting in actuarial gains on the ACC outstanding claims liability that was \$5.9 billion higher than the actuarial loss forecast. This was partially offset by weaker market conditions resulting in losses on the Crown's investment portfolios (New Zealand Superannuation Fund and ACC).

The **core Crown residual cash** deficit of \$29.7 billion was \$1.0 billion higher than the deficit forecast. This is mainly due to net core Crown capital cash outflows that were \$1.4 billion higher than forecast, partially reflecting the increase in uptake of the Funding for Lending programme.

These are the first interim financial statements to report the Government's new headline debt indicator – net debt. As at 30 April 2022, nominal **net debt** was \$62.9 billion (18.0% of GDP), \$4.3 billion higher than forecast. Most of this variance is driven by unfavourable market conditions impacting the financial portfolio held by the NZSF (\$2.2 billion) and Crown entity borrowings (\$1.6 billion).

Unlike the previous debt measure (net core Crown debt), the movement in the new measure is influenced by a wider range of factors than residual cash, a box providing more information has been included in the financial statements on page 5.

Gross debt at \$117.4 billion (33.5% of GDP), was \$2.4 billion higher than forecast. This is owing to movements in derivatives, the issuance of \$0.7 billion of euro-commercial paper (that is not forecast) and an increase in collateral liabilities.

Total borrowings were \$203.0 billion, higher than forecast by \$6.3 billion. The increase is largely owing to the variance in gross debt above, an increase in the value of derivatives in loss held outside of the core Crown and the higher level of settlement deposits held with the Reserve Bank (\$1.4 billion).

Enquiries: Treasury Communications Team
Email: media@treasury.govt.nz

Interim Financial Statements of the Government of New Zealand

For the Ten Months Ended
30 April 2022



Prepared by the Treasury
8 June 2022

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

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Officer for Enquiries

Treasury Communications Team (Phone: +64-4-917-6268) (Email: media@treasury.govt.nz)
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND



Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 April 2022, and the financial results of operations and cash flows for the period ended on that date.

The April results are reported against forecasts based on the *Budget Economic and Fiscal Update 2022* (BEFU 2022), published on 19 May 2022 and the results against the same period for the previous year.

Comparison against forecast

The April 2022 Interim Financial Statements of the Government show most operating indicators are tracking better than forecast as core Crown tax revenue outturns have exceeded expectations and there are some delays in core Crown expenses. Core Crown revenue was \$1.8 billion higher than forecasts driven by core Crown tax revenue, while core Crown expenses were \$0.8 billion lower than forecast.

The year-to-date results continue to show a stronger than expected operating balance before gains and losses (OBEGAL) deficit of \$9.4 billion, \$3.2 billion stronger than the deficit forecast. At this stage it is expected that some of the strength in the operating balance before gains and losses (OBEGAL) will persist until year end.

Although core Crown tax revenue was higher than forecast, this is yet to translate to an improvement in tax receipts. This coupled with unfavourable valuation movements sees net debt \$4.3 billion higher than forecast. Unlike the previous debt measure (net core Crown debt), the movement in the new measure is influenced by a wider range of factors than residual cash, more information is provided in a box on page 5.

Table 1 – Key indicators for the ten months ended 30 April 2022 compared to BEFU 2022

	Year to date				Full Year
	April	April	Variance ²	Variance	June
	2022	2022			2022
	Actual ¹	BEFU 2022 Forecast ¹	BEFU 2022	BEFU 2022	BEFU 2022 Forecast ³
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	87,940	86,147	1,793	2.1	103,796
Core Crown revenue	95,399	93,605	1,794	1.9	112,910
Core Crown expenses	102,835	103,603	768	0.7	128,444
Core Crown residual cash	(29,652)	(28,648)	(1,004)	(3.5)	(31,780)
Net debt ⁴	62,884	58,541	(4,343)	(7.4)	61,163
<i>as a percentage of GDP</i>	18.0%	16.7%			16.9%
Gross debt	117,418	115,061	(2,358)	(2.0)	115,139
<i>as a percentage of GDP</i>	33.5%	32.9%			31.8%
Operating balance before gains and losses	(9,370)	(12,543)	3,173	25.3	(18,978)
Operating balance (excluding minority interests)	(15,661)	(20,812)	5,151	24.8	(27,880)
Total borrowings	202,996	196,728	(6,268)	(3.2)	200,518
Net worth attributable to the Crown	136,576	131,148	5,428	4.1	123,853
<i>as a percentage of GDP</i>	39.0%	37.5%			34.2%

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

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

3 Using BEFU 2022 forecast GDP for the year ending 30 June 2022 of \$362,367 million (Source: The Treasury).

4 The net debt indicator includes core Crown advances, Crown entity borrowings and the financial assets and borrowings of the New Zealand Super Fund (NZS Fund). Net core Crown debt (the previous headline net debt indicator) was \$131.3 billion or 37.5% of GDP. Further information can be found within the box on page 5 of the financial statements.

Core Crown tax revenue for the ten months ended 30 April 2022 was \$1.8 billion (2.1%) above forecast. The largest contributors to the variance were:

- Corporate tax revenue was \$0.9 billion (6.0%) above forecast, and net other individuals' tax revenue was \$0.6 billion (7.5%) above forecast. For both tax types, terminal tax revenue for the 2021 tax year and provisional tax revenue for the 2022 tax year are both above forecast.
- Source deductions revenue was \$0.3 billion (0.9%) above forecast, as gross salary and wage earnings through the March quarter were higher than forecast.
- GST revenue was \$0.1 billion (0.5%) below forecast. Data on the principal drivers of GST, namely consumption and residential investment, will be released on Thursday 16 June 2022 and will provide further information on the movements noted in GST revenue.

Similar to the trend reported in previous months, **core Crown tax receipts** are in line with forecast and there remains a risk that some payments from the stronger core Crown tax revenue outturn may fall into the 2022/23 fiscal year, when terminal tax is due.

Core Crown expenses were \$102.8 billion, \$0.8 billion (0.7%) below forecast. When core Crown expenses are considered without the Treasury's central top-down adjustment, core Crown expenses were \$2.0 billion lower than expected mainly reflecting timing delays in spending from Government departments. The largest variances noted include:

- Health expenditure being less than forecast by \$0.4 billion with the COVID-19 response impacting spending.
- Core government services being below forecast by \$0.3 billion which is spread across a range of programmes and agencies.
- Education expenditure being below forecast by \$0.3 billion due to delays in additional funding received.
- Social security and welfare expenses being below forecast by \$0.2 billion because of a reduction in work relating to COVID-19 related issues.

The **OBEGAL** deficit of \$9.4 billion was \$3.2 billion better than the forecast deficit of \$12.5 billion. This variance mainly reflects the core Crown results discussed above. In addition, the results of Crown entities (CEs) and State-owned Enterprises (SOEs), were both stronger than forecast.

The **operating balance** was a deficit of \$15.7 billion, \$5.2 billion lower than the deficit forecast due to the variance in the OBEGAL result and the better-than-expected variance in net losses. The main driver is net losses on financial and non-financial instruments, specifically:

- Net losses on non-financial instruments were \$5.6 billion lower than the losses forecast for the period. This is primarily due to actuarial gains on the ACC outstanding claims liability being \$5.9 billion higher than expected losses driven by the increase in the discount rate assumption used to value the liability.
- Net losses on financial instruments were higher than forecast by \$3.3 billion. This result was largely due to changes in market conditions resulting in the returns on the NZSF and ACC's investment portfolios being below forecast.

The **core Crown residual cash** deficit of \$29.7 billion, was \$1.0 billion higher than the deficit forecast. While tax receipts and operating expense payments were close, net core Crown capital cash outflows were \$1.4 billion higher than forecast, partially reflecting the increase in uptake of the Funding for Lending programme and a timing delay in the sale of school land to Ngāti Toa which slipped into May.

As at 30 April 2022 nominal **net debt** was \$62.9 billion (18.0% of GDP), \$4.3 billion higher than forecast. Most of this variance is driven by unfavourable market conditions impacting the financial portfolio held by the NZSF (\$2.2 billion) and Crown entity borrowings (\$1.6 billion). Further information around the Government's new debt indicator (including a reconciliation from net core Crown debt to net debt) has been included in the box on page 5.

Gross debt at \$117.4 billion (33.5% of GDP), was \$2.4 billion higher than forecast mainly owing to movements in derivatives, the issuance of \$0.7 billion in euro-commercial paper (not forecast) and an increase in collateral liabilities of \$0.3 billion as the forecast number is held constant from a base month of January 2022.

Total borrowings were \$203.0 billion, higher than forecast by \$6.3 billion. The increase reflects the variance in gross debt above, an increase in the value of derivatives in loss held outside of the core Crown and the higher level of settlement deposits held with the Reserve Bank (\$1.4 billion).

Total assets at \$467.3 billion were \$8.0 billion above forecast. This was primarily owing to holdings of marketable securities, long-term deposits and derivative assets being above forecast by \$7.0 billion, along with receivables being above forecast by \$3.9 billion. Cash, share investments and property, plant and equipment were all below forecast, \$4.1 billion collectively.

Total liabilities at \$324.5 billion were \$2.3 billion higher than forecast largely owing to higher total borrowings of \$6.3 billion above forecast, partially offset by the reduction in insurance liabilities (mainly the ACC outstanding claims liability, as mentioned above).

Net worth attributable to the Crown was \$136.6 billion at 30 April 2022, \$5.4 billion higher than forecast. This is mainly driven by the favourable operating balance variance previously mentioned.

Changes to the Government's key fiscal indicators

The Government has recently announced a new headline debt measure which was first reported in the *2022 Budget Economic and Fiscal Update (BEFU 2022)*. The new measure is more comprehensive than the previously used headline debt measure (net core Crown debt). The headline debt indicator now includes core Crown advances, Crown entity borrowings and the financial assets and borrowings of the NZS Fund. In *BEFU 2022*, the Government also announced their objective to keep new debt measure under a ceiling of 30% of GDP, subject to significant shocks.

The changes to the coverage of the headline debt measure bring New Zealand's net debt indicator closer to international norms, allowing for better comparison of fiscal sustainability against other countries. However, whilst these changes go some way towards addressing international measurement differences, a wide variety of different methodologies are used to measure net debt internationally, making full alignment challenging. New Zealand's new net debt measure will still not be fully comparable with international methodologies due to a variety of factors (for example, in the treatment of local government and central banks).

The move to broaden the headline debt measure is likely to add more volatility to the level of net debt over short time horizons. This is because the headline debt measure now includes more financial instruments that are sensitive to changes in market conditions. This has been illustrated in the results to 30 April 2022, as the net financial assets of the NZS Fund are lower than forecast by \$2.2 billion and Crown entity borrowings are higher than forecast by \$1.6 billion at 30 April 2022 (Table 2). These variances are largely owing to changes in market conditions since the forecasts were prepared, which has resulted in \$2.4 billion of net losses on investments and derivatives of the NZS Fund and ACC's derivatives in loss being \$1.0 billion higher than forecast at the *BEFU 2022*.

Although the additional volatility may result in big shifts in the near-term net debt level, this does not necessary signal that there needs to be a change in fiscal policy settings in order to achieve the Government's fiscal objectives over a longer time horizon.

Going forward, net core Crown debt (the previous headline debt indicator) will be phased out from being reported within the interim Financial Statements of the Government. However, net core Crown debt will continue to be published in the historical fiscal time series within the *Economic and Fiscal Update* documents for a transitional period to aid transparency and comparability with the new headline net debt measure.

Table 2 – Reconciliation between net debt and net core Crown debt

	Year to date			Full Year
	April 2022 Actual \$m	April 2022 BEFU 2022 Forecast \$m	Variance BEFU 2022 \$m	June 2022 BEFU 2022 Forecast \$m
Net core Crown debt	131,271	130,141	(1,130)	133,618
<i>Include:</i>				
Core Crown advances	(25,940)	(25,390)	550	(26,312)
Net NZS Fund financial assets and borrowings	(56,936)	(59,149)	(2,213)	(60,300)
Crown entity borrowings	14,489	12,939	(1,550)	14,157
Net debt	62,884	58,541	(4,343)	61,163
% of GDP				
Net core Crown debt	37.5	37.2		36.9
Net debt	18.0	16.7		16.9

Source: The Treasury

Comparison against the prior year actuals

Table 3 – Key indicators for the ten months ended 30 April 2022 compared to prior year actuals

	Year to date				Full Year
	April 2022 Actual ¹ \$m	April 2021 Prior Year Actual ² \$m	Variance ³ to 2020 \$m	Variance to 2020 %	June 2021 Prior Year Actual ⁴ \$m
Core Crown tax revenue	87,940	79,124	8,816	11.1	97,983
Core Crown revenue	95,399	84,606	10,793	12.8	104,968
Core Crown expenses	102,835	88,283	(14,552)	(16.5)	107,901
Core Crown residual cash	(29,652)	(19,207)	(10,445)	(54.4)	(13,767)
Net debt ⁵	62,884	44,251	(18,633)	(42.1)	35,921
<i>as a percentage of GDP</i>	18.0%	13.7%			10.5%
Gross debt	117,418	108,926	(8,492)	(7.8)	100,835
<i>as a percentage of GDP</i>	33.5%	33.6%			29.4%
Operating balance before gains and losses	(9,370)	(5,048)	(4,322)	(85.6)	(4,697)
Operating balance (excluding minority interests)	(15,661)	12,133	(27,794)	(229.1)	16,022
Total Borrowings	202,996	167,740	(35,256)	(21.0)	162,560
Net worth attributable to the Crown	136,576	122,887	13,689	11.1	151,171
<i>as a percentage of GDP</i>	39.0%	37.9%			44.1%

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

2 Using prior year published GDP (for the year ended 31 December 2020) of \$324,140 million (Source: Stats NZ).

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

4 Using published GDP for the year ended 30 June 2021 of \$342,477 million (Source: Stats NZ).

5 The net debt indicator includes core Crown advances, Crown entity borrowings and the financial assets and borrowings of the New Zealand Super Fund (NZS Fund).

Core Crown tax revenue for the ten months ended April 2022 was \$8.8 billion (11.1%) above last year.

The largest movements came from:

- Corporate tax revenue that was \$3.7 billion (30.4%) and other individuals' tax revenue that was \$2.0 billion (34.5%) up on last year, mainly owing to an increase in taxable profits through the 2021 income tax year.
- Source deduction revenue that was \$3.4 billion (10.8%) up on last year, mainly owing to growth in hours worked, employment (full-time equivalent employees) and wages. The 2022 year-to-date also includes roughly \$0.3 billion in additional revenue due to the introduction of the 39% personal income tax rate for income over \$180,000 per year.
- GST revenue that was up \$0.5 billion (2.6%) on the previous year. The varying levels of restrictions due to COVID-19 over the current and prior periods is causing variability in GST revenue when compared to the prior period.

The drivers of the stronger tax revenue mentioned above have also impacted **core Crown tax receipts** which were \$5.5 billion (7.3%) up on the corresponding period last year. The largest movements came from:

- source deduction receipts that were greater by \$4.1 billion (13.1%)
- other individuals' tax receipts that were \$1.1 billion higher (22.6%)
- corporate tax receipts that were \$0.7 billion higher (6.0%)
- GST receipts that were up \$0.3 billion (1.9%).

Core Crown expenses were \$14.6 billion (16.5%) higher than the same time last year, at \$102.8 billion. The variance was largely driven by the impacts of COVID-19:

- Wage subsidy scheme payments (\$3.4 billion higher than last year).
- COVID-19 resurgence and support payments of \$4.0 billion (\$3.8 billion higher than last year).
- Increased expenses in health and tertiary education (respectively, \$3.9 billion and \$2.1 billion higher than last year) largely as a result of COVID-19 funding.

Core Crown residual cash was a deficit of \$29.7 billion, \$10.4 billion greater than the deficit for April 2021. The main contributor to the variance is the introduction of the FLP which is a key driver in net advance outflow increasing by \$4.0 billion. Increased net operating cashflows account for \$5.9 billion of the larger deficit, primarily driven by the factors mentioned in core Crown tax revenue and core Crown expenses above.

Net debt was \$18.6 billion higher than the same time last year and as a share of the economy, net debt increased to 18.0% of GDP (compared to 13.7% of GDP a year earlier). This increase is largely driven by the greater spending, in part due to COVID-19 fiscal support measures introduced following the COVID-19 outbreaks.

Net worth attributable to the Crown was \$136.6 billion (39.0% of GDP) at 30 April 2022, which is \$13.7 billion higher than the prior year. This variance is mostly driven by an increase in the property revaluations of \$21.9 billion, in addition to a change of \$2.8 billion from the defined benefit retirement plan and veteran's disability entitlements. The operating balance since April 2021 partially offsets this.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the ten months ended 30 April 2022

Year to 30 June 2021	10 months to 30 Apr 2021		Note	Current Year Actual vs Forecast			Annual BEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
		Revenue						
97,362	78,604	Taxation revenue	2	87,466	85,608	1,858	2.2	103,165
7,038	5,506	Other sovereign revenue	2	7,234	7,149	85	1.2	8,706
104,400	84,110	Total revenue levied through the Crown's Sovereign Power		94,700	92,757	1,943	2.1	111,871
18,500	15,353	Sales of goods and services		13,701	13,607	94	0.7	16,819
2,846	2,390	Interest revenue and dividends	3	2,728	2,678	50	1.9	3,235
3,589	2,974	Other revenue		3,265	3,286	(21)	(0.6)	3,871
24,935	20,717	Total revenue earned through the Crown's operations		19,694	19,571	123	0.6	23,925
129,335	104,827	Total revenue (excluding gains)		114,394	112,328	2,066	1.8	135,796
		Expenses						
35,427	29,313	Transfer payments and subsidies	4	37,458	37,595	137	0.4	44,750
29,817	24,089	Personnel expenses		26,286	26,177	(109)	(0.4)	31,325
6,901	5,564	Depreciation and amortisation		5,538	5,702	164	2.9	7,234
52,604	43,025	Other operating expenses		46,370	48,217	1,847	3.8	65,052
2,272	1,980	Finance costs	5	2,561	2,601	40	1.5	3,355
6,838	5,737	Insurance expenses	6	5,515	5,862	347	5.9	6,729
-	-	Forecast new operating spending	7	-	-	-	-	592
-	-	Top-down expense adjustment	7	-	(1,245)	(1,245)	(100.0)	(4,150)
133,859	109,708	Total expenses (excluding losses)		123,728	124,909	1,181	0.9	154,887
		Gains/(losses)						
(3,976)	(3,948)	Net gains/(losses) on large scale asset purchases		(1)	(1)	-	-	(1)
18,130	14,700	Net gains/(losses) on financial instruments		(4,922)	(1,637)	(3,285)	(200.7)	(1,383)
6,869	6,992	Net gains/(losses) on non-financial instruments	8	(916)	(6,488)	5,572	85.9	(7,357)
21,023	17,744	Total gains/(losses)		(5,839)	(8,126)	2,287	28.1	(8,741)
		Other interests						
(360)	(457)	Net surplus/(deficit) from associates and joint ventures		(13)	132	(145)	(109.8)	158
(117)	(273)	Less minority interests share of operating balance		(475)	(237)	(238)	(100.4)	(206)
16,022	12,133	Operating balance (excluding minority interests)		(15,661)	(20,812)	5,151	24.8	(27,880)
117	273	Minority interests share of operating balance		475	237	238	100.4	206
16,139	12,406	Operating balance (including minority interests)		(15,186)	(20,575)	5,389	26.2	(27,674)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the ten months ended 30 April 2022

Year to 30 June 2021	10 months to 30 Apr 2021		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
16,139	12,406	Operating balance (including minority interest)	(15,186)	(20,575)	5,389	26.2	(27,674)
		Other comprehensive revenue and expense					
22,539	(258)	Revaluation of physical assets	37	159	(122)	(76.7)	216
2,325	602	Revaluation of defined benefit retirement plan schemes	673	599	74	12.4	711
436	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(143)	(14)	Transfers to/(from) reserves (Gains)/losses transferred to the	606	328	278	84.8	224
181	(2)	statement of financial performance	(86)	(63)	(23)	(36.5)	(74)
8	(49)	Foreign currency translation differences on foreign operations	23	(6)	29	483.3	(5)
15	200	Other movements	(165)	(144)	(21)	(14.6)	(455)
25,361	479	Total other comprehensive revenue and expense	1,088	873	215	24.6	617
41,500	12,885	Total comprehensive revenue and expense	(14,098)	(19,702)	5,604	28.4	(27,057)
		Attributable to:					
488	157	- minority interest	497	321	176	54.8	261
41,012	12,728	- the Crown	(14,595)	(20,023)	5,428	27.1	(27,318)
41,500	12,885	Total comprehensive revenue and expense	(14,098)	(19,702)	5,604	28.4	(27,057)

STATEMENT OF CHANGES IN NET WORTH

For the ten months ended 30 April 2022

Year to 30 June 2021	10 months to 30 Apr 2021		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
115,782	115,782	Opening net worth	156,895	156,895	-	-	156,895
16,139	12,406	Operating balance (including minority interest)	(15,186)	(20,575)	5,389	26.2	(27,674)
22,539	(258)	Net revaluations	37	159	(122)	(76.7)	216
		Net revaluations of defined benefit retirement					
2,325	602	plan schemes	673	599	74	12.4	711
436	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(143)	(14)	Transfers to/(from) reserves (Gains)/losses transferred to the	606	328	278	84.8	224
181	(2)	statement of financial performance	(86)	(63)	(23)	(36.5)	(74)
8	(49)	Foreign currency translation differences on foreign operations	23	(6)	29	483.3	(5)
15	200	Other movements	(165)	(144)	(21)	(14.6)	(455)
41,500	12,885	Total comprehensive revenue and expense	(14,098)	(19,702)	5,604	28.4	(27,057)
(387)	(376)	Transactions with minority interests	(4)	(39)	35	89.7	530
156,895	128,291	Closing net worth	142,793	137,154	5,639	4.1	130,368

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

STATEMENT OF CASH FLOWS

For the ten months ended 30 April 2022

Year to 30 June 2021	10 months to 30 Apr 2021		Current Year Actual vs Forecast				Annual BEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
95,382	74,517	Taxation receipts		79,949	79,754	195	0.2	101,430
6,424	4,484	Other sovereign receipts		6,351	6,516	(165)	(2.5)	7,704
17,732	14,743	Sales of goods and services		14,135	13,937	198	1.4	17,108
1,670	1,427	Interest receipts		1,564	1,470	94	6.4	1,768
4,814	3,798	Other operating receipts		4,018	3,917	101	2.6	4,649
126,022	98,969	Total cash provided from operations		106,017	105,594	423	0.4	132,659
		Cash was disbursed to						
35,515	29,698	Transfer payments and subsidies		38,005	38,197	192	0.5	44,987
84,256	71,479	Personnel and operating payments		77,527	79,138	1,611	2.0	99,805
3,147	2,724	Interest payments		2,683	2,747	64	2.3	3,297
-	-	Forecast new operating spending	7	-	-	-	-	592
-	-	Top-down expense adjustment	7	-	(1,245)	(1,245)	(100.0)	(4,150)
122,918	103,901	Total cash disbursed to operations		118,215	118,837	622	0.5	144,531
3,104	(4,932)	Net cash flows from operations		(12,198)	(13,243)	1,045	7.9	(11,872)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(9,393)	(7,961)	Net (purchase)/sale of physical assets		(9,034)	(9,646)	612	6.3	(13,170)
4,189	5,094	Net (purchase)/sale of shares and other securities		(4,828)	3,773	(8,601)	(228.0)	4,767
(898)	(597)	Net (purchase)/sale of intangible assets		(630)	(686)	56	8.2	(996)
(5,663)	(4,127)	Net (issue)/repayment of advances		(9,202)	(8,588)	(614)	(7.1)	(11,254)
(392)	(370)	Net acquisition of investments in associates		(566)	(490)	(76)	(15.5)	(611)
-	-	Forecast new capital spending	7	-	-	-	-	(963)
-	-	Top-down capital adjustment	7	-	525	(525)	(100.0)	1,750
(12,157)	(7,961)	Net cash flows from investing activities		(24,260)	(15,112)	(9,148)	(60.5)	(20,477)
(9,053)	(12,893)	Net cash flows from operating and investing activities		(36,458)	(28,355)	(8,103)	(28.6)	(32,349)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
234	276	Issues of circulating currency		914	888	26	2.9	903
1,158	5,036	Net issue/(repayment) of Government bonds		16,781	17,894	(1,113)	(6.2)	18,993
348	977	Net issue/(repayment) of foreign currency borrowing		1,713	(1,752)	3,465	197.8	(2,550)
5,847	3,584	Net issue/(repayment) of other New Zealand dollar borrowing		13,781	9,740	4,041	41.5	12,803
-	-	Net issue/(purchase) of equity		246	246	-	-	-
(373)	(375)	Dividends paid to minority interests		(333)	(267)	(66)	(24.7)	553
7,214	9,498	Net cash flows from financing activities		33,102	26,749	6,353	23.8	30,702
(1,839)	(3,395)	Net movement in cash		(3,356)	(1,606)	(1,750)	(109.0)	(1,647)
21,927	21,927	Opening cash balance		18,755	18,755	-	-	18,755
(1,333)	(1,423)	Foreign-exchange gains/(losses) on opening cash		(30)	230	(260)	(113.0)	209
18,755	17,109	Closing cash balance		15,369	17,379	(2,010)	(11.6)	17,317

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the ten months ended 30 April 2022

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
3,104	(4,932)	Net cash flows from operations	(12,198)	(13,243)	1,045	7.9	(11,872)
		Gains/(losses) and other interests					
18,130	14,700	Net gains/(losses) on financial instruments	(4,922)	(1,637)	(3,285)	(200.7)	(1,383)
6,869	6,992	Net gains/(losses) on non-financial instruments	(916)	(6,488)	5,572	85.9	(7,357)
(3,976)	(3,948)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
(360)	(457)	Net surplus from associates and joint ventures	(13)	132	(145)	(109.8)	158
(117)	(273)	Minority interests share of operating balance	(475)	(237)	(238)	(100.4)	(206)
20,546	17,014	Total gains/(losses) and other interests	(6,327)	(8,231)	1,904	23.1	(8,789)
		Other non-cash Items in operating balance					
(6,901)	(5,564)	Depreciation and amortisation	(5,538)	(5,702)	164	2.9	(7,234)
(1,039)	(808)	Cost of concessionary lending	(702)	(790)	88	11.1	(1,327)
(1)	(43)	Impairment of financial assets (excluding receivables)	(29)	(28)	(1)	(3.6)	(104)
(1,868)	(1,865)	Decrease/(increase) in insurance liabilities	(1,944)	(2,139)	195	9.1	(1,594)
733	609	Change in accumulating pension expenses	571	860	(289)	(33.6)	1,102
149	-	Other	-	-	-	-	-
(8,927)	(7,671)	Total other non-cash Items	(7,642)	(7,799)	157	2.0	(9,157)
		Movements in working capital					
1,481	4,548	Increase/(decrease) in receivables	8,905	5,467	3,438	62.9	523
1,126	993	Increase/(decrease) in accrued interest	311	433	(122)	(28.2)	260
421	193	Increase/(decrease) in inventories	631	402	229	57.0	422
63	381	Increase/(decrease) in prepayments	724	751	(27)	(3.6)	357
40	98	Decrease/(increase) in deferred revenue	(540)	(223)	(317)	(142.2)	(136)
(1,832)	1,509	Decrease/(increase) in payables/provisions	475	1,631	(1,156)	(70.9)	512
1,299	7,722	Total movements in working capital	10,506	8,461	2,045	24.2	1,938
16,022	12,133	Operating balance (excluding minority interests)	(15,661)	(20,812)	5,151	24.8	(27,880)

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

STATEMENT OF FINANCIAL POSITION

As at 30 April 2022

As at 30 June 2021 Actual \$m	As at 30 Apr 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Assets						
18,755	17,109	Cash and cash equivalents	9	15,369	17,379	(2,010)	(11.6)	17,317
26,829	29,920	Receivables	9	36,172	32,307	3,865	12.0	27,083
		Marketable securities, deposits and derivatives in gain	9	61,474	54,432	7,042	12.9	53,940
56,783	59,753	Share investments	9	49,036	50,434	(1,398)	(2.8)	50,853
48,539	46,459	Advances	9	56,285	55,775	510	0.9	57,348
45,612	44,529	Investments in controlled enterprises	9	4,824	4,801	23	0.5	4,849
4,718	4,291	Inventory		2,825	2,596	229	8.8	2,616
2,194	1,966	Other assets		4,408	4,370	38	0.9	3,894
3,928	3,770	Property, plant and equipment	10	218,377	219,040	(663)	(0.3)	221,570
213,216	190,022	Equity accounted investments ¹		14,896	15,008	(112)	(0.7)	15,142
14,421	14,204	Intangible assets and goodwill		3,655	3,753	(98)	(2.6)	3,577
3,303	3,985	Forecast for new capital spending	7	-	-	-	-	963
-	-	Top-down capital adjustment	7	-	(525)	525	100.0	(1,750)
438,298	416,008	Total assets		467,321	459,370	7,951	1.7	457,402
		Liabilities						
8,256	8,298	Issued currency		9,170	9,144	(26)	(0.3)	9,159
17,577	17,894	Payables	11	16,284	14,476	(1,808)	(12.5)	15,625
2,549	2,492	Deferred revenue		3,091	2,770	(321)	(11.6)	2,685
162,560	167,740	Borrowings	12	202,996	196,728	(6,268)	(3.2)	200,518
60,336	60,890	Insurance liabilities	13	59,134	65,254	6,120	9.4	65,384
11,038	12,852	Retirement plan liabilities		9,817	9,877	60	0.6	9,663
19,087	17,551	Provisions	14	24,036	23,967	(69)	(0.3)	24,000
281,403	287,717	Total liabilities		324,528	322,216	(2,312)	(0.7)	327,034
156,895	128,291	Total assets less total liabilities		142,793	137,154	5,639	4.1	130,368
		Net worth						
19,559	15,574	Taxpayers' funds	15	3,984	(1,305)	5,289	405.3	(8,674)
		Property, plant and equipment revaluation reserve	15	133,898	134,071	(173)	(0.1)	134,125
134,003	111,975	Defined benefit retirement plan revaluation reserve	15	(888)	(961)	73	7.6	(849)
(1,560)	(3,284)	Veterans' disability entitlements reserve	15	(659)	(659)	-	-	(659)
(659)	(1,095)	Other reserves	15	241	2	239	-	(90)
(172)	(283)							
151,171	122,887	Total net worth attributable to the Crown		136,576	131,148	5,428	4.1	123,853
5,724	5,404	Net worth attributable to minority interest	15	6,217	6,006	211	3.5	6,515
156,895	128,291	Total net worth		142,793	137,154	5,639	4.1	130,368

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

STATEMENT OF SEGMENTS

For the ten months ended 30 April 2022

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
Revenue										
Taxation revenue	87,940	86,147	-	-	-	-	(474)	(539)	87,466	85,608
Other sovereign revenue	3,573	3,535	5,338	5,314	-	-	(1,677)	(1,700)	7,234	7,149
Revenue from core Crown funding	-	-	32,694	32,250	755	750	(33,449)	(33,000)	-	-
Sales of goods and services	1,131	1,246	2,254	2,247	10,807	10,636	(491)	(522)	13,701	13,607
Interest and dividend revenue	1,865	1,780	1,051	1,042	736	753	(924)	(897)	2,728	2,678
Other revenue	890	897	2,781	3,028	768	709	(1,174)	(1,348)	3,265	3,286
Total Revenue (excluding gains)	95,399	93,605	44,118	43,881	13,066	12,848	(38,189)	(38,006)	114,394	112,328
Expenses										
Transfer payments and subsidies	38,476	38,627	-	-	-	-	(1,018)	(1,032)	37,458	37,595
Personnel expenses	8,030	8,161	15,949	15,733	2,351	2,318	(44)	(35)	26,286	26,177
Other operating expenses	54,096	55,872	29,079	29,489	9,908	9,859	(35,660)	(35,439)	57,423	59,781
Interest expenses	2,233	2,188	166	196	488	526	(326)	(309)	2,561	2,601
Forecast new operating spending and top-down adjustment	-	(1,245)	-	-	-	-	-	-	-	(1,245)
Total Expenses (excluding losses)	102,835	103,603	45,194	45,418	12,747	12,703	(37,048)	(36,815)	123,728	124,909
Gains/(losses) and other items	(8,354)	(5,119)	(38)	(4,094)	441	365	1,624	617	(6,327)	(8,231)
Operating Balance (excluding minority interests)	(15,790)	(15,117)	(1,114)	(5,631)	760	510	483	(574)	(15,661)	(20,812)
Assets										
Financial assets	147,220	142,397	66,706	65,337	36,257	35,496	(27,023)	(28,102)	223,160	215,128
Property, plant and equipment	53,177	53,275	122,785	123,237	42,415	42,528	-	-	218,377	219,040
Investments in associates, CEs and SOEs	57,026	57,165	12,936	12,971	361	332	(55,427)	(55,460)	14,896	15,008
Other assets	6,361	6,048	2,589	2,691	2,747	2,787	(809)	(807)	10,888	10,719
Forecast and top-down capital adjustments	-	(525)	-	-	-	-	-	-	-	(525)
Total Assets	263,784	258,360	205,016	204,236	81,780	81,143	(83,259)	(84,369)	467,321	459,370
Liabilities										
Borrowings	168,701	163,609	14,489	12,939	40,841	41,428	(21,035)	(21,248)	202,996	196,728
Other liabilities	50,088	49,245	73,697	78,822	9,548	8,958	(11,801)	(11,537)	121,532	125,488
Total Liabilities	218,789	212,854	88,186	91,761	50,389	50,386	(32,836)	(32,785)	324,528	322,216
Net Worth	44,995	45,506	116,830	112,475	31,391	30,757	(50,423)	(51,584)	142,793	137,154
Cost of Acquisition of Physical Assets (Cash)	2,841	2,945	4,646	5,304	1,802	1,956	-	-	9,290	10,205

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

STATEMENT OF COMMITMENTS

As at 30 April 2022

	As at 30 Apr 2022 \$m	As at 30 Jun 2021 \$m	As at 30 Apr 2021 \$m
Capital Commitments			
State highways ¹	2,751	2,745	3,197
Specialist military equipment	2,235	2,598	2,656
Land and buildings	6,584	6,044	5,686
Other property, plant and equipment	4,831	4,431	3,409
Other capital commitments	726	1,031	1,549
Universities and Wānanga	875	875	400
Total capital commitments	18,002	17,724	16,897
Operating Commitments			
Non-cancellable accommodation leases	5,148	5,342	5,025
Other non-cancellable leases	3,574	3,866	3,901
Universities and Wānanga	1,137	1,137	1,084
Total operating commitments	9,859	10,345	10,010
Total commitments	27,861	28,069	26,907
Total Commitments by Segment			
Core Crown	14,583	14,090	14,302
Crown entities ¹	9,426	9,063	8,549
State-owned Enterprises	6,962	6,896	6,198
Inter-segment eliminations	(3,110)	(1,980)	(2,142)
Total commitments	27,861	28,069	26,907

1. The April 2021 state highway network capital commitments have been restated to \$3,197 million to reflect the contracted work remaining.

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 April 2022

	As at 30 Apr 2022 \$m	As at 30 Jun 2021 \$m	As at 30 Apr 2021 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	8,867	8,568	8,473
Guarantees and indemnities	422	348	305
Legal proceedings and disputes	326	313	453
Other contingent liabilities	899	567	542
Total quantifiable contingent liabilities	10,514	9,796	9,773
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	10,062	9,538	9,558
Crown entities	165	157	177
State-owned Enterprises	287	196	203
Inter-segment eliminations	(57)	(95)	(165)
Total quantifiable contingent liabilities	10,457	9,796	9,773
Quantifiable Contingent Assets			
Core Crown	27	37	22
Crown entities	21	21	26
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
Total quantifiable contingent assets	48	58	48

A list of unquantifiable contingent liabilities as at 31 March 2022 and their descriptions is included on the Treasury's website as part of the BEFU 2022. This can be found on pages 103 to 108.

<https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2022>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies

Reporting Entity

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

- Ministers of the Crown
- Government departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Kiwi Group Holdings Limited (including Kiwibank)
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989
- Organisations listed in Schedule 5 of the Public Finance Act 1989
- Legal entities listed in Schedule 6 of the Public Finance Act 1989
- Other Government entities specified by legislation

Government departments are defined by the Public Finance Act 1989 and include departments (as defined in the Public Service Act 2020), departmental agencies, interdepartmental executive boards, interdepartmental ventures, the New Zealand Defence Force, the New Zealand Police, the Parliamentary Counsel Office, the Office of the Clerk of the House of Representatives and the Parliamentary Service.

The Crown has a full residual interest in all the above entities with the exception of Air New Zealand Limited, Tāmaki Redevelopment Company Limited and City Rail Link Limited (listed in Schedule 4A of the Public Finance Act 1989) and the entities listed in Schedule 5 of the Public Finance Act 1989 (Mixed ownership model companies).

Corresponding assets, liabilities, revenue and expenses, are added together line by line (with the exception of the New Zealand Superannuation Fund investments in controlled enterprises). Transactions and balances between these sub-entities are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies into line with those used by the Government reporting entity.

As a consequence of the agreements with Auckland Council, City Rail Link Limited (CRL) is reported as a joint venture in these financial statements and is, therefore, equity accounted. This treatment recognises the government share of CRL's net assets, including asset revaluation movements, surpluses and deficits.

A schedule of the entities that are included in the Government reporting entity was set out on pages 111 to 114 of the *BEFU 2022* published on 19 May 2022.

The figures presented in these financial statements for 30 June 2021 are audited. All other figures are unaudited.

Basis of Preparation and General Accounting Policies

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

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

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

Specific Accounting Policies

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

Forecasts

The annual forecasts in these financial statements are for the year to 30 June 2022, based on the *BEFU 2022* published on 19 May 2022.

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

Comparative Figures

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

Variance Percentages

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

Judgements and Estimates

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

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

Further detail on the judgements and estimates used can be found on pages 57 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2021* published on 12 October 2021.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
38,164	31,554	Source deductions	34,938	34,635	303	0.9	41,813
8,773	6,768	Other persons	8,609	8,129	480	5.9	10,045
(1,716)	(1,365)	Refunds	(1,275)	(1,324)	49	3.7	(1,766)
608	486	Fringe benefit tax	583	560	23	4.1	641
45,829	37,443	Total individuals	42,855	42,000	855	2.0	50,733
Corporate tax							
15,640	11,531	Gross companies tax	15,410	14,489	921	6.4	17,391
(344)	(218)	Refunds	(400)	(449)	49	10.9	(649)
472	342	Non-resident withholding tax	379	376	3	0.8	508
15,768	11,655	Total corporate tax	15,389	14,416	973	6.7	17,250
Other direct income tax							
1,000	898	Resident w/holding tax on interest income	659	594	65	10.9	717
1,519	1,341	Resident w/holding tax on dividend income	874	837	37	4.4	969
2,519	2,239	Total other direct income tax	1,533	1,431	102	7.1	1,686
64,116	51,337	Total direct income tax	59,777	57,847	1,930	3.3	69,669
Goods and services tax							
39,814	32,600	Gross goods and services tax	35,580	35,409	171	0.5	42,946
(14,252)	(11,691)	Refunds	(14,126)	(13,837)	(289)	(2.1)	(16,655)
25,562	20,909	Total goods and services tax	21,454	21,572	(118)	(0.5)	26,291
Other indirect taxation							
2,145	1,738	Petroleum fuels excise and duty ¹	1,452	1,496	(44)	(2.9)	1,742
1,637	1,364	Tobacco excise and duty ¹	1,578	1,492	86	5.8	1,619
1,930	1,605	Road and track user charges	1,584	1,563	21	1.3	1,853
1,249	1,066	Alcohol excise and duty ¹	1,070	1,078	(8)	(0.7)	1,288
169	142	Other customs duty	146	155	(9)	(5.8)	195
554	443	Miscellaneous indirect tax	405	405	-	-	508
7,684	6,358	Total other indirect taxation	6,235	6,189	46	0.7	7,205
33,246	27,267	Total indirect taxation	27,689	27,761	(72)	(0.3)	33,496
97,362	78,604	Total taxation revenue	87,466	85,608	1,858	2.2	103,165
Other sovereign revenue							
3,270	2,631	ACC levies	2,754	2,733	21	0.8	3,326
1,634	1,157	Emissions trading revenue	2,566	2,571	(5)	(0.2)	3,242
607	481	Fire Service levies	507	498	9	1.8	626
520	433	EQC levies	440	440	-	-	528
383	190	Child support and working for families penalties	247	235	12	5.1	239
138	99	Court fines	82	95	(13)	(13.7)	115
486	515	Other miscellaneous items	638	577	61	10.6	630
7,038	5,506	Total other sovereign revenue	7,234	7,149	85	1.2	8,706
104,400	84,110	Total sovereign revenue	94,700	92,757	1,943	2.1	111,871

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
1,943	1,674	Interest revenue	1,779	1,839	(60)	(3.3)	2,215
903	716	Dividends	949	839	110	13.1	1,020
2,846	2,390	Total interest revenue and dividends	2,728	2,678	50	1.9	3,235
NOTE 4: Transfer Payments and Subsidies							
16,569	13,689	New Zealand superannuation	14,606	14,624	18	0.1	17,775
3,224	2,704	Jobseeker support and emergency benefit	2,748	2,761	13	0.5	3,346
2,302	1,915	Accommodation assistance	1,983	1,972	(11)	(0.6)	2,353
2,103	1,687	Family tax credit	1,598	1,625	27	1.7	2,108
1,826	1,512	Supported living payment	1,677	1,681	4	0.2	2,045
1,197	1,261	Wage Subsidy Scheme	4,708	4,708	-	-	4,870
1,455	1,206	Sole parent support	1,390	1,393	3	0.2	1,700
916	770	KiwiSaver subsidies	810	810	-	-	978
812	609	Winter energy payment	309	309	-	-	514
804	480	Official development assistance	558	601	43	7.2	841
590	458	Student allowances	434	464	30	6.5	614
585	436	Other working for families tax credits	386	396	10	2.5	557
479	403	Hardship assistance	425	417	(8)	(1.9)	507
409	340	Disability allowances	342	342	-	-	411
293	244	Orphan's/unsupported child's benefit	257	258	1	0.4	315
271	205	Best start	239	247	8	3.2	339
200	200	COVID-19 resurgence and support payment	3,972	3,954	(18)	(0.5)	4,257
106	79	Income related rent subsidy	113	101	(12)	(11.9)	132
1,286	1,115	Other social assistance benefits	903	932	29	3.1	1,088
35,427	29,313	Total transfer payments and subsidies	37,458	37,595	137	0.4	44,750
NOTE 5: Finance Costs							
2,188	1,899	Interest on financial liabilities	2,519	2,535	16	0.6	3,239
84	81	Interest unwind on provisions and other interest	42	66	24	36.4	116
2,272	1,980	Total finance costs	2,561	2,601	40	1.5	3,355
NOTE 6: Insurance Expenses							
6,539	5,483	ACC	5,194	5,465	271	5.0	6,277
167	180	EQC	269	344	75	21.8	388
108	56	Southern Response	29	29	-	-	35
24	18	Other insurance expenses	23	24	1	4.2	29
6,838	5,737	Total insurance expenses	5,515	5,862	347	5.9	6,729

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 2022 and previous Budgets that has yet to be allocated to appropriations for departments.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Apr 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
8,222	7,664	Actuarial gains/(losses) on ACC liability	3,146	(2,779)	5,925	213.2	(3,454)
(1,489)	(662)	Gains/(losses) on the Emissions Trading Scheme	(4,600)	(4,594)	(6)	(0.1)	(4,785)
136	(10)	Other	538	885	(347)	(39.2)	882
6,869	6,992	Net gains/(losses) on non-financial instruments	(916)	(6,488)	5,572	85.9	(7,357)
NOTE 9: Financial Assets and Sovereign Receivables							
18,755	17,109	Cash and cash equivalents	15,369	17,379	(2,010)	(11.6)	17,317
15,642	18,657	Tax receivables	23,513	20,694	2,819	13.6	16,202
11,187	11,263	Other receivables	12,659	11,613	1,046	9.0	10,881
25,155	24,759	Kiwibank mortgages	27,369	27,439	(70)	(0.3)	27,897
10,841	10,250	Student loans	10,485	10,488	(3)	-	9,923
2,558	-	Funding for Lending advances	8,804	8,188	616	7.5	9,867
7,058	9,520	Other advances	9,627	9,660	(33)	(0.3)	9,661
48,539	46,459	Share investments	49,036	50,434	(1,398)	(2.8)	50,853
4,718	4,291	Investments in controlled enterprises	4,824	4,801	23	0.5	4,849
44,687	46,859	Other marketable securities	42,530	40,223	2,307	5.7	39,483
5,108	4,858	Long-term deposits	6,595	4,911	1,684	34.3	4,890
4,509	5,624	Derivatives in gain	7,245	4,061	3,184	78.4	4,330
2,479	2,412	IMF financial assets	5,104	5,237	(133)	(2.5)	5,237
201,236	202,061	Total financial assets and sovereign receivables	223,160	215,128	8,032	3.7	211,390
Financial assets by entity							
54,903	57,074	The Treasury	48,755	48,825	(70)	(0.1)	46,717
44,935	45,092	Reserve Bank of New Zealand	62,632	55,335	7,297	13.2	57,024
62,312	61,487	NZ Superannuation Fund	61,419	62,786	(1,367)	(2.2)	63,590
35,095	36,166	Other core Crown	47,198	40,243	6,955	17.3	35,018
(68,586)	(70,366)	Intra-segment eliminations	(72,784)	(64,792)	(7,992)	(12.3)	(63,846)
128,659	129,453	Total core Crown segment	147,220	142,397	4,823	3.4	138,503
54,271	54,152	ACC	53,851	53,965	(114)	(0.2)	53,516
602	612	EQC	572	518	54	10.4	479
16,788	16,319	Other Crown entities	16,361	14,988	1,373	9.2	14,468
(4,132)	(4,246)	Intra-segment eliminations	(4,078)	(4,134)	56	1.4	(4,377)
67,529	66,837	Total Crown entities segment	66,706	65,337	1,369	2.1	64,086
32,872	32,380	Total State-owned Enterprises segment	36,257	35,496	761	2.1	36,984
(27,824)	(26,609)	Inter-segment eliminations	(27,023)	(28,102)	1,079	3.8	(28,183)
201,236	202,061	Total financial assets and sovereign receivables	223,160	215,128	8,032	3.7	211,390

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Apr 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value²							
By class of asset:							
70,292	58,041	Land	70,614	70,859	(245)	(0.3)	70,973
53,507	46,939	Buildings	55,101	55,463	(362)	(0.7)	56,931
42,666	40,585	State highways	43,752	43,736	16	-	44,167
17,979	16,619	Electricity generation assets	18,141	18,154	(13)	(0.1)	18,258
4,318	4,296	Electricity distribution network (cost)	4,330	4,205	125	3.0	4,218
3,611	3,797	Aircraft (excl military)	3,616	3,612	4	0.1	3,553
3,649	3,566	Specialist military equipment	4,108	4,169	(61)	(1.5)	4,292
3,156	3,079	Specified cultural and heritage assets	3,163	3,166	(3)	(0.1)	3,170
7,407	6,890	Rail network	7,741	7,729	12	0.2	7,887
6,631	6,210	Other plant and equipment (cost)	7,811	7,947	(136)	(1.7)	8,121
213,216	190,022	Total net carrying value	218,377	219,040	(663)	(0.3)	221,570
Land breakdown by usage							
25,826	20,071	Housing stock	25,962	26,055	(93)	(0.4)	26,193
18,469	14,698	State highway corridor land	18,423	18,514	(91)	(0.5)	18,429
7,159	6,719	Conservation estate	7,165	7,153	12	0.2	7,143
7,106	6,014	Schools	7,172	7,172	-	-	7,235
3,802	3,791	Rail network corridor land	3,821	3,813	8	0.2	3,876
1,167	1,174	Commercial (SOE) excluding rail	1,261	1,259	2	0.2	1,259
6,763	5,574	Other	6,810	6,893	(83)	(1.2)	6,838
70,292	58,041	Total land	70,614	70,859	(245)	(0.3)	70,973
Schedule of Movements							
Cost or Valuation							
205,689	205,689	Opening balance	231,234	231,234	-	-	231,234
10,762	8,870	Additions	9,751	10,472	(721)	(6.9)	14,047
(1,101)	(677)	Disposals	24	214	(190)	(88.8)	(495)
16,131	(375)	Net revaluations	(115)	(47)	(68)	(144.7)	11
(247)	(45)	Other	(33)	21	(54)	(257.1)	369
231,234	213,462	Total cost or valuation	240,861	241,894	(1,033)	(0.4)	245,166
Accumulated Depreciation & Impairment							
19,187	19,187	Opening balance	18,018	18,018	-	-	18,018
(636)	(409)	Eliminated on disposal	(331)	(180)	(151)	(83.9)	(675)
(5,979)	(218)	Eliminated on revaluation	(34)	-	(34)	-	-
(58)	-	Impairment losses charged to operating balance	-	-	-	-	-
5,566	4,858	Depreciation expense and impairment losses	4,766	4,968	(202)	(4.1)	6,286
(62)	22	Other	65	48	17	35.4	(33)
18,018	23,440	Total accumulated depreciation & impairment	22,484	22,854	(370)	(1.6)	23,596
213,216	190,022	Total property, plant and equipment	218,377	219,040	(663)	(0.3)	221,570

2. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Apr 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,179	12,327	Accounts payable	9,993	9,349	(644)	(6.9)	10,198
5,398	5,567	Taxes repayable	6,291	5,127	(1,164)	(22.7)	5,427
17,577	17,894	Total payables	16,284	14,476	(1,808)	(12.5)	15,625
NOTE 12: Borrowings							
70,653	75,248	Government bonds	87,597	87,378	(219)	(0.3)	88,386
29,466	29,986	Settlement deposits with Reserve Bank	46,169	44,805	(1,364)	(3.0)	47,197
7,593	7,744	Treasury bills	4,133	4,135	2	-	3,383
5,056	4,474	Derivatives in loss	9,306	5,924	(3,382)	(57.1)	5,964
1,307	1,304	Finance lease liabilities	1,161	1,222	61	5.0	1,266
182	187	Government retail stock	154	161	7	4.3	161
48,303	48,797	Other borrowings	54,476	53,103	(1,373)	(2.6)	54,161
162,560	167,740	Total borrowings	202,996	196,728	(6,268)	(3.2)	200,518
117,641	123,304	Sovereign-guaranteed debt	153,548	147,291	(6,257)	(4.2)	149,520
44,919	44,436	Non sovereign-guaranteed debt	49,448	49,437	(11)	-	50,998
162,560	167,740	Total borrowings	202,996	196,728	(6,268)	(3.2)	200,518

This note constitutes a Statement of Borrowings as required by the Public Finance Act 1989.

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

NOTE 13: Insurance Liabilities							
59,133	59,841	ACC liability	58,300	64,381	6,081	9.4	64,527
803	895	EQC property damage liability	702	735	33	4.5	704
353	106	Southern Response	89	89	-	-	89
47	48	Other insurance liabilities	43	49	6	12.2	64
60,336	60,890	Total insurance liabilities	59,134	65,254	6,120	9.4	65,384

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

NOTE 14: Provisions							
5,824	4,229	Provision for emissions trading scheme credits	10,858	10,961	104	0.9	11,036
6,363	6,050	Provision for employee entitlements	6,658	6,560	(98)	(1.5)	6,392
3,036	3,508	Veterans disability entitlements	2,957	2,959	2	0.1	2,944
762	796	Provision for National Provident Fund guarantee	701	701	-	-	690
3,102	2,968	Other provisions	2,862	2,786	(77)	(2.7)	2,938
19,087	17,551	Total provisions	24,036	23,967	(69)	(0.3)	24,000

Further information on the emissions trading scheme, can be found on the Ministry for the Environment's website: <https://environment.govt.nz>

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2021 \$m	As at 30 Apr 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Changes in Net Worth							
19,559	15,574	Taxpayers' funds	3,984	(1,305)	5,289	405.3	(8,674)
134,003	111,975	Property, plant and equipment revaluation reserve	133,898	134,071	(173)	(0.1)	134,125
(1,560)	(3,284)	Defined benefit retirement plan revaluation reserve	(888)	(961)	73	7.6	(849)
(659)	(1,095)	Veterans' disability entitlements reserve	(659)	(659)	-	-	(659)
5,724	5,404	Net worth attributable to minority interests	6,217	6,006	211	3.5	6,515
(172)	(283)	Other reserves	241	2	239	-	(90)
156,895	128,291	Total net worth	142,793	137,154	5,639	4.1	130,368
2,993	2,993	Opening taxpayers funds	19,559	19,559	-	-	19,559
16,022	12,133	Operating balance excluding minority interests	(15,661)	(20,812)	5,151	24.8	(27,880)
544	448	Transfers from/(to) other reserves	86	(52)	138	265.4	(353)
19,559	15,574	Closing taxpayers funds	3,984	(1,305)	5,289	405.3	(8,674)
112,334	112,334	Opening property, plant and equipment revaluation reserve	134,003	134,003	-	-	134,003
22,539	(258)	Net revaluations	37	159	(122)	(76.7)	216
(870)	(101)	Transfers from/(to) other reserves	(142)	(91)	(51)	(56.0)	(94)
134,003	111,975	Closing property, plant and equipment revaluation reserve	133,898	134,071	(173)	(0.1)	134,125
5,623	5,623	Opening net worth attributable to minority interests	5,724	5,724	-	-	5,724
-	-	Increase/(decrease) in minority interest from changes in equity ³	337	346	(9)	(2.6)	901
101	(219)	Net movements	156	(64)	220	343.8	(110)
5,724	5,404	Closing net worth attributable to minority interests	6,217	6,006	211	3.5	6,515
(187)	(187)	Opening other reserves	(172)	(172)	-	-	(172)
15	(96)	Net movements	413	174	239	137.4	82
(172)	(283)	Closing other reserves	241	2	239	-	(90)

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

FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2022

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

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
129,335	104,827	Total revenue	114,394	112,328	2,066	1.8	135,796
133,859	109,708	Less total expenses	123,728	124,909	1,181	0.9	154,887
21,023	17,744	Total gains/(losses)	(5,839)	(8,126)	2,287	28.1	(8,741)
(360)	(457)	Net surplus from associates and joint ventures	(13)	132	(145)	(109.8)	158
(117)	(273)	Minority interests share of operating balance	(475)	(237)	(238)	(100.4)	(206)
16,022	12,133	Operating balance	(15,661)	(20,812)	5,151	24.8	(27,880)
		Reconciliation Between the Operating Balance and OBEGAL					
16,022	12,133	Operating balance	(15,661)	(20,812)	5,151	24.8	(27,880)
		Less items excluded from OBEGAL:					
(3,976)	(3,948)	Net gains/(losses) on large scale asset purchases	(1)	(1)	-	-	(1)
18,130	14,700	Net gains/(losses) on financial instruments	(4,922)	(1,637)	(3,285)	(200.7)	(1,383)
6,869	6,992	Net gains/(losses) on non-financial instruments	(916)	(6,488)	5,572	85.9	(7,357)
(360)	(457)	Net surplus from associates and joint ventures	(13)	132	(145)	(109.8)	158
56	(106)	Minority interests share of total gains/(losses)	(439)	(275)	(164)	(59.6)	(319)
(4,697)	(5,048)	OBEGAL	(9,370)	(12,543)	3,173	25.3	(18,978)

FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2022

Expenses by Functional Classification

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Note	Current Year Actual vs Forecast			Annual BEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Total Crown expenses								
42,921	35,803	Social security and welfare		40,530	41,116	586	1.4	49,413
22,620	19,146	Health		22,383	22,819	436	1.9	29,491
17,384	14,059	Education		15,149	15,363	214	1.4	19,002
5,613	3,050	Core government services		4,050	4,330	280	6.5	5,803
5,558	4,438	Law and order		4,779	4,931	152	3.1	6,148
10,335	9,037	Transport and communications		8,334	8,315	(19)	(0.2)	11,241
13,473	10,469	Economic and industrial services		13,522	13,840	318	2.3	17,086
2,648	2,130	Defence		2,210	2,216	6	0.3	2,784
3,023	2,786	Heritage, culture and recreation		2,755	2,962	207	7.0	3,514
2,398	2,108	Primary services		1,983	2,035	52	2.6	2,631
3,351	2,818	Housing and community development		3,218	3,257	39	1.2	4,722
1,895	1,487	Environmental protection		1,988	2,104	116	5.5	2,783
114	75	GSF pension expenses		77	70	(7)	(10.0)	97
254	322	Other		189	195	6	3.1	375
2,272	1,980	Finance costs		2,561	2,601	40	1.5	3,355
-	-	Forecast new operating spending	7	-	-	-	-	592
-	-	Top-down expense adjustment	7	-	(1,245)	(1,245)	(100.0)	(4,150)
133,859	109,708	Total Crown expenses excluding losses		123,728	124,909	1,181	0.9	154,887

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

Year to 30 June 2021 Actual \$m	10 months to 30 Apr 2021 Actual \$m		Note	Current Year Actual vs Forecast			Annual BEFU Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Core Crown expenses								
36,788	30,609	Social security and welfare		35,668	35,899	231	0.6	43,419
22,806	19,042	Health		22,899	23,340	441	1.9	29,999
16,039	12,431	Education		14,510	14,765	255	1.7	18,304
5,765	4,255	Core government services		4,112	4,454	342	7.7	5,754
5,227	4,204	Law and order		4,429	4,567	138	3.0	5,691
5,656	4,491	Transport and communications		3,428	3,525	97	2.8	5,149
4,525	3,842	Economic and industrial services		7,379	7,524	145	1.9	9,252
2,664	2,144	Defence		2,226	2,231	5	0.2	2,802
1,420	1,286	Heritage, culture and recreation		1,302	1,495	193	12.9	1,729
1,015	815	Primary services		735	806	71	8.8	1,154
1,813	1,632	Housing and community development		1,673	1,696	23	1.4	2,684
1,912	1,490	Environmental protection		1,988	2,105	117	5.6	2,786
99	61	GSF pension expenses		64	58	(6)	(10.3)	82
254	322	Other		189	195	6	3.1	375
1,918	1,659	Finance costs		2,233	2,188	(45)	(2.1)	2,822
-	-	Forecast new operating spending	7	-	-	-	-	592
-	-	Top-down expense adjustment	7	-	(1,245)	(1,245)	(100.0)	(4,150)
107,901	88,283	Core Crown expenses excluding losses		102,835	103,603	768	0.7	128,444

FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2022

Core Crown Residual Cash

Year to 30 June 2021	10 months to 30 Apr 2021		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown Cash Flows from Operations					
96,551	75,451	Tax receipts	82,628	82,469	159	0.2	104,242
2,287	898	Other sovereign receipts	2,642	2,601	41	1.6	3,119
249	173	Interest receipts	275	268	7	2.6	356
2,980	2,472	Sale of goods & services and other receipts	2,436	2,371	65	2.7	3,122
(36,574)	(30,548)	Transfer payments and subsidies	(39,037)	(39,229)	192	0.5	(46,213)
(63,894)	(54,234)	Personnel and operating costs	(60,560)	(61,688)	1,128	1.8	(77,733)
(2,642)	(2,263)	Interest payments	(2,310)	(2,315)	5	0.2	(2,740)
-	-	Forecast for future new operating spending	-	-	-	-	(592)
-	-	Top-down expense adjustment	-	1,245	(1,245)	(100.0)	4,150
(1,043)	(8,051)	Net core Crown operating cash flows	(13,926)	(14,278)	352	2.5	(12,289)
(3,137)	(2,387)	Net purchase of physical and intangible assets	(3,146)	(2,895)	(251)	(8.7)	(4,149)
(3,868)	(3,727)	Net increase in advances	(7,755)	(6,980)	(775)	(11.1)	(8,947)
(3,599)	(3,275)	Net purchase of investments	(2,808)	(3,003)	195	6.5	(4,762)
(2,120)	(1,767)	Contributions to New Zealand Superannuation Fund	(2,017)	(2,017)	-	-	(2,420)
-	-	Forecast for future new capital spending	-	-	-	-	(963)
-	-	Top-down capital adjustment	-	525	(525)	(100.0)	1,750
(12,724)	(11,156)	Net core Crown capital cash flows	(15,726)	(14,370)	(1,356)	(9.4)	(19,491)
(13,767)	(19,207)	Core Crown residual cash surplus / (deficit)	(29,652)	(28,648)	(1,004)	(3.5)	(31,780)
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
48,497	43,505	Issue of government bonds	17,535	17,894	(359)	(2.0)	19,817
(11,059)	-	Repayment of government bonds	-	-	-	-	(824)
(4,148)	(3,748)	Net issue/(repayment) of short-term borrowing	(3,588)	(4,261)	673	15.8	(5,445)
33,290	39,757	Total market debt cash flows	13,947	13,633	314	2.3	13,548
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing ¹	(412)	(412)	-	-	(412)
-	-	Total non-market debt cash flows	(412)	(412)	-	-	(412)
33,290	39,757	Total debt programme cash flows	13,535	13,221	314	2.4	13,136
		Other Borrowing Cash Flows					
		Net (repayment)/issue of other New Zealand dollar borrowing	14,880	10,334	4,546	44.0	12,593
(30,089)	(31,780)	Net (repayment)/issue of foreign currency borrowing	1,793	(1,001)	2,794	279.1	(1,381)
608	561	Total other borrowing cash flows	16,673	9,333	7,340	323.1	11,212
		Investing Cash Flows					
		Other net sale/(purchase) of marketable securities and deposits	(907)	7,160	(8,067)	(112.7)	8,452
234	276	Issues of circulating currency	914	888	26	2.9	903
3,682	5,523	Decrease/(increase) in cash	(563)	(1,954)	1,391	71.2	(1,923)
9,958	10,669	Total investing cash flows	(556)	6,094	(6,650)	(109.1)	7,432
13,767	19,207	Core Crown residual cash deficit / (surplus) funding	29,652	28,648	1,004	3.5	31,780

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

FISCAL INDICATOR ANALYSIS

As at 30 April 2022

Net Debt and Gross Debt

As at 30 June 2021 Actual \$m	As at 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Net Debt:							
132,543	138,169	Core Crown borrowings ¹	168,699	163,609	(5,090)	(3.1)	166,075
11,836	11,394	Crown entity borrowings ²	14,489	12,939	(1,550)	(12.0)	14,157
(35)	1,358	Net unsettled purchases/(sales) of securities ³	(2,387)	(1,454)	933	64.2	(1,517)
(108,423)	(106,670)	Less core Crown financial assets (per net debt definition) ⁴	(117,917)	(116,553)	1,364	1.2	(117,552)
35,921	44,251	Net debt (incl. NZS Fund)	62,884	58,541	(4,343)	(7.4)	61,163
Additional net debt analysis							
35,921	44,251	Net debt (incl. NZS Fund)	62,884	58,541	(4,343)	(7.4)	61,163
(2,218)	380	Less NZS Fund borrowings	(4,082)	(2,744)	1,338	48.8	(2,740)
929	(709)	Less NZS Fund net unsettled purchases/(sales) of securities	2,139	1,455	(684)	(47.0)	1,518
60,556	57,126	Less NZS Fund financial assets	58,879	60,438	1,559	2.6	61,522
95,188	101,048	Net debt (excl. NZS Fund)	119,820	117,690	(2,130)	(1.8)	121,463
Gross Debt:							
132,543	138,169	Core Crown borrowings	168,699	163,609	(5,090)	(3.1)	166,075
1,600	2,847	Unsettled purchases of securities	348	738	390	52.8	394
(2,887)	(1,323)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(4,326)	(3,481)	845	24.3	(3,133)
(30,421)	(30,767)	Less Reserve Bank settlement cash and Reserve Bank bills	(47,303)	(45,805)	1,497	3.3	(48,197)
100,835	108,926	Gross Debt⁵	117,418	115,061	(2,358)	(2.0)	115,139

Notes on borrowings

- Core Crown borrowings represent the total debt obligations of the consolidated core Crown segment. This includes any government stock held by ACC and EQC the includes settlement deposits with the Reserve Bank.
- Crown entity borrowings represents the total debt obligations of the consolidated Crown entities. This includes debt issued by Crown entities, such as Kāinga Ora.
- Unsettled sales and purchases of securities are classified in the Statement of Financial Position as receivables and accounts payable, respectively.
- Core Crown financial assets per the net debt definition includes any asset that is cash, deposits, share investments, advances, other marketable securities or a right to exchange a financial asset or liability on favourable terms (derivatives in gain).
- The Gross Debt balances for 30 June 2021 and 30 April 2021 Actuals have been restated by \$1.6 billion. Previously, an adjustment to settlement cash of \$1.6 billion was made in the calculation of Gross Debt which related to the Reserve Bank using this amount of settlement cash purchase reserves that were to have been funded by the government borrowing. This adjustment is no longer considered relevant so has been removed and comparatives have been restated.

For the year ending 30 April 2022

Movement in Net Debt

As at 30 June 2021 Actual \$m	As at 30 Apr 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
35,710	35,710	Opening net debt	35,921	35,921	-	-	35,921
13,767	19,207	Core Crown residual cash (surplus)/deficit	29,652	28,648	(1,004)	(3.5)	31,780
(3,868)	(3,727)	Less net increase in advances	(7,755)	(6,980)	775	11.1	(8,947)
(2,120)	(1,767)	Less contributions to the NZS Fund	(2,017)	(2,017)	-	-	(2,420)
725	(442)	Net increase/(decrease) in Crown Entity borrowings	2,653	1,103	(1,550)	(140.5)	2,321
(8,293)	(4,730)	Other fair value movements in financial assets and financial liabilities (including NZSF)	4,430	1,866	(2,564)	(137.4)	2,508
35,921	44,251	Closing net debt	62,884	58,541	(4,343)	(7.4)	61,163

FISCAL INDICATOR ANALYSIS

Reconciliation Between the Financial Statements, the Operating Balance before Gains and Losses and Core Crown Residual Cash

Financial Results	30 Apr 2022 Actual \$m	30 Apr 2022 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	87,940	86,147	1,793	2.1	103,796
...combined with other core Crown revenue...	7,459	7,458	1	-	9,114
...funds core Crown expenses...	(102,835)	(103,603)	768	0.7	(128,444)
...and including SOE and Crown entity revenues and expenses...	(1,934)	(2,545)	611	24.0	(3,444)
...results in an OBEGAL ...	(9,370)	(12,543)	3,173	25.3	(18,978)
...with gains/losses leading to an operating surplus/(deficit) ...	(15,661)	(20,812)	5,151	24.8	(27,880)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	1,762	5,787	(4,025)	(69.6)	6,843
...and some items do not impact cash.	(27)	747	(774)	(103.6)	8,748
This leads to a core Crown operating residual cash surplus/(deficit)...	(13,926)	(14,278)	352	2.5	(12,289)
...used to make contributions to the NZS Fund...	(2,017)	(2,017)	-	-	(2,420)
...and to use for capital expenditure	(3,146)	(2,895)	(251)	(8.7)	(4,149)
...and to make advances (eg, to students) and investments...	(7,755)	(6,980)	(775)	(11.1)	(8,947)
...and to purchase investments	(2,017)	(2,017)	-	-	(4,762)
Adjusting for forecast adjustments (top-down/new spending)...	-	525	(525)	(100.0)	787
...results in a borrowing requirement (cash deficit)/surplus	(29,652)	(28,648)	(1,004)	(3.5)	(31,780)