

# Interim Financial Statements of the Government of New Zealand

For the Four Months Ended  
31 October 2022



Prepared by the Treasury  
1 December 2022

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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 October 2022, and the financial results of operations and cash flows for the period ended on that date.

The October 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 only notable variances in the key operating fiscal indicators were in core Crown residual cash and the operating balance, which were both weaker than expected. The higher core Crown residual cash deficit was mainly owing to higher operating payments as a result of higher interest and higher than forecast spending in the health sector partly offset by lower capital spending as a result of investment timing differences. While the higher operating balance deficit was largely driven by the net losses on financial instruments being \$1.7 billion unfavourable than the gain forecast.

Net debt was also higher than forecast also primarily a result of market movements since the BEFU 2022 forecasts, with losses on financial instruments being higher than forecast. In addition, Crown entity borrowings were higher than forecast as a result of losses on derivatives, which has contributed to this variance. The stronger residual cash position reported at 30 June 2022 has partly offset the impact from market movements on net debt. 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.

The 31 October 2022 results factor in a stronger than expected starting position carried forward from the financial year 2021/22 which resulted in net worth being \$42.5 billion higher than forecast.

**Table 1** – Key indicators for the four months ended 31 October 2022 compared to BEFU 2022

	Year to date				Full Year
	October	October	Variance <sup>2</sup>	Variance	June
	2022	2022			BEFU 2022
	Actual <sup>1</sup>	BEFU 2022	BEFU 2022	BEFU 2022	BEFU 2022
\$m	Forecast <sup>1</sup>	\$m	%	Forecast <sup>3</sup>	
Core Crown tax revenue	36,211	36,273	(62)	(0.2)	116,098
Core Crown revenue	39,951	39,632	319	0.8	125,700
Core Crown expenses	41,759	41,244	(515)	(1.2)	127,051
Core Crown residual cash	(12,795)	(11,518)	(1,277)	(11.1)	(29,280)
Net debt <sup>4</sup>	70,120	66,599	(3,521)	(5.3)	74,972
<i>as a percentage of GDP</i>	19.5%	18.5%			18.7%
Gross debt	129,187	121,004	(8,183)	(6.8)	130,219
<i>as a percentage of GDP</i>	35.9%	33.7%			32.4%
Operating balance before gains and losses	(2,789)	(3,063)	274	8.9	(6,634)
Operating balance (excluding minority interests)	(2,864)	(1,647)	(1,217)	(73.9)	(1,632)
Total borrowings	217,542	211,932	(5,610)	(2.6)	230,618
Net worth attributable to the Crown	164,861	122,337	42,524	34.8	122,401
<i>as a percentage of GDP</i>	45.9%	34.0%			30.5%

1 Using the most recently published GDP (for the year ended 30 June 2022) of \$359,476 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 2023 of \$401,466 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). A reconciliation between net debt and net core Crown debt can be found in table 2 on page 4

**Core Crown tax revenue** for the four months ended 31 October 2022 was close to forecast at \$36.2 billion. Within the different tax types, there were some largely offsetting variances:

- *Source deductions* revenue was \$0.6 billion (4.4%) above forecast. September quarter labour market data released in early November showed that both the number of people in employment and average hourly earnings remained strong.
- *GST revenue* was \$0.2 billion (2.3%) below forecast. The weak private consumption in the June quarter signalled some weakness in general consumer sentiment, and this has likely continued.
- *Other indirect taxes* were \$0.2 billion (23.1%) below forecast, mainly comprising of lower revenue from fuel excise duty and road user charges, reflecting the Government's decision in July 2022 to extend the temporary reduction for these taxes.

**Core Crown revenue** was \$40.0 billion, \$0.3 billion (0.8%) above forecast. With core Crown tax revenue close to forecast, most of this variance was driven by higher than forecast Emissions Trading Scheme (ETS) revenue as the price of New Zealand Units (NZUs) were higher than expected and higher interest income reflecting a higher-than-expected interest rate track.

**Core Crown expenses** were \$41.8 billion, \$0.5 billion (1.2%) above forecast. This variance was spread across a few areas, the largest include:

- *Finance costs* were higher than forecast by \$0.5 billion, with the key driver being interest costs on settlement deposits (which are floating rate debt) held at the Reserve Bank resulting from increases in the official cash rate being more than anticipated.
- *Health expenses* were higher than forecast by \$0.4 billion largely due to timing factors with COVID-19 related vaccine spending that was forecast to be spent in 2021/22 being spent in the current year and hospital and specialist related spending was ahead of forecast in October, with the variance expected to reduce over the year.
- *Transport and communications expenses* were higher than forecast by \$0.3 billion, as a result of the timing of funding provided to Waka Kotahi.
- *Housing and community development expenses* were lower than forecast by \$0.3 billion, as a result of market conditions delaying some housing expenditure.
- *Economic and industrial services expenses* were \$0.2 billion less than forecast due to grant expenditure and some COVID-19 support measures being below forecast.

The **OBEGAL** deficit of \$2.8 billion was largely in line with forecast, as the above-mentioned variances in core Crown revenue and core Crown expenses broadly offset. In addition, the Crown entities' results were stronger than expected. However, this has been offset by the results of SOEs which were weaker than forecast owing to impairment of some physical assets which was not forecast.

The **operating balance** was a deficit of \$2.9 billion, \$1.2 billion more than the deficit forecast largely due to:

- Net losses on financial instruments of \$0.3 billion were \$1.7 billion unfavourable compared to a forecast gain. The losses largely reflect weaker investment returns from the Crown's investment portfolios (New Zealand Superannuation Fund and ACC) and losses on derivative instruments.
- Partially offsetting the losses on financial instruments were net gains on non-financial instruments which were \$0.2 billion favourable compared to the forecast loss. This was mainly from actuarial gains on the ACC claims liability of \$1.6 billion which were largely offset by losses on the ETS liability of \$1.3 billion. The actuarial gains were primarily driven by the change in discount rate assumptions partially offset by an adjustment in inflation assumptions since *BEFU 2022*. The losses on the ETS liability resulted from the increase in the price of NZUs to \$85.00 from \$76.00 as at 30 June 2022.

The **core Crown residual cash** deficit of \$12.8 billion, was \$1.3 billion more than the deficit forecast. Operating receipts were close to forecast with offsetting lower than forecast tax receipts and higher than forecast other receipts. Operating payments were \$1.5 billion more than forecast as a result of higher interest costs and higher than forecast spending in the health sector. Capital cash flows were lower than forecast by \$0.6 billion, largely driven by timing differences in investment purchases.

As at 31 October 2022, **net debt** was \$70.1 billion (19.5% of GDP), \$3.5 billion higher than forecast. This increase was primarily due to higher core Crown and Crown entity borrowings and lower NZS Fund investment portfolio mainly resulting from market movements since the *BEFU 2022* forecasts with losses on financial instruments being higher than forecast. Looking through the new items that are now included in the net debt indicator, which are more susceptible to valuation movements, the previous headline indicator of net core Crown debt was \$3.6 billion lower than forecast. A reconciliation between the new and previous net debt indication is outlined in Table 2.

**Gross debt** at \$129.2 billion (35.9% of GDP), was \$8.2 billion higher than forecast due to multiple factors, including derivative liabilities being greater than forecast, borrowings by the Reserve Bank for operational purposes being higher than forecast. Other borrowings by the Treasury were higher than forecast, repurchases of government bonds did not occur as expected and euro commercial paper issuances occurred which were not in forecast have also contributed to the higher than forecast core Crown borrowings.

**Total borrowings** were \$217.5 billion, \$5.6 billion higher than forecast. Offsetting the variance in gross debt were Reserve Bank settlement deposits which are less than forecast by \$4.2 billion. Higher than forecast Crown entity borrowing were largely driven by higher derivatives in loss, while the SOE borrowings were lower than forecast. The lower than forecast SOE borrowings is largely due to lower actual deposit growth and debt issuances partly offset by higher than forecast derivatives in loss.

**Total assets** at \$505.0 billion were \$40.0 billion above forecast. This was primarily owing to property, plant and equipment being greater than forecast by \$26.4 billion as a result of revaluations at 30 June 2022. In addition, financial assets were \$10.7 billion higher than forecast.

**Total liabilities** at \$332.8 billion were close to forecast with total borrowings being \$5.6 billion higher (as discussed above) offset by lower than forecast other liabilities, primarily being the ACC outstanding claims liability reflecting changes in interest rates.

**Net worth attributable to the Crown** was \$164.9 billion at 31 October 2022, \$42.5 billion higher than forecast. This was largely owing to the results for the financial year 2021/2022; the operating balance deficit was \$10.9 billion less than the forecast deficit and physical asset valuations were \$30.7 billion higher than forecast. This led to the starting net worth position for the four months ended 31 October 2022 being \$44.0 billion stronger than forecast.

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

	Year to date				Full Year
	October 2022	October 2022	Variance	Variance	June 2023
	Actual	BEFU 2022 Forecast	BEFU 2022	BEFU 2022	BEFU 2022 Forecast
	\$m	\$m	\$m	%	\$m
<b>Net core Crown debt</b>	<b>141,688</b>	<b>145,248</b>	<b>3,560</b>	<b>2.5</b>	<b>163,683</b>
<i>Include</i>					
Core Crown advances	(29,969)	(30,218)	(249)	(0.8)	(38,545)
Net NZSF financial assets and borrowings	(56,412)	(62,523)	(6,111)	(9.8)	(66,677)
Crown entity borrowings	14,813	14,092	(721)	(5.1)	16,511
<b>Net Debt</b>	<b>70,120</b>	<b>66,599</b>	<b>(3,521)</b>	<b>(5.3)</b>	<b>74,972</b>
% of GDP					
Net core Crown debt	39.4%	40.4%			40.8%
<b>Net debt</b>	<b>19.5%</b>	<b>18.5%</b>			<b>18.7%</b>



## Comparison against the prior year actuals

**Table 3** – Key indicators for the four months ended 31 October 2022 compared to prior year actuals

	Year to date				Full Year
	October 2022	October 2021	Variance <sup>3</sup> to 2021	Variance to 2021	June 2022
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	\$m	%	Prior Year Actual <sup>4</sup> \$m
Core Crown tax revenue	36,211	31,793	4,418	13.9	108,458
Core Crown revenue	39,951	34,604	5,347	15.5	117,516
Core Crown expenses	41,759	41,858	99	0.2	125,641
Core Crown residual cash	(12,795)	(14,231)	1,436	10.1	(27,043)
Net debt <sup>5</sup>	70,120	47,632	(22,488)	(47.2)	61,850
<i>as a percentage of GDP</i>	19.5%	13.9%			17.2%
Gross debt	129,187	113,725	(15,462)	(13.6)	118,950
<i>as a percentage of GDP</i>	35.9%	33.3%			33.1%
Operating balance before gains and losses	(2,783)	(7,762)	4,979	64.1	(9,691)
Operating balance (excluding minority interests)	(2,858)	(11,026)	8,168	74.1	(16,932)
Total Borrowings	217,517	183,754	(33,763)	(18.4)	203,965
Net worth attributable to the Crown	164,857	139,921	24,936	17.8	167,036
<i>as a percentage of GDP</i>	45.9%	40.9%			46.5%

1 Using the most recently published GDP (for the year ended 30 June 2022) of \$359,476 million (Source: Stats NZ).

2 Using prior year published GDP (for the year ended 30 June 2021) of \$341,978 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 2022) of \$359,476 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 four months ended October 2022 was \$4.4 billion (13.9%) above the same period last year. The largest movements came from:

- Source deduction revenue was up \$1.7 billion (12.8%) on last year, owing to a stronger labour market, characterised by strong wage growth.
- GST revenue was up \$1.5 billion (18.5%), owing to year-on-year growth in nominal consumption that is in part being driven by higher inflation levels.
- Corporate tax revenue was \$1.1 billion (22.2%) mainly owing to growth in provisional tax revenue estimates.

The drivers of the stronger tax revenue mentioned above also impacted **core Crown tax receipts** which were \$5.4 billion (17.9%) up on the corresponding period last year.

In addition, revenue from interest bearing investments and the ETS were more than the same time last year, driven by an increase in interest rates and the price of NZUs. This has contributed to **core Crown revenue** being \$5.4 billion above the same period last year.

**Core Crown expenses** at \$41.8 billion were close to the same period last year. However, the composition of expenses has changed significantly since last year, with the most notable changes include:

- Spending on COVID-19 business support measures like the wage subsidy scheme and resurgence support payments have not been required in the four months of the 2022/23 fiscal year leading to expenses being around \$5.0 billion lower than the same period last year.
- Health expenditure was \$1.2 billion higher than last year, reflecting additional funding provided at Budget 2022 and additional cost for the public health response to COVID-19.
- Finance costs are up by \$1.1 billion on last year, mainly reflecting the increase in interest rates since October 2021.
- The introduction of the Cost of Living Payment and funding to compensate the National Land Transport Fund from the temporary reduction in fuel excise levies and road user charges have increased expense by around \$1.0 billion since the same period last year.
- New Zealand Superannuation payments are up by \$0.5 billion, reflecting an increase in the number of recipients and payment rates (which are indexed to wage growth).

The **OBEGAL** deficit has improved by \$5.0 billion from the same time last year owing to the changes noted above in core Crown revenue.

The **operating balance** deficit was smaller than the same time last year by \$8.2 billion as a result of:

- Net gains on non-financial instruments were \$0.2 billion this year compared to \$3.5 billion net losses last year which mainly resulted from the actuarial gains on ACC liability of \$1.6 billion compared to last year's \$0.9 billion actuarial losses while the losses on ETS which decreased by \$1.6 billion from last year.
- Net losses on financial instruments were \$0.3 billion this year compared to \$0.6 billion net gains last year.

The **core Crown residual cash** deficit was \$12.8 billion, \$1.4 billion less than the cash deficit for 31 October 2021. Net operating cash outflows were \$3.0 billion lower than the previous year, while net capital payments were \$1.6 billion higher than the same period last year.

**Net debt** was \$22.5 billion higher than for the same time last year and as a share of the economy, net debt increased to 19.5% of GDP from 13.9% of GDP from the same period last year. The increase in net debt was driven by funding needed to cover some of the residual cash deficit since October 2021, an increase in Crown entity borrowings and losses on financial instruments, particular from the investment portfolio managed by the New Zealand Superannuation Fund.

**Net worth attributable to the Crown** was \$164.9 billion (45.9% of GDP) at 31 October 2022, \$24.9 billion higher than at 31 October 2021. This is primarily owing a stronger starting net worth position for the four months ended 31 October 2022, mostly driven by an increase in the property revaluations of \$30.8 billion and decreases in the valuation of \$1.6 billion from the defined benefit retirement plan liability, offset by an \$8.5 billion reduction in taxpayer funds due to the operating balance deficits last year.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the four months ended 31 October 2022

Year to 30 June 2022	4 months to 31 Oct 2021		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
107,873	31,600	Taxation revenue	2	35,996	36,077	(81)	(0.2)	115,509
8,894	2,749	Other sovereign revenue	2	3,325	3,062	263	8.6	9,297
<b>116,767</b>	<b>34,349</b>	<b>Total sovereign revenue</b>		<b>39,321</b>	<b>39,139</b>	<b>182</b>	<b>0.5</b>	<b>124,806</b>
17,442	5,763	Sales of goods and services		6,754	6,379	375	5.9	19,441
3,540	984	Interest revenue and dividends	3	1,636	1,340	296	22.1	4,005
3,878	1,037	Other revenue		1,275	1,334	(59)	(4.4)	3,902
<b>24,860</b>	<b>7,784</b>	<b>Total revenue earned through operations</b>		<b>9,665</b>	<b>9,053</b>	<b>612</b>	<b>6.8</b>	<b>27,348</b>
<b>141,627</b>	<b>42,133</b>	<b>Total revenue (excluding gains)</b>		<b>48,986</b>	<b>48,192</b>	<b>794</b>	<b>1.6</b>	<b>152,154</b>
		<b>Expenses</b>						
44,087	16,679	Transfer payments and subsidies	4	13,049	13,448	399	3.0	39,444
32,648	10,157	Personnel expenses		11,199	11,015	(184)	(1.7)	32,998
6,152	2,074	Depreciation		2,107	2,172	65	3.0	6,613
58,273	18,766	Other operating expenses		21,261	21,076	(185)	(0.9)	61,968
3,349	805	Interest expenses	5	1,968	1,562	(406)	(26.0)	5,233
6,447	1,430	Insurance expenses	6	1,993	2,175	182	8.4	9,368
-	-	Forecast new operating spending	7	-	-	-	-	4,904
-	-	Top-down expense adjustment	7	-	(300)	(300)	(100.0)	(2,000)
<b>150,956</b>	<b>49,911</b>	<b>Total expenses (excluding losses)</b>		<b>51,577</b>	<b>51,148</b>	<b>(429)</b>	<b>(0.8)</b>	<b>158,528</b>
		<b>Gains/(losses)</b>						
(9,687)	609	Net gains/(losses) on financial instruments		(305)	1,381	(1,686)	(122.1)	4,894
2,965	(3,533)	Net gains/(losses) on non-financial instruments	8	235	(13)	248	-	(49)
<b>(6,722)</b>	<b>(2,924)</b>	<b>Total gains/(losses)</b>		<b>(70)</b>	<b>1,368</b>	<b>(1,438)</b>	<b>(105.1)</b>	<b>4,845</b>
		<b>Other interests</b>						
(126)	(123)	Net surplus/(deficit) from associates and joint ventures		44	45	(1)	(2.2)	149
(755)	(201)	Less minority interests' share of operating balance		(247)	(104)	(143)	(137.5)	(252)
<b>(16,932)</b>	<b>(11,026)</b>	<b>Operating balance (excluding minority interests)</b>		<b>(2,864)</b>	<b>(1,647)</b>	<b>(1,217)</b>	<b>(73.9)</b>	<b>(1,632)</b>
755	201	Minority interests' share of operating balance		247	104	143	137.5	252
<b>(16,177)</b>	<b>(10,825)</b>	<b>Operating balance (including minority interests)</b>		<b>(2,617)</b>	<b>(1,543)</b>	<b>(1,074)</b>	<b>(69.6)</b>	<b>(1,380)</b>

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

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the four months ended 31 October 2022

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(16,177)	(10,825)	Operating balance (including minority interest)	(2,617)	(1,543)	(1,074)	(69.6)	(1,380)
		<b>Other comprehensive revenue and expense</b>					
30,920	(344)	Revaluation of physical assets	98	22	76	345.5	-
		Revaluation of defined benefit retirement plan schemes	499	54	445	-	162
1,615	145						
93	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
697	332	Transfers into/(out of) cash flow hedge reserve	157	(10)	167	-	-
(23)	(59)	Transfers into/(out of) reserves	(21)	3	(24)	-	(12)
		(Gains)/losses transferred to the statement of financial performance	(30)	(4)	(26)	-	(10)
(12)	(64)	Foreign currency translation differences on					
		foreign operations	1	-	1	-	-
39	(64)	Other movements	(7)	66	(73)	(110.6)	44
(385)	(479)						
<b>32,944</b>	<b>(533)</b>	<b>Total other comprehensive revenue and expense</b>	<b>697</b>	<b>131</b>	<b>566</b>	<b>432.1</b>	<b>184</b>
<b>16,767</b>	<b>(11,358)</b>	<b>Total comprehensive revenue and expense</b>	<b>(1,920)</b>	<b>(1,412)</b>	<b>(508)</b>	<b>(36.0)</b>	<b>(1,196)</b>
		<b>Attributable to:</b>					
999	190	- minority interests	255	104	151	145.2	256
15,768	(11,548)	- the Crown	(2,175)	(1,516)	(659)	(43.5)	(1,452)
<b>16,767</b>	<b>(11,358)</b>	<b>Total comprehensive revenue and expense</b>	<b>(1,920)</b>	<b>(1,412)</b>	<b>(508)</b>	<b>(36.0)</b>	<b>(1,196)</b>

# STATEMENT OF CHANGES IN NET WORTH

For the four months ended 31 October 2022

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>156,992</b>	<b>157,193</b>	<b>Opening net worth</b>	<b>174,319</b>	<b>130,368</b>	<b>43,951</b>	<b>33.7</b>	<b>130,368</b>
(16,177)	(10,825)	Operating balance (including minority interest)	(2,617)	(1,543)	(1,074)	(69.6)	(1,380)
30,920	(344)	Revaluations	98	22	76	345.5	-
		Revaluations of defined benefit retirement plan schemes	499	54	445	-	162
1,615	145						
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	332	Transfers into/(out of) cash flow hedge reserve	157	(10)	167	-	-
(23)	(59)	Transfers into/(out of) other reserves	(21)	3	(24)	-	(12)
		(Gains)/losses transferred to the statement of financial performance	(30)	(4)	(26)	-	(10)
(12)	(64)	Foreign currency translation differences on					
		foreign operations	1	-	1	-	-
39	(64)	Other movements	(7)	66	(73)	(110.6)	65
(385)	(479)						
<b>16,767</b>	<b>(11,358)</b>	<b>Total comprehensive revenue and expense</b>	<b>(1,920)</b>	<b>(1,412)</b>	<b>(508)</b>	<b>(36.0)</b>	<b>(1,175)</b>
949	-	Increase in minority interest from equity issues	41	-	41	-	-
(389)	(202)	Transactions with minority interests	(233)	(158)	(75)	(47.5)	(318)
<b>174,319</b>	<b>145,633</b>	<b>Closing net worth</b>	<b>172,207</b>	<b>128,798</b>	<b>43,409</b>	<b>33.7</b>	<b>128,875</b>

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

# STATEMENT OF CASH FLOWS

For the four months ended 31 October 2022

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		<b>Cash flows from operations</b>						
		<b>Cash was provided from</b>						
102,712	30,329	Taxation receipts		35,634	35,756	(122)	(0.3)	113,567
7,803	2,827	Other sovereign receipts		2,745	2,608	137	5.3	7,275
17,834	6,204	Sales of goods and services		7,255	6,389	866	13.6	19,353
1,961	595	Interest receipts		912	754	158	21.0	2,199
4,802	838	Other operating receipts		2,139	1,611	528	32.8	4,867
<b>135,112</b>	<b>40,793</b>	<b>Total cash provided from operations</b>		<b>48,685</b>	<b>47,118</b>	<b>1,567</b>	<b>3.3</b>	<b>147,261</b>
		<b>Cash was disbursed to</b>						
44,273	17,491	Transfer payments and subsidies		14,163	14,390	227	1.6	39,777
92,965	30,855	Personnel and operating payments		34,422	33,254	(1,168)	(3.5)	99,046
3,251	1,048	Interest payments		1,725	1,451	(274)	(18.9)	4,558
-	-	Forecast new operating spending	7	-	-	-	-	4,904
-	-	Top-down expense adjustment	7	-	(300)	(300)	(100.0)	(2,000)
<b>140,489</b>	<b>49,394</b>	<b>Total cash disbursed to operations</b>		<b>50,310</b>	<b>48,795</b>	<b>(1,515)</b>	<b>(3.1)</b>	<b>146,285</b>
<b>(5,377)</b>	<b>(8,601)</b>	<b>Net cash flows from operations</b>		<b>(1,625)</b>	<b>(1,677)</b>	<b>52</b>	<b>3.1</b>	<b>976</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(10,572)	(3,454)	Net (purchase)/sale of physical assets		(4,445)	(4,919)	474	9.6	(16,388)
(4,986)	(3,341)	Net (purchase)/sale of shares and other securities		(3,733)	3,580	(7,313)	(204.3)	13,498
(709)	(274)	Net (purchase)/sale of intangible assets		(247)	(340)	93	27.4	(1,383)
(12,958)	(3,874)	Net (issue)/repayment of advances		(4,501)	(4,621)	120	2.6	(14,154)
(449)	(247)	Net acquisition of investments in associates		(236)	(283)	47	16.6	(584)
-	-	Forecast new capital spending	7	-	-	-	-	(1,311)
-	-	Top-down capital adjustment	7	-	159	(159)	(100.0)	1,060
<b>(29,674)</b>	<b>(11,190)</b>	<b>Net cash flows from investing activities</b>		<b>(13,162)</b>	<b>(6,424)</b>	<b>(6,738)</b>	<b>(104.9)</b>	<b>(19,262)</b>
<b>(35,051)</b>	<b>(19,791)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(14,787)</b>	<b>(8,101)</b>	<b>(6,686)</b>	<b>(82.5)</b>	<b>(18,286)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
805	499	Issues of circulating currency		46	30	16	53.3	-
18,373	10,439	Net issue/(repayment) of Government bonds		6,659	4,516	2,143	47.5	15,360
2,259	405	Net issue/(repayment) of foreign currency borrowing		(639)	(507)	(132)	(26.0)	(1,159)
11,879	7,285	Net issue/(repayment) of other New Zealand dollar borrowing		7,180	5,688	1,492	26.2	4,722
898	-	Net issue/(purchase) of equity		-	93	(93)	(100.0)	-
(304)	(204)	Dividends paid to minority interests		(220)	(220)	-	-	(269)
<b>33,910</b>	<b>18,424</b>	<b>Net cash flows from financing activities</b>		<b>13,026</b>	<b>9,600</b>	<b>3,426</b>	<b>35.7</b>	<b>18,654</b>
<b>(1,141)</b>	<b>(1,367)</b>	<b>Net movement in cash</b>		<b>(1,761)</b>	<b>1,499</b>	<b>(3,260)</b>	<b>(217.5)</b>	<b>368</b>
18,755	18,755	<b>Opening cash balance</b>		17,835	17,317	518	3.0	17,317
221	(319)	Foreign-exchange gains/(losses) on opening cash		(205)	20	(225)	-	28
<b>17,835</b>	<b>17,069</b>	<b>Closing cash balance</b>		<b>15,869</b>	<b>18,836</b>	<b>(2,967)</b>	<b>(15.8)</b>	<b>17,713</b>

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

# STATEMENT OF CASH FLOWS (CONTINUED)

For the four months ended 31 October 2022

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Reconciliation between the net cash flows from operations and the operating balance</b>					
(5,377)	(8,601)	<b>Net cash flows from operations</b>	<b>(1,625)</b>	<b>(1,677)</b>	<b>52</b>	<b>3.1</b>	<b>976</b>
		<b>Gains/(losses) and other interests</b>					
(9,687)	609	Net gains/(losses) on financial instruments	(305)	1,381	(1,686)	(122.1)	4,894
2,965	(3,533)	Net gains/(losses) on non-financial instruments	235	(13)	248	-	(49)
(126)	(123)	Net surplus from associates and joint ventures	44	45	(1)	(2.2)	149
(755)	(201)	Minority interests share of operating balance	(247)	(104)	(143)	(137.5)	(252)
<b>(7,603)</b>	<b>(3,248)</b>	<b>Total gains/(losses) and other interests</b>	<b>(273)</b>	<b>1,309</b>	<b>(1,582)</b>	<b>(120.9)</b>	<b>4,742</b>
		<b>Other non-cash items in operating balance</b>					
(6,152)	(2,074)	Depreciation	(2,107)	(2,172)	65	3.0	(6,613)
		Amortisation and net impairment of non-financial assets	(660)	(312)	348	111.5	(964)
224	(301)		(660)	(312)	348	111.5	(964)
(858)	(178)	Cost of concessionary lending	(204)	(348)	144	41.4	(1,097)
(38)	(23)	Impairment of financial assets (excl receivables)	(21)	(8)	(13)	(162.5)	(89)
(1,696)	1,304	Decrease/(increase) in insurance liabilities	793	858	(65)	(7.6)	(3,642)
790	287	Change in accumulating pension expenses	393	254	139	54.7	761
45	201	Other	-	-	-	-	-
<b>(7,685)</b>	<b>(784)</b>	<b>Total other non-cash items</b>	<b>(1,806)</b>	<b>(1,728)</b>	<b>618</b>	<b>35.8</b>	<b>(11,644)</b>
		<b>Movements in working capital</b>					
5,027	(71)	Increase/(decrease) in receivables	(1,104)	(504)	(600)	(119.0)	2,017
197	277	Increase/(decrease) in accrued interest	(49)	74	(123)	(166.2)	(114)
874	116	Increase/(decrease) in inventories	(325)	(67)	(258)	(385.1)	292
303	375	Increase/(decrease) in prepayments	197	197	-	-	(27)
(819)	(181)	Decrease/(increase) in deferred revenue	(223)	(22)	(201)	-	(122)
(1,849)	1,091	Decrease/(increase) in payables/provisions	2,346	771	1,575	204.3	2,248
<b>3,733</b>	<b>1,607</b>	<b>Total movements in working capital</b>	<b>842</b>	<b>449</b>	<b>393</b>	<b>87.5</b>	<b>4,294</b>
<b>(16,932)</b>	<b>(11,026)</b>	<b>Operating balance (excluding minority interests)</b>	<b>(2,862)</b>	<b>(1,647)</b>	<b>(519)</b>	<b>(31.5)</b>	<b>(1,632)</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

As at 30 June 2022 Actual \$m	As at 31 Oct 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
17,835	17,069	Cash and cash equivalents	9	15,869	18,836	(2,967)	(15.8)	17,713
35,135	27,104	Receivables	9	32,487	26,514	5,973	22.5	28,906
65,456	58,837	Marketable securities, deposits and derivatives in gain	9	68,293	51,708	16,585	32.1	51,202
46,261	53,011	Share investments	9	42,931	51,711	(8,780)	(17.0)	53,423
54,659	50,133	Advances	9	60,119	61,819	(1,700)	(2.7)	70,883
6,096	4,658	Investments in controlled enterprises	9	6,814	5,230	1,584	30.3	5,991
3,068	2,310	Inventory		2,743	2,549	194	7.6	2,908
4,208	3,926	Other assets		4,654	4,102	552	13.5	4,027
249,182	214,661	Property, plant and equipment	10	250,767	224,371	26,396	11.8	230,776
16,247	15,322	Equity accounted investments <sup>1</sup>		16,566	15,457	1,109	7.2	15,816
3,697	3,580	Intangible assets and goodwill		3,734	3,637	97	2.7	4,209
-	-	Forecast for new capital spending	7	-	963	(963)	(100.0)	2,274
-	-	Top-down capital adjustment	7	-	(1,909)	1,909	100.0	(2,810)
<b>501,844</b>	<b>450,611</b>	<b>Total assets</b>		<b>504,977</b>	<b>464,988</b>	<b>39,989</b>	<b>8.6</b>	<b>485,318</b>
<b>Liabilities</b>								
9,061	8,755	Issued currency		9,106	9,189	83	0.9	9,159
21,420	17,131	Payables	11	15,598	15,113	(485)	(3.2)	15,057
3,368	2,727	Deferred revenue		3,591	2,707	(884)	(32.7)	2,807
203,965	183,754	Borrowings	12	217,542	211,932	(5,610)	(2.6)	230,618
11,308	9,490	New Zealand Emissions Trading Scheme	13	12,331	11,040	(1,291)	(11.7)	10,694
55,301	59,961	Insurance liabilities	14	52,955	64,526	11,571	17.9	69,026
8,769	10,646	Retirement plan liabilities		8,103	9,462	1,359	14.4	9,061
14,333	12,514	Provisions	15	13,544	12,221	(1,323)	(10.8)	10,042
<b>327,525</b>	<b>304,978</b>	<b>Total liabilities</b>		<b>332,770</b>	<b>336,190</b>	<b>3,420</b>	<b>1.0</b>	<b>356,464</b>
<b>174,319</b>	<b>145,633</b>	<b>Total assets less total liabilities</b>		<b>172,207</b>	<b>128,798</b>	<b>43,409</b>	<b>33.7</b>	<b>128,854</b>
<b>Net worth</b>								
2,681	8,396	Taxpayers' funds	16	(112)	(10,250)	10,138	98.9	(10,254)
164,385	133,634	Property, plant and equipment revaluation reserve	16	164,406	134,147	30,259	22.6	134,146
55	(1,416)	Defined benefit retirement plan revaluation reserve	16	554	(795)	1,349	169.7	(687)
(566)	(659)	Veterans' disability entitlements reserve	16	(566)	(659)	93	14.1	(659)
481	(34)	Other reserves	16	579	(106)	685	-	(145)
<b>167,036</b>	<b>139,921</b>	<b>Total net worth attributable to the Crown</b>		<b>164,861</b>	<b>122,337</b>	<b>42,524</b>	<b>34.8</b>	<b>122,401</b>
7,283	5,712	Net worth attributable to minority interest	16	7,346	6,461	885	13.7	6,453
<b>174,319</b>	<b>145,633</b>	<b>Total net worth</b>		<b>172,207</b>	<b>128,798</b>	<b>43,409</b>	<b>33.7</b>	<b>128,854</b>

1. Equity accounted investments include Universities and Wānanga and City Rail Link Limited.

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



# STATEMENT OF SEGMENTS

For the four months ended 31 October 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
<b>Revenue</b>										
Taxation revenue	36,211	36,273	-	-	-	-	(215)	(196)	35,996	36,077
Other sovereign revenue	1,709	1,520	2,345	2,273	-	-	(729)	(731)	3,325	3,062
Revenue from core Crown funding	-	-	13,525	13,198	256	191	(13,781)	(13,389)	-	-
Sales of goods and services	516	521	1,018	1,014	5,562	5,251	(342)	(407)	6,754	6,379
Interest and dividend revenue	1,118	980	624	428	439	423	(545)	(491)	1,636	1,340
Other revenue	397	338	3,213	2,507	229	275	(2,564)	(1,786)	1,275	1,334
<b>Total Revenue (excluding gains)</b>	<b>39,951</b>	<b>39,632</b>	<b>20,725</b>	<b>19,420</b>	<b>6,486</b>	<b>6,140</b>	<b>(18,176)</b>	<b>(17,000)</b>	<b>48,986</b>	<b>48,192</b>
<b>Expenses</b>										
Transfer payments and subsidies	13,444	13,893	-	-	-	-	(395)	(445)	13,049	13,448
Personnel expenses	3,323	3,310	6,808	6,785	1,086	934	(18)	(14)	11,199	11,015
Other operating expenses	23,259	23,074	11,873	11,182	4,945	4,606	(16,709)	(15,614)	23,368	23,248
Interest expenses	1,733	1,267	149	138	285	321	(199)	(164)	1,968	1,562
Insurance expenses	2	-	1,989	2,173	3	2	(1)	-	1,993	2,175
Forecast new operating spending and top-down adjustment	-	(300)	-	-	-	-	-	-	-	(300)
<b>Total Expenses (excluding losses)</b>	<b>41,761</b>	<b>41,244</b>	<b>20,819</b>	<b>20,278</b>	<b>6,319</b>	<b>5,863</b>	<b>(17,322)</b>	<b>(16,237)</b>	<b>51,577</b>	<b>51,148</b>
Gains/(losses) and other items	(1,540)	1,119	1,319	315	(185)	(98)	133	(27)	(273)	1,309
<b>Operating Balance (excluding minority interests)</b>	<b>(3,350)</b>	<b>(493)</b>	<b>1,225</b>	<b>(543)</b>	<b>(18)</b>	<b>179</b>	<b>(721)</b>	<b>(790)</b>	<b>(2,864)</b>	<b>(1,647)</b>
<b>Assets</b>										
Financial assets	151,846	144,511	61,542	61,716	40,247	37,889	(27,122)	(28,299)	226,513	215,818
Property, plant and equipment	56,647	54,850	146,913	126,183	47,207	43,337	-	-	250,767	224,371
Investments in associates, CEs and SOEs	60,288	61,100	14,305	13,119	510	318	(58,537)	(59,080)	16,566	15,457
Other assets	5,976	5,251	2,793	3,141	3,200	2,652	(838)	(756)	11,131	10,288
Forecast and top-down capital adjustments	-	(946)	-	-	-	-	-	-	-	(946)
<b>Total Assets</b>	<b>274,757</b>	<b>264,766</b>	<b>225,553</b>	<b>204,159</b>	<b>91,164</b>	<b>84,196</b>	<b>(86,497)</b>	<b>(88,135)</b>	<b>504,977</b>	<b>464,988</b>
<b>Liabilities</b>										
Borrowings	183,105	177,014	14,813	14,092	41,988	42,645	(22,364)	(21,819)	217,542	211,932
Other liabilities	49,228	48,399	66,397	77,344	10,845	9,004	(11,242)	(10,489)	115,228	124,258
<b>Total Liabilities</b>	<b>232,333</b>	<b>225,413</b>	<b>81,210</b>	<b>91,436</b>	<b>52,833</b>	<b>51,649</b>	<b>(33,606)</b>	<b>(32,308)</b>	<b>332,770</b>	<b>336,190</b>
<b>Net Worth</b>	<b>42,424</b>	<b>39,353</b>	<b>144,343</b>	<b>112,723</b>	<b>38,331</b>	<b>32,547</b>	<b>(52,891)</b>	<b>(55,827)</b>	<b>172,207</b>	<b>128,798</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>1,395</b>	<b>1,319</b>	<b>2,321</b>	<b>2,417</b>	<b>788</b>	<b>1,248</b>	<b>-</b>	<b>-</b>	<b>4,504</b>	<b>4,984</b>

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

## STATEMENT OF COMMITMENTS

As at 31 October 2022

	As at 31 Oct 2022 \$m	As at 30 Jun 2022 \$m	As at 31 Oct 2021 \$m
<b>Capital Commitments</b>			
State highways	2,380	2,380	2,745
Specialist military equipment	1,861	2,169	2,354
Land and buildings	7,203	7,249	6,204
Other property, plant and equipment	5,207	5,192	4,473
Other capital commitments	876	1,045	942
Universities and Wānanga	763	763	875
<b>Total capital commitments</b>	<b>18,290</b>	<b>18,798</b>	<b>17,593</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,675	5,645	5,308
Other non-cancellable leases	3,172	3,184	3,855
Universities and Wānanga	1,279	1,279	1,137
<b>Total operating commitments</b>	<b>10,126</b>	<b>10,108</b>	<b>10,300</b>
<b>Total commitments</b>	<b>28,416</b>	<b>28,906</b>	<b>27,893</b>
<b>Total Commitments by Segment</b>			
Core Crown	11,644	11,979	12,128
Crown entities	9,946	10,107	9,151
State-owned Enterprises	7,126	7,131	6,897
Inter-segment eliminations	(300)	(311)	(283)
<b>Total commitments</b>	<b>28,416</b>	<b>28,906</b>	<b>27,893</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 October 2022

	As at 31 Oct 2022 \$m	As at 30 Jun 2022 \$m	As at 31 Oct 2021 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	9,537	9,198	8,306
Guarantees and indemnities	408	387	342
Legal proceedings and disputes	720	553	313
Other contingent liabilities	808	778	848
<b>Total quantifiable contingent liabilities</b>	<b>11,473</b>	<b>10,916</b>	<b>9,809</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	10,711	10,366	9,483
Crown entities	574	392	157
State-owned Enterprises	226	206	264
Inter-segment eliminations	(38)	(48)	(95)
<b>Total quantifiable contingent liabilities</b>	<b>11,473</b>	<b>10,916</b>	<b>9,809</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	30	26	38
Crown entities	25	37	21
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>55</b>	<b>63</b>	<b>59</b>

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 have been prepared in accordance with the Public Finance Act 1989 and with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as defined in the Financial Reporting Act 2013.

Entities included in the consolidated financial statements of the Government Reporting Entity Judgement is required to determine what entities are controlled and therefore consolidated in financial statements. The Government Reporting Entity is defined as the Sovereign in right of New Zealand and the legislative, executive, and judicial branches of the Government of New Zealand. The Government Reporting Entity is assessed as controlling another entity when it is exposed to, or has rights to, variable benefits from its involvement with that entity and can affect the nature or amount of those benefits through the exercise of its power over that entity.

### Basis of combination

These financial statements consolidate the following entities into the Government Reporting Entity:

#### Core Crown entities

- 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)

#### Other entities

- State-owned Enterprises
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Christ Church Cathedral Reinstatement Trust
- Kiwi Group Holdings Limited (including Kiwibank)
- Venture Capital Fund
- Organisations listed in Schedule 4 and 4A (Non-listed companies in which the Crown is majority or sole shareholder) of the Public Finance Act 1989
- Organisations listed in Schedule 5 (Mixed ownership model companies) of the Public Finance Act 1989
- Legal entities listed in Schedule 6 (Legal entities created by Treaty of Waitangi Settlement Acts) of the Public Finance Act 1989

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.

For further detail a schedule of the entities that are included in the Government reporting entity was set out on pages 59 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2022* published on 5 October 2022.

The 30 June 2022 results 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 2023, 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.

At 30 June 2022 an adjustment was made to reflect the IFRS Interpretation Committee agenda decision “Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)”. In 2022 this change resulted in previously capitalised intangible assets being recognised as an expense. This change is reflected in all periods except for the four months ended 31 October 2021. This change was not considered to be material for the comparative period.

## 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 62 to 66 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2022* published on 5 October 2022.

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Revenue</b>							
<b>Taxation revenue</b>							
<b>Individuals</b>							
42,448	13,354	Source deductions	15,066	14,438	628	4.3	45,022
11,120	2,801	Other persons	3,087	3,311	(224)	(6.8)	11,265
(1,739)	(449)	Refunds	(532)	(588)	56	9.5	(2,001)
684	207	Fringe benefit tax	231	199	32	16.1	657
<b>52,513</b>	<b>15,913</b>	<b>Total individuals</b>	<b>17,852</b>	<b>17,360</b>	<b>492</b>	<b>2.8</b>	<b>54,943</b>
<b>Corporate tax</b>							
20,010	4,693	Gross companies tax	5,801	5,881	(80)	(1.4)	21,062
(630)	(130)	Refunds	(180)	(138)	(42)	(30.4)	(410)
516	140	Non-resident withholding tax	140	155	(15)	(9.7)	571
<b>19,896</b>	<b>4,703</b>	<b>Total corporate tax</b>	<b>5,761</b>	<b>5,898</b>	<b>(137)</b>	<b>(2.3)</b>	<b>21,223</b>
<b>Other direct income tax</b>							
842	229	Resident withholding tax on interest income	435	417	18	4.3	1,354
1,108	262	Resident withholding tax on dividend income	295	273	22	8.1	980
<b>1,950</b>	<b>491</b>	<b>Total other direct income tax</b>	<b>730</b>	<b>690</b>	<b>40</b>	<b>5.8</b>	<b>2,334</b>
<b>74,359</b>	<b>21,107</b>	<b>Total direct income tax</b>	<b>24,343</b>	<b>23,948</b>	<b>395</b>	<b>1.6</b>	<b>78,500</b>
<b>Goods and services tax</b>							
43,044	13,386	Gross goods and services tax	15,916	15,675	241	1.5	47,286
(16,920)	(5,414)	Refunds	(6,471)	(6,009)	(462)	(7.7)	(17,904)
<b>26,124</b>	<b>7,972</b>	<b>Total goods and services tax</b>	<b>9,445</b>	<b>9,666</b>	<b>(221)</b>	<b>(2.3)</b>	<b>29,382</b>
<b>Other indirect taxation</b>							
1,749	602	Petroleum fuels excise and duty <sup>1</sup>	411	519	(108)	(20.8)	1,890
1,866	682	Tobacco excise and duty <sup>1</sup>	669	585	84	14.4	1,705
1,840	600	Road and track user charges	428	617	(189)	(30.6)	1,874
1,241	427	Alcohol excise and duty <sup>1</sup>	448	479	(31)	(6.5)	1,400
178	60	Other customs duty	66	75	(9)	(12.0)	203
516	150	Miscellaneous indirect tax	186	188	(2)	(1.1)	555
<b>7,390</b>	<b>2,521</b>	<b>Total other indirect taxation</b>	<b>2,208</b>	<b>2,463</b>	<b>(255)</b>	<b>(10.4)</b>	<b>7,627</b>
<b>33,514</b>	<b>10,493</b>	<b>Total indirect taxation</b>	<b>11,653</b>	<b>12,129</b>	<b>(476)</b>	<b>(3.9)</b>	<b>37,009</b>
<b>107,873</b>	<b>31,600</b>	<b>Total taxation revenue</b>	<b>35,996</b>	<b>36,077</b>	<b>(81)</b>	<b>(0.2)</b>	<b>115,509</b>
<b>Other sovereign revenue</b>							
3,461	1,051	ACC levies	1,241	1,176	65	5.5	3,598
3,006	812	Emissions trading revenue	1,164	1,059	105	9.9	3,190
638	218	Fire Service levies	222	217	5	2.3	637
528	175	EQC levies	178	178	-	-	597
25	-	Clean vehicle discount	52	44	8	18.2	133
287	151	Child support and working for families penalties	76	74	2	2.7	217
100	36	Court fines	35	44	(9)	(20.5)	115
849	306	Other miscellaneous items	357	270	87	32.2	810
<b>8,894</b>	<b>2,749</b>	<b>Total other sovereign revenue</b>	<b>3,325</b>	<b>3,062</b>	<b>263</b>	<b>8.6</b>	<b>9,297</b>
<b>116,767</b>	<b>34,349</b>	<b>Total sovereign revenue</b>	<b>39,321</b>	<b>39,139</b>	<b>182</b>	<b>0.5</b>	<b>124,806</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 2: Sovereign Receipts (continued)</b>							
<b>Taxation Receipts (cash)</b>							
<b>Individuals</b>							
42,436	13,583	Source deductions	15,086	14,365	721	5.0	44,782
9,723	2,413	Other persons	2,793	2,947	(154)	(5.2)	11,280
(2,423)	(748)	Refunds	(755)	(791)	36	4.6	(2,467)
674	305	Fringe benefit tax	335	306	29	9.5	657
<b>50,410</b>	<b>15,553</b>	<b>Total individuals</b>	<b>17,459</b>	<b>16,827</b>	<b>632</b>	<b>3.8</b>	<b>54,252</b>
<b>Corporate Tax</b>							
18,343	5,002	Gross companies tax	6,547	6,027	520	8.6	21,273
(1,317)	(357)	Refunds	(551)	(359)	(192)	(53.5)	(1,187)
529	207	Non-resident withholding tax	174	200	(26)	(13.0)	571
<b>17,555</b>	<b>4,852</b>	<b>Total corporate tax</b>	<b>6,170</b>	<b>5,868</b>	<b>302</b>	<b>5.1</b>	<b>20,657</b>
<b>Other Direct Income Tax</b>							
813	238	Resident withholding tax on interest income	425	434	(9)	(2.1)	1,354
1,098	328	Resident withholding tax on dividend income	381	324	57	17.6	980
<b>1,911</b>	<b>566</b>	<b>Total other direct income tax</b>	<b>806</b>	<b>758</b>	<b>48</b>	<b>6.3</b>	<b>2,334</b>
<b>69,876</b>	<b>20,971</b>	<b>Total income tax</b>	<b>24,435</b>	<b>23,453</b>	<b>982</b>	<b>4.2</b>	<b>77,243</b>
<b>Goods and Services Tax</b>							
41,973	11,915	Gross goods and services tax	15,200	15,898	(698)	(4.4)	46,568
(16,473)	(5,008)	Refunds	(6,166)	(5,919)	(247)	(4.2)	(17,744)
<b>25,500</b>	<b>6,907</b>	<b>Total goods and services tax</b>	<b>9,034</b>	<b>9,979</b>	<b>(945)</b>	<b>(9.5)</b>	<b>28,824</b>
<b>Other Indirect Taxation</b>							
1,853	598	Road and track user charges	432	617	(185)	(30.0)	1,874
1,630	572	Excise duties	221	265	(44)	(16.6)	896
3,360	1,112	Customs duty	1,315	1,236	79	6.4	4,175
493	170	Miscellaneous indirect taxation	197	206	(9)	(4.4)	555
<b>7,336</b>	<b>2,452</b>	<b>Total other indirect taxation</b>	<b>2,165</b>	<b>2,324</b>	<b>(159)</b>	<b>(6.8)</b>	<b>7,500</b>
<b>32,836</b>	<b>9,359</b>	<b>Total indirect taxation</b>	<b>11,199</b>	<b>12,303</b>	<b>(1,104)</b>	<b>(9.0)</b>	<b>36,324</b>
<b>102,712</b>	<b>30,330</b>	<b>Total tax receipts collected</b>	<b>35,634</b>	<b>35,756</b>	<b>(122)</b>	<b>(0.3)</b>	<b>113,567</b>
<b>Other Sovereign Receipts (cash)</b>							
3,363	1,333	ACC levies	1,496	1,429	67	4.7	3,476
2,075	649	Emissions trading receipts	424	343	81	23.6	1,388
634	232	Fire Service levies	241	234	7	3.0	634
530	190	EQC levies	192	174	18	10.3	546
25	-	Clean vehicle discount	52	44	8	18.2	133
212	46	Child support and working for families penalties	73	63	10	15.9	199
110	41	Court fines	40	52	(12)	(23.1)	93
854	336	Other miscellaneous items	227	269	(42)	(15.6)	806
<b>7,803</b>	<b>2,827</b>	<b>Total other sovereign receipts</b>	<b>2,745</b>	<b>2,608</b>	<b>137</b>	<b>5.3</b>	<b>7,275</b>
<b>110,515</b>	<b>33,157</b>	<b>Total sovereign receipts</b>	<b>38,379</b>	<b>38,364</b>	<b>15</b>	<b>-</b>	<b>120,842</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
2,292	644	Interest revenue	1,139	961	178	18.5	2,829
1,248	340	Dividends	497	379	118	31.1	1,176
<b>3,540</b>	<b>984</b>	<b>Total interest revenue and dividends</b>	<b>1,636</b>	<b>1,340</b>	<b>296</b>	<b>22.1</b>	<b>4,005</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
17,764	5,845	New Zealand superannuation	6,337	6,405	68	1.1	19,529
3,330	1,116	Jobseeker support and emergency benefit	1,138	1,172	34	2.9	3,428
2,386	787	Accommodation assistance	789	789	-	-	2,331
2,047	675	Supported living payment	758	737	(21)	(2.8)	2,219
2,017	625	Family tax credit	687	734	47	6.4	2,375
1,704	531	Sole parent support	632	616	(16)	(2.6)	1,819
-	-	Cost of living payment	528	600	72	12.0	800
513	309	Winter energy payment	311	312	1	0.3	518
964	324	KiwiSaver subsidies	340	340	-	-	1,030
556	250	Student allowances	238	288	50	17.4	682
497	159	Hardship assistance	183	191	8	4.2	608
827	211	Official development assistance	149	280	131	46.8	1,058
519	155	Other working for families tax credits	147	172	25	14.5	562
412	139	Disability allowances	142	140	(2)	(1.4)	418
313	99	Orphan's/unsupported child's benefit	112	115	3	2.6	356
308	93	Best start	100	103	3	2.9	375
145	37	Income related rent subsidy	82	44	(38)	(86.4)	133
1,077	363	Other social assistance benefits	376	410	34	8.3	1,203
4,019	1,274	COVID-19 resurgence and support payment	-	-	-	-	-
4,689	3,687	Wage Subsidy Scheme	-	-	-	-	-
<b>44,087</b>	<b>16,679</b>	<b>Total transfer payments and subsidies</b>	<b>13,049</b>	<b>13,448</b>	<b>399</b>	<b>3.0</b>	<b>39,444</b>
<b>NOTE 5: Finance Costs</b>							
3,251	780	Interest on financial liabilities	1,826	1,487	(339)	(22.8)	4,970
98	25	Interest unwind on provisions and other interest	142	75	(67)	(89.3)	263
<b>3,349</b>	<b>805</b>	<b>Total finance costs</b>	<b>1,968</b>	<b>1,562</b>	<b>(406)</b>	<b>(26.0)</b>	<b>5,233</b>
<b>NOTE 6: Insurance Expenses</b>							
5,833	1,368	ACC	1,893	2,059	166	8.1	9,010
496	61	EQC	88	106	18	17.0	322
92	(6)	Southern Response	(7)	(7)	-	-	(20)
26	7	Other insurance expenses	19	17	(2)	(11.8)	56
<b>6,447</b>	<b>1,430</b>	<b>Total insurance expenses</b>	<b>1,993</b>	<b>2,175</b>	<b>182</b>	<b>8.4</b>	<b>9,368</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 2022 and previous Budgets that has yet to be allocated to appropriations for departments.



# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Oct 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 8: Net Gains and Losses on Non-financial instruments</b>							
6,730	(929)	Actuarial gains/(losses) on ACC liability	1,554	-	1,554	-	-
(4,917)	(2,953)	Gains/(losses) on the Emissions Trading Scheme	(1,313)	-	(1,313)	-	-
1,152	349	Other	(6)	(13)	7	53.8	(49)
<b>2,965</b>	<b>(3,533)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>235</b>	<b>(13)</b>	<b>248</b>	<b>-</b>	<b>(49)</b>

Net gains and losses on non-financial instruments represent the change in the actuarial and other assumptions to settle non-financial obligations. At the date of the forecast, these are updated with information at the date of the forecast. As the forecasts in these financial statements were prepared in the prior financial year, there is no forecast gain or loss.

<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
<b>Receivables</b>							
17,835	17,069	Cash and cash equivalents	15,869	18,836	(2,967)	(15.8)	17,713
20,076	16,724	Tax receivables	20,359	16,677	3,682	22.1	17,321
15,059	10,380	Other receivables	12,128	9,837	2,291	23.3	11,585
27,786	26,376	Kiwibank mortgages	24,921	28,725	(3,804)	(13.2)	30,354
9,209	10,605	Student loans	9,015	9,754	(739)	(7.6)	9,679
11,277	5,214	Funding for Lending advances	15,167	13,572	1,595	11.8	20,622
6,387	7,938	Other advances	11,016	9,768	1,248	12.8	10,228
46,261	53,011	Share investments	42,931	51,711	(8,780)	(17.0)	53,423
6,096	4,658	Investments in controlled enterprises	6,814	5,230	1,584	30.3	5,991
45,045	43,680	Other marketable securities	44,684	38,550	6,134	15.9	38,424
8,444	5,133	Long-term deposits	9,209	4,734	4,475	94.5	4,711
6,643	5,181	Derivatives in gain	8,852	3,187	5,665	177.8	2,830
5,324	4,843	IMF financial assets	5,548	5,237	311	5.9	5,237
<b>225,442</b>	<b>210,812</b>	<b>Total financial assets and sovereign receivables</b>	<b>226,513</b>	<b>215,818</b>	<b>10,695</b>	<b>5.0</b>	<b>228,118</b>
<b>Financial assets by entity</b>							
54,178	57,879	The Treasury	51,347	43,387	7,960	18.3	31,714
60,590	51,273	Reserve Bank of New Zealand	67,429	60,864	6,565	10.8	59,677
65,411	63,781	NZ Superannuation Fund	62,178	65,710	(3,532)	(5.4)	69,651
42,845	37,321	Other core Crown	43,945	36,719	7,226	19.7	36,370
(73,598)	(70,687)	Intra-segment eliminations	(73,053)	(62,169)	(10,884)	(17.5)	(43,167)
<b>149,426</b>	<b>139,567</b>	<b>Total core Crown segment</b>	<b>151,846</b>	<b>144,511</b>	<b>7,335</b>	<b>5.1</b>	<b>154,245</b>
50,041	53,086	ACC	49,075	51,554	(2,479)	(4.8)	53,097
541	531	EQC	569	478	91	19.0	531
17,547	15,226	Other Crown entities	15,706	14,807	899	6.1	14,487
(4,318)	(3,538)	Intra-segment eliminations	(3,808)	(5,123)	1,315	25.7	(4,179)
<b>63,811</b>	<b>65,305</b>	<b>Total Crown entities segment</b>	<b>61,542</b>	<b>61,716</b>	<b>(174)</b>	<b>(0.3)</b>	<b>63,936</b>
<b>38,443</b>	<b>33,424</b>	<b>Total State-owned Enterprises segment</b>	<b>40,247</b>	<b>37,889</b>	<b>2,358</b>	<b>6.2</b>	<b>39,223</b>
(26,238)	(27,484)	Inter-segment eliminations	(27,122)	(28,298)	1,176	4.2	(29,286)
<b>225,442</b>	<b>210,812</b>	<b>Total financial assets and sovereign receivables</b>	<b>226,513</b>	<b>215,818</b>	<b>10,695</b>	<b>5.0</b>	<b>228,118</b>

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Oct 2021 \$m		Current Year Actual vs Forecast				Annual HYEFU 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>							
84,744	70,236	Land	84,568	71,144	13,424	18.9	71,458
59,781	54,003	Buildings	60,141	57,317	2,824	4.9	60,665
51,915	43,037	State highways	52,149	44,557	7,592	17.0	45,856
19,027	17,847	Electricity generation assets	18,646	18,186	460	2.5	18,582
4,353	4,317	Electricity distribution network (cost)	4,371	4,810	(439)	(9.1)	4,392
4,220	3,610	Aircraft (excl military)	4,142	3,721	421	11.3	3,793
4,293	3,861	Specialist military equipment	4,271	4,569	(298)	(6.5)	5,183
3,254	3,092	Specified cultural and heritage assets	3,270	3,177	93	2.9	3,194
10,583	7,425	Rail network	10,651	8,031	2,620	32.6	8,319
7,012	7,233	Other plant and equipment (cost)	8,558	8,859	(301)	(3.4)	9,334
<b>249,182</b>	<b>214,661</b>	<b>Total net carrying value</b>	<b>250,767</b>	<b>224,371</b>	<b>26,396</b>	<b>11.8</b>	<b>230,776</b>
<b>Land breakdown by usage</b>							
32,802	25,823	Housing stock	32,844	26,387	6,457	24.5	26,910
23,486	18,459	State highway corridor land	23,476	18,361	5,115	27.9	18,000
7,826	7,156	Conservation estate	7,827	7,145	682	9.5	7,150
7,478	7,115	Schools	7,539	7,253	286	3.9	7,320
4,309	3,819	Rail network corridor land	4,321	3,888	433	11.1	3,928
1,582	1,212	Commercial (SOE) excluding rail	1,289	1,201	88	7.3	1,272
7,261	6,652	Other	7,272	6,909	363	5.3	6,878
<b>84,744</b>	<b>70,236</b>	<b>Total land</b>	<b>84,568</b>	<b>71,144</b>	<b>13,424</b>	<b>18.9</b>	<b>71,458</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
231,234	231,234	Opening balance	268,071	245,166	22,905	9	245,166
12,880	3,716	Additions	3,859	5,088	(1,229)	(24.2)	16,537
(2,011)	(309)	Disposals	(429)	(121)	(308)	(254.5)	(1,102)
26,271	(67)	Net revaluations	128	-	128	-	-
(303)	(21)	Other	72	6	66	-	(79)
<b>268,071</b>	<b>234,553</b>	<b>Total cost or valuation</b>	<b>271,701</b>	<b>250,139</b>	<b>21,562</b>	<b>8.6</b>	<b>260,522</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
18,018	18,018	Opening balance	18,889	23,596	(4,707)	(20)	23,596
(1,039)	(218)	Eliminated on disposal	(88)	(4)	(84)	-	(471)
(3,377)	-	Eliminated on revaluation	2	-	2	-	-
(851)	-	Impairment losses charged to operating balance	312	-	312	-	-
6,152	2,074	Depreciation expense and impairment losses	2,107	2,172	(65)	(3.0)	6,613
(14)	18	Other	(288)	4	(292)	-	8
<b>18,889</b>	<b>19,892</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>20,934</b>	<b>25,768</b>	<b>(4,834)</b>	<b>(18.8)</b>	<b>29,746</b>
<b>249,182</b>	<b>214,661</b>	<b>Total property, plant and equipment</b>	<b>250,767</b>	<b>224,371</b>	<b>26,396</b>	<b>11.8</b>	<b>230,776</b>

2. Using a revaluation methodology unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Oct 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
15,933	12,180	Accounts payable	10,600	10,238	(362)	(3.5)	9,649
5,487	4,951	Taxes repayable	4,998	4,875	(123)	(2.5)	5,408
<b>21,420</b>	<b>17,131</b>	<b>Total payables</b>	<b>15,598</b>	<b>15,113</b>	<b>(485)</b>	<b>(3.2)</b>	<b>15,057</b>
<b>NOTE 12: Borrowings</b>							
89,489	81,553	Government bonds	94,848	94,582	(266)	(0.3)	104,281
23,709	26,172	Kiwi Group Holdings	27,705	28,538	833	2.9	30,130
43,521	35,413	Settlement deposits	47,898	52,557	4,659	8.9	58,297
3,487	7,538	Treasury bills	3,079	3,080	1	-	2,976
10,275	4,224	Derivatives in loss	11,759	4,617	(7,142)	(154.7)	4,387
1,177	1,198	Finance lease liabilities	1,202	1,207	5	0.4	1,176
152	168	Government retail stock	146	161	15	9.3	161
32,155	27,488	Other borrowings	30,905	27,190	(3,715)	(13.7)	29,210
<b>203,965</b>	<b>183,754</b>	<b>Total borrowings</b>	<b>217,542</b>	<b>211,932</b>	<b>(5,610)</b>	<b>(2.6)</b>	<b>230,618</b>
153,263	137,068	Sovereign-guaranteed debt	166,047	160,108	(5,939)	(3.7)	175,758
50,702	46,686	Non sovereign-guaranteed debt	51,495	51,824	329	0.6	54,860
<b>203,965</b>	<b>183,754</b>	<b>Total borrowings</b>	<b>217,542</b>	<b>211,932</b>	<b>(5,610)</b>	<b>(2.6)</b>	<b>230,618</b>

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: New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (NZ ETS) encourages emissions abatement by putting a price on emissions and rewarding carbon removal activities such as forestry. Tradeable units (NZUs) are allocated into the market through government auctions. NZUs are also allocated free-of-charge to foresters for forestry removals and to certain industrial activities that are both emission-intensive and trade-exposed (industrial allocation). NZ ETS participants must meet their emissions obligations by surrendering NZUs to the government. The NZ ETS liability represents the NZUs outstanding at the reporting date that can be used to settle these emission obligations in the future.

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

			Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 14: Insurance Liabilities</b>							
54,115	59,058	ACC liability	51,800	63,799	11,999	18.8	68,353
863	709	EQC property damage liability	807	630	(177)	(28.1)	576
284	149	Southern Response	283	33	(250)	-	33
39	45	Other insurance liabilities	65	64	(1)	(1.6)	64
<b>55,301</b>	<b>59,961</b>	<b>Total insurance liabilities</b>	<b>52,955</b>	<b>64,526</b>	<b>11,571</b>	<b>17.9</b>	<b>69,026</b>

The most recent valuation of the ACC liability was as at 30 June 2022, updated monthly for changes to discount rates.

## NOTE 15: Provisions

			Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
7,543	6,472	Provision for employee entitlements	6,800	6,343	(457)	(7.2)	4,503
2,843	3,006	Veterans disability entitlements	2,834	2,913	79	2.7	2,862
660	735	Provision for National Provident Fund guarantee	656	669	13	1.9	627
3,287	2,301	Other provisions	3,254	2,296	(958)	(41.7)	2,050
<b>14,333</b>	<b>12,514</b>	<b>Total provisions</b>	<b>13,544</b>	<b>12,221</b>	<b>(1,323)</b>	<b>(10.8)</b>	<b>10,042</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 31 Oct 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 16: Changes in Net Worth</b>							
2,681	8,396	Taxpayers' funds	(112)	(10,250)	10,138	98.9	(10,254)
164,385	133,634	Property, plant and equipment revaluation reserve	164,406	134,147	30,259	22.6	134,146
55	(1,416)	Defined benefit retirement plan revaluation reserve	554	(795)	1,349	169.7	(687)
(566)	(659)	Veterans' disability entitlements reserve	(566)	(659)	93	14.1	(659)
7,283	5,712	Net worth attributable to minority interests	7,346	6,461	885	13.7	6,453
481	(34)	Other reserves	579	(106)	685	-	(145)
<b>174,319</b>	<b>145,633</b>	<b>Total net worth</b>	<b>172,207</b>	<b>128,798</b>	<b>43,409</b>	<b>33.7</b>	<b>128,854</b>
19,656	19,857	Opening taxpayers funds	2,681	(8,674)	11,355	130.9	(8,674)
(16,932)	(11,026)	Operating balance excluding minority interests	(2,864)	(1,647)	(1,217)	(73.9)	(1,632)
(43)	(435)	Transfers from/(to) other reserves	71	71	-	-	52
<b>2,681</b>	<b>8,396</b>	<b>Closing taxpayers funds</b>	<b>(112)</b>	<b>(10,250)</b>	<b>10,138</b>	<b>98.9</b>	<b>(10,254)</b>
134,003	134,003	Opening property, plant and equipment revaluation reserve	164,385	134,125	30,260	22.6	134,125
30,920	(344)	Net revaluations	98	22	76	345.5	-
(538)	(25)	Transfers from/(to) other reserves	(77)	-	(77)	-	21
<b>164,385</b>	<b>133,634</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>164,406</b>	<b>134,147</b>	<b>30,259</b>	<b>22.6</b>	<b>134,146</b>
5,724	5,724	Opening net worth attributable to minority interests	7,283	6,515	768	11.8	6,515
949	-	Increase/(decrease) in minority interest from changes in equity	41	-	41	-	-
610	(12)	Net movements	22	(54)	76	140.7	(62)
<b>7,283</b>	<b>5,712</b>	<b>Closing net worth attributable to minority interests</b>	<b>7,346</b>	<b>6,461</b>	<b>885</b>	<b>13.7</b>	<b>6,453</b>
(172)	(172)	Opening other reserves	481	(90)	571	-	(90)
653	138	Net movements	98	(16)	114	-	(55)
<b>481</b>	<b>(34)</b>	<b>Closing other reserves</b>	<b>579</b>	<b>(106)</b>	<b>685</b>	<b>-</b>	<b>(145)</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2022

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

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
141,627	42,133	Total revenue	48,986	48,192	794	1.6	152,154
150,956	49,911	Less total expenses	51,577	51,148	(429)	(0.8)	158,528
(6,722)	(2,924)	Total gains/(losses)	(70)	1,368	(1,438)	(105.1)	4,845
(126)	(123)	Net surplus from associates and joint ventures	44	45	(1)	(2.2)	149
(755)	(201)	Minority interests share of operating balance	(247)	(104)	(143)	(137.5)	(252)
<b>(16,932)</b>	<b>(11,026)</b>	<b>Operating balance</b>	<b>(2,864)</b>	<b>(1,647)</b>	<b>(1,217)</b>	<b>(73.9)</b>	<b>(1,632)</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>(16,932)</b>	<b>(11,026)</b>	<b>Operating balance</b>	<b>(2,864)</b>	<b>(1,647)</b>	<b>(1,217)</b>	<b>(73.9)</b>	<b>(1,632)</b>
		Less items excluded from OBEGAL:					
(9,687)	609	Net gains/(losses) on financial instruments	(305)	1,381	(1,686)	(122.1)	4,894
2,965	(3,533)	Net gains/(losses) on non-financial instruments	235	(13)	248	-	(49)
(126)	(123)	Net surplus from associates and joint ventures	44	45	(1)	(2.2)	149
(393)	(217)	Minority interests share of total gains/(losses)	(49)	3	(52)	-	8
<b>(9,691)</b>	<b>(7,762)</b>	<b>OBEGAL</b>	<b>(2,789)</b>	<b>(3,063)</b>	<b>274</b>	<b>8.9</b>	<b>(6,634)</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2022

## Expenses by Functional Classification

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Total Crown expenses</b>								
48,303	17,369	Social security and welfare		15,844	16,109	265	1.6	50,226
27,658	8,426	Health		9,471	9,103	(368)	(4.0)	25,493
18,911	6,608	Education		6,846	6,756	(90)	(1.3)	19,518
5,426	1,485	Core government services		1,581	1,834	253	13.8	6,180
5,921	1,886	Law and order		1,969	2,096	127	6.1	6,403
9,528	3,019	Transport and communications		4,746	3,864	(882)	(22.8)	12,568
16,673	5,284	Economic and industrial services		3,641	4,335	694	16.0	12,598
2,803	925	Defence		984	879	(105)	(11.9)	2,906
3,260	1,247	Heritage, culture and recreation		1,218	1,292	74	5.7	3,414
2,302	831	Primary services		782	745	(37)	(5.0)	2,493
3,935	1,244	Housing and community development		1,434	1,834	400	21.8	5,318
2,535	734	Environmental protection		1,057	948	(109)	(11.5)	3,033
110	32	GSF pension expenses		17	25	8	32.0	78
242	16	Other		19	66	47	71.2	163
3,349	805	Finance costs		1,968	1,562	(406)	(26.0)	5,233
-	-	Forecast new operating spending	7	-	-	-	-	4,904
-	-	Top-down expense adjustment	7	-	(300)	(300)	(100.0)	(2,000)
<b>150,956</b>	<b>49,911</b>	<b>Total Crown expenses excluding losses</b>		<b>51,577</b>	<b>51,148</b>	<b>(429)</b>	<b>(0.8)</b>	<b>158,528</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.

Year to 30 June 2022 Actual \$m	4 months to 31 Oct 2021 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Core Crown expenses</b>								
42,860	16,144	Social security and welfare		14,053	14,141	88	0.6	41,552
27,781	8,652	Health		9,818	9,420	(398)	(4.2)	26,579
18,023	5,945	Education		5,995	6,099	104	1.7	18,587
5,720	1,553	Core government services		1,607	1,815	208	11.5	6,110
5,444	1,761	Law and order		1,859	1,968	109	5.5	5,966
4,657	1,233	Transport and communications		1,629	1,363	(266)	(19.5)	4,754
8,078	2,633	Economic and industrial services		1,284	1,473	189	12.8	4,254
2,832	932	Defence		994	885	(109)	(12.3)	2,924
1,468	612	Heritage, culture and recreation		607	678	71	10.5	1,533
949	273	Primary services		299	310	11	3.5	1,159
2,033	685	Housing and community development		791	1,062	271	25.5	3,076
2,549	734	Environmental protection		1,060	977	(83)	(8.5)	3,118
94	26	GSF pension expenses		11	20	9	45.0	61
269	16	Other		19	66	47	71.2	163
2,884	662	Finance costs		1,733	1,267	(466)	(36.8)	4,311
-	-	Forecast new operating spending	7	-	-	-	-	4,904
-	-	Top-down expense adjustment	7	-	(300)	(300)	(100.0)	(2,000)
<b>125,641</b>	<b>41,861</b>	<b>Core Crown expenses excluding losses</b>		<b>41,759</b>	<b>41,244</b>	<b>(515)</b>	<b>(1.2)</b>	<b>127,051</b>

# FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2022

## Core Crown Residual Cash

Year to 30 June 2022 \$m	4 months to 31 Oct 2021 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Core Crown Cash Flows from Operations</b>					
105,487	32,306	Tax receipts	35,586	35,946	(360)	(1.0)	115,061
3,364	1,041	Other sovereign receipts	841	783	58	7.4	2,656
393	91	Interest receipts	191	187	4	2.1	553
2,883	1,106	Sale of goods & services and other receipts	1,243	1,013	230	22.7	3,172
(45,440)	(17,945)	Transfer payments and subsidies	(14,620)	(14,834)	214	1.4	(41,108)
(71,980)	(23,786)	Personnel and operating costs	(26,825)	(25,454)	(1,371)	(5.4)	(74,403)
(2,841)	(905)	Interest payments	(1,460)	(1,141)	(319)	(28.0)	(3,587)
-	-	Forecast for future new operating spending	-	-	-	-	(4,904)
-	-	Top-down expense adjustment	-	300	(300)	(100.0)	2,000
<b>(8,134)</b>	<b>(8,092)</b>	<b>Net core Crown operating cash flows</b>	<b>(5,044)</b>	<b>(3,200)</b>	<b>(1,844)</b>	<b>(57.6)</b>	<b>(560)</b>
(3,474)	(1,208)	Net purchase of physical and intangible assets	(1,474)	(1,477)	3	0.2	(5,355)
(9,192)	(3,127)	Net increase in advances	(3,910)	(4,224)	314	7.4	(12,820)
(3,823)	(997)	Net purchase of investments	(1,514)	(1,923)	409	21.3	(7,736)
(2,420)	(807)	Contributions to New Zealand Superannuation Fund	(853)	(853)	-	-	(2,558)
-	-	Forecast for future new capital spending	-	-	-	-	(1,311)
-	-	Top-down capital adjustment	-	159	(159)	(100.0)	1,060
<b>(18,909)</b>	<b>(6,139)</b>	<b>Net core Crown capital cash flows</b>	<b>(7,751)</b>	<b>(8,318)</b>	<b>567</b>	<b>6.8</b>	<b>(28,720)</b>
<b>(27,043)</b>	<b>(14,231)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(12,795)</b>	<b>(11,518)</b>	<b>(1,277)</b>	<b>(11.1)</b>	<b>(29,280)</b>
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		<b>Debt Programme Cash Flows</b>					
		Market:					
19,275	11,193	Issue of government bonds	8,761	10,177	(1,416)	(13.9)	25,721
-	-	Repayment of government bonds	(3,006)	(5,661)	2,655	46.9	(22,746)
(4,158)	126	Net issue/(repayment) of short-term borrowing	(500)	(491)	(9)	(1.9)	(591)
<b>15,117</b>	<b>11,319</b>	<b>Total market debt cash flows</b>	<b>5,255</b>	<b>4,025</b>	<b>1,230</b>	<b>30.5</b>	<b>2,384</b>
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(412)	(327)	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(100)	(100)	-	-	(400)
<b>(412)</b>	<b>(327)</b>	<b>Total non-market debt cash flows</b>	<b>(100)</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>(400)</b>
<b>14,705</b>	<b>10,992</b>	<b>Total debt programme cash flows</b>	<b>5,155</b>	<b>3,925</b>	<b>1,230</b>	<b>31.3</b>	<b>1,984</b>
		<b>Other Borrowing Cash Flows</b>					
		Net (repayment)/issue of other New Zealand					
12,400	5,599	dollar borrowing	7,422	4,227	3,195	75.6	12,652
1,589	205	Net (repayment)/issue of foreign currency borrowing	(493)	(319)	(174)	(54.3)	(917)
<b>13,989</b>	<b>5,804</b>	<b>Total other borrowing cash flows</b>	<b>6,929</b>	<b>3,908</b>	<b>3,021</b>	<b>21.2</b>	<b>11,735</b>
		<b>Investing Cash Flows</b>					
		Other net sale/(purchase) of marketable securities					
(28)	(1,754)	and deposits	(1,770)	3,854	(5,624)	(145.9)	15,899
805	499	Issues of circulating currency	46	30	16	53.3	-
(2,428)	(1,310)	Decrease/(increase) in cash	2,435	(199)	2,634	-	(338)
<b>(1,651)</b>	<b>(2,565)</b>	<b>Total investing cash flows</b>	<b>711</b>	<b>3,685</b>	<b>(2,974)</b>	<b>(80.7)</b>	<b>15,561</b>
<b>27,043</b>	<b>14,231</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>12,795</b>	<b>11,518</b>	<b>1,277</b>	<b>11.1</b>	<b>29,280</b>

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

# FISCAL INDICATOR ANALYSIS

As at 31 October 2022

## Net Debt and Gross Debt

As at 30 June 2022 Actual \$m	As at 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Net Debt:</b>					
168,986	152,218	Core Crown borrowings <sup>1</sup>	183,105	177,014	(6,091)	(3.4)	192,255
14,345	12,735	Crown entity borrowings <sup>2</sup>	14,813	14,092	(721)	(5.1)	16,511
(343)	89	Net unsettled purchases/(sales) of securities <sup>3</sup>	(3,079)	(1,556)	1,523	97.9	(1,636)
(121,138)	(117,414)	Less core Crown financial assets (per net debt definition) <sup>4</sup>	(124,719)	(122,951)	1,768	1.4	(132,158)
<b>61,850</b>	<b>47,628</b>	<b>Net debt (incl. NZS Fund)</b>	<b>70,120</b>	<b>66,599</b>	<b>(3,521)</b>	<b>(5.3)</b>	<b>74,972</b>
		<b>Additional net debt analysis</b>					
61,850	47,628	Net debt (incl. NZS Fund)	70,120	66,599	(3,521)	(5.3)	74,972
(5,040)	(2,356)	Less NZS Fund borrowings	(4,887)	(2,741)	2,146	78.3	(2,740)
		Less NZS Fund net unsettled purchases/(sales)					
235	(155)	of securities	2,158	1,557	(601)	(38.6)	1,637
60,070	61,975	Less NZS Fund financial assets	59,141	63,707	4,566	7.2	67,780
<b>117,115</b>	<b>107,092</b>	<b>Net debt (excl. NZS Fund)</b>	<b>126,532</b>	<b>129,122</b>	<b>2,590</b>	<b>2.0</b>	<b>141,649</b>
		<b>Gross Debt:</b>					
168,986	152,218	Core Crown borrowings	183,105	177,014	(6,091)	(3.4)	192,255
5,042	2,560	Unsettled purchases of securities	696	290	(406)	(140.0)	81
		Add back NZS Fund holdings of sovereign-issued					
(9,990)	(4,158)	debt and NZS Fund borrowings	(5,568)	(3,030)	2,538	83.8	(2,820)
		Less Reserve Bank settlement cash and					
(45,088)	(37,046)	Reserve Bank bills	(49,046)	(53,270)	(4,224)	(7.9)	(59,297)
<b>118,950</b>	<b>113,574</b>	<b>Gross Debt<sup>5</sup></b>	<b>129,187</b>	<b>121,004</b>	<b>(8,183)</b>	<b>(6.8)</b>	<b>130,219</b>

### 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 comparative actual results have been restated. 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 government borrowing.

For the four months ended 31 October 2022

## Movement in Net Debt

As at 30 June 2022 Actual \$m	As at 31 Oct 2021 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>35,921</b>	<b>35,921</b>	<b>Opening net debt</b>	<b>61,850</b>	<b>61,163</b>	<b>(687)</b>	<b>(1.1)</b>	<b>61,163</b>
27,043	14,231	Core Crown residual cash (surplus)/deficit	12,795	11,518	(1,277)	(11.1)	29,280
(9,192)	(3,127)	Less net increase in advances	(3,910)	(4,224)	(314)	(7.4)	(12,820)
(2,420)	(807)	Less contributions to the NZS Fund	(853)	(853)	-	-	(2,558)
2,509	899	Net increase/(decrease) in Crown Entity borrowings	468	(65)	(533)	-	2,354
(805)	(499)	Issues of circulating currency	(46)	(30)	16	53.3	-
		Other fair value movements in financial assets and					
8,794	1,010	financial liabilities (including NZSF)	(184)	(910)	(726)	(79.8)	(2,447)
<b>61,850</b>	<b>47,628</b>	<b>Closing net debt</b>	<b>70,120</b>	<b>66,599</b>	<b>(3,521)</b>	<b>(5.3)</b>	<b>74,972</b>



# FISCAL INDICATOR ANALYSIS

## New Zealand Superannuation Fund

30 June 2022 \$m	31 Oct 2021 \$m		Actual \$m	Forecast \$m	Variance \$m	%	BEFU Forecast \$m
<b>NZ Superannuation Fund</b>							
1,077	284	Revenue	372	316	56	17.7	949
(35)	(357)	Less current tax expense	20	(372)	(392)	(105.4)	(1,117)
517	(43)	Less other expenses	322	(77)	(399)	-	(230)
(5,133)	1,023	Add gains/(losses)	(286)	1,323	(1,609)	(121.6)	3,969
<b>(3,574)</b>	<b>907</b>	<b>Operating balance</b>	<b>428</b>	<b>1,190</b>	<b>(762)</b>	<b>(64.0)</b>	<b>3,571</b>
57,365	57,365	Opening net worth	56,210	60,255	(4,045)	(6.7)	60,255
2,420	807	Contributions from the Crown	853	805	(48)	(6.0)	2,558
(3,574)	907	Operating balance	428	1,190	(762)	(64.0)	3,571
(1)	(1)	Other movements in reserves	-	-	-	-	-
<b>56,210</b>	<b>59,078</b>	<b>Closing net worth</b>	<b>57,491</b>	<b>62,250</b>	<b>(4,855)</b>	<b>(7.8)</b>	<b>66,384</b>
<b>Comprising:</b>							
65,411	63,781	Financial assets	62,178	65,854	(3,676)	(5.6)	69,651
(9,102)	(4,704)	Financial liabilities	(4,588)	(3,589)	(999)	(27.8)	(3,238)
(99)	1	Net other assets	(99)	(15)	(84)	-	(29)
<b>56,210</b>	<b>59,078</b>	<b>Closing net worth</b>	<b>57,491</b>	<b>62,250</b>	<b>(4,759)</b>	<b>(7.6)</b>	<b>66,384</b>

## FISCAL INDICATOR ANALYSIS

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

Financial Results	31 Oct 2022 Actual \$m	31 Oct 2022 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	36,211	36,273	(62)	(0.2)	116,098
...combined with other core Crown revenue...	3,740	3,359	381	11.3	9,602
...funds core Crown expenses...	(41,759)	(41,244)	(515)	(1.2)	(127,051)
...and including SOE and Crown entity revenues and expenses...	(981)	(1,451)	470	32.4	(5,283)
...results in an <b>OBEGAL</b> ...	(2,789)	(3,063)	274	8.9	(6,634)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	(2,864)	(1,647)	(1,217)	(73.9)	(1,632)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	(914)	(36)	(878)	-	897
...and some items do not impact cash.	(1,266)	(1,517)	251	16.5	175
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(5,044)</b>	<b>(3,200)</b>	<b>(1,844)</b>	<b>(57.6)</b>	<b>(560)</b>
...used to make contributions to the NZS Fund...	(853)	(853)	-	-	(2,558)
...and to use for capital expenditure	(1,474)	(1,477)	3	0.2	(5,355)
...and to make advances (eg, to students) and investments...	(3,910)	(4,224)	314	7.4	(12,820)
...and to purchase investments	(853)	(853)	-	-	(7,736)
Adjusting for forecast adjustments (top-down/new spending)...	-	159	(159)	(100.0)	(251)
...results in a <b>borrowing requirement (cash deficit)/surplus</b>	<b>(12,795)</b>	<b>(11,518)</b>	<b>(1,277)</b>	<b>(11.1)</b>	<b>(29,280)</b>