

8 June 2023

MEDIA STATEMENT

**Embargoed until 10.00am, Thursday 8 June 2023**

Jayne Winfield, Chief Government Accountant

**Interim Financial Statements of the Government of New Zealand  
for the ten months ended 30 April 2023**

The interim Financial Statements of the Government of New Zealand for the ten months ended 30 April 2023 were released by the Treasury today.

The April results are reported against forecasts based on the *Budget Economic and Fiscal Update 2023 (BEFU 2023)*, published on 18 May 2023 and the results for the same period for the previous year.

	Year to date				Full Year
	April	April	Variance <sup>2</sup>	Variance	June
	2023	2023			2023
	Actual <sup>1</sup>	BEFU 2023 Forecast <sup>1</sup>	BEFU 2023	BEFU 2023	BEFU 2023 Forecast <sup>3</sup>
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	92,274	93,626	(1,352)	(1.4)	115,349
Core Crown revenue	101,375	102,838	(1,463)	(1.4)	126,677
Core Crown expenses	103,537	103,867	330	0.3	128,195
Core Crown residual cash	(27,736)	(26,526)	(1,210)	(4.6)	(22,426)
Net debt <sup>4</sup>	76,438	76,121	(317)	(0.4)	70,957
<i>as a percentage of GDP</i>	20.1%	20.0%			18.0%
Gross debt	137,102	131,553	(5,549)	(4.2)	134,950
<i>as a percentage of GDP</i>	36.0%	34.6%			34.3%
Operating balance before gains and losses	(7,018)	(5,749)	(1,269)	(22.1)	(6,959)
Operating balance (excluding minority interests)	481	4,209	(3,728)	(88.6)	4,219
Net worth attributable to the Crown	168,251	171,811	(3,560)	(2.1)	171,048
<i>as a percentage of GDP</i>	44.2%	45.2%			43.4%

1 Using the most recently published GDP (for the year ended 31 December 2022) of \$380,326 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 2023 forecast GDP for the year ending 30 June 2023 of \$394,004 million (Source: The Treasury).

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

**Core Crown tax revenue** at \$92.3 billion, was \$1.4 billion below forecast. This is due to lower corporate taxes which were lower than forecast by \$1.7 billion as a result of revenue from terminal tax returns being lower than forecast. This was slightly offset by higher than forecast source deduction revenue (\$0.2 billion), and other direct tax revenue (\$0.1 billion).

**Core Crown expenses** at \$103.5 billion, were close to forecast, however there were offsetting variances spread across a number of spending areas.

The operating balance before gains and losses (**OBEGAL**) deficit of \$7.0 billion was \$1.3 billion greater than the forecast deficit of \$5.7 billion. This was largely because of the core Crown variances noted above.

The **operating balance** was \$0.5 billion in surplus, \$3.7 billion lower than the forecast surplus. The variance to forecast was largely driven by losses on the valuation of the Accident Compensation Corporation outstanding claim liability (that was expected to be in a gain position).

The **core Crown residual cash** deficit of \$27.7 billion was \$1.2 billion higher than forecast. The higher than forecast deficit was primarily driven by net operating cash outflows as tax receipts were lower than forecast.

**Net debt** at \$76.4 billion (20.1% of GDP), was higher than forecast by \$0.3 billion. This was driven by higher than forecast residual cash deficit, and higher than forecast Crown entity borrowings, offset by favourable movements in the fair value of financial assets and liabilities (which includes the New Zealand Superannuation Fund).

**Gross debt** at \$137.1 billion (36.0% of GDP), was \$5.5 billion higher than forecast due to the operational activities of the Reserve Bank.

**Net worth attributable to the Crown** was \$168.3 billion which was \$3.6 billion lower than forecast, largely as a result of an unfavourable movement in the operating balance.

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# Interim Financial Statements of the Government of New Zealand

For the ten months ended  
30 April 2023



Prepared by the Treasury  
8 June 2023

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



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# Commentary

## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 April 2023, 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 2023* (BEFU 2023), published on 18 May 2023 and the results against the same period for the previous year.

### Comparison against forecast

**Table 1** – Key indicators for the ten months ended 30 April 2023 compared to BEFU 2023

	Year to date				Full Year
	April	April	Variance <sup>2</sup>	Variance	June
	2023	2023			BEFU 2023
	Actual <sup>1</sup>	BEFU 2023 Forecast <sup>1</sup>	BEFU 2023	BEFU 2023	BEFU 2023 Forecast <sup>3</sup>
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	<b>92,274</b>	93,626	(1,352)	(1.4)	115,349
Core Crown revenue	<b>101,375</b>	102,838	(1,463)	(1.4)	126,677
Core Crown expenses	<b>103,537</b>	103,867	330	0.3	128,195
Core Crown residual cash	<b>(27,736)</b>	(26,526)	(1,210)	(4.6)	(22,426)
Net debt <sup>4</sup>	<b>76,438</b>	76,121	(317)	(0.4)	70,957
<i>as a percentage of GDP</i>	<b>20.1%</b>	20.0%			18.0%
Gross debt	<b>137,102</b>	131,553	(5,549)	(4.2)	134,950
<i>as a percentage of GDP</i>	<b>36.0%</b>	34.6%			34.3%
Operating balance before gains and losses	<b>(7,018)</b>	(5,749)	(1,269)	(22.1)	(6,959)
Operating balance (excluding minority interests)	<b>481</b>	4,209	(3,728)	(88.6)	4,219
Net worth attributable to the Crown	<b>168,251</b>	171,811	(3,560)	(2.1)	171,048
<i>as a percentage of GDP</i>	<b>44.2%</b>	45.2%			43.4%

1 Using the most recently published GDP (for the year ended 31 December 2022) of \$380,326 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 2023 forecast GDP for the year ending 30 June 2023 of \$394,004 million (Source: The Treasury).

4 The net debt indicator includes core Crown advances, Crown entity borrowings (excluding Kiwi Group Capital) 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 later in the document.

Overall, the April 2023 financial results show that most key fiscal indicators were weaker than expected, primarily reflective of the tax outturn for the month.

**Core Crown tax revenue** at \$92.3 billion was \$1.4 billion (1.4%) below forecast with:

- Corporate tax revenue being \$1.7 billion (10.1%) lower than forecast as a result of terminal tax assessments for the 2022 tax year being weaker than anticipated.
- Source deduction revenue being \$0.2 billion (0.4%) above forecast due to higher employment rates.
- Other direct tax revenue being \$0.1 billion (5.9%) above forecast due higher-than-forecast resident withholding tax on interest.

**Core Crown revenue** at \$101.4 billion, lower than forecast by \$1.5 billion (1.4%), largely due to core Crown tax revenue discussed above.



**Core Crown expenses** at \$103.5 billion, were \$0.3 billion lower than forecast. When core Crown expenses are considered without the Treasury's top-down adjustment, core Crown expenses were \$1.3 billion lower than expected. The largest variances include:

- Social security and welfare (\$0.3 billion lower): this is primarily being driven by delays in the Ministry of Social Development spending on contracted services. Contracted services spending delays are due to a combination of less demand for some of the demand-driven programmes and challenges in acquiring providers for contracted services. This variance (\$0.2 billion) is likely to persist to year end. The remaining variance consists of smaller differences across a range of entities.
- Core government services (\$0.3 billion lower): this is driven by small spending delays across a range of entities and is largely timing related. The largest is a delay in spending reported by Land Information New Zealand across several projects which is likely to persist to year end when and it is expected to be transferred into the next year.
- Education (\$0.3 billion lower): this is largely reflective of demand being lower than expected in primary and secondary education, and lower spending on qualification delivery which is driven by wash-up of costs from the end of the 2022 Tertiary calendar year. Part of this variance is likely to persist until year end.
- Transport and Communication (\$0.2 billion lower): this is primarily driven by a delay in shovel ready grant payments from the Treasury to Crown Infrastructure Partners. It is unlikely that the funding will be drawn down this financial year and will most likely shift into the next financial year.
- Health (\$0.3 billion higher): this is largely timing related, with payments predominately to Health New Zealand made earlier than forecast. This variance is expected to unwind by the end of the financial year.

While spending in most categories were lower than forecast, core Crown finance costs were \$0.2 billion higher than forecast mainly as a result of higher than forecast interest rates following increases in the OCR since the forecast and higher than forecast financial liabilities.

The operating balance before gains and losses (**OBEGAL**) deficit of \$7.0 billion was higher than the forecast by \$1.3 billion largely as a result of the core Crown revenue variances.

The operating balance was a surplus of \$0.5 billion, compared to a forecast surplus of \$4.2 billion. The variance was mostly driven by valuation changes, with:

- Net gains on financial instruments being \$1.0 billion higher than forecast. This was largely from the NZS Fund and reflected better than forecast market conditions and investment performance.
- Net gains on non-financial instruments were \$3.4 billion less than forecast. This variance is largely driven by actuarial losses on the ACC outstanding claims liability of \$1.5 billion compared to forecast actuarial gains of \$1.8 billion. The discount rate assumption used to value the liability were lower than expected resulting in the recognition of a loss.

The **core Crown residual cash** deficit of \$27.7 billion was \$1.2 billion higher than forecast, primarily driven by higher than forecast net operating cash outflows due to tax receipts being lower than forecast.

**Net debt** at \$76.4 billion (20.1% of GDP), was higher than forecast by \$0.3 billion. \$1.6 billion of this is due to favourable movements in the fair value of financial assets and liabilities (which includes the NZS Fund) offset by a higher than forecast residual cash deficit and higher than forecast Crown entity borrowings.

Table 2 below, shows a reconciliation between **net debt** and net core Crown debt. Net core Crown debt was \$1.1 billion higher than forecast at \$157.0 billion (41.3% of GDP), with the variance in net core Crown debt largely a result of the core Crown residual cash variance discussed above.

**Table 2** – 30 April 2023 reconciliation of net debt and net core Crown debt

	Year to date				Full Year
	April 2023	April 2023	Variance	Variance	June 2023
	Actual \$m	BEFU 2023 Forecast \$m	BEFU 2023 \$m	BEFU 2023 %	BEFU 2023 Forecast \$m
<b>Net core Crown debt</b>	<b>157,023</b>	<b>155,898</b>	<b>(1,125)</b>	<b>(0.7)</b>	<b>151,744</b>
<i>Include</i>					
Core Crown advances	(34,815)	(33,983)	832	2.4	(35,357)
Net NZSF financial assets and borrowings	(62,287)	(61,463)	824	1.3	(62,651)
Crown entity borrowings	16,517	15,669	(848)	(5.4)	17,221
<b>Net Debt</b>	<b>76,438</b>	<b>76,121</b>	<b>(317)</b>	<b>(0.4)</b>	<b>70,957</b>
%of GDP					
Net core Crown debt	41.3%	41.0%			38.5%
<b>Net debt</b>	<b>20.1%</b>	<b>20.0%</b>			<b>18.0%</b>

**Gross debt** at \$137.1 billion (36.0% of GDP), was \$5.5 billion higher than forecast largely due to the Reserve Bank's operational activities.

**Net worth attributable to the Crown** was \$168.3 billion which was \$3.5 billion lower than forecast largely as a result of an unfavourable movement in the operating balance.

### Comparison against the prior year actuals

**Table 3** – Key indicators for the ten months ended 30 April 2023 compared to prior year actuals

	Year to date				Full Year
	April 2023	April 2022	Variance <sup>3</sup>	Variance	June 2022
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	to 2022 \$m	to 2022 %	Prior Year Actual <sup>4</sup> \$m
Core Crown tax revenue	<b>92,274</b>	87,940	4,334	4.9	108,458
Core Crown revenue	<b>101,375</b>	95,399	5,976	6.3	117,516
Core Crown expenses	<b>103,537</b>	102,835	(702)	(0.7)	125,641
Core Crown residual cash	<b>(27,736)</b>	(29,652)	1,916	6.5	(27,043)
Net debt <sup>5</sup>	<b>76,438</b>	62,884	(13,554)	(21.6)	61,850
<i>as a percentage of GDP</i>	<b>20.1%</b>	17.8%			17.0%
Gross debt	<b>137,102</b>	117,418	(19,684)	(16.8)	118,950
<i>as a percentage of GDP</i>	<b>36.0%</b>	33.3%			32.8%
Operating balance before gains and losses	<b>(7,018)</b>	(9,370)	2,352	25.1	(9,691)
Operating balance (excluding minority interests)	<b>481</b>	(15,661)	16,142	103.1	(16,932)
Net worth attributable to the Crown	<b>168,251</b>	136,576	31,675	23.2	167,036
<i>as a percentage of GDP</i>	<b>44.2%</b>	38.8%			46.0%

1 Using the most recently published GDP (for the year ended 31 December 2022) of \$380,326 million (Source: Stats NZ).

2 Using published GDP (revised) (for the year ended 31 December 2021) of \$352,397 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 (revised) (for the year ended 30 June 2022) of \$363,019 million (Source: Stats NZ).

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

**Core Crown tax revenue** was \$4.3 billion (4.9%) higher than the same period last year. The largest movements came from:

- Source deductions revenue which was up \$4.0 billion (11.4%) owing to a strong labour market.
- GST revenue which was up \$1.8 billion (8.2%) as a result of year-on-year growth in nominal consumption that was in part driven by the high rate of consumer price inflation.
- Other direct tax revenue was up \$1.0 billion (63.3%) mainly owing to increases in deposit interest rates.
- Corporate tax revenue was down \$0.9 billion (6.0%) mainly owing to a decline in terminal tax revenue, which was caused by over-accrual of provisional tax revenue in the 2021/22 fiscal year.
- Net other individuals' tax revenue was down \$0.6 billion (7.9%) mainly owing to a decline in provisional tax revenue, caused by a lower provisional tax estimation factor being used in the 2022/23 fiscal year than was used in 2021/22.

The drivers of the stronger tax revenue mentioned above also impact on **core Crown tax receipts** which were \$6.9 billion (8.5%) higher than the same time last year.

In addition, interest revenue and dividends from investments were more than the same time last year, largely as a result of higher interest rates, while offsetting this, New Zealand Emissions Trading Scheme (NZ ETS) revenue was lower by \$0.7 billion.

The increase in tax revenue and other revenue has contributed to **core Crown revenue** being \$6.0 billion (6.3%) above the same period last year.

**Core Crown expenses** at \$103.5 billion were \$0.7 billion higher (0.7%) than the same period last year. The composition of expenses has changed significantly since last year, with the most notable changes including:

- Spending on COVID-19 business support measures which were largely comprising of the wage subsidy scheme and resurgence support payments have not been required in the ten months of the 2022/23 fiscal year leading to expenses being around \$8.7 billion lower than the same period last year.
- Finance costs are up by \$3.0 billion on last year, reflecting increases to interest rates and borrowings.
- Health expenditure was \$1.6 billion higher than last year, reflecting additional funding provided at Budget 2022 and additional costs for the public health response to COVID-19.
- New Zealand Superannuation payments are up by \$1.4 billion, reflecting an increase in the number of recipients and payment rates (which are indexed to wage growth).
- Transport costs are up by \$0.7 billion as a result of higher costs relating to repairs and maintenance of State Highways and more spending on local roads than the previous year.
- The payment of the one-off cost of living payment of \$0.6 billion which impacted 2022/23 only.

The **OBEGAL** deficit has improved by \$2.4 billion from the same time last year primarily owing to the core Crown changes noted above.

The **operating balance** has improved by \$16.1 billion. In addition to the improvements in OBEGAL, the other drivers include:

- Net gains on financial instruments of \$5.5 billion compared to net losses of \$4.9 billion in the same period last year, an increase of \$10.5 billion largely owing to improved market conditions.
- Net gains on non-financial instruments were \$1.9 billion compared to net losses of \$0.9 billion in the same period last year, an increase of \$2.8 billion. This is due to gains on the NZ ETS of \$3.3 billion compared to losses of \$4.6 billion in the same period last year. It was partially offset by actuarial losses on the ACC liability of \$1.5 billion, compared to gains of \$3.1 billion in the same period last year.

The **Core Crown residual cash** deficit of \$27.7 billion, was \$1.9 billion lower than the cash deficit for the same period last year. Net operating cash outflows were \$5.1 billion lower than the same period last year while net capital payments were \$3.2 billion higher than the previous year.

**Net debt** at \$76.4 billion was \$13.6 billion higher than the same time last year and as a share of the economy, net debt increased to 20.1% of GDP from 17.8% of GDP a year earlier.

The increase in net debt was driven by Crown entity borrowings (excl. Kiwi Group) as a result of higher Kāinga Ora borrowings which were funded by NZDM and external debt. In addition, increased funding has been needed to cover the residual cash deficit since April 2022.

**Net worth attributable to the Crown** was \$168.3 billion (44.2% of GDP) at 30 April 2023, \$31.7 billion higher than the same time last year. This is primarily owing to the operating balance since April 2022 and revaluation increases in property plant and equipment of \$31.1 billion.



# Unaudited Interim Financial Statements

# STATEMENT OF FINANCIAL PERFORMANCE

For the ten months ended 30 April 2023

Year to 30 June 2022	10 months to 30 Apr 2022		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Revenue</b>						
107,873	87,466	Taxation revenue	2	91,757	92,985	(1,228)	(1.3)	114,626
8,894	7,234	Other sovereign revenue	2	7,414	7,214	200	2.8	9,086
<b>116,767</b>	<b>94,700</b>	<b>Total sovereign revenue</b>		<b>99,171</b>	<b>100,199</b>	<b>(1,028)</b>	<b>(1.0)</b>	<b>123,712</b>
17,442	13,701	Sales of goods and services		18,075	18,309	(234)	(1.3)	22,596
3,540	2,728	Interest revenue and dividends	3	4,427	4,258	169	4.0	5,249
3,878	3,265	Other revenue		3,382	3,606	(224)	(6.2)	3,999
<b>24,860</b>	<b>19,694</b>	<b>Total revenue earned through operations</b>		<b>25,884</b>	<b>26,173</b>	<b>(289)</b>	<b>(1.1)</b>	<b>31,844</b>
<b>141,627</b>	<b>114,394</b>	<b>Total revenue (excluding gains)</b>		<b>125,055</b>	<b>126,372</b>	<b>(1,317)</b>	<b>(1.0)</b>	<b>155,556</b>
		<b>Expenses</b>						
44,087	37,458	Transfer payments and subsidies	4	31,499	31,631	132	0.4	38,926
32,648	26,286	Personnel expenses		28,632	28,760	128	0.4	35,308
6,152	5,538	Depreciation		5,396	5,379	(17)	(0.3)	6,571
58,273	46,370	Other operating expenses		52,308	53,283	975	1.8	68,665
3,349	2,561	Interest expenses	5	5,853	5,762	(91)	(1.6)	7,236
6,447	5,515	Insurance expenses	6	7,843	7,692	(151)	(2.0)	8,918
-	-	Top-down expense adjustment	7	-	(925)	(925)	(100.0)	(3,700)
<b>150,956</b>	<b>123,728</b>	<b>Total expenses (excluding losses)</b>		<b>131,531</b>	<b>131,582</b>	<b>51</b>	<b>-</b>	<b>161,924</b>
		<b>Gains/(losses)</b>						
(9,687)	(4,923)	Net gains/(losses) on financial instruments		5,542	4,542	1,000	22.0	5,888
2,965	(916)	Net gains/(losses) on non-financial instruments	8	1,926	5,458	(3,532)	(64.7)	5,301
<b>(6,722)</b>	<b>(5,839)</b>	<b>Total gains/(losses)</b>		<b>7,468</b>	<b>10,000</b>	<b>(2,532)</b>	<b>(25.3)</b>	<b>11,189</b>
		<b>Other interests</b>						
(126)	(13)	Net surplus/(deficit) from associates and joint ventures		28	46	(18)	(39.1)	42
(755)	(475)	Less minority interests' share of operating balance		(539)	(627)	88	14.0	(644)
<b>(16,932)</b>	<b>(15,661)</b>	<b>Operating balance (excluding minority interests)</b>		<b>481</b>	<b>4,209</b>	<b>(3,728)</b>	<b>(88.6)</b>	<b>4,219</b>
755	475	Minority interests' share of operating balance		539	627	(88)	(14.0)	644
<b>(16,177)</b>	<b>(15,186)</b>	<b>Operating balance (including minority interests)</b>		<b>1,020</b>	<b>4,836</b>	<b>(3,816)</b>	<b>(78.9)</b>	<b>4,863</b>

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 2023

Year to 30 June 2022	10 months to 30 Apr 2022		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(16,177)	(15,186)	Operating balance (including minority interest)	1,020	4,836	(3,816)	(78.9)	4,863
		<b>Other comprehensive revenue and expense</b>					
30,920	37	Revaluation of physical assets	1,108	1,175	(67)	(5.7)	243
1,615	673	Revaluation of defined benefit retirement plan schemes	126	125	1	0.8	141
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	587	Transfers into/(out of) cash flow hedge reserve	70	(198)	268	135.4	(135)
(23)	19	Transfers into/(out of) reserves	24	78	(54)	(69.2)	17
		(Gains)/losses transferred to the statement of financial performance					
(12)	(86)	Foreign currency translation differences on	(63)	(97)	34	35.1	(64)
39	23	foreign operations	(2)	(1)	(1)	(100.0)	(1)
(385)	(262)	Other movements	(85)	(151)	66	43.7	(15)
<b>32,944</b>	<b>991</b>	<b>Total other comprehensive revenue and expense</b>	<b>1,178</b>	<b>931</b>	<b>247</b>	<b>26.5</b>	<b>186</b>
<b>16,767</b>	<b>(14,195)</b>	<b>Total comprehensive revenue and expense</b>	<b>2,198</b>	<b>5,767</b>	<b>(3,569)</b>	<b>(61.9)</b>	<b>5,049</b>
		<b>Attributable to:</b>					
999	497	- minority interests	983	992	(9)	(0.9)	1,037
15,768	(14,692)	- the Crown	1,215	4,775	(3,560)	(74.6)	4,012
<b>16,767</b>	<b>(14,195)</b>	<b>Total comprehensive revenue and expense</b>	<b>2,198</b>	<b>5,767</b>	<b>(3,569)</b>	<b>(61.9)</b>	<b>5,049</b>

# STATEMENT OF CHANGES IN NET WORTH

For the ten months ended 30 April 2023

Year to 30 June 2022	10 months to 30 Apr 2022		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>156,992</b>	<b>156,992</b>	<b>Opening net worth</b>	<b>174,319</b>	<b>174,319</b>	<b>-</b>	<b>-</b>	<b>174,319</b>
(16,177)	(15,186)	Operating balance (including minority interest)	1,020	4,836	(3,816)	(78.9)	4,863
30,920	37	Revaluations of physical assets	1,108	1,175	(67)	(5.7)	243
		Revaluations of defined benefit retirement plan schemes					
1,615	673		126	125	1	0.8	141
93	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
697	587	Transfers into/(out of) cash flow hedge reserve	70	(198)	268	135.4	(135)
(23)	19	Transfers into/(out of) other reserves	24	78	(54)	(69.2)	17
		(Gains)/losses transferred to the statement of financial performance					
(12)	(86)	Foreign currency translation differences on	(63)	(97)	34	35.1	(64)
39	23	foreign operations	(2)	(1)	(1)	(100.0)	(1)
(385)	(262)	Other movements	(85)	(151)	66	43.7	(15)
<b>16,767</b>	<b>(14,195)</b>	<b>Total comprehensive revenue and expense</b>	<b>2,198</b>	<b>5,767</b>	<b>(3,569)</b>	<b>(61.9)</b>	<b>5,049</b>
949	337	Increase in minority interest from equity issues	52	72	(20)	(27.8)	72
(389)	(341)	Transactions with minority interests	(424)	(484)	60	12.4	(484)
<b>174,319</b>	<b>142,793</b>	<b>Closing net worth</b>	<b>176,145</b>	<b>179,674</b>	<b>(3,529)</b>	<b>(2.0)</b>	<b>178,956</b>

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

# STATEMENT OF CASH FLOWS

For the ten months ended 30 April 2023

Year to 30 June 2022	10 months to 30 Apr 2022		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	79,949	Taxation receipts		86,759	87,790	(1,031)	(1.2)	113,414
7,803	6,351	Other sovereign receipts		6,330	6,300	30	0.5	7,945
17,834	14,135	Sales of goods and services		18,020	18,150	(130)	(0.7)	22,403
1,961	1,564	Interest receipts		2,602	2,551	51	2.0	3,207
4,802	4,018	Other operating receipts		4,751	4,607	144	3.1	5,362
<b>135,112</b>	<b>106,017</b>	<b>Total cash provided from operations</b>		<b>118,462</b>	<b>119,398</b>	<b>(936)</b>	<b>(0.8)</b>	<b>152,331</b>
		<b>Cash was disbursed to</b>						
44,273	38,005	Transfer payments and subsidies		32,273	32,299	26	0.1	39,212
92,965	77,527	Personnel and operating payments		83,318	85,100	1,782	2.1	105,585
3,251	2,683	Interest payments		4,672	4,807	135	2.8	6,087
-	-	Top-down expense adjustment	7	-	(925)	(925)	(100.0)	(3,700)
<b>140,489</b>	<b>118,215</b>	<b>Total cash disbursed to operations</b>		<b>120,263</b>	<b>121,281</b>	<b>1,018</b>	<b>0.8</b>	<b>147,184</b>
<b>(5,377)</b>	<b>(12,198)</b>	<b>Net cash flows from operations</b>		<b>(1,801)</b>	<b>(1,883)</b>	<b>82</b>	<b>4.4</b>	<b>5,147</b>
		<b>Cash flows from investing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
(10,572)	(9,034)	Net (purchase)/sale of physical assets		(11,832)	(12,396)	564	4.5	(17,199)
(4,986)	(4,828)	Net (purchase)/sale of shares and other securities		(1,785)	3,405	(5,190)	(152.4)	(1,434)
(709)	(630)	Net (purchase)/sale of intangible assets		(845)	(908)	63	6.9	(1,126)
(12,958)	(9,202)	Net (issue)/repayment of advances		(8,111)	(8,246)	135	1.6	(8,674)
(449)	(566)	Net acquisition of investments in associates		(278)	(159)	(119)	(74.8)	(275)
-	-	Top-down capital adjustment	7	-	463	(463)	(100.0)	1,850
<b>(29,674)</b>	<b>(24,260)</b>	<b>Net cash flows from investing activities</b>		<b>(22,851)</b>	<b>(17,841)</b>	<b>(5,010)</b>	<b>(28.1)</b>	<b>(26,858)</b>
<b>(35,051)</b>	<b>(36,458)</b>	<b>Net cash flows from operating and investing activities</b>		<b>(24,652)</b>	<b>(19,724)</b>	<b>(4,928)</b>	<b>(25.0)</b>	<b>(21,711)</b>
		<b>Cash Flows from financing activities</b>						
		<b>Cash was provided from/(disbursed to)</b>						
805	914	Issues of circulating currency		116	188	(72)	(38.3)	196
18,373	16,781	Net issue/(repayment) of Government bonds		12,512	13,036	(524)	(4.0)	16,590
2,259	1,713	Net issue/(repayment) of foreign currency borrowing		(977)	(3,787)	2,810	74.2	(4,107)
11,879	13,781	Net issue/(repayment) of other New Zealand dollar borrowing		18,816	11,894	6,922	58.2	10,764
898	246	Net issue/(purchase) of equity		-	-	-	-	-
(304)	(333)	Dividends paid to minority interests		(388)	(391)	3	0.8	(387)
<b>33,910</b>	<b>33,102</b>	<b>Net cash flows from financing activities</b>		<b>30,079</b>	<b>20,940</b>	<b>9,139</b>	<b>43.6</b>	<b>23,056</b>
<b>(1,141)</b>	<b>(3,356)</b>	<b>Net movement in cash</b>		<b>5,427</b>	<b>1,216</b>	<b>4,211</b>	<b>346.3</b>	<b>1,345</b>
18,755	18,755	<b>Opening cash balance</b>		17,835	17,835	-	-	17,835
221	(30)	Foreign-exchange gains/(losses) on opening cash		(284)	(6)	(278)	-	(96)
<b>17,835</b>	<b>15,369</b>	<b>Closing cash balance</b>		<b>22,978</b>	<b>19,045</b>	<b>3,933</b>	<b>20.7</b>	<b>19,084</b>

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 2023

Year to 30 June 2022	10 months to 30 Apr 2022		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)	(12,198)	<b>Net cash flows from operations</b>	(1,801)	(1,883)	82	4.4	5,147
		<b>Gains/(losses) and other interests</b>					
(9,687)	(4,923)	Net gains/(losses) on financial instruments	5,542	4,542	1,000	22.0	5,888
2,965	(916)	Net gains/(losses) on non-financial instruments	1,926	5,458	(3,532)	(64.7)	5,301
(126)	(14)	Net surplus from associates and joint ventures	28	46	(18)	(39.1)	42
<b>(6,848)</b>	<b>(5,853)</b>	<b>Total gains/(losses) and other interests</b>	<b>7,496</b>	<b>10,046</b>	<b>(2,550)</b>	<b>(25.4)</b>	<b>11,231</b>
		<b>Other non-cash items in operating balance</b>					
(6,152)	(4,767)	Depreciation	(5,396)	(5,379)	(17)	(0.3)	(6,571)
		Amortisation and net impairment of non-financial assets	(1,147)	(1,125)	(22)	(2.0)	(1,345)
(858)	(702)	Cost of concessionary lending	(657)	(672)	15	2.2	(851)
(38)	(29)	Impairment of financial assets (excl receivables)	(82)	(76)	(6)	(7.9)	(52)
(1,696)	(1,944)	Decrease/(increase) in insurance liabilities	(4,064)	(3,763)	(301)	(8.0)	(3,298)
790	571	Change in accumulating pension expenses	(156)	(157)	1	0.6	878
1,529	1,205	Emissions trading scheme revenue and expense	450	494	(44)	(8.9)	960
45	-	Other	-	-	-	-	-
<b>(6,156)</b>	<b>(6,437)</b>	<b>Total other non-cash items</b>	<b>(11,052)</b>	<b>(10,678)</b>	<b>(374)</b>	<b>(3.5)</b>	<b>(10,279)</b>
		<b>Movements in working capital</b>					
5,027	8,905	Increase/(decrease) in receivables	7,170	7,230	(60)	(0.8)	1,430
197	311	Increase/(decrease) in accrued interest	(455)	(273)	(182)	(66.7)	(361)
874	631	Increase/(decrease) in inventories	261	276	(15)	(5.4)	200
303	724	Increase/(decrease) in prepayments	358	330	28	8.5	144
(819)	(540)	Decrease/(increase) in deferred revenue	(218)	(54)	(164)	(303.7)	(52)
(3,378)	(729)	Decrease/(increase) in payables/provisions	(739)	(158)	(581)	(367.7)	(2,597)
<b>2,204</b>	<b>9,302</b>	<b>Total movements in working capital</b>	<b>6,377</b>	<b>7,351</b>	<b>(974)</b>	<b>(13.2)</b>	<b>(1,236)</b>
<b>(16,177)</b>	<b>(15,186)</b>	<b>Operating balance (including minority interests)</b>	<b>1,020</b>	<b>4,836</b>	<b>(3,816)</b>	<b>(78.9)</b>	<b>4,863</b>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

As at 30 June 2022 Actual \$m	As at 30 Apr 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual BEFU Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>								
17,835	15,369	Cash and cash equivalents	9	22,978	19,045	3,933	20.7	19,084
35,135	36,172	Receivables	9	39,231	39,689	(458)	(1.2)	33,383
65,456	61,474	Marketable securities, deposits and derivatives in gain	9	64,668	58,408	6,260	10.7	63,866
46,261	49,036	Share investments	9	45,506	44,167	1,339	3.0	44,710
54,659	56,285	Advances	9	64,704	63,919	785	1.2	65,247
6,096	4,824	Investments in controlled enterprises	9	6,975	6,848	127	1.9	7,024
3,068	2,825	Inventory		3,329	3,344	(15)	(0.4)	3,268
4,208	4,408	Other assets		4,554	4,405	149	3.4	4,324
249,182	218,377	Property, plant and equipment	10	256,265	256,799	(534)	(0.2)	259,280
16,247	14,896	Equity accounted investments <sup>1</sup>		16,682	16,586	96	0.6	16,678
3,697	3,655	Intangible assets and goodwill		3,913	3,979	(66)	(1.7)	4,178
-	-	Top-down capital adjustment	7	-	(463)	463	100.0	(1,850)
<b>501,844</b>	<b>467,321</b>	<b>Total assets</b>		<b>528,805</b>	<b>516,726</b>	<b>12,079</b>	<b>2.3</b>	<b>519,192</b>
<b>Liabilities</b>								
9,061	9,170	Issued currency		9,176	9,248	72	0.8	9,256
21,420	16,284	Payables	11	16,823	17,058	235	1.4	17,147
3,368	3,091	Deferred revenue		3,586	3,422	(164)	(4.8)	3,420
203,965	202,996	Borrowings	12	231,383	219,664	(11,719)	(5.3)	222,465
11,308	10,858	New Zealand Emissions Trading Scheme	13	8,370	8,210	(160)	(1.9)	8,360
55,301	59,134	Insurance liabilities	14	60,911	57,217	(3,694)	(6.5)	56,850
8,769	9,817	Retirement plan liabilities		8,324	8,324	-	-	8,254
14,333	13,178	Provisions	15	14,087	13,909	(178)	(1.3)	14,484
<b>327,525</b>	<b>324,528</b>	<b>Total liabilities</b>		<b>352,660</b>	<b>337,052</b>	<b>(15,608)</b>	<b>(4.6)</b>	<b>340,236</b>
<b>174,319</b>	<b>142,793</b>	<b>Total assets less total liabilities</b>		<b>176,145</b>	<b>179,674</b>	<b>(3,529)</b>	<b>(2.0)</b>	<b>178,956</b>
<b>Net worth</b>								
2,681	3,984	Taxpayers' funds	16	3,190	6,857	(3,667)	(53.5)	6,932
164,385	133,898	Property, plant and equipment revaluation reserve	16	164,986	165,113	(127)	(0.1)	164,188
55	(888)	Defined benefit retirement plan revaluation reserve	16	181	180	1	0.6	196
(566)	(659)	Veterans' disability entitlements reserve	16	(566)	(566)	-	-	(566)
481	241	Other reserves	16	460	227	233	102.6	298
<b>167,036</b>	<b>136,576</b>	<b>Total net worth attributable to the Crown</b>		<b>168,251</b>	<b>171,811</b>	<b>(3,560)</b>	<b>(2.1)</b>	<b>171,048</b>
7,283	6,217	Net worth attributable to minority interest	16	7,894	7,863	31	0.4	7,908
<b>174,319</b>	<b>142,793</b>	<b>Total net worth</b>		<b>176,145</b>	<b>179,674</b>	<b>(3,529)</b>	<b>(2.0)</b>	<b>178,956</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 ten months ended 30 April 2023

	Current Year Actual vs Forecast									
	Core Crown		Crown entities <sup>1</sup>		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	92,274	93,626	-	-	-	-	(517)	(641)	91,757	92,985
Other sovereign revenue	3,243	3,118	5,979	5,943	-	-	(1,808)	(1,847)	7,414	7,214
Revenue from core Crown funding	-	-	38,443	38,215	624	601	(39,067)	(38,816)	-	-
Sales of goods and services	1,361	1,400	2,807	2,788	14,464	14,654	(557)	(533)	18,075	18,309
Interest and dividend revenue	3,631	3,602	1,870	1,864	644	618	(1,718)	(1,826)	4,427	4,258
Other revenue	866	1,092	3,529	3,595	651	614	(1,664)	(1,695)	3,382	3,606
<b>Total Revenue (excluding gains)</b>	<b>101,375</b>	<b>102,838</b>	<b>52,628</b>	<b>52,405</b>	<b>16,383</b>	<b>16,487</b>	<b>(45,331)</b>	<b>(45,358)</b>	<b>125,055</b>	<b>126,372</b>
<b>Expenses</b>										
Transfer payments and subsidies	32,477	32,644	-	-	-	-	(978)	(1,013)	31,499	31,631
Personnel expenses	8,345	8,471	17,590	17,623	2,745	2,706	(48)	(40)	28,632	28,760
Other operating expenses	57,484	58,616	29,812	29,829	11,899	12,175	(41,491)	(41,958)	57,704	58,662
Interest expenses	5,229	5,058	661	675	580	581	(617)	(552)	5,853	5,762
Insurance expenses	2	3	7,833	7,682	8	8	-	-	7,843	7,692
Top-down adjustment	-	(925)	-	-	-	-	-	-	-	(925)
<b>Total Expenses (excluding losses)</b>	<b>103,537</b>	<b>103,867</b>	<b>55,896</b>	<b>55,809</b>	<b>15,232</b>	<b>15,470</b>	<b>(43,134)</b>	<b>(43,563)</b>	<b>131,531</b>	<b>131,582</b>
Gains/(losses) and other items	7,936	7,018	685	2,614	(293)	(204)	(1,371)	(8)	6,957	9,419
<b>Operating Balance (excluding minority interests)</b>	<b>5,774</b>	<b>5,989</b>	<b>(2,583)</b>	<b>(790)</b>	<b>858</b>	<b>813</b>	<b>(3,568)</b>	<b>(1,803)</b>	<b>481</b>	<b>4,209</b>
<b>Assets</b>										
Financial assets	166,083	155,657	98,162	96,867	8,003	7,347	(28,186)	(27,795)	244,062	232,076
Property, plant and equipment	57,456	57,745	149,847	149,405	48,962	49,649	-	-	256,265	256,799
Investments in associates, CEs and SOEs	63,979	63,860	14,287	14,299	393	365	(61,977)	(61,938)	16,682	16,586
Other assets	6,005	5,835	3,638	3,594	3,230	3,180	(1,077)	(881)	11,796	11,728
Top-down capital adjustments	-	(463)	-	-	-	-	-	-	-	(463)
<b>Total Assets</b>	<b>293,523</b>	<b>282,634</b>	<b>265,934</b>	<b>264,165</b>	<b>60,588</b>	<b>60,541</b>	<b>(91,240)</b>	<b>(90,614)</b>	<b>528,805</b>	<b>516,726</b>
<b>Liabilities</b>										
Borrowings	196,165	185,849	46,895	46,336	11,673	11,712	(23,350)	(24,233)	231,383	219,664
Other liabilities	46,170	45,383	74,908	71,991	11,162	11,181	(10,963)	(11,167)	121,277	117,388
<b>Total Liabilities</b>	<b>242,335</b>	<b>231,232</b>	<b>121,803</b>	<b>118,327</b>	<b>22,835</b>	<b>22,893</b>	<b>(34,313)</b>	<b>(35,400)</b>	<b>352,660</b>	<b>337,052</b>
<b>Net Worth</b>	<b>51,188</b>	<b>51,402</b>	<b>144,131</b>	<b>145,838</b>	<b>37,753</b>	<b>37,648</b>	<b>(56,927)</b>	<b>(55,214)</b>	<b>176,145</b>	<b>179,674</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>3,082</b>	<b>3,184</b>	<b>6,480</b>	<b>6,320</b>	<b>2,434</b>	<b>2,985</b>	<b>-</b>	<b>-</b>	<b>11,996</b>	<b>12,489</b>

1. Kiwi Group Capital is reported in the Crown entities segment due to the acquisition on 30 November 2022 of Kiwi Group Holdings Limited by Kiwi Group Capital Limited.

However, the operating activity up to 30 November 2022 is reported in the State-owned Enterprises segment. For preparing the forecast it was assumed that operating activities of Kiwi Group Capital for the full year would be reported in the Crown entities segment. Refer to the commentary for further details on the transaction.

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

## STATEMENT OF COMMITMENTS

As at 30 April 2023

	As at 30 Apr 2023 \$m	As at 30 Jun 2022 \$m	As at 30 Apr 2022 \$m
<b>Capital Commitments</b>			
State highways	1,929	2,380	2,751
Specialist military equipment	1,522	2,169	2,235
Land and buildings	8,595	7,249	6,584
Other property, plant and equipment	5,335	5,192	4,831
Other capital commitments	701	1,045	726
Universities and Wānanga	763	763	875
<b>Total capital commitments</b>	<b>18,845</b>	<b>18,798</b>	<b>18,002</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,599	5,645	5,148
Other non-cancellable leases	3,217	3,184	3,574
Universities and Wānanga	1,279	1,279	1,137
<b>Total operating commitments</b>	<b>10,095</b>	<b>10,108</b>	<b>9,859</b>
<b>Total commitments</b>	<b>28,940</b>	<b>28,906</b>	<b>27,861</b>
<b>Total Commitments by Segment</b>			
Core Crown	10,812	11,979	11,715
Crown entities	11,147	10,107	9,426
State-owned Enterprises	7,300	7,131	6,962
Inter-segment eliminations	(319)	(311)	(242)
<b>Total commitments</b>	<b>28,940</b>	<b>28,906</b>	<b>27,861</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 April 2023

	As at 30 Apr 2023 \$m	As at 30 Jun 2022 \$m	As at 30 Apr 2022 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	9,305	9,198	8,867
Guarantees and indemnities	320	387	422
Legal proceedings and disputes	732	553	326
Other contingent liabilities	848	778	899
<b>Total quantifiable contingent liabilities</b>	<b>11,205</b>	<b>10,916</b>	<b>10,514</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	10,423	10,366	10,062
Crown entities	637	392	165
State-owned Enterprises	180	206	287
Inter-segment eliminations	(35)	(48)	-
<b>Total quantifiable contingent liabilities</b>	<b>11,205</b>	<b>10,916</b>	<b>10,514</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	49	26	27
Crown entities	28	37	21
State-owned Enterprises	41	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>118</b>	<b>63</b>	<b>48</b>

For further detail a list of unquantifiable contingent liabilities and their descriptions is included on the Treasury's website as part of the BEFU 2023 pages 97 to 107.

*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 (including Kiwi Group Capital Limited (which in turn includes Kiwibank), excluding Universities and Wānanga)

#### Other entities

- State-owned Enterprises
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Christ Church Cathedral Reinstatement Trust
- 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.

These financial statements include the acquisition on 30 November 2022 of Kiwi Group Holdings Limited by Kiwi Group Capital Limited, a new Crown Entity. Kiwi Group Capital Limited purchased those shares from New Zealand Post Limited, the NZ Super Fund and ACC. The Crown provided funding of \$2.1 billion to Kiwi Group Capital Limited to purchase shares. As all the parties to this transaction are within the Government Reporting entity there are no changes to the consolidated Statement of Financial Performance and the consolidated Statement of Financial Position. However, the financial performance of Kiwi Group Holdings Limited from 1 July 2022 until 30 November 2022 is included in the State-owned Enterprise reporting segment, while the financial performance subsequent to 30 November 2022 and the assets and liabilities of that company at 30 April 2023 are included in the Crown Entities reporting segment (prior to that date these assets and liabilities were recorded in the State-owned Enterprise reporting segment). This has also led to a change in functional classification of expenses from transportation and communications to economic and industrial services, from acquisition date.

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 2023* published on 18 May 2023.

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 ten months ended 30 April 2023. 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	10 months to 30 Apr 2022 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	34,938	Source deductions	38,908	38,751	157	0.4	47,055
11,120	8,609	Other persons	8,074	8,095	(21)	(0.3)	10,980
(1,739)	(1,275)	Refunds	(1,429)	(1,413)	(16)	(1.1)	(1,853)
684	583	Fringe benefit tax	650	633	17	2.7	732
<b>52,513</b>	<b>42,855</b>	<b>Total individuals</b>	<b>46,203</b>	<b>46,066</b>	<b>137</b>	<b>0.3</b>	<b>56,914</b>
<b>Corporate tax</b>							
20,010	15,410	Gross companies tax	14,647	16,045	(1,398)	(8.7)	20,536
(630)	(400)	Refunds	(674)	(525)	(149)	(28.4)	(731)
516	379	Non-resident withholding tax	436	420	16	3.8	576
<b>19,896</b>	<b>15,389</b>	<b>Total corporate tax</b>	<b>14,409</b>	<b>15,940</b>	<b>(1,531)</b>	<b>(9.6)</b>	<b>20,381</b>
<b>Other direct income tax</b>							
842	659	Resident withholding tax on interest income	1,600	1,457	143	9.8	1,659
1,108	874	Resident withholding tax on dividend income	903	906	(3)	(0.3)	1,110
<b>1,950</b>	<b>1,533</b>	<b>Total other direct income tax</b>	<b>2,503</b>	<b>2,363</b>	<b>140</b>	<b>5.9</b>	<b>2,769</b>
<b>74,359</b>	<b>59,777</b>	<b>Total direct income tax</b>	<b>63,115</b>	<b>64,369</b>	<b>(1,254)</b>	<b>(1.9)</b>	<b>80,064</b>
<b>Goods and services tax</b>							
43,044	35,580	Gross goods and services tax	39,056	39,151	(95)	(0.2)	47,473
(16,920)	(14,126)	Refunds	(15,842)	(15,992)	150	0.9	(19,343)
<b>26,124</b>	<b>21,454</b>	<b>Total goods and services tax</b>	<b>23,214</b>	<b>23,159</b>	<b>55</b>	<b>0.2</b>	<b>28,130</b>
<b>Other indirect taxation</b>							
1,749	1,452	Petroleum fuels excise and duty <sup>1</sup>	1,108	1,100	8	0.7	1,274
1,866	1,578	Tobacco excise and duty <sup>1</sup>	1,463	1,473	(10)	(0.7)	1,722
1,840	1,584	Road and track user charges	1,137	1,179	(42)	(3.6)	1,359
1,241	1,070	Alcohol excise and duty <sup>1</sup>	1,078	1,074	4	0.4	1,294
178	146	Other customs duty	157	155	2	1.3	181
516	405	Miscellaneous indirect tax	485	476	9	1.9	602
<b>7,390</b>	<b>6,235</b>	<b>Total other indirect taxation</b>	<b>5,428</b>	<b>5,457</b>	<b>(29)</b>	<b>(0.5)</b>	<b>6,432</b>
<b>33,514</b>	<b>27,689</b>	<b>Total indirect taxation</b>	<b>28,642</b>	<b>28,616</b>	<b>26</b>	<b>0.1</b>	<b>34,562</b>
<b>107,873</b>	<b>87,466</b>	<b>Total taxation revenue</b>	<b>91,757</b>	<b>92,985</b>	<b>(1,228)</b>	<b>(1.3)</b>	<b>114,626</b>
<b>Other sovereign revenue</b>							
3,461	2,754	ACC levies	3,181	3,164	17	0.5	3,819
3,006	2,566	Emissions trading revenue	1,854	1,829	25	1.4	2,538
638	507	Fire Service levies	533	526	7	1.3	660
528	440	EQC levies	489	486	3	0.6	603
25	4	Clean vehicle discount	130	119	11	9.2	186
287	247	Child support and working for families penalties	291	212	79	37.3	244
100	82	Court fines	85	85	-	-	115
849	634	Other miscellaneous items	851	793	58	7.3	921
<b>8,894</b>	<b>7,234</b>	<b>Total other sovereign revenue</b>	<b>7,414</b>	<b>7,214</b>	<b>200</b>	<b>2.8</b>	<b>9,086</b>
<b>116,767</b>	<b>94,700</b>	<b>Total sovereign revenue</b>	<b>99,171</b>	<b>100,199</b>	<b>(1,028)</b>	<b>(1.0)</b>	<b>123,712</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2022	10 months to 30 Apr 2022		Current Year Actual vs Forecast				Annual Forecast
			Actual	Forecast	Variance	%	
\$m	\$m		\$m	\$m	\$m	%	\$m
<b>NOTE 2: Sovereign Receipts (continued)</b>							
<b>Taxation Receipts (cash)</b>							
<b>Individuals</b>							
42,436	35,134	Source deductions	38,608	38,558	50	0.1	46,794
9,723	7,168	Other persons	7,964	8,433	(469)	(5.6)	11,404
(2,423)	(1,527)	Refunds	(1,556)	(1,491)	(65)	(4.4)	(2,345)
674	504	Fringe benefit tax	551	551	-	-	732
<b>50,410</b>	<b>41,279</b>	<b>Total individuals</b>	<b>45,567</b>	<b>46,051</b>	<b>(484)</b>	<b>(1.1)</b>	<b>56,585</b>
<b>Corporate Tax</b>							
18,343	13,157	Gross companies tax	14,547	15,352	(805)	(5.2)	21,006
(1,317)	(949)	Refunds	(1,272)	(1,227)	(45)	(3.7)	(1,603)
529	422	Non-resident withholding tax	474	463	11	2.4	576
<b>17,555</b>	<b>12,630</b>	<b>Total corporate tax</b>	<b>13,749</b>	<b>14,588</b>	<b>(839)</b>	<b>(5.8)</b>	<b>19,979</b>
<b>Other Direct Income Tax</b>							
813	673	Resident withholding tax on interest income	1,512	1,415	97	6.9	1,659
1,098	956	Resident withholding tax on dividend income	1,021	975	46	4.7	1,100
<b>1,911</b>	<b>1,629</b>	<b>Total other direct income tax</b>	<b>2,533</b>	<b>2,390</b>	<b>143</b>	<b>6.0</b>	<b>2,759</b>
<b>69,876</b>	<b>55,538</b>	<b>Total income tax</b>	<b>61,849</b>	<b>63,029</b>	<b>(1,180)</b>	<b>(1.9)</b>	<b>79,323</b>
<b>Goods and Services Tax</b>							
41,973	31,321	Gross goods and services tax	34,373	34,271	102	0.3	46,622
(16,473)	(13,170)	Refunds	(14,977)	(15,090)	113	0.7	(19,083)
<b>25,500</b>	<b>18,151</b>	<b>Total goods and services tax</b>	<b>19,396</b>	<b>19,181</b>	<b>215</b>	<b>1.1</b>	<b>27,539</b>
<b>Other Indirect Taxation</b>							
1,853	1,575	Road and track user charges	1,130	1,179	(49)	(4.2)	1,359
1,630	1,467	Excise duties	633	639	(6)	(0.9)	789
3,360	2,799	Customs duty	3,241	3,255	(14)	(0.4)	3,802
493	419	Miscellaneous indirect taxation	510	507	3	0.6	602
<b>7,336</b>	<b>6,260</b>	<b>Total other indirect taxation</b>	<b>5,514</b>	<b>5,580</b>	<b>(66)</b>	<b>(1.2)</b>	<b>6,552</b>
<b>32,836</b>	<b>24,411</b>	<b>Total indirect taxation</b>	<b>24,910</b>	<b>24,761</b>	<b>149</b>	<b>0.6</b>	<b>34,091</b>
<b>102,712</b>	<b>79,949</b>	<b>Total tax receipts collected</b>	<b>86,759</b>	<b>87,790</b>	<b>(1,031)</b>	<b>(1.2)</b>	<b>113,414</b>
<b>Other Sovereign Receipts (cash)</b>							
3,363	2,827	ACC levies	3,169	3,146	23	0.7	3,696
2,096	1,641	Emissions trading receipts	816	850	(34)	(4.0)	1,439
634	513	Fire Service levies	544	534	10	1.9	656
530	437	EQC levies	553	545	8	1.5	684
25	4	Clean vehicle discount	130	119	11	9.2	186
212	156	Child support and working for families penalties	285	226	59	26.1	258
110	90	Court fines	94	95	(1)	(1.1)	115
833	684	Other miscellaneous items	738	785	(47)	(6.0)	911
<b>7,803</b>	<b>6,352</b>	<b>Total other sovereign receipts</b>	<b>6,329</b>	<b>6,300</b>	<b>29</b>	<b>0.5</b>	<b>7,945</b>
<b>110,515</b>	<b>86,301</b>	<b>Total sovereign receipts</b>	<b>93,088</b>	<b>94,090</b>	<b>(1,002)</b>	<b>(1.1)</b>	<b>121,359</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2022	10 months to 30 Apr 2022		Current Year Actual vs Forecast				Annual BEFU Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 3: Interest Revenue and Dividends</b>							
2,292	1,779	Interest revenue	3,469	3,352	117	3.5	4,110
1,248	949	Dividends	958	906	52	5.7	1,139
<b>3,540</b>	<b>2,728</b>	<b>Total interest revenue and dividends</b>	<b>4,427</b>	<b>4,258</b>	<b>169</b>	<b>4.0</b>	<b>5,249</b>
<b>NOTE 4: Transfer Payments and Subsidies</b>							
17,764	14,606	New Zealand superannuation	16,026	16,031	5	-	19,523
3,330	2,748	Jobseeker support and emergency benefit	2,853	2,860	7	0.2	3,480
2,386	1,983	Accommodation assistance	1,959	1,958	(1)	(0.1)	2,350
2,047	1,677	Supported living payment	1,899	1,899	-	-	2,310
2,017	1,598	Family tax credit	1,676	1,695	19	1.1	2,165
1,704	1,390	Sole parent support	1,577	1,577	-	-	1,912
-	-	Cost of living payment	593	593	-	-	656
513	309	Winter energy payment	311	311	-	-	519
964	810	KiwiSaver subsidies	861	861	-	-	1,039
556	434	Student allowances	411	408	(3)	(0.7)	521
497	425	Hardship assistance	557	563	6	1.1	679
827	558	Official development assistance	568	586	18	3.1	905
519	386	Other working for families tax credits	342	343	1	0.3	469
412	342	Disability allowances	355	355	-	-	429
313	257	Orphan's/unsupported child's benefit	289	288	(1)	(0.3)	347
308	239	Best start	246	248	2	0.8	324
145	113	Income related rent subsidy	77	107	30	28.0	134
4,019	3,972	COVID-19 resurgence and support payment	-	-	-	-	-
4,689	4,708	Wage Subsidy Scheme	-	-	-	-	-
1,077	903	Other social assistance benefits	899	948	49	5.2	1,164
<b>44,087</b>	<b>37,458</b>	<b>Total transfer payments and subsidies</b>	<b>31,499</b>	<b>31,631</b>	<b>132</b>	<b>38.7</b>	<b>38,926</b>
<b>NOTE 5: Finance Costs</b>							
3,251	2,519	Interest on financial liabilities	5,500	5,409	(91)	(1.7)	6,819
98	42	Interest unwind on provisions and other interest	353	353	-	-	417
<b>3,349</b>	<b>2,561</b>	<b>Total finance costs</b>	<b>5,853</b>	<b>5,762</b>	<b>(91)</b>	<b>(1.6)</b>	<b>7,236</b>
<b>NOTE 6: Insurance Expenses</b>							
5,833	5,194	ACC	6,839	6,607	(232)	(3.5)	7,750
496	269	EQC	1,002	1,021	19	1.9	1,090
92	29	Southern Response	5	5	-	-	6
26	23	Other insurance expenses	(3)	59	62	105.1	72
<b>6,447</b>	<b>5,515</b>	<b>Total insurance expenses</b>	<b>7,843</b>	<b>7,692</b>	<b>(151)</b>	<b>(2.0)</b>	<b>8,918</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.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Apr 2022 \$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	3,146	Actuarial gains/(losses) on ACC liability	(1,545)	1,847	(3,392)	(183.6)	1,749
(4,917)	(4,600)	Gains/(losses) on the Emissions Trading Scheme	3,304	3,454	(150)	(4.3)	3,427
1,152	538	Other <sup>1</sup>	167	157	10	6.4	125
<b>2,965</b>	<b>(916)</b>	<b>Net gains/(losses) on non-financial instruments</b>	<b>1,926</b>	<b>5,458</b>	<b>(3,532)</b>	<b>(64.7)</b>	<b>5,301</b>

1. Includes gains realised by Kiwi Group Holdings Limited from the sale to a third party of 100% of the shares in Kiwi Wealth Management Limited.

<b>NOTE 9: Financial Assets and Sovereign Receivables</b>							
17,835	15,369	Cash and cash equivalents	22,978	19,045	3,933	20.7	19,084
20,076	23,513	Tax receivables	25,790	25,755	35	0.1	20,681
15,059	12,659	Other receivables	13,441	13,934	(493)	(3.5)	12,702
27,786	27,369	Kiwi Group loans and advances	29,476	29,632	(156)	(0.5)	30,002
9,209	10,485	Student loans	8,990	8,940	50	0.6	9,267
11,277	8,804	Funding for Lending advances	18,150	17,636	514	2.9	17,636
6,387	9,627	Other advances	8,088	7,711	377	4.9	8,342
46,261	49,036	Share investments	45,506	44,167	1,339	3.0	44,710
6,096	4,824	Investments in controlled enterprises	6,975	6,848	127	1.9	7,024
45,045	42,530	Other marketable securities	42,570	38,391	4,179	10.9	44,394
8,444	6,595	Long-term deposits	8,926	7,214	1,712	23.7	6,882
6,643	7,245	Derivatives in gain	7,636	7,463	173	2.3	7,304
5,324	5,104	IMF financial assets	5,536	5,286	250	4.7	5,286
<b>225,442</b>	<b>223,160</b>	<b>Total financial assets and sovereign receivables</b>	<b>244,062</b>	<b>232,022</b>	<b>12,040</b>	<b>5.2</b>	<b>233,314</b>
<b>Financial assets by entity</b>							
54,178	48,755	The Treasury	35,706	35,597	109	0.3	42,460
60,590	62,632	Reserve Bank of New Zealand	76,550	66,488	10,062	15.1	65,075
65,411	61,419	NZ Superannuation Fund	65,237	65,101	136	0.2	65,818
42,846	47,198	Other core Crown	47,051	46,740	311	0.7	42,753
(73,598)	(72,784)	Intra-segment eliminations	(58,460)	(58,270)	(190)	(0.3)	(57,538)
<b>149,427</b>	<b>147,220</b>	<b>Total core Crown segment</b>	<b>166,084</b>	<b>155,656</b>	<b>10,428</b>	<b>6.7</b>	<b>158,568</b>
50,041	53,851	ACC	52,452	51,403	1,049	2.0	51,001
541	572	EQC	704	616	88	14.3	514
-	-	Kiwi Group loans and advances <sup>1</sup>	29,476	29,632	(156)	(1)	30,002
17,547	16,361	Other Crown entities	19,961	18,934	1,027	5.4	19,126
(4,318)	(4,078)	Intra-segment eliminations	(4,431)	(3,772)	(659)	(17.5)	(3,752)
<b>63,811</b>	<b>66,706</b>	<b>Total Crown entities segment</b>	<b>98,162</b>	<b>96,813</b>	<b>1,349</b>	<b>1.4</b>	<b>96,891</b>
<b>38,443</b>	<b>36,257</b>	<b>Total State-owned Enterprises segment<sup>1</sup></b>	<b>8,003</b>	<b>7,347</b>	<b>656</b>	<b>8.9</b>	<b>6,910</b>
(26,239)	(27,023)	Inter-segment eliminations	(28,187)	(27,794)	(393)	(1.4)	(29,055)
<b>225,442</b>	<b>223,160</b>	<b>Total financial assets and sovereign receivables</b>	<b>244,062</b>	<b>232,022</b>	<b>12,040</b>	<b>5.2</b>	<b>233,314</b>

1. The 30 June 2022 and 30 April 2022 actuals represent Kiwi Group Holdings (KGH) loans and advances, which were reported within the State-owned Enterprise segment. In November 2022, the assets of KGH were transferred to a newly incorporated Schedule 4A company, called Kiwi Group Capital (Kiwi Group), which is reported in the Crown entity segment.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Apr 2022 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 10: Property, Plant and Equipment</b>							
<b>Net Carrying Value<sup>1</sup></b>							
<b>By class of asset:</b>							
84,744	70,614	Land	85,071	85,688	(617)	(0.7)	86,136
59,781	55,101	Buildings	63,460	62,909	551	0.9	64,379
51,915	43,752	State highways	52,792	52,723	69	0.1	53,391
19,027	18,141	Electricity generation assets	19,874	20,010	(136)	(0.7)	20,064
4,353	4,330	Electricity distribution network (cost)	4,427	4,435	(8)	(0.2)	4,206
4,220	3,616	Aircraft (excl military)	4,348	4,403	(55)	(1.2)	4,412
4,293	4,108	Specialist military equipment	4,658	4,748	(90)	(1.9)	5,007
3,254	3,163	Specified cultural and heritage assets	3,275	3,208	67	2.1	3,199
10,583	7,741	Rail network	10,940	11,004	(64)	(0.6)	10,427
7,012	7,811	Other plant and equipment (cost)	7,420	7,671	(251)	(3.3)	8,059
<b>249,182</b>	<b>218,377</b>	<b>Total net carrying value</b>	<b>256,265</b>	<b>256,799</b>	<b>(534)</b>	<b>(0.2)</b>	<b>259,280</b>
<b>Land breakdown by usage</b>							
32,802	25,962	Housing stock	32,964	33,379	(415)	(1.2)	33,481
23,486	18,423	State highway corridor land	23,474	23,531	(57)	(0.2)	23,467
7,826	7,165	Conservation estate	7,827	7,816	11	0.1	7,815
7,478	7,172	Schools	7,563	7,573	(10)	(0.1)	7,598
4,309	3,821	Rail network corridor land	4,327	4,363	(36)	(0.8)	4,408
1,582	1,261	Commercial (SOE) excluding rail	1,585	1,586	(1)	(0.1)	1,632
7,261	6,810	Other	7,331	7,440	(109)	(1.5)	7,735
<b>84,744</b>	<b>70,614</b>	<b>Total land</b>	<b>85,071</b>	<b>85,688</b>	<b>(617)</b>	<b>(0.7)</b>	<b>86,136</b>
<b>Schedule of Movements</b>							
<b>Cost or Valuation</b>							
231,234	231,234	Opening balance	268,071	268,071	-	-	268,071
12,880	9,751	Additions	11,766	11,814	(48)	(0.4)	16,373
(2,011)	24	Disposals	(376)	(224)	(152)	(67.9)	(382)
26,271	(115)	Net revaluations	836	862	(26)	(3.0)	(157)
(303)	(33)	Other	(12)	74	(86)	(116.2)	(93)
<b>268,071</b>	<b>240,861</b>	<b>Total cost or valuation</b>	<b>280,285</b>	<b>280,597</b>	<b>(312)</b>	<b>(0.1)</b>	<b>283,812</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
18,018	18,018	Opening balance	18,889	18,889	-	-	18,889
(1,039)	(331)	Eliminated on disposal	(199)	(84)	(115)	(136.9)	(730)
(3,377)	(34)	Eliminated on revaluation	(403)	(401)	(2)	(0)	(449)
(851)	-	Impairment losses charged to operating balance	312	312	-	-	312
6,152	4,766	Depreciation expense and impairment losses	5,396	5,379	17	0.3	6,571
(14)	65	Other	25	(297)	322	108.4	(61)
<b>18,889</b>	<b>22,484</b>	<b>Total accumulated depreciation &amp; impairment</b>	<b>24,020</b>	<b>23,798</b>	<b>222</b>	<b>0.9</b>	<b>24,532</b>
<b>249,182</b>	<b>218,377</b>	<b>Total property, plant and equipment</b>	<b>256,265</b>	<b>256,799</b>	<b>(534)</b>	<b>(0.2)</b>	<b>259,280</b>

1. Using a revaluation methodology unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Apr 2022 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>NOTE 11: Payables</b>							
15,933	9,993	Accounts payable	10,294	10,874	580	5.3	11,341
5,487	6,291	Taxes repayable	6,529	6,184	(345)	(5.6)	5,806
<b>21,420</b>	<b>16,284</b>	<b>Total payables</b>	<b>16,823</b>	<b>17,058</b>	<b>235</b>	<b>1.4</b>	<b>17,147</b>
<b>NOTE 12: Borrowings</b>							
89,489	87,597	Government bonds	101,501	100,763	(738)	(0.7)	104,150
23,709	26,797	Kiwi Group	28,414	28,840	426	1.5	29,174
43,521	46,169	Settlement deposits	53,556	47,527	(6,029)	(12.7)	46,100
3,487	4,133	Treasury bills	3,023	3,025	2	0.1	2,913
10,275	9,306	Derivatives in loss	6,914	6,982	68	1.0	6,833
1,177	1,161	Finance lease liabilities	1,318	1,231	(87)	(7.1)	1,196
152	154	Government retail stock	152	143	(9)	(6.3)	143
32,155	27,679	Other borrowings	36,505	31,153	(5,352)	(17.2)	31,956
<b>203,965</b>	<b>202,996</b>	<b>Total borrowings</b>	<b>231,383</b>	<b>219,664</b>	<b>(11,719)</b>	<b>(5.3)</b>	<b>222,465</b>
153,263	153,548	Sovereign-guaranteed debt	180,332	167,878	(12,454)	(7.4)	171,015
50,702	49,448	Non sovereign-guaranteed debt	51,051	51,786	735	1.4	51,450
<b>203,965</b>	<b>202,996</b>	<b>Total borrowings</b>	<b>231,383</b>	<b>219,664</b>	<b>(11,719)</b>	<b>(5.3)</b>	<b>222,465</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.

<b>NOTE 13: New Zealand Emissions Trading Scheme</b>							
5,824	5,824	Opening liability	11,308	11,308	-	-	11,308
2,096	1,641	Units sold	816	850	34	4.0	1,439
1,489	1,195	Allocated units	1,406	1,421	15	1.1	1,656
(3,006)	(2,522)	Units surrendered	(1,854)	(1,829)	25	1.4	(2,538)
4,917	4,598	(Gains)/ losses due to revaluation in NZ Units	(3,304)	(3,454)	(150)	(4.3)	(3,427)
(12)	122	Other movements	(2)	(86)	(84)	(97.7)	(78)
<b>11,308</b>	<b>10,858</b>	<b>Closing liability</b>	<b>8,370</b>	<b>8,210</b>	<b>(160)</b>	<b>(1.9)</b>	<b>8,360</b>

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>

<b>NOTE 14: Insurance Liabilities</b>							
54,115	58,300	ACC liability	59,161	55,547	(3,614)	(6.5)	55,251
863	702	EQC property damage liability	1,564	1,508	(56)	(3.7)	1,436
284	89	Southern Response	106	106	-	-	106
39	43	Other insurance liabilities	80	56	(24)	(42.9)	57
<b>55,301</b>	<b>59,134</b>	<b>Total insurance liabilities</b>	<b>60,911</b>	<b>57,217</b>	<b>(3,694)</b>	<b>(6.5)</b>	<b>56,850</b>

The most recent valuation of the ACC liability was as at 31 December 2022 and is updated monthly for changes to discount rates.

<b>NOTE 15: Provisions</b>							
7,543	6,658	Provision for employee entitlements	7,712	7,618	(94)	(1.2)	8,063
2,843	2,957	Veterans disability entitlements	2,820	2,819	(1)	-	2,798
660	701	Provision for National Provident Fund guarantee	632	632	-	-	624
3,287	2,862	Other provisions	2,923	2,840	(83)	(2.9)	2,999
<b>14,333</b>	<b>13,178</b>	<b>Total provisions</b>	<b>14,087</b>	<b>13,909</b>	<b>(178)</b>	<b>(1.3)</b>	<b>14,484</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022 \$m	As at 30 Apr 2022 \$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	3,984	Taxpayers' funds	3,190	6,857	(3,667)	(53.5)	6,932
164,385	133,898	Property, plant and equipment revaluation reserve	164,986	165,113	(127)	(0.1)	164,188
55	(888)	Defined benefit retirement plan revaluation reserve	181	180	1	0.6	196
(566)	(659)	Veterans' disability entitlements reserve	(566)	(566)	-	-	(566)
7,283	6,217	Net worth attributable to minority interests	7,894	7,863	31	0.4	7,908
481	241	Other reserves	460	227	233	102.6	298
<b>174,319</b>	<b>142,793</b>	<b>Total net worth</b>	<b>176,145</b>	<b>179,674</b>	<b>(3,529)</b>	<b>(2.0)</b>	<b>178,956</b>
19,656	19,656	Opening taxpayers funds	2,681	2,681	-	-	2,681
(16,932)	(15,661)	Operating balance excluding minority interests	481	4,209	(3,728)	(88.6)	4,219
(43)	(11)	Transfers from/(to) other reserves	28	(33)	61	184.8	32
<b>2,681</b>	<b>3,984</b>	<b>Closing taxpayers funds</b>	<b>3,190</b>	<b>6,857</b>	<b>(3,667)</b>	<b>(53.5)</b>	<b>6,932</b>
134,003	134,003	Opening property, plant and equipment revaluation reserve	164,385	164,385	-	-	164,385
30,920	37	Net revaluations	1,108	1,175	(67)	(5.7)	243
(153)	50	Revaluation reserve attributable to minority interest	(393)	(394)	1	0.3	(394)
(385)	(192)	Transfers from/(to) other reserves	(114)	(53)	(61)	(115.1)	(46)
<b>164,385</b>	<b>133,898</b>	<b>Closing property, plant and equipment revaluation reserve</b>	<b>164,986</b>	<b>165,113</b>	<b>(127)</b>	<b>(0.1)</b>	<b>164,188</b>
5,724	5,724	Opening net worth attributable to minority interests	7,283	7,283	-	-	7,283
949	337	Increase/(decrease) in minority interest from changes in equity	52	72	(20)	(27.8)	72
755	475	Operating balance attributable to minority interests	539	627	(88)	(14.0)	644
(145)	(319)	Net movements	20	(119)	139	116.8	(91)
<b>7,283</b>	<b>6,217</b>	<b>Closing net worth attributable to minority interests</b>	<b>7,894</b>	<b>7,863</b>	<b>31</b>	<b>0.4</b>	<b>7,908</b>
(172)	(172)	Opening other reserves	481	481	-	-	481
653	413	Net movements	(21)	(254)	233	91.7	(183)
<b>481</b>	<b>241</b>	<b>Closing other reserves</b>	<b>460</b>	<b>227</b>	<b>233</b>	<b>102.6</b>	<b>298</b>

### NOTE 17: Upper North Island flooding and Cyclone Gabrielle

In late January 2023, the upper North Island experienced a severe weather event causing widespread flooding due to heavy rainfall and in February 2023, Cyclone Gabrielle hit the country and caused widespread damage across a number of regions in the North Island. These events (collectively referred to as North Island weather events) have impacts across the financial statements of Government.

The Government will need to meet its existing commitments from the flooding and cyclone (eg, covering the response costs to the states of emergency, contributing to the replacement of damaged local government infrastructure, and paying out insurance claims lodged through Toke Tū Ake EQC). Furthermore, there are assets owned by the Government that were likely damaged by these weather events which may need to be repaired or replaced.

In addition to the costs from existing commitments, the Government has provided support and may provide further financial support to the affected regions and there is also likely to be an impact on economic activity that may have an impact on tax revenue. These interim consolidated financial statements include Toke Tū Ake EQC's provision for insurance expenses of \$0.7 billion and certain other initial expenses associated with the Government's response to the North Island weather events. These other expenses include emergency business and primary sector support, funding to help assess and fix roads, silt and solid waste removal, as well as other support measures.

On 1 June 2023 the Government announced that flood and cyclone-affected properties will be categorised, with some properties considered not safe to live in due to the risk of future flooding and loss of life. The estimated financial impact of this commitment is not yet known but is expected to have an adverse impact on the operating balance and net worth.

Apart from these, the remaining financial effect to the Government of these events are not recorded as they cannot be reliably measured at this stage. However, it is expected to have an adverse impact on the operating balance and net worth. Work is on-going to measure these costs.

# FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2023

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

Year to 30 June 2022 Actual \$m	10 months to 30 Apr 2022 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		<b>Operating Balance</b>					
141,627	114,394	Total revenue	125,055	126,372	(1,317)	(1.0)	155,556
150,956	123,728	Less total expenses	131,531	131,582	51	-	161,924
(6,722)	(5,839)	Total gains/(losses)	7,468	10,000	(2,532)	(25.3)	11,189
(126)	(13)	Net surplus from associates and joint ventures	28	46	(18)	(39.1)	42
(755)	(475)	Minority interests share of operating balance	(539)	(627)	88	14.0	(644)
<b>(16,932)</b>	<b>(15,661)</b>	<b>Operating balance</b>	<b>481</b>	<b>4,209</b>	<b>(3,728)</b>	<b>(88.6)</b>	<b>4,219</b>
		<b>Reconciliation Between the Operating Balance and OBEGAL</b>					
<b>(16,932)</b>	<b>(15,661)</b>	<b>Operating balance</b>	<b>481</b>	<b>4,209</b>	<b>(3,728)</b>	<b>(88.6)</b>	<b>4,219</b>
		Less items excluded from OBEGAL:					
(9,687)	(4,923)	Net gains/(losses) on financial instruments	5,542	4,542	1,000	22.0	5,888
2,965	(916)	Net gains/(losses) on non-financial instruments	1,926	5,458	(3,532)	(64.7)	5,301
(126)	(13)	Net surplus from associates and joint ventures	28	46	(18)	(39.1)	42
(393)	(439)	Minority interests share of total gains/(losses)	3	(88)	91	103.4	(53)
<b>(9,691)</b>	<b>(9,370)</b>	<b>OBEGAL</b>	<b>(7,018)</b>	<b>(5,749)</b>	<b>(1,269)</b>	<b>(22.1)</b>	<b>(6,959)</b>

# FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2023

## Expenses by Functional Classification

Year to 30 June 2022 Actual \$m	10 months to 30 Apr 2022 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	40,530	Social security and welfare		40,408	40,476	68	0.2	49,264
27,658	22,383	Health		24,291	24,114	(177)	(0.7)	29,389
18,911	15,149	Education		16,123	16,221	98	0.6	20,013
5,426	4,050	Core government services		4,433	4,716	283	6.0	6,537
5,921	4,779	Law and order		5,250	5,497	247	4.5	6,780
9,528	8,334	Transport and communications		11,880	11,789	(91)	(0.8)	15,271
16,673	13,522	Economic and industrial services		10,279	10,484	205	2.0	13,230
2,803	2,210	Defence		2,194	2,215	21	0.9	2,956
3,260	2,755	Heritage, culture and recreation		2,860	2,974	114	3.8	3,474
2,302	1,983	Primary services		2,159	2,294	135	5.9	3,084
3,935	3,218	Housing and community development		3,258	3,361	103	3.1	5,014
2,535	1,988	Environmental protection		2,389	2,445	56	2.3	3,182
110	77	GSF pension expenses		64	65	1	1.5	77
242	189	Other		90	94	4	4.3	117
3,349	2,561	Finance costs		5,853	5,762	(91)	(1.6)	7,236
-	-	Top-down expense adjustment	7	-	(925)	(925)	(100.0)	(3,700)
<b>150,956</b>	<b>123,728</b>	<b>Total Crown expenses excluding losses</b>		<b>131,531</b>	<b>131,582</b>	<b>51</b>	<b>-</b>	<b>161,924</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	10 months to 30 Apr 2022 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	35,668	Social security and welfare		33,821	34,123	302	0.9	41,808
27,781	22,899	Health		24,546	24,289	(257)	(1.1)	29,527
18,023	14,510	Education		14,658	14,917	259	1.7	18,850
5,720	4,112	Core government services		4,469	4,739	270	5.7	6,626
5,444	4,429	Law and order		4,929	5,077	148	2.9	6,252
4,657	3,428	Transport and communications		4,141	4,336	195	4.5	6,196
8,078	7,379	Economic and industrial services		3,175	3,235	60	1.9	3,962
2,832	2,226	Defence		2,224	2,236	12	0.5	2,984
1,468	1,302	Heritage, culture and recreation		1,349	1,484	135	9.1	1,678
949	735	Primary services		869	1,037	168	16.2	1,463
2,033	1,673	Housing and community development		1,596	1,670	74	4.4	2,913
2,549	1,988	Environmental protection		2,393	2,447	54	2.2	3,182
94	64	GSF pension expenses		48	50	2	4.0	59
269	189	Other		90	94	4	4.3	117
2,884	2,233	Finance costs		5,229	5,058	(171)	(3.4)	6,278
-	-	Top-down expense adjustment	7	-	(925)	(925)	(100.0)	(3,700)
<b>125,641</b>	<b>102,835</b>	<b>Core Crown expenses excluding losses</b>		<b>103,537</b>	<b>103,867</b>	<b>330</b>	<b>0.3</b>	<b>128,195</b>



# FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2023

## Core Crown Residual Cash

Year to 30 June 2022 \$m	10 months to 30 Apr 2022 \$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	82,628	Tax receipts	87,027	88,100	(1,073)	(1.2)	113,733
3,364	2,642	Other sovereign receipts	2,111	2,082	29	1.4	2,958
393	275	Interest receipts	617	656	(39)	(5.9)	886
2,883	2,436	Sale of goods & services and other receipts	3,301	3,390	(89)	(2.6)	4,065
(45,440)	(39,037)	Transfer payments and subsidies	(33,283)	(33,259)	(24)	(0.1)	(40,397)
(71,980)	(60,560)	Personnel and operating costs	(64,558)	(65,559)	1,001	1.5	(81,255)
(2,841)	(2,310)	Interest payments	(4,028)	(3,992)	(36)	(0.9)	(5,083)
-	-	Top-down expense adjustment	-	925	(925)	(100.0)	3,700
<b>(8,134)</b>	<b>(13,926)</b>	<b>Net core Crown operating cash flows</b>	<b>(8,813)</b>	<b>(7,657)</b>	<b>(1,156)</b>	<b>(15.1)</b>	<b>(1,393)</b>
(3,474)	(3,146)	Net purchase of physical and intangible assets	(3,326)	(3,577)	251	7.0	(4,832)
(9,192)	(7,755)	Net increase in advances	(8,247)	(8,011)	(236)	(2.9)	(8,601)
(3,823)	(2,808)	Net purchase of investments	(5,218)	(5,612)	394	7.0	(6,892)
(2,420)	(2,017)	Contributions to New Zealand Superannuation Fund	(2,132)	(2,132)	-	-	(2,558)
-	-	Top-down capital adjustment	-	463	(463)	(100.0)	1,850
<b>(18,909)</b>	<b>(15,726)</b>	<b>Net core Crown capital cash flows</b>	<b>(18,923)</b>	<b>(18,869)</b>	<b>(54)</b>	<b>(0.3)</b>	<b>(21,033)</b>
<b>(27,043)</b>	<b>(29,652)</b>	<b>Core Crown residual cash surplus / (deficit)</b>	<b>(27,736)</b>	<b>(26,526)</b>	<b>(1,210)</b>	<b>(4.6)</b>	<b>(22,426)</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	17,535	Issue of government bonds	22,843	23,410	(567)	(2.4)	26,967
-	-	Repayment of government bonds	(21,178)	(21,182)	4	-	(21,891)
(4,158)	(3,588)	Net issue/(repayment) of short-term borrowing	(57)	(217)	160	73.8	(327)
<b>15,117</b>	<b>13,947</b>	<b>Total market debt cash flows</b>	<b>1,608</b>	<b>2,011</b>	<b>(403)</b>	<b>(20.0)</b>	<b>4,749</b>
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(412)	(412)	Net issue/(repayment) of short-term borrowing <sup>1</sup>	(300)	(400)	100	25.0	(400)
<b>(412)</b>	<b>(412)</b>	<b>Total non-market debt cash flows</b>	<b>(300)</b>	<b>(400)</b>	<b>100</b>	<b>25.0</b>	<b>(400)</b>
<b>14,705</b>	<b>13,535</b>	<b>Total debt programme cash flows</b>	<b>1,308</b>	<b>1,611</b>	<b>(303)</b>	<b>(18.8)</b>	<b>4,349</b>
		<b>Other Borrowing Cash Flows</b>					
		Net (repayment)/issue of other New Zealand dollar borrowing	28,645	22,273	6,372	28.6	20,925
12,400	14,880	Net (repayment)/issue of foreign currency borrowing	(1,348)	(4,001)	2,653	66.3	(4,225)
1,589	1,793						
<b>13,989</b>	<b>16,673</b>	<b>Total other borrowing cash flows</b>	<b>27,297</b>	<b>18,272</b>	<b>9,025</b>	<b>94.9</b>	<b>16,700</b>
		<b>Investing Cash Flows</b>					
		Other net sale/(purchase) of marketable securities and deposits	4,966	9,452	(4,486)	(47.5)	4,269
(28)	(907)	Issues of circulating currency	116	188	(72)	(38.3)	196
805	914	Decrease/(increase) in cash	(5,951)	(2,997)	(2,954)	(98.6)	(3,088)
(2,428)	(563)						
<b>(1,651)</b>	<b>(556)</b>	<b>Total investing cash flows</b>	<b>(869)</b>	<b>6,643</b>	<b>(7,512)</b>	<b>(113.1)</b>	<b>1,377</b>
<b>27,043</b>	<b>29,652</b>	<b>Core Crown residual cash deficit / (surplus) funding</b>	<b>27,736</b>	<b>26,526</b>	<b>1,210</b>	<b>4.6</b>	<b>22,426</b>

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

# FISCAL INDICATOR ANALYSIS

As at 30 April 2023

## Net Debt and Gross Debt

As at 30 June 2022 Actual \$m	As at 30 Apr 2022 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>Net Debt:</b>							
168,986	168,699	Core Crown borrowings <sup>1</sup>	196,165	185,849	(10,316)	(5.6)	187,819
14,345	14,489	Crown entity borrowings <sup>2</sup>	46,895	46,336	(559)	(1.2)	48,268
-	-	Less Kiwi Group borrowings <sup>3</sup>	(28,648)	(28,976)	(328)	(1.1)	(29,296)
-	-	Add back inter-entity eliminations <sup>3</sup>	(1,730)	(1,691)	39	2.3	(1,751)
(343)	(2,387)	Net unsettled purchases/(sales) of securities <sup>4</sup>	(1,517)	(1,277)	240	18.8	(1,128)
(121,138)	(117,917)	Less core Crown financial assets (per net debt definition) <sup>5</sup>	(134,727)	(124,120)	10,607	8.5	(132,955)
<b>61,850</b>	<b>62,884</b>	<b>Net debt (incl. NZS Fund)</b>	<b>76,438</b>	<b>76,121</b>	<b>(317)</b>	<b>(0.4)</b>	<b>70,957</b>
<b>Additional net debt analysis</b>							
61,850	62,884	Net debt (incl. NZS Fund)	76,438	76,121	(317)	(0.4)	70,957
(5,040)	(4,082)	Less NZS Fund borrowings	(2,138)	(2,418)	(280)	(11.6)	(2,418)
		Less NZS Fund net unsettled purchases/(sales)					
235	2,139	of securities	1,447	1,618	171	10.6	1,469
60,070	58,879	Less NZS Fund financial assets	62,978	62,263	(715)	(1.1)	63,600
<b>117,115</b>	<b>119,820</b>	<b>Net debt (excl. NZS Fund)</b>	<b>138,725</b>	<b>137,584</b>	<b>(1,141)</b>	<b>(0.8)</b>	<b>133,608</b>
<b>Gross Debt:</b>							
168,986	168,699	Core Crown borrowings	196,165	185,849	(10,316)	(5.6)	187,819
5,042	348	Unsettled purchases of securities	949	1,359	410	30.2	884
		Add back NZS Fund holdings of sovereign-issued					
(9,990)	(4,326)	debt and NZS Fund borrowings	(2,715)	(3,428)	(713)	(20.8)	(2,953)
		Less Reserve Bank settlement cash and					
(45,088)	(47,303)	Reserve Bank bills	(57,297)	(52,227)	5,070	9.7	(50,800)
<b>118,950</b>	<b>117,418</b>	<b>Gross Debt</b>	<b>137,102</b>	<b>131,553</b>	<b>(5,549)</b>	<b>(4.2)</b>	<b>134,950</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 and 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.
- The 30 June 2022 and 30 April 2022 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned enterprise segment. For the 30 April 2023 actuals and forecast, the assets and liabilities of KGH are transferred to a newly incorporated schedule 4A company, called Kiwi Group Capital (Kiwi Group), which is reported in the Crown entity segment. This amount includes derivative balances.
- 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).

For the ten months ended 30 April 2023

## Movement in Net Debt

As at 30 June 2022 Actual \$m	As at 30 Apr 2022 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>61,850</b>	<b>-</b>	<b>-</b>	<b>61,850</b>
27,043	29,652	Core Crown residual cash (surplus)/deficit	27,736	26,526	(1,210)	(4.6)	22,426
(9,192)	(7,755)	Less net increase in advances	(8,247)	(8,011)	236	2.9	(8,601)
(2,420)	(2,017)	Less contributions to the NZS Fund	(2,132)	(2,132)	-	-	(2,558)
2,509	2,653	Net increase/(decrease) in Crown entity borrowings	2,172	1,324	(848)	(64.0)	2,876
(805)	(914)	Issues of circulating currency	(116)	(188)	(72)	(38.3)	(196)
		Other fair value movements in financial assets and					
8,794	5,344	financial liabilities (gains)/losses (including NZSF)	(4,825)	(3,248)	1,577	48.6	(4,840)
<b>61,850</b>	<b>62,884</b>	<b>Closing net debt</b>	<b>76,438</b>	<b>76,121</b>	<b>(317)</b>	<b>(0.4)</b>	<b>70,957</b>

# FISCAL INDICATOR ANALYSIS

## New Zealand Superannuation Fund

30 June 2022 \$m	30 Apr 2022 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual BEFU Forecast \$m
<b>NZ Superannuation Fund</b>							
1,077	832	Revenue	1,042	999	43	4.3	1,225
35	279	Less current tax expense	48	(39)	(87)	(223.1)	(101)
(517)	(115)	Less other expenses <sup>1</sup>	(935)	(862)	73	8.5	(1,029)
(5,133)	(2,887)	Add gains/(losses)	3,707	2,946	761	25.8	3,524
<b>(3,574)</b>	<b>(1,891)</b>	<b>Operating balance</b>	<b>3,862</b>	<b>3,044</b>	<b>818</b>	<b>26.9</b>	<b>3,619</b>
57,365	57,365	Opening net worth	56,210	56,210	-	-	56,210
2,420	2,017	Contributions from the Crown	2,132	2,132	-	-	2,558
(3,574)	(1,891)	Operating balance	3,862	3,044	818	26.9	3,619
(1)	-	Other movements in reserves	-	-	-	-	1
<b>56,210</b>	<b>57,491</b>	<b>Closing net worth</b>	<b>62,204</b>	<b>61,386</b>	<b>818</b>	<b>1.3</b>	<b>62,388</b>
<b>Comprising:</b>							
65,411	61,419	Financial assets	65,237	65,101	136	0.2	65,818
(9,102)	(3,930)	Financial liabilities	(2,936)	(3,608)	672	18.6	(3,316)
(99)	2	Net other assets	(97)	(107)	10	9.3	(114)
<b>56,210</b>	<b>57,491</b>	<b>Closing net worth</b>	<b>62,204</b>	<b>61,386</b>	<b>818</b>	<b>1.3</b>	<b>62,388</b>

1. This includes deferred tax expenses which can vary from month to month.

## FISCAL INDICATOR ANALYSIS

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

Financial Results	30 Apr 2023 Actual \$m	30 Apr 2023 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	92,274	93,626	(1,352)	(1.4)	115,349
...combined with other core Crown revenue...	9,101	9,212	(111)	(1.2)	11,329
...funds core Crown expenses...	(103,537)	(103,867)	330	0.3	(128,195)
...and including SOE and Crown entity revenues and expenses...	(4,856)	(4,720)	(136)	(2.9)	(5,442)
...results in an <b>OBEGAL</b> ...	(7,018)	(5,749)	(1,269)	(22.1)	(6,959)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	481	4,209	(3,728)	(88.6)	4,219
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	(3,862)	(3,044)	(818)	(26.9)	(967)
...and some items do not impact cash.	(5,432)	(8,822)	3,390	38.4	(4,645)
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(8,813)</b>	<b>(7,657)</b>	<b>(1,156)</b>	<b>(15.1)</b>	<b>(1,393)</b>
...used to make contributions to the NZS Fund...	(2,132)	(2,132)	-	-	(2,558)
...and to use for capital expenditure	(3,326)	(3,577)	251	7.0	(4,832)
...and to make advances	(8,247)	(8,011)	(236)	(2.9)	(8,601)
...and to purchase investments	(5,218)	(5,612)	394	7.0	(6,892)
Adjusting for forecast adjustments (top-down/new spending)...	-	463	(463)	(100.0)	1,850
...results in a <b>borrowing requirement (cash deficit)/surplus</b>	<b>(27,736)</b>	<b>(26,526)</b>	<b>(1,210)</b>	<b>(4.6)</b>	<b>(22,426)</b>