

9 November 2023

MEDIA STATEMENT

Embargoed until 10.00am, Thursday 9 November 2023

Jayne Winfield, Chief Government Accountant

**Interim Financial Statements of the Government of New Zealand
for the three months ended 30 September 2023**

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

The September results are reported against forecasts based on the *Pre-election Economic and Fiscal Update 2023 (PREFU 2023)*, published on 12 September 2023 and the results for the same period for the previous year. The *Half Year Economic and Fiscal Update 2023 (HYEFU 2023)* will be released before Christmas 2023.

	Year to date				Full Year
	September	September	Variance ²	Variance	June
	2023	2023	PREFU 2023	PREFU 2023	2024
	Actual ¹	Forecast ¹			PREFU 2023 Forecast ³
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	28,508	28,199	309	1.1	121,602
Core Crown revenue	31,994	31,304	690	2.2	133,948
Core Crown expenses	33,364	33,471	107	0.3	139,438
Core Crown residual cash	(7,922)	(6,688)	(1,234)	(18.5)	(25,442)
Net debt	81,382	75,736	(5,646)	(7.5)	92,925
<i>as a percentage of GDP</i>	20.6%	19.1%			22.3%
Gross debt	149,745	147,332	(2,413)	(1.6)	165,770
<i>as a percentage of GDP</i>	37.8%	37.2%			39.8%
Operating balance before gains and losses	(2,502)	(2,725)	223	8.2	(11,380)
Operating balance (excluding minority interests)	(3,918)	(3,492)	(426)	(12.2)	(7,625)
Net worth attributable to the Crown	179,499	179,990	(491)	(0.3)	175,709
<i>as a percentage of GDP</i>	45.3%	45.5%			42.2%

1 Using the most recently published GDP (for the year ended 30 June 2023) of \$395,896 million (Source: Stats NZ).

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

3 Using PREFU 2023 forecast GDP for the year ending 30 June 2024 of \$416,553 million (Source: The Treasury).

Core Crown tax revenue at \$28.5 billion was \$0.3 billion (1.1%) above forecast. This was largely due corporate tax revenue and resident withholding tax being higher than forecast by \$0.3 billion and \$0.2 billion, respectively.

Core Crown revenue at \$32.0 billion was \$0.7 billion (2.4%) above forecast mainly due to higher tax and interest revenue.

Core Crown expenses at \$33.4 billion were close to forecast. While there are a number of under and overspends across spending areas, it is anticipated that most of these variances are timing in nature at this stage.

The operating balance before gains and losses (**OBEGAL**) was a deficit of \$2.5 billion, \$0.2 billion less than the deficit forecast. This is largely owing to the core Crown variances, partially offset by lower-than-expected Crown entity results.

The **operating balance** was a deficit of \$3.9 billion, \$0.4 billion higher than the deficit forecast. This is mainly because of net losses on financial instruments, driven by movements in the global financial markets. This was partially offset by net gains on non-financial instruments due to a gain on the ACC outstanding claims liability as a result of increased discount rates which are used to value the liability.

The **core Crown residual cash** deficit of \$7.9 billion was \$1.2 billion higher than the deficit forecast. This cash deficit was primarily due to net operating cash outflows, which were higher than forecast, partially offset by net capital cash outflows, which were lower than forecast. At this stage most of this variance is timing in nature and is expected to unwind in the future months.

Net debt at \$81.4 billion (20.6% of GDP) was higher than forecast by \$5.7 billion. This was driven by the higher than forecast residual cash deficit and losses on financial assets due to market volatility affecting the NZS fund's portfolio. In addition, higher than expected Crown entity borrowings largely due to ACC's derivative financial instruments were impacted by market volatility.

Gross debt at \$149.8 billion (37.8% of GDP) was \$2.4 billion higher than forecast. This was mainly due to higher-than-expected Treasury Bills which were higher than forecast by \$1.7 billion and is timing in nature, and core Crown derivatives which were \$1.2 billion higher than forecast and were impacted by market movements.

Net worth attributable to the Crown was \$179.5 billion which was \$0.5 billion lower than forecast. This variance was mostly driven by revisions to property, plant and equipment reserves for 2022/23 after the finalisation of the PREFU forecast and the variance in the operating balance results.

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Interim Financial Statements of the Government of New Zealand

For the three months ended
30 September 2023



Prepared by the Treasury
9 November 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 September 2023, and the financial results of operations and cash flows for the period ended on that date.

The September results are reported against forecasts based on the *Pre-election Economic and Fiscal Update 2023 (PREFU 2023)*, published on 12 September 2023 and the results against the same period for the previous year.

Comparison against forecast

Table 1 – Key indicators for the three months ended 30 September 2023 compared to *PREFU 2023*

	Year to date				Full Year
	September 2023	September 2023	Variance ²	Variance	June 2024
	Actual ¹	PREFU 2023 Forecast ¹	PREFU 2023	PREFU 2023	PREFU 2023 Forecast ³
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	28,508	28,199	309	1.1	121,602
Core Crown revenue	31,994	31,304	690	2.2	133,948
Core Crown expenses	33,364	33,471	107	0.3	139,438
Core Crown residual cash	(7,922)	(6,688)	(1,234)	(18.5)	(25,442)
Net debt ⁴	81,382	75,736	(5,646)	(7.5)	92,925
<i>as a percentage of GDP</i>	20.6%	19.1%			22.3%
Gross debt	149,745	147,332	(2,413)	(1.6)	165,770
<i>as a percentage of GDP</i>	37.8%	37.2%			39.8%
Operating balance before gains and losses	(2,502)	(2,725)	223	8.2	(11,380)
Operating balance (excluding minority interests)	(3,918)	(3,492)	(426)	(12.2)	(7,625)
Net worth attributable to the Crown	179,499	179,990	(491)	(0.3)	175,709
<i>as a percentage of GDP</i>	45.3%	45.5%			42.2%

1 Using the most recently published GDP (for the year ended 30 June 2023) of \$395,896 million (Source: Stats NZ).

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

3 Using PREFU 2023 forecast GDP for the year ending 30 June 2024 of \$416,553 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 \$28.5 billion was \$0.3 billion (1.1%) above forecast. The main variances related to:

- Corporate tax revenue, which was \$0.3 billion (7.4%) above forecast, primarily due to higher-than-expected terminal tax revenue for the 2023 tax year. Since 2024 provisional tax revenue is largely based on the estimated uplift from the 2023 tax-year, it was also above forecast.
- Other direct taxes were \$0.2 billion (34.3%) above the forecast. This increase was driven by higher interest rates on deposits, resulting in a more positive impact on resident withholding tax (RWT) on interest than what was assumed in the forecast.

Core Crown expenses at \$33.4 billion, were \$0.1 billion (0.3%) below the forecast. Without The Treasury's top-down adjustment (our central assessment of underspends) and finance costs, core Crown expenses were \$0.8 billion lower-than-expected. At this stage it is expected that most of this variance was due to timing and will unwind. The major variances include:

- Transport and communications (\$0.3 billion lower): This was primarily driven by a delay in shovel-ready grant claims. It is expected that this funding will be drawn down by the end of the year.
- Health (\$0.3 billion lower): at present this delay in spending is expected to be timing in nature.
- Economic and industrial services (\$0.2 billion lower): This consists of small variances across various government departments.

- Education (\$0.2 billion higher): The higher spending in the education sector partially offsets the above-mentioned lower spending. This was primarily due to a lump sum payment related to the primary and secondary collective agreements, which were disbursed in September but not included in the forecast.

Core Crown finance costs were \$0.2 billion higher than forecast, primarily due to higher than forecast settlement cash deposits held with the Reserve Bank of New Zealand (RBNZ). The OCR has remained at 5.5% since the PREFU forecast was prepared.

The operating balance before gains and losses (**OBEGAL**) deficit of \$2.5 billion was \$0.2 billion less than the forecast deficit. The variance was primarily driven by the core Crown results discussed earlier, partially offset by lower-than-expected Crown entity results.

The **operating balance** was in a deficit of \$3.9 billion, \$0.4 billion more than the forecast deficit of \$3.5 billion. In addition to the variance in OBEGAL, market conditions have impacted the valuation of assets and liabilities, including:

- Net losses on financial instruments of \$2.4 billion, which were \$4.3 billion weaker than the forecast gain of \$1.8 billion. This was mainly attributable to the NZS Fund as a result of movements in the global financial markets.
- These were partly offset by net gains on non-financial instruments of \$1.0 billion, which were \$3.6 billion stronger than the forecast loss of \$2.6 billion. This gain primarily resulted from a \$4.6 billion reduction in the ACC outstanding claims liability, mainly due to increased discount rates used to value the liability.

The **core Crown residual cash** deficit of \$7.9 billion was \$1.2 billion higher than forecast. This cash deficit was primarily due to net operating cash outflows, which were \$1.8 billion higher than forecast, partially offset by net capital cash outflows, which were \$0.6 billion lower than forecast.

Net debt standing at \$81.4 billion (20.6% of GDP), was higher than forecast by \$5.7 billion. The main contributors to this variance were:

- Core crown residual cash, excluding contributions to the NZS Fund and core Crown advances (\$1.5 billion).
- Losses on financial assets (\$2.9 billion) due to market volatility impacting the value of the financial portfolio of the NZS Fund.
- Crown entity borrowings (\$1.2 billion), predominantly due to ACC's derivative financial instruments which are used to manage interest rate risk have been impacted by market volatility.

Gross debt at \$149.8 billion (37.8% of GDP), was \$2.4 billion higher than forecast. This was mainly due to higher-than-expected Treasury Bills which were higher than forecast by \$1.7 billion and its timing in nature, and core Crown derivatives which were \$1.2 billion higher than forecast and were impacted by market movements.

Net worth attributable to the Crown was \$179.5 billion, which were \$0.5 billion lower than forecast. The variance was mostly driven by revisions to property, plant and equipment reserves for 2022/23 after the PREFU was finalised and the variance is the operating balance.

Comparison against the prior year actuals

Table 2 – 30 September 2023 results compared to 30 September 2022 actuals

	Year to date				Full Year
	September 2023	September 2022	Variance ³ to 2022	Variance to 2022	June 2023
	Actual ¹ \$m	Prior Year Actual ² \$m	\$m	%	Prior Year Actual ⁴ \$m
Core Crown tax revenue	28,508	26,667	1,841	6.9	112,358
Core Crown revenue	31,994	29,498	2,496	8.5	123,399
Core Crown expenses	33,364	31,155	(2,209)	(7.1)	127,574
Core Crown residual cash	(7,922)	(8,672)	750	8.6	(25,648)
Net debt ⁵	81,382	71,038	(10,344)	(14.6)	71,367
<i>as a percentage of GDP</i>	20.6%	19.5%			18.0%
Gross debt	149,745	130,271	(19,473)	(14.9)	135,789
<i>as a percentage of GDP</i>	37.8%	35.8%			34.3%
Operating balance before gains and losses	(2,502)	(2,606)	104	4.0	(9,446)
Operating balance (excluding minority interests)	(3,918)	(2,873)	(1,045)	(36.4)	5,321
Net worth attributable to the Crown	179,499	164,385	15,114	9.2	183,514
<i>as a percentage of GDP</i>	45.3%	45.2%			46.4%

1 Using the most recently published GDP (for the year ended 30 June 2023) of \$395,896 million (Source: Stats NZ).

2 Using published GDP (revised) (for the year ended 30 June 2022) of \$363,707 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 2023) of \$395,896 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 increased by \$1.8 billion (6.9%) compared to the same period last year, with the most significant changes coming from:

- Source deduction revenue, which was up \$1.3 billion, owing to a strong labour market characterised by strong wage growth.
- Other direct tax revenue increased by \$0.4 billion, mainly due to increases in deposit interest rates.
- GST revenue increased by \$0.2 billion, attributed to year-on-year growth in nominal consumption, driven in part by the high rate of consumer price inflation.

Core Crown tax receipts for the three months to September 2023 were \$1.5 billion (5.8%) up on the prior year for reasons similar to the corresponding revenue movements.

In addition, interest revenue was up from the same time last year by \$0.7 billion. This increase was mainly due to the RBNZ, resulting from the rise in the OCR, which was 3.0% in September 2022 and is now 5.5%.

As a result of the increases in core Crown tax and interest revenue noted above, core Crown revenue was \$2.5 billion (8.5%) greater than the same period last year.

Core Crown expenses at \$33.4 billion, were \$2.2 billion (7.1%) higher than the same period last year, with the most notable changes including:

- Finance costs increased by \$0.9 billion compared to last year. This increase was due to the rising interest rates and a higher level of debt held by the Government.
- Core Government services increased by \$0.7 billion compared to last year. The primary driver of this increase was the response to the North Island Weather Events. Additional support has been provided to local authorities to manage future severe weather event risks through intervention where risk mitigation is feasible, or through residential property buy-outs where risk cannot be managed.

- Social security and welfare costs increased by \$0.4 billion compared to last year. This increase was spread across various payment types, with the primary contributor being NZ Superannuation payments, which increased by \$0.5 billion. This increase can mainly be attributed to higher entitlement rates (6.9%) that took effect from April 2023. This increase was offset by the discontinuation of the cost-of-living payment, which amounted to \$0.3 billion in 2022/23 but is no longer being paid in 2023/24.
- Education costs are up \$0.4 billion on last year. This increase was mainly the result of a lump sum payment made in relation to the primary and secondary collective agreements.

The **OBEGAL** deficit was similar to the same time last year, decreasing (improving) \$0.1 billion, primarily due to the core Crown changes noted above.

The **operating balance** has decreased by \$1.0 billion compared to last year, primarily due to the following factors:

- Net gains on non-financial instruments decreased by \$1.8 billion, totalling \$1.0 billion this year compared to \$2.9 billion last year. This decrease was primarily attributed to the Emissions Trading Scheme (ETS), which resulted in losses \$3.4 billion greater than last year. However, these losses were partly offset by higher ACC gains, which increased by \$1.6 billion.
- This decrease was partly offset by an increase in net losses on financial instruments, which amounted to \$0.7 billion, compared to \$3.2 billion last year. Overall, conditions in financial markets have improved compared to the same period last year.

The **core Crown residual cash** deficit of \$7.9 billion decreased by \$0.8 billion compared to the same period last year. This reduction was primarily driven by a decrease in capital cash flows, down \$0.9 billion, mainly due to lower advances. This decrease was partly offset by an increase in net operating cashflows, up \$0.2 billion.

Net debt at \$81.4 billion was \$10.3 billion higher than for the same period last year and as a share of the economy, net debt increased to 20.6% of GDP from 19.5% of GDP a year earlier. For the three months ending 30 September 2023 net debt has increased by \$10.0 billion. This was mainly driven by the core Crown residual cash deficit of \$7.9 billion noted above (excluding NZS Fund contributions and core Crown advances) and has been increased further by losses on financial assets and liabilities of \$2.2 billion.

Net worth attributable to the Crown was \$179.5 billion, equivalent to 45.3% of GDP, as of 30 September 2023. This was a \$15.1 billion increase compared to the same period last year. Around two thirds of the increase was attributable to valuations of property, plant and equipment. With the remaining increase representing the change in taxpayer funds from the improved operating balance position.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the three months ended 30 September 2023

Year to 30 June 2023	3 months to 30 Sep 2022		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
111,712	26,448	Taxation revenue	2	28,318	28,027	291	1.0	121,015
8,407	2,468	Other sovereign revenue	2	2,399	2,316	83	3.6	10,137
120,119	28,916	Total sovereign revenue		30,717	30,343	374	1.2	131,152
21,954	5,053	Sales of goods and services		6,354	6,572	(218)	(3.3)	24,514
6,355	1,303	Interest revenue and dividends	3	2,196	1,776	420	23.6	6,509
4,583	923	Other revenue		1,074	1,019	55	5.4	4,000
32,892	7,279	Total revenue earned through operations		9,624	9,367	257	2.7	35,023
153,011	36,195	Total revenue (excluding gains)		40,341	39,710	631	1.6	166,175
		Expenses						
38,803	9,833	Transfer payments and subsidies	4	10,310	10,446	136	1.3	42,281
36,052	8,383	Personnel expenses		9,366	9,185	(181)	(2.0)	36,935
6,601	1,584	Depreciation		1,798	1,810	12	0.7	7,455
64,134	15,969	Other operating expenses		16,921	17,160	239	1.4	71,084
7,448	1,445	Interest expenses	5	2,429	2,165	(264)	(12.2)	9,113
8,784	1,466	Insurance expenses	6	1,869	1,961	92	4.7	9,713
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(460)	(460)	(100.0)	(4,000)
161,822	38,680	Total expenses (excluding losses)		42,693	42,267	(426)	(1.0)	177,078
		Gains/(losses)						
7,711	(3,175)	Net gains/(losses) on financial instruments		(2,442)	1,824	(4,266)	(233.9)	6,392
6,947	2,883	Net gains/(losses) on non-financial instruments	8	1,044	(2,568)	3,612	140.7	(2,568)
14,658	(292)	Total gains/(losses)		(1,398)	(744)	(654)	(87.9)	3,824
		Other interests						
29	35	Net surplus/(deficit) from associates and joint ventures		(7)	7	(14)	(200.0)	(12)
(555)	(131)	Less minority interests' share of operating balance		(161)	(198)	37	18.7	(534)
5,321	(2,873)	Operating balance (excluding minority interests)		(3,918)	(3,492)	(426)	(12.2)	(7,625)
555	131	Minority interests' share of operating balance		161	198	(37)	(18.7)	534
5,876	(2,742)	Operating balance (including minority interests)		(3,757)	(3,294)	(463)	(14.1)	(7,091)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the three months ended 30 September 2023

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
5,876	(2,742)	Operating balance (including minority interest)	(3,757)	(3,294)	(463)	(14.1)	(7,091)
		Other comprehensive revenue and expense					
10,870	106	Revaluation of physical assets	31	-	31	-	-
354	23	Revaluation of defined benefit retirement plan schemes	(2)	(2)	-	-	(9)
173	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
417	165	Transfers into/(out of) cash flow hedge reserve	(164)	(68)	(96)	(141.2)	(117)
(22)	3	Transfers into/(out of) reserves	11	45	(34)	(75.6)	-
		(Gains)/losses transferred to the statement of financial performance					
(230)	(36)	Foreign currency translation differences on	6	-	6	-	-
(3)	-	foreign operations	-	-	-	-	-
76	(27)	Other movements	21	58	(37)	(63.8)	59
11,635	234	Total other comprehensive revenue and expense	(97)	33	(130)	(393.9)	(67)
17,511	(2,508)	Total comprehensive revenue and expense	(3,854)	(3,261)	(593)	(18.2)	(7,158)
		Attributable to:					
1,033	143	- minority interests	161	228	(67)	(29.4)	612
16,478	(2,651)	- the Crown	(4,015)	(3,489)	(526)	(15.1)	(7,770)
17,511	(2,508)	Total comprehensive revenue and expense	(3,854)	(3,261)	(593)	(18.2)	(7,158)

STATEMENT OF CHANGES IN NET WORTH

For the three months ended 30 September 2023

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
174,319	174,319	Opening net worth	191,472	191,437	35	-	191,437
5,876	(2,742)	Operating balance (including minority interest)	(3,757)	(3,294)	(463)	(14.1)	(7,091)
10,870	106	Revaluations of physical assets	31	-	31	-	-
		Revaluations of defined benefit retirement plan schemes					
354	23	Revaluations of veterans' disability entitlements	(2)	(2)	-	-	(9)
173	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
417	165	Transfers into/(out of) cash flow hedge reserve	(164)	(68)	(96)	(141.2)	(117)
(22)	3	Transfers into/(out of) other reserves	11	45	(34)	(75.6)	-
		(Gains)/losses transferred to the statement of financial performance					
(230)	(36)	Foreign currency translation differences on	6	-	6	-	-
(3)	-	foreign operations	-	-	-	-	-
76	(27)	Other movements	21	58	(37)	(63.8)	59
17,511	(2,508)	Total comprehensive revenue and expense	(3,854)	(3,261)	(593)	(18.2)	(7,158)
66	32	Increase in minority interest from equity issues	34	-	34	-	222
(424)	(189)	Transactions with minority interests	(334)	(298)	(36)	(12.1)	(557)
191,472	171,654	Closing net worth	187,318	187,878	(560)	(0.3)	183,944

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

STATEMENT OF CASH FLOWS

For the three months ended 30 September 2023

Year to 30 June 2023	3 months to 30 Sep 2022		Current Year Actual vs Forecast				Annual Forecast \$m	
			Note	Actual \$m	Forecast \$m	Variance \$m		%
		Cash flows from operations						
		Cash was provided from						
110,787	25,666	Taxation receipts		27,033	27,520	(487)	(1.8)	114,499
7,631	2,205	Other sovereign receipts		2,080	2,781	(701)	(25.2)	8,291
22,284	5,615	Sales of goods and services		6,867	6,385	482	7.5	23,955
3,611	627	Interest receipts		1,087	998	89	8.9	4,105
4,922	1,402	Other operating receipts		1,371	1,377	(6)	(0.4)	5,307
149,235	35,515	Total cash provided from operations		38,438	39,061	(623)	(1.6)	156,157
		Cash was disbursed to						
39,170	10,991	Transfer payments and subsidies		11,651	11,747	96	0.8	42,555
99,414	25,651	Personnel and operating payments		29,032	28,740	(292)	(1.0)	112,874
6,126	575	Interest payments		1,260	1,087	(173)	(15.9)	7,379
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(460)	(460)	(100.0)	(4,000)
144,710	37,217	Total cash disbursed to operations		41,943	41,114	(829)	(2.0)	163,305
4,525	(1,702)	Net cash flows from operations		(3,505)	(2,053)	(1,452)	(70.7)	(7,148)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(14,271)	(3,387)	Net (purchase)/sale of physical assets		(4,022)	(4,799)	777	16.2	(19,252)
(4,906)	(5,924)	Net (purchase)/sale of shares and other securities		(3,483)	(4,716)	1,233	26.1	(2,578)
(868)	(167)	Net (purchase)/sale of intangible assets		(191)	(216)	25	11.6	(919)
(8,215)	(2,548)	Net (issue)/repayment of advances		(506)	(257)	(249)	(96.9)	94
(202)	(137)	Net acquisition of investments in associates		(118)	(112)	(6)	(5.4)	(493)
-	-	Forecast new capital spending	7	-	-	-	-	(1,872)
-	-	Top-down capital adjustment	7	-	220	(220)	(100.0)	2,200
(28,462)	(12,163)	Net cash flows from investing activities		(8,320)	(9,880)	1,560	15.8	(22,820)
(23,937)	(13,865)	Net cash flows from operating and investing activities		(11,825)	(11,933)	108	0.9	(29,968)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
(59)	(55)	Issues of circulating currency		23	117	(94)	(80.3)	185
15,744	5,519	Net issue/(repayment) of Government bonds		9,420	10,026	(606)	(6.0)	24,583
(113)	(238)	Net issue/(repayment) of foreign currency borrowing		324	(2,010)	2,334	116.1	(2,974)
9,298	5,151	Net issue/(repayment) of other New Zealand dollar borrowing		5,533	2,957	2,576	87.1	6,507
-	-	Net issue/(purchase) of equity		-	-	-	-	222
(372)	(189)	Dividends paid to minority interests		(322)	(296)	(26)	(8.8)	(486)
24,498	10,188	Net cash flows from financing activities		14,978	10,794	4,184	38.8	28,037
561	(3,677)	Net movement in cash		3,153	(1,139)	4,292	376.8	(1,931)
17,835	17,835	Opening cash balance		18,791	18,979	(188)	(1.0)	18,979
395	182	Foreign-exchange gains/(losses) on opening cash		204	272	(68)	(25.0)	101
18,791	14,340	Closing cash balance		22,148	18,112	4,036	22.3	17,149

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the three months ended 30 September 2023

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Reconciliation between the net cash flows from operations and the operating balance					
4,525	(1,702)	Net cash flows from operations	(3,505)	(2,053)	(1,452)	(70.7)	(7,148)
		Gains/(losses) and other interests					
7,711	(3,175)	Net gains/(losses) on financial instruments	(2,442)	1,824	(4,266)	(233.9)	6,392
6,947	2,883	Net gains/(losses) on non-financial instruments	1,044	(2,568)	3,612	140.7	(2,568)
29	35	Net surplus from associates and joint ventures	(7)	7	(14)	(200.0)	(12)
14,687	(257)	Total gains/(losses) and other interests	(1,405)	(737)	(668)	(90.6)	3,812
		Other non-cash items in operating balance					
(6,601)	(1,584)	Depreciation	(1,798)	(1,810)	12	0.7	(7,455)
		Amortisation and net impairment of non-financial					
(734)	(584)	assets	(214)	(223)	9	4.0	(904)
(738)	(154)	Cost of concessionary lending	(131)	(111)	(20)	(18.0)	(726)
(97)	(18)	Impairment of financial assets (excl receivables)	(25)	(52)	27	51.9	(50)
(3,525)	639	Decrease/(increase) in insurance liabilities	631	634	(3)	(0.5)	(3,127)
61	(65)	Change in accumulating pension expenses	(119)	(120)	1	0.8	(478)
395	349	Emissions trading scheme revenue and expense	237	291	(54)	(18.6)	1,734
-	-	Other	-	-	-	-	-
(11,239)	(1,417)	Total other non-cash items	(1,419)	(1,391)	(28)	(2.0)	(11,006)
		Movements in working capital					
1,155	169	Increase/(decrease) in receivables	(1,051)	(351)	(700)	(199.4)	6,397
183	(649)	Increase/(decrease) in accrued interest	(414)	(677)	263	38.8	(824)
(27)	71	Increase/(decrease) in inventories	148	(72)	220	305.6	(243)
113	191	Increase/(decrease) in prepayments	260	9	251	-	248
(244)	(148)	Decrease/(increase) in deferred revenue	9	109	(100)	(91.7)	325
(3,277)	1,000	Decrease/(increase) in payables/provisions	3,620	1,869	1,751	93.7	1,348
(2,097)	634	Total movements in working capital	2,572	887	1,685	190.0	7,251
5,876	(2,742)	Operating balance (including minority interests)	(3,757)	(3,294)	(463)	(14.1)	(7,091)

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

STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

As at 30 June 2023 Actual \$m	As at 30 Sep 2022 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Assets								
18,791	14,340	Cash and cash equivalents	9	22,148	18,112	4,036	22.3	17,149
33,548	35,655	Receivables	9	35,249	32,556	2,693	8.3	39,128
66,490	68,722	Marketable securities, deposits and derivatives in gain	9	68,625	69,335	(710)	(1.0)	66,972
48,046	42,810	Share investments	9	47,343	48,895	(1,552)	(3.2)	51,238
66,489	58,674	Advances	9	66,363	67,337	(974)	(1.4)	67,535
7,317	6,713	Investments in controlled enterprises	9	6,547	7,495	(948)	(12.6)	8,028
3,041	3,139	Inventory		3,189	2,969	220	7.4	2,799
4,612	4,679	Other assets		4,875	4,247	628	14.8	4,320
267,390	250,450	Property, plant and equipment	10	270,012	270,998	(986)	(0.4)	278,966
17,034	16,454	Equity accounted investments ¹		17,117	17,252	(135)	(0.8)	17,584
3,908	3,714	Intangible assets and goodwill		3,789	3,928	(139)	(3.5)	4,117
-	-	Forecast for new capital spending	7	-	-	-	-	1,872
-	-	Top-down capital adjustment	7	-	(220)	220	100.0	(2,200)
536,666	505,350	Total assets		545,257	542,904	2,353	0.4	557,508
Liabilities								
9,002	9,006	Issued currency		9,025	9,119	94	1.0	9,187
18,726	16,909	Payables	11	18,902	17,431	(1,471)	(8.4)	18,758
3,610	3,516	Deferred revenue		3,601	3,434	(167)	(4.9)	3,222
226,755	219,232	Borrowings	12	241,662	236,073	(5,589)	(2.4)	253,223
6,125	11,517	New Zealand Emissions Trading Scheme	13	9,420	9,190	(230)	(2.5)	8,241
57,511	51,625	Insurance liabilities	14	52,276	56,877	4,601	8.1	60,638
8,039	8,616	Retirement plan liabilities		7,937	7,977	40	0.5	7,790
15,426	13,275	Provisions	15	15,116	14,925	(191)	(1.3)	12,505
345,194	333,696	Total liabilities		357,939	355,026	(2,913)	(0.8)	373,564
191,472	171,654	Total assets less total liabilities		187,318	187,878	(560)	(0.3)	183,944
Net worth								
8,380	(172)	Taxpayers' funds	16	4,554	4,600	(46)	(1.0)	380
174,575	164,445	Property, plant and equipment revaluation reserve	16	174,535	174,887	(352)	(0.2)	174,879
409	78	Defined benefit retirement plan revaluation reserve	16	406	406	-	-	400
(392)	(566)	Veterans' disability entitlements reserve	16	(392)	(393)	1	0.3	(393)
542	600	Other reserves	16	396	490	(94)	(19.2)	443
183,514	164,385	Total net worth attributable to the Crown		179,499	179,990	(491)	(0.3)	175,709
7,958	7,269	Net worth attributable to minority interest	16	7,819	7,888	(69)	(0.9)	8,235
191,472	171,654	Total net worth		187,318	187,878	(560)	(0.3)	183,944

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 three months ended 30 September 2023

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
Revenue										
Taxation revenue	28,508	28,199	-	-	-	-	(190)	(172)	28,318	28,027
Other sovereign revenue	1,034	983	1,973	1,939	-	-	(608)	(606)	2,399	2,316
Revenue from core Crown funding	-	-	11,872	11,293	183	196	(12,055)	(11,489)	-	-
Sales of goods and services	439	405	474	942	5,119	5,396	322	(171)	6,354	6,572
Interest and dividend revenue	1,734	1,461	1,066	849	62	44	(666)	(578)	2,196	1,776
Other revenue	279	256	1,105	1,082	191	194	(501)	(513)	1,074	1,019
Total Revenue (excluding gains)	31,994	31,304	16,490	16,105	5,555	5,830	(13,698)	(13,529)	40,341	39,710
Expenses										
Transfer payments and subsidies	10,614	10,763	-	-	-	-	(304)	(317)	10,310	10,446
Personnel expenses	2,739	2,680	5,762	5,700	879	817	(14)	(12)	9,366	9,185
Other operating expenses	17,882	18,562	9,268	8,662	4,172	4,509	(12,603)	(12,763)	18,719	18,970
Interest expenses	2,128	1,925	393	335	140	128	(232)	(223)	2,429	2,165
Insurance expenses	1	1	1,866	1,958	2	2	-	-	1,869	1,961
Top-down adjustment	-	(460)	-	-	-	-	-	-	-	(460)
Total Expenses (excluding losses)	33,364	33,471	17,289	16,655	5,193	5,456	(13,153)	(13,315)	42,693	42,267
Gains/(losses) and other items	(5,451)	(1,542)	2,951	335	(127)	(152)	1,061	424	(1,566)	(935)
Operating Balance (excluding minority interests)	(6,821)	(3,709)	2,152	(215)	235	222	516	210	(3,918)	(3,492)
Assets										
Financial assets	172,556	168,722	96,506	98,373	7,525	7,237	(30,312)	(30,602)	246,275	243,730
Property, plant and equipment	63,354	64,171	153,036	153,654	53,622	53,173	-	-	270,012	270,998
Investments in associates, CEs and SOEs	65,876	66,104	14,658	14,680	422	428	(63,839)	(63,960)	17,117	17,252
Other assets	5,833	5,318	3,398	3,309	3,111	2,897	(489)	(380)	11,853	11,144
Top-down capital adjustments	-	(220)	-	-	-	-	-	-	-	(220)
Total Assets	307,619	304,095	267,598	270,016	64,680	63,735	(94,640)	(94,942)	545,257	542,904
Liabilities										
Borrowings	207,254	201,913	49,850	49,376	11,569	11,452	(27,011)	(26,668)	241,662	236,073
Other liabilities	48,042	46,751	66,835	71,891	11,528	11,254	(10,128)	(10,943)	116,277	118,953
Total Liabilities	255,296	248,664	116,685	121,267	23,097	22,706	(37,139)	(37,611)	357,939	355,026
Net Worth	52,323	55,431	150,913	148,749	41,583	41,029	(57,501)	(57,331)	187,318	187,878
Cost of Acquisition of Physical Assets (Cash)	1,133	1,172	2,072	2,723	823	950	-	-	4,029	4,845

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

STATEMENT OF COMMITMENTS

As at 30 September 2023

	As at 30 Sep 2023 \$m	As at 30 Jun 2023 \$m	As at 30 Sep 2022 \$m
Capital Commitments			
State highways	2,437	2,437	2,380
Specialist military equipment	898	1,129	1,902
Land and buildings	9,557	9,343	7,262
Other property, plant and equipment	5,542	5,429	5,203
Other capital commitments	1,095	1,222	917
Universities and Wānanga	635	635	763
Total capital commitments	20,164	20,195	18,427
Operating Commitments			
Non-cancellable accommodation leases	5,951	6,010	5,664
Other non-cancellable leases	4,365	4,308	3,175
Universities and Wānanga	1,288	1,288	1,279
Total operating commitments	11,604	11,606	10,118
Total commitments	31,768	31,801	28,545
Total Commitments by Segment			
Core Crown	11,974	11,970	11,766
Crown entities	12,468	12,651	9,953
State-owned Enterprises	7,719	7,576	7,127
Inter-segment eliminations	(393)	(396)	(301)
Total commitments	31,768	31,801	28,545

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 September 2023

	As at 30 Sep 2023 \$m	As at 30 Jun 2023 \$m	As at 30 Sep 2022 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	9,521	9,468	9,652
Guarantees and indemnities	235	281	429
Legal proceedings and disputes	924	690	508
Other contingent liabilities	1,050	1,006	813
Total quantifiable contingent liabilities	11,730	11,445	11,402
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	11,652	11,662	10,850
Crown entities	771	529	362
State-owned Enterprises	257	239	228
Inter-segment eliminations	(950)	(985)	(38)
Total quantifiable contingent liabilities	11,730	11,445	11,402
Quantifiable Contingent Assets			
Core Crown	64	62	28
Crown entities	34	34	25
State-owned Enterprises	41	41	-
Inter-segment eliminations	-	-	2
Total quantifiable contingent assets	139	137	55

For further detail a list of unquantifiable contingent liabilities and their descriptions is included on the Treasury's website as part of the Financial Statements of the Government 2023 pages 127 to 138.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting Policies

Reporting Entity

These financial statements 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.

For further detail a schedule of the entities that are included in the Government reporting entity was set out on pages 58 to 60 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2023* published on 5 October 2023.

The 30 June 2023 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 2024, based on the *PREFU 2023* published on 12 September 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.

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 61 to 65 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2023* published on 5 October 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
47,386	11,419	Source deductions	12,758	12,654	104	0.8	51,821
9,904	2,355	Other persons	2,420	2,313	107	4.6	10,563
(2,182)	(466)	Refunds	(555)	(512)	(43)	(8.4)	(1,782)
769	166	Fringe benefit tax	182	173	9	5.2	775
55,877	13,474	Total individuals	14,805	14,628	177	1.2	61,377
Corporate tax							
18,327	4,103	Gross companies tax	4,103	3,808	295	7.7	18,543
(970)	(138)	Refunds	(175)	(136)	(39)	(28.7)	(607)
621	73	Non-resident withholding tax	87	70	17	24.3	648
17,978	4,038	Total corporate tax	4,015	3,742	273	7.3	18,584
Other direct income tax							
2,092	302	Resident withholding tax on interest income	731	514	217	42.2	2,192
1,127	159	Resident withholding tax on dividend income	157	147	10	6.8	1,162
3,219	461	Total other direct income tax	888	661	227	34.3	3,354
77,074	17,973	Total direct income tax	19,708	19,031	677	3.6	83,315
Goods and services tax							
47,185	11,862	Gross goods and services tax	11,763	11,926	(163)	(1.4)	48,740
(19,055)	(5,027)	Refunds	(4,717)	(4,722)	5	0.1	(18,869)
28,130	6,835	Total goods and services tax	7,046	7,204	(158)	(2.2)	29,871
Other indirect taxation							
1,326	354	Petroleum fuels excise and duty ¹	421	453	(32)	(7.1)	2,049
1,666	451	Tobacco excise and duty ¹	238	379	(141)	(37.2)	1,602
1,414	320	Road and track user charges	404	430	(26)	(6.0)	1,996
1,290	339	Alcohol excise and duty ¹	320	353	(33)	(9.3)	1,400
187	46	Other customs duty	51	43	8	18.6	157
625	130	Miscellaneous indirect tax	130	134	(4)	(3.0)	625
6,508	1,640	Total other indirect taxation	1,564	1,792	(228)	(12.7)	7,829
34,638	8,475	Total indirect taxation	8,610	8,996	(386)	(4.3)	37,700
111,712	26,448	Total taxation revenue	28,318	28,027	291	1.0	121,015
Other sovereign revenue							
3,855	933	ACC levies	1,008	994	14	1.4	4,046
1,582	837	Emissions trading revenue	598	560	38	6.8	2,974
673	162	Fire Service levies	177	167	10	6.0	682
612	133	EQC levies	201	194	7	3.6	819
170	38	Clean vehicle discount	57	63	(6)	(9.5)	253
371	60	Child support and working for families penalties	50	46	4	8.7	162
120	26	Court fines	29	29	-	-	115
1,024	279	Other miscellaneous items	279	263	16	6.1	1,086
8,407	2,468	Total other sovereign revenue	2,399	2,316	83	3.6	10,137
120,119	28,916	Total sovereign revenue	30,717	30,343	374	1.2	131,152

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2023	3 months to 30 Sep 2022	Actual \$m	Actual \$m	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Receipts (continued)								
Taxation Receipts (cash)								
Individuals								
46,929	11,418			12,687	12,490	197	1.6	51,447
10,685	2,267			2,299	2,358	(59)	(2.5)	10,841
(2,703)	(639)			(713)	(658)	(55)	(8.4)	(2,713)
747	167			185	181	4	2.2	768
55,658	13,213			14,458	14,371	87	0.6	60,343
Corporate Tax								
19,733	4,951			4,641	4,434	207	4.7	18,306
(1,728)	(471)			(515)	(337)	(178)	(52.8)	(1,066)
601	113			149	126	23	18.3	648
18,606	4,593			4,275	4,223	52	1.2	17,888
Other Direct Income Tax								
1,917	281			744	467	277	59.3	2,042
1,165	239			222	222	-	-	1,162
3,082	520			966	689	277	40.2	3,204
77,346	18,326			19,699	19,283	416	2.2	81,435
Goods and Services Tax								
45,251	10,145			10,097	10,979	(882)	(8.0)	43,851
(18,334)	(4,462)			(4,303)	(4,463)	160	3.6	(18,509)
26,917	5,683			5,794	6,516	(722)	(11.1)	25,342
Other Indirect Taxation								
1,418	323			453	430	23	5.3	1,996
779	161			173	191	(18)	(9.4)	868
3,760	1,020			762	943	(181)	(19.2)	4,238
566	153			152	157	(5)	(3.2)	620
6,523	1,657			1,540	1,721	(181)	(10.5)	7,722
33,440	7,340			7,334	8,237	(903)	(11.0)	33,064
110,786	25,666			27,033	27,520	(487)	(1.8)	114,499
Other Sovereign Receipts (cash)								
3,763	1,136			1,149	1,168	(19)	(1.6)	3,891
832	416			-	788	(788)	(100.0)	1,282
669	193			205	197	8	4.1	675
697	150			237	227	10	4.4	841
170	38			57	63	(6)	(9.5)	253
381	56			53	45	8	17.8	148
114	30			36	30	6	20.0	115
1,004	186			343	264	79	29.9	1,086
7,630	2,205			2,080	2,782	(702)	(25.2)	8,291
118,416	27,871			29,113	30,302	(1,189)	(3.9)	122,790

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 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
5,012	830	Interest revenue	1,675	1,421	254	17.9	5,063
1,343	473	Dividends	521	355	166	46.8	1,446
6,355	1,303	Total interest revenue and dividends	2,196	1,776	420	23.6	6,509
NOTE 4: Transfer Payments and Subsidies							
19,517	4,776	New Zealand superannuation	5,294	5,303	9	0.2	21,633
3,473	852	Jobseeker support and emergency benefit	957	976	19	1.9	4,065
2,349	591	Accommodation assistance	604	602	(2)	(0.3)	2,477
2,311	566	Supported living payment	624	623	(1)	(0.2)	2,524
2,151	515	Family tax credit	544	540	(4)	(0.7)	2,264
1,917	473	Sole parent support	516	512	(4)	(0.8)	2,115
600	350	Cost of living payment	-	-	-	-	-
519	307	Winter energy payment	315	318	3	0.9	537
997	255	KiwiSaver subsidies	265	264	(1)	(0.4)	1,057
525	179	Student allowances	169	167	(2)	(1.2)	599
673	137	Hardship assistance	167	177	10	5.6	738
971	120	Official development assistance	139	205	66	32.2	1,214
476	112	Other working for families tax credits	102	115	13	11.3	491
430	106	Disability allowances	114	115	1	0.9	460
350	83	Orphan's/unsupported child's benefit	92	92	-	-	379
321	75	Best start	77	77	-	-	339
122	52	Income related rent subsidy	35	34	(1)	(2.9)	302
1,101	284	Other social assistance benefits	296	326	30	9.2	1,087
38,803	9,833	Total transfer payments and subsidies	10,310	10,446	136	55.7	42,281
NOTE 5: Finance Costs							
7,022	1,338	Interest on financial liabilities	2,283	2,022	(261)	(12.9)	8,537
426	107	Interest unwind on provisions and other interest	146	143	(3)	(2.1)	576
7,448	1,445	Total finance costs	2,429	2,165	(264)	(12.2)	9,113
NOTE 6: Insurance Expenses							
7,619	1,391	ACC	1,798	1,916	118	6.2	9,340
1,134	66	EQC	68	95	27	28.4	364
10	(5)	Southern Response	(4)	(4)	-	-	(17)
21	14	Other insurance expenses	7	(46)	(53)	(115.2)	26
8,784	1,466	Total insurance expenses	1,869	1,961	92	4.7	9,713

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 2023 \$m	As at 30 Sep 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
1,315	3,038	Actuarial gains/(losses) on ACC liability	4,604	-	4,604	-	-
5,620	(141)	Gains/(losses) on the Emissions Trading Scheme	(3,532)	(2,568)	(964)	(37.5)	(2,568)
12	(14)	Other	(28)	-	(28)	-	-
6,947	2,883	Net gains/(losses) on non-financial instruments	1,044	(2,568)	3,612	140.7	(2,568)
NOTE 9: Financial Assets and Sovereign Receivables							
18,791	14,340	Cash and cash equivalents	22,148	18,112	4,036	22.3	17,149
20,299	21,202	Tax receivables	21,416	20,856	560	2.7	25,928
13,249	14,453	Other receivables	13,833	11,700	2,133	18.2	13,200
29,785	24,685	Kiwi Group loans and advances	30,286	30,427	(141)	(0.5)	32,333
9,373	9,063	Student loans	9,286	9,246	40	0.4	9,137
18,088	13,494	Funding for Lending advances	18,326	18,407	(81)	(0.4)	16,541
9,243	11,432	Other advances	8,465	9,257	(792)	(8.6)	9,524
48,046	42,810	Share investments	47,343	48,895	(1,552)	(3.2)	51,238
7,317	6,713	Investments in controlled enterprises	6,547	7,495	(948)	(12.6)	8,028
44,736	45,090	Other marketable securities	47,139	49,529	(2,390)	(4.8)	47,568
9,231	9,107	Long-term deposits	9,264	8,223	1,041	12.7	8,210
6,935	8,928	Derivatives in gain	6,566	5,995	571	9.5	5,606
5,588	5,597	IMF financial assets	5,656	5,588	68	1.2	5,588
240,681	226,914	Total financial assets and sovereign receivables	246,275	243,730	2,545	1.0	250,050
Financial assets by entity							
41,634	53,342	The Treasury	46,087	46,421	(334)	(0.7)	36,720
67,088	67,138	Reserve Bank of New Zealand	72,637	66,700	5,937	8.9	62,656
68,234	62,038	NZ Superannuation Fund	68,543	69,588	(1,045)	(1.5)	73,111
43,509	45,360	Other core Crown	44,970	44,172	798	1.8	45,842
(59,196)	(74,355)	Intra-segment eliminations	(59,683)	(58,160)	(1,523)	(2.6)	(43,611)
161,269	153,523	Total core Crown segment	172,554	168,721	3,833	2.3	174,718
51,773	49,226	ACC	49,382	50,236	(854)	(1.7)	52,367
709	530	EQC	710	670	40	6.0	520
29,785	-	Kiwi Group loans and advances ¹	30,286	30,427	(141)	(0)	32,333
22,365	15,623	Other Crown entities	21,437	22,000	(563)	(2.6)	23,119
(4,863)	(4,728)	Intra-segment eliminations	(5,309)	(4,960)	(349)	(7.0)	(4,803)
99,769	60,651	Total Crown entities segment	96,506	98,373	(1,867)	(1.9)	103,536
8,187	39,243	Total State-owned Enterprises segment¹	7,526	7,237	289	4.0	6,583
(28,544)	(26,503)	Inter-segment eliminations	(30,311)	(30,601)	290	0.9	(34,787)
240,681	226,914	Total financial assets and sovereign receivables	246,275	243,730	2,545	1.0	250,050

1. The 30 Sept 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 2023 \$m	As at 30 Sep 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value¹							
By class of asset:							
79,708	84,523	Land	80,049	80,218	(169)	(0.2)	80,704
68,194	60,034	Buildings	69,622	70,153	(531)	(0.8)	74,057
59,502	52,054	State highways	59,761	60,021	(260)	(0.4)	61,950
20,052	18,679	Electricity generation assets	19,788	19,860	(72)	(0.4)	19,878
4,459	4,355	Electricity distribution network (cost)	4,485	4,516	(31)	(0.7)	4,680
4,562	4,160	Aircraft (excl military)	4,515	4,631	(116)	(2.5)	4,729
4,964	4,286	Specialist military equipment	5,249	5,636	(387)	(6.9)	6,014
3,401	3,272	Specified cultural and heritage assets	3,207	3,391	(184)	(5.4)	3,418
14,580	10,621	Rail network	14,737	14,880	(143)	(1.0)	15,421
7,968	8,466	Other plant and equipment (cost)	8,599	7,692	907	11.8	8,115
267,390	250,450	Total net carrying value	270,012	270,998	(986)	(0.4)	278,966
Land breakdown by usage							
28,921	32,779	Housing stock	29,202	29,102	100	0.3	29,666
23,134	23,475	State highway corridor land	23,136	23,130	6	-	22,717
8,342	7,827	Conservation estate	8,342	8,235	107	1.3	8,215
6,279	7,510	Schools	6,283	6,320	(37)	(0.6)	6,404
4,261	4,321	Rail network corridor land	4,280	4,289	(9)	(0.2)	4,363
1,578	1,288	Commercial (SOE) excluding rail	1,670	1,655	15	0.9	1,699
7,193	7,323	Other	7,136	7,487	(351)	(4.7)	7,640
79,708	84,523	Total land	80,049	80,218	(169)	(0.2)	80,704
Schedule of Movements							
Cost or Valuation							
268,071	268,071	Opening balance	287,777	286,195	1,582	1	286,195
14,881	2,716	Additions	4,556	5,950	(1,394)	(23.4)	19,537
(1,474)	(93)	Disposals	(243)	(101)	(142)	(140.6)	(594)
5,335	133	Net revaluations	(53)	-	(53)	-	-
964	59	Other	64	75	(11)	(14.7)	16
287,777	270,886	Total cost or valuation	292,101	292,119	(18)	-	305,154
Accumulated Depreciation & Impairment							
18,889	18,889	Opening balance	20,387	19,280	1,107	6	19,280
(1,007)	(52)	Eliminated on disposal	(122)	(7)	(115)	-	(542)
(5,540)	2	Eliminated on revaluation	3	-	3	-	-
220	312	Impairment losses charged to operating balance	-	-	-	-	-
6,601	1,584	Depreciation expense and impairment losses	1,798	1,810	(12)	(0.7)	7,455
1,224	(299)	Other	23	38	(15)	(39.5)	(5)
20,387	20,436	Total accumulated depreciation & impairment	22,089	21,121	968	4.6	26,188
267,390	250,450	Total property, plant and equipment	270,012	270,998	(986)	(0.4)	278,966

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 30 Sep 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,520	11,697	Accounts payable	13,192	11,786	(1,406)	(11.9)	12,208
6,206	5,212	Taxes repayable	5,710	5,645	(65)	(1.2)	6,550
18,726	16,909	Total payables	18,902	17,431	(1,471)	(8.4)	18,758
NOTE 12: Borrowings							
105,162	94,638	Government bonds	113,666	115,349	1,683	1.5	130,595
28,641	27,284	Kiwi Group	28,859	29,480	621	2.1	31,970
49,915	45,797	Settlement deposits	53,914	49,050	(4,864)	(9.9)	44,931
2,891	3,162	Treasury bills	4,555	2,949	(1,606)	(54.5)	2,951
7,311	15,041	Derivatives in loss	8,438	5,707	(2,731)	(47.9)	5,349
1,220	1,179	Finance lease liabilities	1,177	1,200	23	1.9	1,108
157	147	Government retail stock	160	159	(1)	(0.6)	159
31,458	31,984	Other borrowings	30,893	32,179	1,286	4.0	36,160
226,755	219,232	Total borrowings	241,662	236,073	(5,589)	(2.4)	253,223
175,791	167,748	Sovereign-guaranteed debt	190,237	185,254	(4,983)	(2.7)	199,925
50,964	51,484	Non sovereign-guaranteed debt	51,425	50,819	(606)	(1.2)	53,298
226,755	219,232	Total borrowings	241,662	236,073	(5,589)	(2.4)	253,223

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							
11,308	11,308	Opening liability	6,125	6,125	-	-	6,125
832	416	Units sold	-	788	788	100.0	1,282
1,103	458	Allocated units	336	265	(71)	(26.8)	1,248
(1,582)	(837)	Units surrendered	(598)	(560)	38	6.8	(2,974)
(5,620)	142	(Gains)/ losses due to revaluation in NZ Units	3,532	2,568	(964)	(37.5)	2,568
84	30	Other movements	25	4	(21)	-	(8)
6,125	11,517	Closing liability	9,420	9,190	(230)	(2.5)	8,241

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>

NOTE 14: Insurance Liabilities							
55,664	50,474	ACC liability	50,619	55,281	4,662	8.4	59,409
1,617	805	EQC property damage liability	1,495	1,400	(95)	(6.8)	1,075
167	283	Southern Response	96	96	-	-	96
63	63	Other insurance liabilities	66	100	34	34.0	58
57,511	51,625	Total insurance liabilities	52,276	56,877	4,601	8.1	60,638

The most recent valuation of the ACC liability was as at 30 June 2023 and is updated monthly for changes to discount rates.

NOTE 15: Provisions							
9,129	6,762	Provision for employee entitlements	8,547	8,320	(227)	(2.7)	6,698
2,651	2,834	Veterans disability entitlements	2,640	2,632	(8)	(0.3)	2,621
638	660	Provision for National Provident Fund guarantee	625	626	1	0.2	596
3,008	3,019	Other provisions	3,304	3,347	43	1.3	2,590
15,426	13,275	Total provisions	15,116	14,925	(191)	(1.3)	12,505

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 30 Sep 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Changes in Net Worth							
8,380	(172)	Taxpayers' funds	4,554	4,600	(46)	(1.0)	380
174,575	164,445	Property, plant and equipment revaluation reserve	174,535	174,887	(352)	(0.2)	174,879
409	78	Defined benefit retirement plan revaluation reserve	406	406	-	-	400
(392)	(566)	Veterans' disability entitlements reserve	(392)	(393)	1	0.3	(393)
7,958	7,269	Net worth attributable to minority interests	7,819	7,888	(69)	(0.9)	8,235
542	600	Other reserves	396	490	(94)	(19.2)	443
191,472	171,654	Total net worth	187,318	187,878	(560)	(0.3)	183,944
2,681	2,681	Opening taxpayers funds	8,380	8,083	297	3.7	8,083
5,321	(2,873)	Operating balance excluding minority interests	(3,918)	(3,492)	(426)	(12.2)	(7,625)
378	20	Transfers from/(to) other reserves	92	9	83	-	(78)
8,380	(172)	Closing taxpayers funds	4,554	4,600	(46)	(1.0)	380
164,385	164,385	Opening property, plant and equipment revaluation reserve	174,575	174,837	(262)	(0.1)	174,837
10,870	106	Net revaluations	31	50	(19)	(38.0)	-
(372)	-	Revaluation reserve attributable to minority interest	-	-	-	-	-
(308)	(46)	Transfers from/(to) other reserves	(71)	-	(71)	-	42
174,575	164,445	Closing property, plant and equipment revaluation reserve	174,535	174,887	(352)	(0.2)	174,879
7,283	7,283	Opening net worth attributable to minority interests	7,958	7,958	-	-	7,958
66	32	Increase/(decrease) in minority interest from changes in equity	34	-	34	-	222
555	131	Operating balance attributable to minority interests	161	(198)	359	181.3	534
54	(177)	Net movements	(334)	128	(462)	(360.9)	(479)
7,958	7,269	Closing net worth attributable to minority interests	7,819	7,888	(69)	(0.9)	8,235
480	481	Opening other reserves	542	542	-	-	542
62	119	Net movements	(146)	(52)	(94)	(180.8)	(100)
542	600	Closing other reserves	396	490	(94)	(19.2)	442

FISCAL INDICATOR ANALYSIS

For the three months ended 30 September 2023

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

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
153,011	36,195	Total revenue	40,341	39,710	631	1.6	166,175
161,822	38,680	Less total expenses	42,693	42,267	(426)	(1.0)	177,078
14,658	(292)	Total gains/(losses)	(1,398)	(744)	(654)	(87.9)	3,824
29	35	Net surplus from associates and joint ventures	(7)	7	(14)	(200.0)	(12)
(555)	(131)	Minority interests share of operating balance	(161)	(198)	37	18.7	(534)
5,321	(2,873)	Operating balance	(3,918)	(3,492)	(426)	(12.2)	(7,625)
		Reconciliation Between the Operating Balance and OBEGAL					
5,321	(2,873)	Operating balance	(3,918)	(3,492)	(426)	(12.2)	(7,625)
		Less items excluded from OBEGAL:					
7,711	(3,175)	Net gains/(losses) on financial instruments	(2,442)	1,824	(4,266)	(233.9)	6,392
6,947	2,883	Net gains/(losses) on non-financial instruments	1,044	(2,568)	3,612	140.7	(2,568)
29	35	Net surplus from associates and joint ventures	(7)	7	(14)	(200.0)	(12)
80	(10)	Minority interests share of total gains/(losses)	(11)	(30)	19	63.3	(57)
(9,446)	(2,606)	OBEGAL	(2,502)	(2,725)	223	8.2	(11,380)

FISCAL INDICATOR ANALYSIS

For the three months ended 30 September 2023

Expenses by Functional Classification

Year to 30 June 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Total Crown expenses								
48,845	11,942	Social security and welfare		12,744	12,958	214	1.7	53,774
29,824	7,082	Health		7,320	7,163	(157)	(2.2)	29,196
19,609	5,166	Education		5,433	5,123	(310)	(6.1)	21,675
6,663	1,136	Core government services		1,890	1,856	(34)	(1.8)	7,427
6,666	1,456	Law and order		1,685	1,660	(25)	(1.5)	7,039
14,428	3,643	Transport and communications		3,609	3,583	(26)	(0.7)	16,227
12,384	2,702	Economic and industrial services		3,398	4,030	632	15.7	14,506
2,838	727	Defence		775	765	(10)	(1.3)	3,152
3,417	809	Heritage, culture and recreation		894	830	(64)	(7.7)	3,346
2,740	586	Primary services		619	664	45	6.8	2,754
4,396	1,149	Housing and community development		1,219	1,254	35	2.8	5,188
2,353	801	Environmental protection		644	597	(47)	(7.9)	2,818
78	22	GSF pension expenses		17	18	1	5.6	71
133	14	Other		17	61	44	72.1	295
7,448	1,445	Finance costs		2,429	2,165	(264)	(12.2)	9,113
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(460)	(460)	(100.0)	(4,000)
161,822	38,680	Total Crown expenses excluding losses		42,693	42,267	(426)	(1.0)	177,078

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 2023 Actual \$m	3 months to 30 Sep 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses								
41,514	10,628	Social security and welfare		11,012	11,123	111	1.0	44,682
28,489	7,386	Health		6,893	7,154	261	3.6	29,679
18,403	4,583	Education		4,951	4,711	(240)	(5.1)	20,397
6,806	1,173	Core government services		1,887	2,006	119	5.9	7,557
6,165	1,364	Law and order		1,583	1,547	(36)	(2.3)	6,528
5,472	1,065	Transport and communications		1,204	1,539	335	21.8	5,905
3,690	931	Economic and industrial services		933	1,092	159	14.6	3,992
2,886	730	Defence		786	774	(12)	(1.6)	3,197
1,537	362	Heritage, culture and recreation		389	368	(21)	(5.7)	1,460
1,156	224	Primary services		229	254	25	9.8	1,211
2,312	634	Housing and community development		688	759	71	9.4	2,909
2,381	803	Environmental protection		652	605	(47)	(7.8)	2,850
61	18	GSF pension expenses		12	13	1	7.7	51
133	14	Other		17	61	44	72.1	295
6,569	1,240	Finance costs		2,128	1,925	(203)	(10.5)	8,228
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(460)	(460)	(100.0)	(4,000)
127,574	31,155	Core Crown expenses excluding losses		33,364	33,471	107	0.3	139,438

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For the three months ended 30 September 2023

Core Crown Residual Cash

Year to 30 June 2023 \$m	3 months to 30 Sep 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown Cash Flows from Operations					
111,292	25,579	Tax receipts	27,536	27,793	(257)	(0.9)	116,216
2,492	756	Other sovereign receipts	480	1,209	(729)	(60.3)	2,898
982	133	Interest receipts	324	393	(69)	(17.6)	1,834
3,954	1,023	Sale of goods & services and other receipts	973	950	23	2.4	3,638
(40,417)	(11,381)	Transfer payments and subsidies	(11,977)	(12,065)	88	0.7	(43,839)
(76,434)	(19,404)	Personnel and operating costs	(20,265)	(19,972)	(293)	(1.5)	(81,567)
(5,305)	(431)	Interest payments	(951)	(817)	(134)	(16.4)	(6,479)
-	-	Forecast for future new operating spending	-	-	-	-	(4,497)
-	-	Top-down expense adjustment	-	460	(460)	(100.0)	4,000
(3,436)	(3,725)	Net core Crown operating cash flows	(3,880)	(2,049)	(1,831)	(89.4)	(7,796)
(4,435)	(1,220)	Net purchase of physical and intangible assets	(1,229)	(1,283)	54	4.2	(4,936)
(9,159)	(2,357)	Net increase in advances	(1,230)	(1,588)	358	22.5	(3,537)
(6,060)	(730)	Net purchase of investments	(1,179)	(1,583)	404	25.5	(7,887)
(2,558)	(640)	Contributions to New Zealand Superannuation Fund	(404)	(405)	1	0.2	(1,614)
-	-	Forecast for future new capital spending	-	-	-	-	(1,872)
-	-	Top-down capital adjustment	-	220	(220)	(100.0)	2,200
(22,212)	(4,947)	Net core Crown capital cash flows	(4,042)	(4,639)	597	12.9	(17,646)
(25,648)	(8,672)	Core Crown residual cash surplus / (deficit)	(7,922)	(6,688)	(1,234)	(18.5)	(25,442)
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
26,076	7,395	Issue of government bonds	9,420	10,175	(755)	(7.4)	33,734
(21,879)	(2,749)	Repayment of government bonds	(976)	(994)	18	1.8	(18,288)
(66)	(516)	Net issue/(repayment) of short-term borrowing	2,871	1,300	1,572	120.9	4,107
4,131	4,130	Total market debt cash flows	11,315	10,481	835	8.0	19,553
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(300)	-	Net issue/(repayment) of short-term borrowing ¹	-	-	-	-	(245)
(300)	-	Total non-market debt cash flows	-	-	-	-	(245)
3,831	4,130	Total debt programme cash flows	11,315	10,481	835	8.0	19,308
		Other Borrowing Cash Flows					
		Net (repayment)/issue of other New Zealand dollar borrowing	4,144	3,381	763	22.6	12,666
(1,034)	5	Net (repayment)/issue of foreign currency borrowing	(673)	(3,218)	2,544	79.1	(7,205)
18,884	5,844	Total other borrowing cash flows	3,471	163	3,307	101.6	5,461
		Investing Cash Flows					
		Other net sale/(purchase) of marketable securities and deposits	(3,433)	(4,581)	1,148	25.1	158
(60)	(57)	Issues of circulating currency	23	117	(94)	(80.3)	185
218	2,261	Decrease/(increase) in cash	(3,454)	508	(3,962)	-	330
2,933	(1,302)	Total investing cash flows	(6,864)	(3,956)	(2,908)	(73.5)	673
25,648	8,672	Core Crown residual cash deficit / (surplus) funding	7,922	6,688	1,234	18.5	25,442

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

FISCAL INDICATOR ANALYSIS

As at 30 September 2023

Net Debt and Gross Debt

As at 30 June 2023 Actual \$m	As at 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Net Debt:							
191,029	184,455	Core Crown borrowings ¹	207,254	201,913	(5,341)	(2.6)	216,228
48,110	15,270	Crown entity borrowings ²	49,850	49,376	(474)	(1.0)	55,944
(28,884)	-	Less Kiwi Group borrowings ³	(29,132)	(29,801)	(669)	(2.2)	(32,522)
(1,690)	-	Add back inter-entity eliminations ³	(1,633)	(1,708)	(75)	(4.4)	(1,209)
(1,602)	(4,714)	Net unsettled purchases/(sales) of securities ⁴	(1,613)	(1,074)	539	50.2	(1,499)
(135,596)	(123,973)	Less core Crown financial assets (per net debt definition) ⁵	(143,344)	(142,970)	374	0.3	(144,017)
71,367	71,038	Net debt (incl. NZS Fund)	81,382	75,736	(5,646)	(7.5)	92,925
Additional net debt analysis							
71,367	71,038	Net debt (incl. NZS Fund)	81,382	75,736	(5,646)	(7.5)	92,925
(2,264)	(7,286)	Less NZS Fund borrowings	(2,472)	(2,264)	208	9.2	(2,260)
		Less NZS Fund net unsettled purchases/(sales)					
1,045	3,365	of securities	2,043	1,186	(857)	(72.3)	1,611
66,120	57,782	Less NZS Fund financial assets	64,293	67,510	3,217	4.8	71,148
136,268	124,899	Net debt (excl. NZS Fund)	145,246	142,168	(3,078)	(2.2)	163,424
Gross Debt:							
191,029	184,455	Core Crown borrowings	207,254	201,913	(5,341)	(2.6)	216,228
962	765	Unsettled purchases of securities	2,947	783	(2,164)	(276.4)	244
		Add back NZS Fund holdings of sovereign-issued					
(3,093)	(7,985)	debt and NZS Fund borrowings	(4,447)	(2,914)	1,533	52.6	(2,371)
		Less Reserve Bank settlement cash and					
(53,109)	(46,964)	Reserve Bank bills ⁶	(56,009)	(52,450)	3,559	6.8	(48,331)
135,789	130,271	Gross Debt	149,745	147,332	(2,413)	(1.6)	165,770

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 Sept 2022 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned enterprise segment. For the 30 September 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).
- Includes Reserve Bank's New Zealand dollar transactional banking services for other Central Banks and the International Monetary Fund.

For the three months ended 30 September 2023

Movement in Net Debt

As at 30 June 2023 Actual \$m	As at 30 Sep 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
61,850	61,850	Opening net debt	71,367	71,421	54	0.1	71,421
25,648	8,672	Core Crown residual cash (surplus)/deficit	7,922	6,688	(1,234)	(18.5)	25,442
(9,159)	(2,357)	Less net increase in advances	(1,230)	(1,588)	(358)	(22.5)	(3,537)
(2,558)	(640)	Less contributions to the NZS Fund	(404)	(405)	(1)	(0.2)	(1,614)
3,191	925	Net increase/(decrease) in Crown entity borrowings	1,549	331	(1,218)	(368.0)	4,664
60	-	Issues of circulating currency	(23)	(117)	(94)	(80.3)	(185)
		Other fair value movements in financial assets and					
(7,665)	2,588	financial liabilities (gains)/losses (including NZSF)	2,201	(594)	(2,795)	(470.5)	(3,266)
71,367	71,038	Closing net debt	81,382	75,736	(5,646)	(7.5)	92,925

FISCAL INDICATOR ANALYSIS

New Zealand Superannuation Fund

30 June 2023 \$m	30 Sep 2022 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NZ Superannuation Fund							
1,320	308	Revenue	439	335	104	31.0	1,339
127	20	Less current tax expense	33	(298)	(331)	(111.1)	(1,191)
1,054	797	Less other expenses ¹	7	(65)	(72)	(110.8)	(262)
5,766	(2,595)	Add gains/(losses)	(1,653)	986	(2,639)	(267.6)	3,945
5,905	(1,470)	Operating balance	(1,174)	958	(2,132)	(222.5)	3,831
56,210	56,210	Opening net worth	64,673	64,673	-	-	64,673
2,558	640	Contributions from the Crown	404	404	-	-	1,614
5,905	(1,470)	Operating balance	(1,174)	958	(2,132)	(222.5)	3,831
-	-	Other movements in reserves	(1)	(1)	-	-	-
64,673	55,380	Closing net worth	63,902	66,034	(2,132)	(3.2)	70,118
Comprising:							
68,234	62,038	Financial assets	68,543	69,588	(1,045)	(1.5)	73,111
(3,501)	(6,561)	Financial liabilities	(4,581)	(3,485)	(1,096)	(31.4)	(2,901)
(60)	(97)	Net other assets	(60)	(69)	9	13.0	(92)
64,673	55,380	Closing net worth	63,902	66,034	(2,132)	(3.2)	70,118

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 Sep 2023 Actual \$m	30 Sep 2023 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	28,508	28,199	309	1.1	121,602
...combined with other core Crown revenue...	3,486	3,105	381	12.3	12,345
...funds core Crown expenses...	(33,364)	(33,471)	107	0.3	(139,438)
...and including SOE and Crown entity revenues and expenses...	(1,132)	(558)	(574)	(102.9)	(5,889)
...results in an OBEGAL ...	(2,502)	(2,725)	223	8.2	(11,380)
...with gains/losses leading to an operating surplus/(deficit) ...	(3,918)	(3,492)	(426)	(12.2)	(7,625)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	1,174	(958)	2,132	222.5	490
...and some items do not impact cash.	(1,136)	2,401	(3,537)	(147.3)	(661)
This leads to a core Crown operating residual cash surplus/(deficit)...	(3,880)	(2,049)	(1,831)	(89.4)	(7,796)
...used to make contributions to the NZS Fund...	(404)	(405)	1	0.2	(1,614)
...and to use for capital expenditure	(1,229)	(1,283)	54	4.2	(4,936)
...and to make advances	(1,230)	(1,588)	358	22.5	(3,537)
...and to purchase investments	(1,179)	(1,583)	404	25.5	(7,887)
Adjusting for forecast adjustments (top-down/new spending)...	-	220	(220)	(100.0)	328
...results in a borrowing requirement (cash deficit)/surplus	(7,922)	(6,688)	(1,234)	(18.5)	(25,442)