

5 December 2023

MEDIA STATEMENT

Embargoed until 10.00am, Tuesday 5 December 2023

Jayne Winfield, Chief Government Accountant

**Interim Financial Statements of the Government of New Zealand
for the four months ended 31 October 2023**

The interim Financial Statements of the Government of New Zealand for the four months ended 31 October 2023 were released by the Treasury today.

The October 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 the next fiscal forecast released by the Treasury, on 20 December 2023.

	Year to date				Full Year
	October	October	Variance ²	Variance	June
	2023	2023			PREFU 2023
	Actual ¹	PREFU 2023 Forecast ¹	PREFU 2023	PREFU 2023	PREFU 2023 Forecast ³
\$m	\$m	\$m	%	\$m	
Core Crown tax revenue	38,600	38,349	251	0.7	121,602
Core Crown revenue	43,220	42,511	709	1.7	133,948
Core Crown expenses	44,729	45,105	376	0.8	139,438
Core Crown residual cash	(10,389)	(8,612)	(1,777)	(20.6)	(25,442)
Net debt ⁴	84,942	76,953	(7,989)	(10.4)	92,925
as a percentage of GDP	21.5%	19.4%			22.3%
Gross debt	153,406	148,735	(4,672)	(3.1)	165,770
as a percentage of GDP	38.7%	37.6%			39.8%
Operating balance before gains and losses	(3,853)	(3,762)	(91)	(2.4)	(11,380)
Operating balance (excluding minority interests)	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
Net worth attributable to the Crown	177,485	179,407	(1,922)	(1.1)	175,709
as a percentage of GDP	44.8%	45.3%			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 \$38.6 billion was \$0.3 billion (0.7%) above forecast. This was largely due to other direct taxes and source deduction revenue being higher than forecast by \$0.4 billion and \$0.1 billion, respectively. This was partly offset by customs and excise duties being \$0.2 billion below forecast.

Core Crown revenue at \$43.2 billion was \$0.7 billion above forecast mainly due to higher-than-expected interest-bearing deposit balances held by the Reserve Bank of New Zealand.

Core Crown expenses at \$44.7 billion were \$0.4 billion below the forecast, with a number of under and overspends across functional spending areas (eg, health, education, core government services). At this stage most of this variance is timing in nature and is expected to unwind in the future months.

The operating balance before gains and losses (**OBEGAL**) was a deficit of \$3.9 billion, \$0.1 billion higher than the deficit forecast largely owing to the core Crown variances, partially offset by weaker-than-expected Crown entity results.

The **operating balance** was a deficit of \$6.7 billion, \$2.7 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 reflecting increased discount rates used to value the liability.

The **core Crown residual cash** deficit of \$10.4 billion was \$1.8 billion higher than the deficit forecast. This cash deficit was primarily due to net operating cash outflows, which were higher than forecast and 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 \$84.9 billion (21.5% of GDP), was higher than forecast by \$8.0 billion. This was driven by the higher than forecast residual cash deficit components that impact net debt and losses on financial assets due to market volatility affecting the NZS Fund's portfolio. In addition, there was higher than expected Crown entity borrowings due to ACC's financial instruments being impacted by market volatility.

Gross debt at \$153.4 billion (38.7% of GDP), was \$4.7 billion higher than forecast largely due to Treasury Bills, higher currency borrowings via the issuance of Euro Commercial Paper and core Crown financial instruments which were impacted by market movements.

Net worth attributable to the Crown was \$177.5 billion which was \$1.9 billion lower than forecast. This variance was mostly driven by the operating balance result, and revisions to property, plant and equipment reserves for 2022/23 after the finalisation of the PREFU forecast. This was partially offset by a valuation change in the Government Superannuation Fund.

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

Interim Financial Statements of the Government of New Zealand

For the four months ended
31 October 2023



Prepared by the Treasury
5 December 2023

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

CONTENTS

Commentary

Comparison against forecast	2
Comparison against the prior year actuals	4

Unaudited Interim Financial Statements

Statement of Financial Performance	8
<i>The statement outlines the operating results of the total Government (ie, the revenue and expenses of all departments + Reserve Bank + NZSF (core Crown), State-owned Enterprises (SOEs) (including Air New Zealand) and Crown entities).</i>	
Statement of Comprehensive Revenue and Expense	9
<i>The statement reports changes in net worth due to the operating balance, items of revenue or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i>	
Statement of Changes in Net Worth	9
<i>The statement provides a reconciliation of opening and closing net worth for the period.</i>	
Statement of Cash Flows	10
<i>The statement sets out the cash flows that result from the operating, investing, and financing activities of the Government. The net cash flows from operations are reconciled to the operating balance reported in the statement of financial performance.</i>	
Statement of Financial Position	12
<i>The statement outlines the balance sheet of the total Government (ie, the assets and liabilities of the core Crown, SOEs, and Crown entities).</i>	
Statement of Segments	13
<i>The statement provides summary financial results by segment (Core Crown, SOEs and Crown entities).</i>	
Statement of Commitments	14
<i>The statement outlines the commitments of the total Government by type and segment.</i>	
Statement of Contingent Liabilities and Assets	14
<i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i>	
Notes to the Financial Statements	15
<i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i>	
Fiscal Indicator Analysis	25
<i>The fiscal indicator analysis provides a link between the Financial Statements (based on Generally Accepted Accounting Practice) and the key fiscal indicators used to measure performance against fiscal objectives set out in the Government's Fiscal Strategy.</i>	

Officer for Enquiries

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



Commentary

COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 31 October 2023, and the financial results of operations and cash flows for the period ended on that date.

The October results are reported against forecasts based on the *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 four months ended 31 October 2023 compared to *PREFU 2023*

	Year to date				Full Year
	October	October	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	38,600	38,349	251	0.7	121,602
Core Crown revenue	43,220	42,511	709	1.7	133,948
Core Crown expenses	44,729	45,105	376	0.8	139,438
Core Crown residual cash	(10,389)	(8,612)	(1,777)	(20.6)	(25,442)
Net debt ⁴	84,942	76,953	(7,989)	(10.4)	92,925
<i>as a percentage of GDP</i>	21.5%	19.4%			22.3%
Gross debt	153,406	148,735	(4,672)	(3.1)	165,770
<i>as a percentage of GDP</i>	38.7%	37.6%			39.8%
Operating balance before gains and losses	(3,853)	(3,762)	(91)	(2.4)	(11,380)
Operating balance (excluding minority interests)	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
Net worth attributable to the Crown	177,485	179,407	(1,922)	(1.1)	175,709
<i>as a percentage of GDP</i>	44.8%	45.3%			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 \$38.6 billion was \$0.3 billion (0.7%) above forecast. The main variances related to:

- Other direct taxes were \$0.4 billion above the forecast. This increase was driven by revenue from resident withholding tax (RWT) on interest, reflecting a mix of both higher deposit holdings and interest rates than what was assumed in the forecast.
- Source deduction revenue which was \$0.1 billion above forecast, largely reflected stronger than expected wage growth. The September quarter labour market statistics showed a slight decrease in employment growth, but average hourly earnings increased 2.2% for the quarter.
- Customs and excise duties were \$0.2 billion below forecast, mainly owing to lower than forecast tobacco, alcohol, and fuel duty excises. It is likely that increasing prices have suppressed demand for tobacco products and alcoholic beverages by more than was assumed in the forecasts. Fuel excise outturns, on the other hand, have been more unpredictable since the closure of the Marsden Point oil refinery in 2022.

Core Crown revenue was \$0.7 billion higher than forecast. In addition to the difference in core Crown tax revenue, interest revenue was higher than forecast by \$0.4 billion. This largely reflects higher-than-expected interest-bearing deposit balances held by the Reserve Bank of New Zealand (RBNZ).

Core Crown expenses at \$44.7 billion, were \$0.4 billion (0.8%) below the forecast. Without the top-down adjustment and finance costs, core Crown expenses were \$1.3 billion lower than forecast. The most notable variances were as follows:

- Health (\$0.9 billion lower): This reduction was attributed to Te Whatu Ora not yet requiring the funding provided through Budget 2022 to cover future cost pressures. Although, it was initially forecast that Te Whatu Ora would need this funding by October, the Crown entity has managed its expenditure within existing funding at this stage. However, it is anticipated that this may change in the coming months.
- Transport and communications (\$0.5 billion lower): This variance was mainly due to the timing of shovel ready grant claims to Crown Infrastructure Partners Limited, which have now been processed and will be reflected in the November 2023 results. Additionally, there has been lower-than-expected expenditure on the response to the North Island Weather Events on local roads and the state highway network.
- Core Government Services (\$0.2 billion lower): This reduction was driven by minor spending delays across various entities, mostly attributable to timing. The largest variance related to spending on Official Development Assistance payments.
- Education (\$0.4 billion higher): The higher spending in the education sector partially offsets the lower spending mentioned above. This was largely a result of a lump sum payment made in relation to the primary and secondary collective agreements reached after the completion of the Treasury's PREFU forecast.

Core Crown finance costs were \$0.3 billion higher than forecast. This increase was mainly driven by higher-than-expected settlement cash held with the RBNZ and offsets the interest revenue discussed earlier. The OCR has been held at 5.5% since the PREFU forecast was set.

The operating balance before gains and losses (**OBEGAL**) deficit of \$3.9 billion was \$0.1 billion higher than the forecast deficit. The variance was primarily driven by the core Crown results discussed earlier, coupled with weaker-than-forecast results from Crown entities.

The **operating balance** was a deficit of \$6.7 billion, \$2.7 billion more than the forecast deficit. The operating balance represents OBEGAL and gains and losses from the valuation of assets and liabilities that are sensitive to market conditions. This variance was due to:

- Net losses on financial instruments of \$4.0 billion, which were \$6.3 billion weaker than the forecast gain of \$2.3 billion. This was mainly attributable to the New Zealand Superannuation Fund (NZS Fund), reflecting movements in global financial markets since forecast was set.
- Partially offsetting these losses were net gains on non-financial instruments of \$1.2 billion, which were \$3.7 billion stronger than the forecast losses of \$2.6 billion. This gain resulted from a \$5.3 billion reduction in the ACC outstanding claims liability, mainly due to increased discount rates affecting the value of the liability.

The **core Crown residual cash** deficit of \$10.4 billion was higher than the forecast deficit by \$1.8 billion. The cash deficit resulted from net operating cash outflows being weaker by \$2.7 billion, partially offset by net capital cash outflows that were \$0.9 billion lower than forecast.

Net debt at \$84.9 billion (21.5% of GDP) was higher than forecast by \$8.0 billion. The primary contributors to this variance are:

- Losses on financial assets (\$4.5 billion): These result from market volatility affecting the value of the governments investment portfolio, particularly within the NZS Fund.
- Core crown residual cash (excluding contributions to the NZS Fund and core Crown advances, \$1.9 billion): This variance is influenced by the factors mentioned above.
- Crown entity borrowings (\$1.5 billion): This increase is predominantly due to valuation losses on ACC's derivative financial instruments, which are used to hedge interest rate and currency exposures.

Gross debt at \$153.4 billion (38.7% of GDP), was \$4.7 billion higher than forecast. This variance is attributed to several factors, including the \$2.1 billion related to the issuance of Treasury Bills, \$1.1 billion via the issuance of Euro Commercial Paper, and \$0.8 billion related to derivative financial instruments associated with RBNZ due to the weakening of the New Zealand dollar against other currencies.

Net worth attributable to the Crown was \$177.5 billion which was \$1.9 billion lower than forecast. The primary drivers were the variance in the operating balance result and revisions to property, plant, and equipment reserves for 2022/23 after PREFU was published. Partially offsetting this was a valuation change in the Government Superannuation Fund.

Comparison against the prior year actuals

Table 2 – 31 October 2023 results compared to 31 October 2022 actuals

	Year to date				Full Year
	October 2023	October 2022	Variance ³	Variance	June 2023
	Actual ¹	Prior Year Actual ²	to 2022	to 2022	Prior Year Actual ⁴
	\$m	\$m	\$m	%	\$m
Core Crown tax revenue	38,600	36,211	2,389	6.6	112,358
Core Crown revenue	43,220	39,951	3,269	8.2	123,399
Core Crown expenses	44,729	41,759	(2,970)	(7.1)	127,574
Core Crown residual cash	(10,389)	(12,795)	2,406	18.8	(25,648)
Net debt ⁵	84,942	70,120	(14,822)	(21.1)	71,367
<i>as a percentage of GDP</i>	21.5%	19.3%			18.0%
Gross debt	153,406	129,187	(24,219)	(18.7)	135,789
<i>as a percentage of GDP</i>	38.7%	35.5%			34.3%
Operating balance before gains and losses	(3,853)	(2,789)	(1,064)	(38.1)	(9,446)
Operating balance (excluding minority interests)	(6,744)	(2,864)	(3,880)	(135.5)	5,321
Net worth attributable to the Crown	177,485	164,861	12,624	7.7	183,514
<i>as a percentage of GDP</i>	44.8%	45.3%			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 was \$2.4 billion (6.6%) higher than the same period last year. The largest movements came from:

- Source deduction revenue was up \$2.0 billion owing to a strong labour market, characterised by strong wage growth.
- Other direct income tax revenue was up \$0.6 billion mainly owing to increases in deposit interest rates.
- GST revenue was up \$0.4 billion owing to year-on-year growth in nominal consumption that was in part driven by the high rate of consumer price inflation.
- Corporate tax revenue was down \$0.6 billion (9.3%) as a result of a decline in actual terminal assessments filed which resulted in a corresponding decline in estimated provisional tax revenue.

Core Crown tax receipts increased by \$1.4 billion (4.0%), compared to the prior year, primarily due to source deduction receipts, which were up \$1.6 billion.

In addition, core Crown interest and dividend revenue was higher than the same time last year (\$1.1 billion). This was mainly driven by the RBNZ and relates to both an increase in the OCR which was 3.5 % in October 2022 and is now 5.5%.

As a result of the increases in core Crown tax revenue and interest and dividend revenue noted above **core Crown revenue** was \$3.3 billion (8.2%) above the same period last year.

Core Crown expenses at \$44.7 billion were \$3.0 billion (7.1%) higher than the same period last year with the most notable changes include:

- Finance costs: Up by \$1.1 billion compared to last year, driven by increases in interest rates and a higher level of debt.
- Core Government services: Increased by \$0.8 billion compared to last year, primarily due to the response to the North Island Weather Events and cost sharing arrangements agreed with local authorities.
- Education costs: Increased by \$0.7 billion compared to last year, mainly attributed to a lump sum payment made in relation to the primary and secondary collective agreements.
- Social security welfare costs: Increased by \$0.6 billion compared to last year, across various benefit types. NZ Superannuation payments contributed \$0.8 billion, mainly due to increased entitlement rates (6.9%) from April 2023. This was offset by the discontinuation of the cost-of-living payment (\$0.5 billion) paid out in 2022/23.

The **OBEGAL** deficit increased by \$1.1 billion compared to the same time last year, driven by core Crown changes and weaker results from Crown entities.

The **operating balance** deficit increased by \$3.9 billion compared to same time last year, mainly due to:

- The weaker OBEGAL result noted above.
- Net losses on financial assets, which decreased by \$3.7 billion and were \$4.0 billion this year compared to \$0.3 billion last year.
- Net gains on non-financial instruments which increased by \$0.9 billion and were \$1.2 billion this year compared to \$0.2 billion last year. This was mainly due to ACC gains on the outstanding claims liability which were \$3.8 billion higher, offset partly by Emissions Trading Scheme losses which were \$2.8 billion greater than last year.

The **core Crown residual cash** deficit of \$10.4 billion decreased by \$2.4 billion compared to the same period last year. This reduction was mostly driven by capital cash flows, down \$2.5 billion, mainly due to lower issuance of advances (\$2.4 billion).

Net debt at \$84.9 billion increased by \$14.8 billion compared to the same time last year. As a percentage of the economy, net debt rose to 21.5% of GDP from 19.3% a year earlier. Since October 2022, residual cash deficits have totalled \$23.2 billion. Excluding NZS Fund contributions and core Crown advances, these deficits contributed \$14.2 billion to the increase in net debt. Additionally, Crown entity borrowings contributed a further \$5.0 billion to the net debt increase, partially offset by gains on financial instruments.

Net worth attributable to the Crown was \$177.5 billion (44.8% of GDP), showed an increase of \$12.6 billion compared to the same time last year (45.3% of GDP). Of this increase, \$10.1 billion was attributed to higher valuations of property, plant, and equipment, and \$1.8 billion represents the change in taxpayer funds from the improved operating balance position.



Unaudited Interim Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the four months ended 31 October 2023

Year to 30 June 2023	4 months to 31 Oct 2022		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
		Revenue						
111,712	35,996	Taxation revenue	2	38,372	38,134	238	0.6	121,015
8,407	3,325	Other sovereign revenue	2	3,271	3,106	165	5.3	10,137
120,119	39,321	Total sovereign revenue		41,643	41,240	403	1.0	131,152
21,954	6,754	Sales of goods and services		8,289	8,532	(243)	(2.8)	24,514
6,355	1,636	Interest revenue and dividends	3	2,866	2,379	487	20.5	6,509
4,583	1,275	Other revenue		1,257	1,368	(111)	(8.1)	4,000
32,892	9,665	Total revenue earned through operations		12,412	12,279	133	1.1	35,023
153,011	48,986	Total revenue (excluding gains)		54,055	53,519	536	1.0	166,175
		Expenses						
38,803	13,049	Transfer payments and subsidies	4	13,751	13,872	121	0.9	42,281
36,052	11,199	Personnel expenses		12,625	12,252	(373)	(3.0)	36,935
6,601	2,107	Depreciation		2,424	2,416	(8)	(0.3)	7,455
64,134	21,261	Other operating expenses		23,065	23,700	635	2.7	71,084
7,448	1,968	Interest expenses	5	3,354	2,896	(458)	(15.8)	9,113
8,784	1,993	Insurance expenses	6	2,513	2,634	121	4.6	9,713
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(690)	(690)	(100.0)	(4,000)
161,822	51,577	Total expenses (excluding losses)		57,732	57,080	(652)	(1.1)	177,078
		Gains/(losses)						
7,711	(305)	Net gains/(losses) on financial instruments		(4,020)	2,284	(6,304)	(276.0)	6,392
6,947	235	Net gains/(losses) on non-financial instruments	8	1,172	(2,567)	3,739	145.7	(2,568)
14,658	(70)	Total gains/(losses)		(2,848)	(283)	(2,565)	-	3,824
		Other interests						
29	44	Net surplus/(deficit) from associates and joint ventures		(10)	9	(19)	(211.1)	(12)
(555)	(247)	Less minority interests' share of operating balance		(209)	(237)	28	11.8	(534)
5,321	(2,864)	Operating balance (excluding minority interests)		(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
555	247	Minority interests' share of operating balance		209	237	(28)	(11.8)	534
5,876	(2,617)	Operating balance (including minority interests)		(6,535)	(3,835)	(2,700)	(70.4)	(7,091)

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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the four months ended 31 October 2023

Year to 30 June 2023 Actual \$m	4 months to 31 Oct 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
5,876	(2,617)	Operating balance (including minority interest)	(6,535)	(3,835)	(2,700)	(70.4)	(7,091)
		Other comprehensive revenue and expense					
10,870	98	Revaluation of physical assets	18	-	18	-	-
354	499	Revaluation of defined benefit retirement plan schemes	760	(3)	763	-	(9)
173	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
417	157	Transfers into/(out of) cash flow hedge reserve	(102)	(79)	(23)	(29.1)	(117)
(22)	(21)	Transfers into/(out of) reserves	2	49	(47)	(95.9)	-
		(Gains)/losses transferred to the statement of financial performance	4	-	4	-	-
(230)	(30)	Foreign currency translation differences on					
(3)	1	foreign operations	1	-	1	-	-
76	(7)	Other movements	29	64	(35)	(54.7)	59
11,635	697	Total other comprehensive revenue and expense	712	31	681	-	(67)
17,511	(1,920)	Total comprehensive revenue and expense	(5,823)	(3,804)	(2,019)	(53.1)	(7,158)
		Attributable to:					
1,033	255	- minority interests	206	268	(62)	(23.1)	612
16,478	(2,175)	- the Crown	(6,029)	(4,072)	(1,957)	(48.1)	(7,770)
17,511	(1,920)	Total comprehensive revenue and expense	(5,823)	(3,804)	(2,019)	(53.1)	(7,158)

STATEMENT OF CHANGES IN NET WORTH

For the four months ended 31 October 2023

Year to 30 June 2023 Actual \$m	4 months to 31 Oct 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	(2,617)	Operating balance (including minority interest)	(6,535)	(3,835)	(2,700)	(70.4)	(7,091)
10,870	98	Revaluations of physical assets	18	-	18	-	-
		Revaluations of defined benefit retirement plan schemes	760	(3)	763	-	(9)
354	499	Revaluations of veterans' disability entitlements	-	-	-	-	-
173	-	Revaluations of veterans' disability entitlements	-	-	-	-	-
417	157	Transfers into/(out of) cash flow hedge reserve	(102)	(79)	(23)	(29.1)	(117)
(22)	(21)	Transfers into/(out of) other reserves	2	49	(47)	(95.9)	-
		(Gains)/losses transferred to the statement of financial performance	4	-	4	-	-
(230)	(30)	Foreign currency translation differences on					
(3)	1	foreign operations	1	-	1	-	-
76	(7)	Other movements	29	64	(35)	(54.7)	59
17,511	(1,920)	Total comprehensive revenue and expense	(5,823)	(3,804)	(2,019)	(53.1)	(7,158)
66	41	Increase in minority interest from equity issues	45	-	45	-	222
(424)	(233)	Transactions with minority interests	(372)	(344)	(28)	(8.1)	(557)
191,472	172,207	Closing net worth	185,322	187,289	(1,967)	(1.1)	183,944

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

STATEMENT OF CASH FLOWS

For the four months ended 31 October 2023

Year to 30 June 2023 Actual \$m	4 months to 31 Oct 2022 Actual \$m		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	35,634	Taxation receipts		36,999	38,224	(1,225)	(3.2)	114,499
7,631	2,745	Other sovereign receipts		2,715	3,396	(681)	(20.1)	8,291
22,284	7,255	Sales of goods and services		8,491	8,331	160	1.9	23,955
3,611	912	Interest receipts		1,485	1,349	136	10.1	4,105
4,922	2,139	Other operating receipts		1,836	1,565	271	17.3	5,307
149,235	48,685	Total cash provided from operations		51,526	52,865	(1,339)	(2.5)	156,157
		Cash was disbursed to						
39,170	14,163	Transfer payments and subsidies		14,868	14,999	131	0.9	42,555
99,414	34,422	Personnel and operating payments		38,464	38,603	139	0.4	112,874
6,126	1,725	Interest payments		2,529	2,197	(332)	(15.1)	7,379
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(690)	(690)	(100.0)	(4,000)
144,710	50,310	Total cash disbursed to operations		55,861	55,109	(752)	(1.4)	163,305
4,525	(1,625)	Net cash flows from operations		(4,335)	(2,244)	(2,091)	(93.2)	(7,148)
		Cash flows from investing activities						
		Cash was provided from/(disbursed to)						
(14,271)	(4,445)	Net (purchase)/sale of physical assets		(5,518)	(6,384)	866	13.6	(19,252)
(4,906)	(3,733)	Net (purchase)/sale of shares and other securities		(6,932)	(4,265)	(2,667)	(62.5)	(2,578)
(868)	(247)	Net (purchase)/sale of intangible assets		(254)	(287)	33	11.5	(919)
(8,215)	(4,501)	Net (issue)/repayment of advances		(663)	(68)	(595)	-	94
(202)	(236)	Net acquisition of investments in associates		(231)	(231)	-	-	(493)
-	-	Forecast new capital spending	7	-	-	-	-	(1,872)
-	-	Top-down capital adjustment	7	-	330	(330)	(100.0)	2,200
(28,462)	(13,162)	Net cash flows from investing activities		(13,598)	(10,905)	(2,693)	(24.7)	(22,820)
(23,937)	(14,787)	Net cash flows from operating and investing activities		(17,933)	(13,149)	(4,784)	(36.4)	(29,968)
		Cash Flows from financing activities						
		Cash was provided from/(disbursed to)						
(59)	46	Issues of circulating currency		42	125	(83)	(66.4)	185
15,744	6,659	Net issue/(repayment) of Government bonds		11,496	11,612	(116)	(1.0)	24,583
(113)	(639)	Net issue/(repayment) of foreign currency borrowing		758	(1,648)	2,406	146.0	(2,974)
9,298	7,180	Net issue/(repayment) of other New Zealand dollar borrowing		8,228	2,624	5,604	213.6	6,507
-	-	Net issue/(purchase) of equity		-	-	-	-	222
(372)	(220)	Dividends paid to minority interests		(331)	(341)	10	2.9	(486)
24,498	13,026	Net cash flows from financing activities		20,193	12,372	7,821	63.2	28,037
561	(1,761)	Net movement in cash		2,260	(777)	3,037	390.9	(1,931)
17,835	17,835	Opening cash balance		18,791	18,979	(188)	(1.0)	18,979
395	(205)	Foreign-exchange gains/(losses) on opening cash		496	166	330	198.8	101
18,791	15,869	Closing cash balance		21,547	18,368	3,179	17.3	17,149

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

STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

As at 30 June 2023 Actual \$m	As at 31 Oct 2022 Actual \$m		Note	Current Year Actual vs Forecast			Annual Forecast \$m	
				Actual \$m	Forecast \$m	Variance \$m		%
Assets								
18,791	15,869	Cash and cash equivalents	9	21,547	18,368	3,179	17.3	17,149
33,548	32,487	Receivables	9	34,380	31,349	3,031	9.7	39,128
66,490	68,293	Marketable securities, deposits and derivatives in gain	9	70,942	68,915	2,027	2.9	66,972
48,046	42,931	Share investments	9	45,239	49,155	(3,916)	(8.0)	51,238
66,489	60,119	Advances	9	67,147	67,601	(454)	(0.7)	67,535
7,317	6,814	Investments in controlled enterprises	9	7,726	7,554	172	2.3	8,028
3,041	2,743	Inventory		3,209	2,968	241	8.1	2,799
4,612	4,654	Other assets		5,096	4,234	862	20.4	4,320
267,390	250,767	Property, plant and equipment	10	270,765	272,105	(1,340)	(0.5)	278,966
17,034	16,566	Equity accounted investments ¹		17,222	17,367	(145)	(0.8)	17,584
3,908	3,734	Intangible assets and goodwill		4,000	3,973	27	0.7	4,117
-	-	Forecast for new capital spending	7	-	-	-	-	1,872
-	-	Top-down capital adjustment	7	-	(330)	330	100.0	(2,200)
536,666	504,977	Total assets		547,273	543,259	4,014	0.7	557,508
Liabilities								
9,002	9,106	Issued currency		9,043	9,126	83	0.9	9,187
18,726	15,598	Payables	11	17,473	17,600	127	0.7	18,758
3,610	3,591	Deferred revenue		3,575	3,421	(154)	(4.5)	3,222
226,755	217,542	Borrowings	12	248,506	237,285	(11,221)	(4.7)	253,223
6,125	12,331	New Zealand Emissions Trading Scheme	13	9,904	9,092	(812)	(8.9)	8,241
57,511	52,955	Insurance liabilities	14	51,322	56,708	5,386	9.5	60,638
8,039	8,103	Retirement plan liabilities		7,158	7,956	798	10.0	7,790
15,426	13,544	Provisions	15	14,970	14,782	(188)	(1.3)	12,505
345,194	332,770	Total liabilities		361,951	355,970	(5,981)	(1.7)	373,564
191,472	172,207	Total assets less total liabilities		185,322	187,289	(1,967)	(1.1)	183,944
Net worth								
8,380	(112)	Taxpayers' funds	16	1,760	4,026	(2,266)	(56.3)	380
174,575	164,406	Property, plant and equipment revaluation reserve	16	174,499	174,887	(388)	(0.2)	174,879
409	554	Defined benefit retirement plan revaluation reserve	16	1,168	406	762	187.7	400
(392)	(566)	Veterans' disability entitlements reserve	16	(392)	(393)	1	0.3	(393)
542	579	Other reserves	16	450	481	(31)	(6.4)	443
183,514	164,861	Total net worth attributable to the Crown		177,485	179,407	(1,922)	(1.1)	175,709
7,958	7,346	Net worth attributable to minority interest	16	7,837	7,882	(45)	(0.6)	8,235
191,472	172,207	Total net worth		185,322	187,289	(1,967)	(1.1)	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 four months ended 31 October 2023

	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue										
Taxation revenue	38,600	38,349	-	-	-	-	(228)	(215)	38,372	38,134
Other sovereign revenue	1,434	1,310	2,641	2,597	-	-	(804)	(801)	3,271	3,106
Revenue from core Crown funding	-	-	15,724	16,140	244	262	(15,968)	(16,402)	-	-
Sales of goods and services	590	538	1,267	1,223	6,663	6,999	(231)	(228)	8,289	8,532
Interest and dividend revenue	2,220	1,973	1,363	1,133	80	56	(797)	(783)	2,866	2,379
Other revenue	376	341	1,235	1,445	259	281	(613)	(699)	1,257	1,368
Total Revenue (excluding gains)	43,220	42,511	22,230	22,538	7,246	7,598	(18,541)	(19,128)	54,055	53,519
Expenses										
Transfer payments and subsidies	14,162	14,298	-	-	-	-	(411)	(426)	13,751	13,872
Personnel expenses	3,664	3,580	7,825	7,603	1,154	1,084	(18)	(15)	12,625	12,252
Other operating expenses	24,034	25,330	12,904	12,583	5,455	5,859	(16,904)	(17,656)	25,489	26,116
Interest expenses	2,867	2,586	537	446	190	169	(240)	(305)	3,354	2,896
Insurance expenses	2	1	2,508	2,630	3	3	-	-	2,513	2,634
Top-down adjustment	-	(690)	-	-	-	-	-	-	-	(690)
Total Expenses (excluding losses)	44,729	45,105	23,774	23,262	6,802	7,115	(17,573)	(18,402)	57,732	57,080
Gains/(losses) and other items	(7,382)	(1,255)	2,852	446	(143)	(182)	1,606	480	(3,067)	(511)
Operating Balance (excluding minority interests)	(8,891)	(3,849)	1,308	(278)	301	301	538	(246)	(6,744)	(4,072)
Assets										
Financial assets	174,730	167,968	95,818	98,705	7,439	7,327	(31,006)	(31,058)	246,981	242,942
Property, plant and equipment	63,591	64,297	153,439	154,394	53,735	53,414	-	-	270,765	272,105
Investments in associates, CEs and SOEs	66,593	67,128	14,653	14,680	434	434	(64,458)	(64,875)	17,222	17,367
Other assets	6,300	5,711	3,729	3,275	3,115	2,891	(839)	(702)	12,305	11,175
Top-down capital adjustments	-	(330)	-	-	-	-	-	-	-	(330)
Total Assets	311,214	304,774	267,639	271,054	64,723	64,066	(96,303)	(96,635)	547,273	543,259
Liabilities										
Borrowings	214,184	202,858	51,355	50,075	11,401	11,370	(28,434)	(27,018)	248,506	237,285
Other liabilities	46,012	46,629	65,897	71,678	11,399	11,303	(9,863)	(10,925)	113,445	118,685
Total Liabilities	260,196	249,487	117,252	121,753	22,800	22,673	(38,297)	(37,943)	361,951	355,970
Net Worth	51,018	55,287	150,387	149,301	41,923	41,393	(58,006)	(58,692)	185,322	187,289
Cost of Acquisition of Physical Assets (Cash)	1,468	1,478	2,891	3,600	1,183	1,356	-	-	5,542	6,434

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

STATEMENT OF COMMITMENTS

As at 31 October 2023

	As at 31 Oct 2023 \$m	As at 30 Jun 2023 \$m	As at 31 Oct 2022 \$m
Capital Commitments			
State highways	2,437	2,437	2,380
Specialist military equipment	921	1,129	1,861
Land and buildings	9,521	9,343	7,203
Other property, plant and equipment	5,740	5,429	5,207
Other capital commitments	1,064	1,222	876
Universities and Wānanga	635	635	763
Total capital commitments	20,318	20,195	18,290
Operating Commitments			
Non-cancellable accommodation leases	5,839	6,010	5,675
Other non-cancellable leases	4,388	4,308	3,172
Universities and Wānanga	1,293	1,288	1,279
Total operating commitments	11,520	11,606	10,126
Total commitments	31,838	31,801	28,416
Total Commitments by Segment			
Core Crown	11,748	11,970	11,644
Crown entities	12,558	12,651	9,946
State-owned Enterprises	7,918	7,576	7,126
Inter-segment eliminations	(386)	(396)	(300)
Total commitments	31,838	31,801	28,416

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 31 October 2023

	As at 31 Oct 2023 \$m	As at 30 Jun 2023 \$m	As at 31 Oct 2022 \$m
Quantifiable Contingent Liabilities			
Uncalled capital	9,709	9,468	9,537
Guarantees and indemnities	225	281	408
Legal proceedings and disputes	879	690	720
Other contingent liabilities	980	1,006	808
Total quantifiable contingent liabilities	11,793	11,445	11,473
Total Quantifiable Contingent Liabilities by Segment			
Core Crown	11,822	11,662	10,711
Crown entities	737	529	574
State-owned Enterprises	184	239	226
Inter-segment eliminations	(950)	(985)	(38)
Total quantifiable contingent liabilities	11,793	11,445	11,473
Quantifiable Contingent Assets			
Core Crown	64	62	30
Crown entities	34	34	25
State-owned Enterprises	41	41	-
Inter-segment eliminations	-	-	-
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

Other entities

- State-owned Enterprises
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Elevate NZ Venture Fund
- Māori Health Authority
- 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 mixed ownership model companies (listed in Schedule 5 of the Public Finance Act 1989).

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	4 months to 31 Oct 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	15,066	Source deductions	17,030	16,901	129	0.8	51,821
9,904	3,087	Other persons	3,150	2,991	159	5.3	10,563
(2,182)	(532)	Refunds	(689)	(588)	(101)	(17.2)	(1,782)
769	231	Fringe benefit tax	262	232	30	12.9	775
55,877	17,852	Total individuals	19,753	19,536	217	1.1	61,377
Corporate tax							
18,327	5,801	Gross companies tax	5,255	5,383	(128)	(2.4)	18,543
(970)	(180)	Refunds	(224)	(179)	(45)	(25.1)	(607)
621	140	Non-resident withholding tax	169	135	34	25.2	648
17,978	5,761	Total corporate tax	5,200	5,339	(139)	(2.6)	18,584
Other direct income tax							
2,092	435	Resident withholding tax on interest income	1,017	677	340	50.2	2,192
1,127	295	Resident withholding tax on dividend income	335	293	42	14.3	1,162
3,219	730	Total other direct income tax	1,352	970	382	39.4	3,354
77,074	24,343	Total direct income tax	26,305	25,845	460	1.8	83,315
Goods and services tax							
47,185	15,916	Gross goods and services tax	15,796	16,126	(330)	(2.0)	48,740
(19,055)	(6,471)	Refunds	(5,993)	(6,313)	320	5.1	(18,869)
28,130	9,445	Total goods and services tax	9,803	9,813	(10)	(0.1)	29,871
Other indirect taxation							
1,326	411	Petroleum fuels excise and duty ¹	541	581	(40)	(6.9)	2,049
1,666	669	Tobacco excise and duty ¹	470	558	(88)	(15.8)	1,602
1,414	428	Road and track user charges	558	602	(44)	(7.3)	1,996
1,290	448	Alcohol excise and duty ¹	431	484	(53)	(11.0)	1,400
187	66	Other customs duty	74	57	17	29.8	157
625	186	Miscellaneous indirect tax	190	194	(4)	(2.1)	625
6,508	2,208	Total other indirect taxation	2,264	2,476	(212)	(8.6)	7,829
34,638	11,653	Total indirect taxation	12,067	12,289	(222)	(1.8)	37,700
111,712	35,996	Total taxation revenue	38,372	38,134	238	0.6	121,015
Other sovereign revenue							
3,855	1,241	ACC levies	1,348	1,325	23	1.7	4,046
1,582	1,164	Emissions trading revenue	855	750	105	14.0	2,974
673	222	Fire Service levies	243	231	12	5.2	682
612	178	EQC levies	272	262	10	3.8	819
170	52	Clean vehicle discount	78	84	(6)	(7.1)	253
371	76	Child support and working for families penalties	54	61	(7)	(11.5)	162
120	35	Court fines	38	38	-	-	115
1,024	357	Other miscellaneous items	383	355	28	7.9	1,086
8,407	3,325	Total other sovereign revenue	3,271	3,106	165	5.3	10,137
120,119	39,321	Total sovereign revenue	41,643	41,240	403	1.0	131,152

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

NOTES TO THE FINANCIAL STATEMENTS

Year to 30 Jun 2023 Actual \$m	4 months to 31 Oct 2022 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	15,086	Source deductions	16,656	16,418	238	1.4	51,447
10,685	2,793	Other persons	2,772	2,866	(94)	(3.3)	10,841
(2,703)	(755)	Refunds	(871)	(769)	(102)	(13.3)	(2,713)
747	335	Fringe benefit tax	373	351	22	6.3	768
55,658	17,459	Total individuals	18,930	18,866	64	0.3	60,343
Corporate Tax							
19,733	6,547	Gross companies tax	5,630	5,770	(140)	(2.4)	18,306
(1,728)	(551)	Refunds	(630)	(389)	(241)	(62.0)	(1,066)
601	174	Non-resident withholding tax	232	190	42	22.1	648
18,606	6,170	Total corporate tax	5,232	5,571	(339)	(6.1)	17,888
Other Direct Income Tax							
1,917	425	Resident withholding tax on interest income	1,042	655	387	59.1	2,042
1,165	381	Resident withholding tax on dividend income	399	368	31	8.4	1,162
3,082	806	Total other direct income tax	1,441	1,023	418	40.9	3,204
77,346	24,435	Total income tax	25,603	25,460	143	0.6	81,435
Goods and Services Tax							
45,251	15,200	Gross goods and services tax	15,335	16,541	(1,206)	(7.3)	43,851
(18,334)	(6,166)	Refunds	(6,073)	(6,176)	103	1.7	(18,509)
26,917	9,034	Total goods and services tax	9,262	10,365	(1,103)	(10.6)	25,342
Other Indirect Taxation							
1,418	432	Road and track user charges	569	602	(33)	(5.5)	1,996
779	221	Excise duties	239	260	(21)	(8.1)	868
3,760	1,315	Customs duty	1,091	1,321	(230)	(17.4)	4,238
566	197	Miscellaneous indirect taxation	235	216	19	8.8	620
6,523	2,165	Total other indirect taxation	2,134	2,399	(265)	(11.0)	7,722
33,440	11,199	Total indirect taxation	11,396	12,764	(1,368)	(10.7)	33,064
110,786	35,634	Total tax receipts collected	36,999	38,224	(1,225)	(3.2)	114,499
Other Sovereign Receipts (cash)							
3,763	1,496	ACC levies	1,542	1,529	13	0.9	3,891
832	424	Emissions trading receipts	-	788	(788)	(100.0)	1,282
669	241	Fire Service levies	256	248	8	3.2	675
697	192	EQC levies	314	295	19	6.4	841
170	52	Clean vehicle discount	78	84	(6)	(7.1)	253
381	73	Child support and working for families penalties	49	57	(8)	(14.0)	148
114	40	Court fines	46	40	6	15.0	115
1,004	227	Other miscellaneous items	430	356	74	20.8	1,086
7,630	2,745	Total other sovereign receipts	2,715	3,397	(682)	(20.1)	8,291
118,416	38,379	Total sovereign receipts	39,714	41,621	(1,907)	(4.6)	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	4 months to 31 Oct 2022		Current Year Actual vs Forecast				Annual Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
5,012	1,139	Interest revenue	2,273	1,901	372	19.6	5,063
1,343	497	Dividends	593	478	115	24.1	1,446
6,355	1,636	Total interest revenue and dividends	2,866	2,379	487	20.5	6,509
NOTE 4: Transfer Payments and Subsidies							
19,517	6,337	New Zealand superannuation	7,083	7,100	17	0.2	21,633
3,473	1,138	Jobseeker support and emergency benefit	1,293	1,311	18	1.4	4,065
2,349	789	Accommodation assistance	809	808	(1)	(0.1)	2,477
2,311	758	Supported living payment	835	833	(2)	(0.2)	2,524
2,151	687	Family tax credit	730	713	(17)	(2.4)	2,264
1,917	632	Sole parent support	690	687	(3)	(0.4)	2,115
600	528	Cost of living payment	-	-	-	-	-
519	311	Winter energy payment	319	321	2	0.6	537
997	340	KiwiSaver subsidies	353	352	(1)	(0.3)	1,057
525	238	Student allowances	226	223	(3)	(1.3)	599
673	183	Hardship assistance	223	238	15	6.3	738
971	149	Official development assistance	220	282	62	22.0	1,214
476	147	Other working for families tax credits	135	149	14	9.4	491
430	142	Disability allowances	153	153	-	-	460
350	112	Orphan's/unsupported child's benefit	123	123	-	-	379
321	100	Best start	102	102	-	-	339
122	82	Income related rent subsidy	54	45	(9)	(20.0)	302
1,101	376	Other social assistance benefits	403	432	29	6.7	1,087
38,803	13,049	Total transfer payments and subsidies	13,751	13,872	121	21.8	42,281
NOTE 5: Finance Costs							
7,022	1,826	Interest on financial liabilities	3,159	2,706	(453)	(16.7)	8,537
426	142	Interest unwind on provisions and other interest	195	190	(5)	(2.6)	576
7,448	1,968	Total finance costs	3,354	2,896	(458)	(15.8)	9,113
NOTE 6: Insurance Expenses							
7,619	1,893	ACC	2,414	2,558	144	5.6	9,340
1,134	88	EQC	96	125	29	23.2	364
10	(7)	Southern Response	(6)	(6)	-	-	(17)
21	19	Other insurance expenses	9	(43)	(52)	(120.9)	26
8,784	1,993	Total insurance expenses	2,513	2,634	121	4.6	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 31 Oct 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	1,554	Actuarial gains/(losses) on ACC liability	5,345	-	5,345	-	-
5,620	(1,313)	Gains/(losses) on the Emissions Trading Scheme	(4,131)	(2,567)	(1,564)	(60.9)	(2,568)
12	(6)	Other	(42)	-	(42)	-	-
6,947	235	Net gains/(losses) on non-financial instruments	1,172	(2,567)	3,739	145.7	(2,568)
NOTE 9: Financial Assets and Sovereign Receivables							
18,791	15,869	Cash and cash equivalents	21,547	18,368	3,179	17.3	17,149
20,299	20,359	Tax receivables	21,203	19,948	1,255	6.3	25,928
13,249	12,128	Other receivables	13,177	11,401	1,776	15.6	13,200
29,785	24,921	Kiwi Group loans and advances	30,646	30,643	3	-	32,333
9,373	9,015	Student loans	9,242	9,202	40	0.4	9,137
18,088	15,167	Funding for Lending advances	18,412	18,488	(76)	(0.4)	16,541
9,243	11,016	Other advances	8,847	9,268	(421)	(4.5)	9,524
48,046	42,931	Share investments	45,239	49,155	(3,916)	(8.0)	51,238
7,317	6,814	Investments in controlled enterprises	7,726	7,554	172	2.3	8,028
44,736	44,684	Other marketable securities	49,437	49,251	186	0.4	47,568
9,231	9,209	Long-term deposits	9,641	8,137	1,504	18.5	8,210
6,935	8,852	Derivatives in gain	6,120	5,939	181	3.0	5,606
5,588	5,548	IMF financial assets	5,744	5,588	156	2.8	5,588
240,681	226,513	Total financial assets and sovereign receivables	246,981	242,942	4,039	1.7	250,050
Financial assets by entity							
41,634	51,347	The Treasury	46,851	45,501	1,350	3.0	36,720
67,088	67,429	Reserve Bank of New Zealand	74,696	66,270	8,426	12.7	62,656
68,234	62,178	NZ Superannuation Fund	67,631	70,085	(2,454)	(3.5)	73,111
43,509	43,945	Other core Crown	44,487	43,019	1,468	3.4	45,842
(59,196)	(73,053)	Intra-segment eliminations	(58,936)	(56,908)	(2,028)	(3.6)	(43,611)
161,269	151,846	Total core Crown segment	174,729	167,967	6,762	4.0	174,718
51,773	49,075	ACC	48,463	50,048	(1,585)	(3.2)	52,367
709	569	EQC	737	693	44	6.3	520
29,785	-	Kiwi Group loans and advances ¹	30,646	30,643	3	-	32,333
22,365	15,706	Other Crown entities	21,700	22,075	(375)	(1.7)	23,119
(4,863)	(3,808)	Intra-segment eliminations	(5,729)	(4,754)	(975)	(20.5)	(4,803)
99,769	61,542	Total Crown entities segment	95,817	98,705	(2,888)	(2.9)	103,536
8,187	40,247	Total State-owned Enterprises segment¹	7,439	7,326	113	1.5	6,583
(28,544)	(27,122)	Inter-segment eliminations	(31,004)	(31,056)	52	0.2	(34,787)
240,681	226,513	Total financial assets and sovereign receivables	246,981	242,942	4,039	1.7	250,050

1. The 31 October 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 31 Oct 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	84,568	Land	80,108	80,279	(171)	(0.2)	80,704
68,194	60,141	Buildings	69,917	70,703	(786)	(1.1)	74,057
59,502	52,149	State highways	59,941	60,230	(289)	(0.5)	61,950
20,052	18,646	Electricity generation assets	19,769	19,859	(90)	(0.5)	19,878
4,459	4,371	Electricity distribution network (cost)	4,502	4,533	(31)	(0.7)	4,680
4,562	4,142	Aircraft (excl military)	4,501	4,753	(252)	(5.3)	4,729
4,964	4,271	Specialist military equipment	5,293	5,660	(367)	(6.5)	6,014
3,401	3,270	Specified cultural and heritage assets	3,215	3,403	(188)	(5.5)	3,418
14,580	10,651	Rail network	14,762	14,944	(182)	(1.2)	15,421
7,968	8,558	Other plant and equipment (cost)	8,757	7,741	1,016	13.1	8,115
267,390	250,767	Total net carrying value	270,765	272,105	(1,340)	(0.5)	278,966
Land breakdown by usage							
28,921	32,844	Housing stock	29,263	29,166	97	0.3	29,666
23,134	23,476	State highway corridor land	23,136	23,095	41	0.2	22,717
8,342	7,827	Conservation estate	8,343	8,235	108	1.3	8,215
6,279	7,539	Schools	6,288	6,338	(50)	(0.8)	6,404
4,261	4,321	Rail network corridor land	4,280	4,297	(17)	(0.4)	4,363
1,578	1,289	Commercial (SOE) excluding rail	1,670	1,655	15	0.9	1,699
7,193	7,272	Other	7,128	7,493	(365)	(4.9)	7,640
79,708	84,568	Total land	80,108	80,279	(171)	(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	3,859	Additions	6,100	7,706	(1,606)	(20.8)	19,537
(1,474)	(429)	Disposals	(328)	(159)	(169)	(106.3)	(594)
5,335	128	Net revaluations	(55)	-	(55)	-	-
964	72	Other	(46)	89	(135)	(151.7)	16
287,777	271,701	Total cost or valuation	293,448	293,831	(383)	(0.1)	305,154
Accumulated Depreciation & Impairment							
18,889	18,889	Opening balance	20,387	19,280	1,107	6	19,280
(1,007)	(88)	Eliminated on disposal	(156)	(10)	(146)	-	(542)
(5,540)	2	Eliminated on revaluation	3	-	3	-	-
220	312	Impairment losses charged to operating balance	-	-	-	-	-
6,601	2,107	Depreciation expense and impairment losses	2,424	2,416	8	0.3	7,455
1,224	(288)	Other	25	40	(15)	(37.5)	(5)
20,387	20,934	Total accumulated depreciation & impairment	22,683	21,726	957	4.4	26,188
267,390	250,767	Total property, plant and equipment	270,765	272,105	(1,340)	(0.5)	278,966

1. Using a revaluation methodology unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Oct 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
12,520	10,600	Accounts payable	12,152	12,015	(137)	(1.1)	12,208
6,206	4,998	Taxes repayable	5,321	5,585	264	4.7	6,550
18,726	15,598	Total payables	17,473	17,600	127	0.7	18,758
NOTE 12: Borrowings							
105,162	94,848	Government bonds	114,352	116,551	2,199	1.9	130,595
28,641	27,705	Kiwi Group	29,582	29,763	181	0.6	31,970
49,915	47,898	Settlement deposits	54,427	48,592	(5,835)	(12.0)	44,931
2,891	3,079	Treasury bills	4,873	2,949	(1,924)	(65.2)	2,951
7,311	11,759	Derivatives in loss	11,007	5,680	(5,327)	(93.8)	5,349
1,220	1,202	Finance lease liabilities	1,168	1,198	30	2.5	1,108
157	146	Government retail stock	159	157	(2)	(1.3)	159
31,458	30,905	Other borrowings	32,938	32,395	(543)	(1.7)	36,160
226,755	217,542	Total borrowings	248,506	237,285	(11,221)	(4.7)	253,223
175,791	166,047	Sovereign-guaranteed debt	195,901	186,252	(9,649)	(5.2)	199,925
50,964	51,495	Non sovereign-guaranteed debt	52,605	51,033	(1,572)	(3.1)	53,298
226,755	217,542	Total borrowings	248,506	237,285	(11,221)	(4.7)	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	425	Units sold	-	788	788	100.0	1,282
1,103	629	Allocated units	475	353	(122)	(34.6)	1,248
(1,582)	(1,164)	Units surrendered	(855)	(750)	105	14.0	(2,974)
(5,620)	1,315	(Gains)/ losses due to revaluation in NZ Units	4,131	2,567	(1,564)	(60.9)	2,568
84	(182)	Other movements	28	9	(19)	(211.1)	(8)
6,125	12,331	Closing liability	9,904	9,092	(812)	(8.9)	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	51,800	ACC liability	49,709	55,154	5,445	9.9	59,409
1,617	807	EQC property damage liability	1,449	1,358	(91)	(6.7)	1,075
167	283	Southern Response	96	96	-	-	96
63	65	Other insurance liabilities	68	100	32	32.0	58
57,511	52,955	Total insurance liabilities	51,322	56,708	5,386	9.5	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	6,800	Provision for employee entitlements	8,496	8,321	(175)	(2.1)	6,698
2,651	2,834	Veterans disability entitlements	2,637	2,632	(5)	(0.2)	2,621
638	656	Provision for National Provident Fund guarantee	623	622	(1)	(0.2)	596
3,008	3,254	Other provisions	3,214	3,207	(7)	(0.2)	2,590
15,426	13,544	Total provisions	14,970	14,782	(188)	(1.3)	12,505

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023 \$m	As at 31 Oct 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 16: Changes in Net Worth							
8,380	(112)	Taxpayers' funds	1,760	4,026	(2,266)	(56.3)	380
174,575	164,406	Property, plant and equipment revaluation reserve	174,499	174,887	(388)	(0.2)	174,879
409	554	Defined benefit retirement plan revaluation reserve	1,168	406	762	187.7	400
(392)	(566)	Veterans' disability entitlements reserve	(392)	(393)	1	0.3	(393)
7,958	7,346	Net worth attributable to minority interests	7,837	7,882	(45)	(0.6)	8,235
542	579	Other reserves	450	481	(31)	(6.4)	443
191,472	172,207	Total net worth	185,322	187,289	(1,967)	(1.1)	183,944
2,681	2,681	Opening taxpayers funds	8,380	8,083	297	3.7	8,083
5,321	(2,864)	Operating balance excluding minority interests	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
378	71	Transfers from/(to) other reserves	124	15	109	-	(78)
8,380	(112)	Closing taxpayers funds	1,760	4,026	(2,266)	(56.3)	380
164,385	164,385	Opening property, plant and equipment revaluation reserve	174,575	174,837	(262)	(0.1)	174,837
10,870	98	Net revaluations	18	50	(32)	(64.0)	-
(372)	-	Revaluation reserve attributable to minority interest	-	-	-	-	-
(308)	(77)	Transfers from/(to) other reserves	(94)	-	(94)	-	42
174,575	164,406	Closing property, plant and equipment revaluation reserve	174,499	174,887	(388)	(0.2)	174,879
7,283	7,283	Opening net worth attributable to minority interests	7,958	7,958	-	-	7,958
66	41	Increase/(decrease) in minority interest from changes in equity	45	-	45	-	222
555	247	Operating balance attributable to minority interests	209	(237)	446	188.2	534
54	(225)	Net movements	(375)	161	(536)	(332.9)	(479)
7,958	7,346	Closing net worth attributable to minority interests	7,837	7,882	(45)	(0.6)	8,235
480	481	Opening other reserves	542	542	-	-	542
62	98	Net movements	(92)	(61)	(31)	(50.8)	(100)
542	579	Closing other reserves	450	481	(31)	(6.4)	442

FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2023

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

Year to 30 June 2023 Actual \$m	4 months to 31 Oct 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Operating Balance					
153,011	48,986	Total revenue	54,055	53,519	536	1.0	166,175
161,822	51,577	Less total expenses	57,732	57,080	(652)	(1.1)	177,078
14,658	(70)	Total gains/(losses)	(2,848)	(283)	(2,565)	-	3,824
29	44	Net surplus from associates and joint ventures	(10)	9	(19)	(211.1)	(12)
(555)	(247)	Minority interests share of operating balance	(209)	(237)	28	11.8	(534)
5,321	(2,864)	Operating balance	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
		Reconciliation Between the Operating Balance and OBEGAL					
5,321	(2,864)	Operating balance	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
		Less items excluded from OBEGAL:					
7,711	(305)	Net gains/(losses) on financial instruments	(4,020)	2,284	(6,304)	(276.0)	6,392
6,947	235	Net gains/(losses) on non-financial instruments	1,172	(2,567)	3,739	145.7	(2,568)
29	44	Net surplus from associates and joint ventures	(10)	9	(19)	(211.1)	(12)
80	(49)	Minority interests share of total gains/(losses)	(33)	(36)	3	8.3	(57)
(9,446)	(2,789)	OBEGAL	(3,853)	(3,762)	(91)	(2.4)	(11,380)

FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2023

Expenses by Functional Classification

Year to 30 June 2023 Actual \$m	4 months to 31 Oct 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Total Crown expenses								
48,845	15,844	Social security and welfare		16,977	17,223	246	1.4	53,774
29,824	9,471	Health		9,945	10,126	181	1.8	29,196
19,609	6,846	Education		7,626	7,164	(462)	(6.4)	21,675
6,663	1,581	Core government services		2,439	2,474	35	1.4	7,427
6,666	1,969	Law and order		2,181	2,173	(8)	(0.4)	7,039
14,428	4,746	Transport and communications		4,730	4,822	92	1.9	16,227
12,384	3,641	Economic and industrial services		4,624	5,172	548	10.6	14,506
2,838	984	Defence		1,035	1,022	(13)	(1.3)	3,152
3,417	1,218	Heritage, culture and recreation		1,295	1,241	(54)	(4.4)	3,346
2,740	782	Primary services		848	891	43	4.8	2,754
4,396	1,434	Housing and community development		1,680	1,670	(10)	(0.6)	5,188
2,353	1,057	Environmental protection		910	807	(103)	(12.8)	2,818
78	17	GSF pension expenses		24	24	-	-	71
133	19	Other		64	65	1	1.5	295
7,448	1,968	Finance costs		3,354	2,896	(458)	(15.8)	9,113
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(690)	(690)	(100.0)	(4,000)
161,822	51,577	Total Crown expenses excluding losses		57,732	57,080	(652)	(1.1)	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	4 months to 31 Oct 2022 Actual \$m		Note	Current Year Actual vs Forecast				Annual Annual Forecast \$m
				Actual \$m	Forecast \$m	Variance \$m	%	
Core Crown expenses								
41,514	14,053	Social security and welfare		14,658	14,774	116	0.8	44,682
28,489	9,818	Health		9,207	10,114	907	9.0	29,679
18,403	5,995	Education		6,682	6,331	(351)	(5.5)	20,397
6,806	1,607	Core government services		2,383	2,578	195	7.6	7,557
6,165	1,859	Law and order		2,108	2,067	(41)	(2.0)	6,528
5,472	1,629	Transport and communications		1,597	2,063	466	22.6	5,905
3,690	1,284	Economic and industrial services		1,267	1,375	108	7.9	3,992
2,886	994	Defence		1,050	1,034	(16)	(1.5)	3,197
1,537	607	Heritage, culture and recreation		640	638	(2)	(0.3)	1,460
1,156	299	Primary services		310	353	43	12.2	1,211
2,312	791	Housing and community development		967	983	16	1.6	2,909
2,381	1,060	Environmental protection		912	817	(95)	(11.6)	2,850
61	11	GSF pension expenses		17	17	-	-	51
133	19	Other		64	65	1	1.5	295
6,569	1,733	Finance costs		2,867	2,586	(281)	(10.9)	8,228
-	-	Forecast new operating spending	7	-	-	-	-	4,497
-	-	Top-down expense adjustment	7	-	(690)	(690)	(100.0)	(4,000)
127,574	41,759	Core Crown expenses excluding losses		44,729	45,105	376	0.8	139,438

FISCAL INDICATOR ANALYSIS

For the four months ended 31 October 2023

Core Crown Residual Cash

Year to 30 June 2023 \$m	4 months to 31 Oct 2022 \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
		Core Crown Cash Flows from Operations					
111,292	35,586	Tax receipts	37,464	38,505	(1,041)	(2.7)	116,216
2,492	841	Other sovereign receipts	595	1,339	(744)	(55.6)	2,898
982	191	Interest receipts	408	533	(125)	(23.5)	1,834
3,954	1,243	Sale of goods & services and other receipts	1,219	1,162	57	4.9	3,638
(40,417)	(14,620)	Transfer payments and subsidies	(15,257)	(15,424)	167	1.1	(43,839)
(76,434)	(26,825)	Personnel and operating costs	(27,554)	(27,431)	(123)	(0.4)	(81,567)
(5,305)	(1,460)	Interest payments	(2,032)	(1,857)	(175)	(9.4)	(6,479)
-	-	Forecast for future new operating spending	-	-	-	-	(4,497)
-	-	Top-down expense adjustment	-	690	(690)	(100.0)	4,000
(3,436)	(5,044)	Net core Crown operating cash flows	(5,157)	(2,483)	(2,674)	(107.7)	(7,796)
(4,435)	(1,474)	Net purchase of physical and intangible assets	(1,577)	(1,624)	47	2.9	(4,936)
(9,159)	(3,910)	Net increase in advances	(1,472)	(1,636)	164	10.0	(3,537)
(6,060)	(1,514)	Net purchase of investments	(1,646)	(2,662)	1,016	38.2	(7,887)
(2,558)	(853)	Contributions to New Zealand Superannuation Fund	(537)	(537)	-	-	(1,614)
-	-	Forecast for future new capital spending	-	-	-	-	(1,872)
-	-	Top-down capital adjustment	-	330	(330)	(100.0)	2,200
(22,212)	(7,751)	Net core Crown capital cash flows	(5,232)	(6,129)	897	14.6	(17,646)
(25,648)	(12,795)	Core Crown residual cash surplus / (deficit)	(10,389)	(8,612)	(1,777)	(20.6)	(25,442)
		<i>The core Crown residual cash surplus / (deficit) is funded or invested as follows:</i>					
		Debt Programme Cash Flows					
		Market:					
26,076	8,761	Issue of government bonds	11,496	11,815	(319)	(2.7)	33,734
(21,879)	(3,006)	Repayment of government bonds	(1,281)	(1,327)	46	3.5	(18,288)
(66)	(500)	Net issue/(repayment) of short-term borrowing	4,265	1,612	2,654	164.7	4,107
4,131	5,255	Total market debt cash flows	14,480	12,100	2,381	19.7	19,553
		Non market:					
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
(300)	(100)	Net issue/(repayment) of short-term borrowing ¹	(100)	(100)	-	-	(245)
(300)	(100)	Total non-market debt cash flows	(100)	(100)	-	-	(245)
3,831	5,155	Total debt programme cash flows	14,380	12,000	2,381	19.8	19,308
		Other Borrowing Cash Flows					
19,918	7,422	Net (repayment)/issue of other New Zealand dollar borrowing	6,821	3,230	3,591	111.2	12,666
(1,034)	(493)	Net (repayment)/issue of foreign currency borrowing	(1,505)	(3,171)	1,665	52.5	(7,205)
18,884	6,929	Total other borrowing cash flows	5,316	59	5,256	163.7	5,461
		Investing Cash Flows					
2,775	(1,770)	Other net sale/(purchase) of marketable securities and deposits	(6,135)	(3,991)	(2,144)	(53.7)	158
(60)	46	Issues of circulating currency	42	125	(83)	(66.4)	185
218	2,435	Decrease/(increase) in cash	(3,214)	419	(3,633)	-	330
2,933	711	Total investing cash flows	(9,307)	(3,447)	(5,860)	(170.0)	673
25,648	12,795	Core Crown residual cash deficit / (surplus) funding	10,389	8,612	1,777	20.6	25,442

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

FISCAL INDICATOR ANALYSIS

As at 31 October 2023

Net Debt and Gross Debt

As at 30 June 2023 Actual \$m	As at 31 Oct 2022 Actual \$m		Current Year Actual vs Forecast				Annual Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Net Debt:							
191,029	183,105	Core Crown borrowings ¹	214,184	202,858	(11,326)	(5.6)	216,228
48,110	14,813	Crown entity borrowings ²	51,355	50,075	(1,280)	(2.6)	55,944
(28,884)	-	Less Kiwi Group borrowings ³	(29,869)	(30,110)	(241)	(0.8)	(32,522)
(1,690)	-	Add back inter-entity eliminations ³	(1,695)	(1,714)	(19)	(1.1)	(1,209)
(1,602)	(3,079)	Net unsettled purchases/(sales) of securities ⁴	(2,656)	(1,122)	1,534	136.7	(1,499)
(135,596)	(124,719)	Less core Crown financial assets (per net debt definition) ⁵	(146,377)	(143,034)	3,343	2.3	(144,017)
71,367	70,120	Net debt (incl. NZS Fund)	84,942	76,953	(7,989)	(10.4)	92,925
Additional net debt analysis							
71,367	70,120	Net debt (incl. NZS Fund)	84,942	76,953	(7,989)	(10.4)	92,925
(2,264)	(4,887)	Less NZS Fund borrowings	(4,181)	(2,264)	1,917	84.7	(2,260)
		Less NZS Fund net unsettled purchases/(sales)					
1,045	2,158	of securities	3,207	1,234	(1,973)	(159.9)	1,611
66,120	59,141	Less NZS Fund financial assets	63,624	68,021	4,397	6.5	71,148
136,268	126,532	Net debt (excl. NZS Fund)	147,592	143,944	(3,648)	(2.5)	163,424
Gross Debt:							
191,029	183,105	Core Crown borrowings	214,184	202,858	(11,326)	(5.6)	216,228
962	696	Unsettled purchases of securities	1,495	723	(772)	(106.8)	244
		Add back NZS Fund holdings of sovereign-issued					
(3,093)	(5,568)	debt and NZS Fund borrowings	(4,759)	(2,854)	1,905	66.7	(2,371)
		Less Reserve Bank settlement cash ⁶ and					
(53,109)	(49,046)	Reserve Bank bills	(57,514)	(51,992)	5,521	10.6	(48,331)
135,789	129,187	Gross Debt	153,406	148,735	(4,672)	(3.1)	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 31 October 2022 actuals represent Kiwi Group Holdings (KGH) borrowings, which was reported within the State-owned enterprise segment. For the 31 October 2023 actuals and forecast, the assets and liabilities of KGH are reflected in a 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 four months ended 31 October 2023

Movement in Net Debt

As at 30 June 2023 Actual \$m	As at 31 Oct 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	12,795	Core Crown residual cash (surplus)/deficit	10,389	8,612	(1,777)	(20.6)	25,442
(9,159)	(3,910)	Less net increase in advances	(1,472)	(1,636)	(164)	(10.0)	(3,537)
(2,558)	(853)	Less contributions to the NZS Fund	(537)	(537)	-	-	(1,614)
3,191	468	Net increase/(decrease) in Crown entity borrowings	2,255	715	(1,540)	(215.4)	4,664
60	(46)	Issues of circulating currency	(42)	(125)	(83)	(66.4)	(185)
		Other fair value movements in financial assets and					
(7,665)	(184)	financial liabilities (gains)/losses (including NZSF)	2,982	(1,497)	(4,479)	(299.2)	(3,266)
71,367	70,120	Closing net debt	84,942	76,953	(7,989)	(10.4)	92,925

FISCAL INDICATOR ANALYSIS

New Zealand Superannuation Fund

30 June 2023 \$m	31 Oct 2022 \$m		Actual \$m	Forecast \$m	Variance \$m	%	Annual Forecast \$m
NZ Superannuation Fund							
1,320	372	Revenue	568	446	122	27.4	1,339
127	20	Less current tax expense	36	(397)	(433)	(109.1)	(1,191)
1,054	322	Less other expenses ¹	354	(87)	(441)	-	(262)
5,766	(286)	Add gains/(losses)	(3,129)	1,315	(4,444)	(337.9)	3,945
5,905	428	Operating balance	(2,171)	1,277	(3,448)	(270.0)	3,831
56,210	56,210	Opening net worth	64,673	64,673	-	-	64,673
2,558	853	Contributions from the Crown	538	538	-	-	1,614
5,905	428	Operating balance	(2,171)	1,277	(3,448)	(270.0)	3,831
64,673	57,491	Closing net worth	63,040	66,488	(3,448)	(5.2)	70,118
Comprising:							
68,234	62,178	Financial assets	67,631	70,085	(2,454)	(3.5)	73,111
(3,501)	(4,588)	Financial liabilities	(4,531)	(3,526)	(1,005)	(28.5)	(2,901)
(60)	(99)	Net other assets	(60)	(71)	11	15.5	(92)
64,673	57,491	Closing net worth	63,040	66,488	(3,448)	(5.2)	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	31 Oct 2023 Actual \$m	31 Oct 2023 Forecast \$m	Variance \$m	Variance %	Annual Forecast \$m
Core Crown taxation revenue...	38,600	38,349	251	0.7	121,602
...combined with other core Crown revenue...	4,620	4,162	458	11.0	12,345
...funds core Crown expenses...	(44,729)	(45,105)	376	0.8	(139,438)
...and including SOE and Crown entity revenues and expenses...	(2,344)	(1,168)	(1,176)	(100.7)	(5,889)
...results in an OBEGAL ...	(3,853)	(3,762)	(91)	(2.4)	(11,380)
...with gains/losses leading to an operating surplus/(deficit) ...	(6,744)	(4,072)	(2,672)	(65.6)	(7,625)
...removing net income in State-owned Enterprise's, Crown entities and the NZS Fund...	2,171	(1,277)	3,448	270.0	490
...and some items do not impact cash.	(584)	2,866	(3,450)	(120.4)	(661)
This leads to a core Crown operating residual cash surplus/(deficit)...	(5,157)	(2,483)	(2,674)	(107.7)	(7,796)
...used to make contributions to the NZS Fund...	(537)	(537)	-	-	(1,614)
...and to use for capital expenditure	(1,577)	(1,624)	47	2.9	(4,936)
...and to make advances	(1,472)	(1,636)	164	10.0	(3,537)
...and to purchase investments	(1,646)	(2,662)	1,016	38.2	(7,887)
Adjusting for forecast adjustments (top-down/new spending)...	-	330	(330)	(100.0)	328
...results in a borrowing requirement (cash deficit)/surplus	(10,389)	(8,612)	(1,777)	(20.6)	(25,442)