

25 January 2013

MEDIA STATEMENT

Embargoed until 10.00am, Friday 25 January 2013

Nicola Haslam
Manager, Fiscal Reporting
The Treasury

Financial Statements of the Government of New Zealand for the Five Months Ended 30 November 2012

The *Financial Statements of the Government of New Zealand* for the five months ended 30 November 2012 were released by the Treasury today.

These financial statements are compared against forecast tracks based on the 2012 *Half Year Economic and Fiscal Update (HYEFU)*, released on 18 December 2012.

Core Crown tax revenue at \$22.5 billion was close to forecast, \$127 million (0.6%) higher than expected, with all tax types broadly in line with forecast.

Core Crown expenditure was close to forecast at \$28.8 billion (0.1% above forecast) while, at \$3.0 billion, the **OBEGAL deficit** was \$203 million lower than expected.

The **operating balance** was \$706 million in surplus (\$1.2 billion higher than the forecast deficit of \$515 million) as net gains continued to be recorded in the NZ Superannuation Fund and ACC (around \$0.2 billion and \$0.9 billion above forecast, respectively).

The **residual cash deficit** was \$0.2 billion below forecast at \$6.0 billion, owing to higher than expected tax receipts (\$210 million or 1.0% above forecast). GST contributed \$187 million of the additional receipts but this is most likely due to timing of GST payments and the increase is expected to reverse in coming months.

Net debt at \$56.4 billion (27.1% of GDP) was \$317 million below forecast, largely owing to the lower residual cash deficit, while **gross debt** was on forecast at \$82.4 billion, or 39.6% of GDP.

| | <i>Year to date</i> | | | | <i>Full Year</i> |
|---|---------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| | November | November | <i>Variance to HYEFU</i> | <i>Variance to HYEFU</i> | June |
| | 2012 | 2012 HYEFU | | | 2013 HYEFU |
| \$ million | Actual¹ | Forecast¹ | \$m | % | Forecast² |
| Core Crown | | | | | |
| Core Crown tax revenue | 22,545 | 22,418 | 127 | 0.6 | 57,376 |
| Core Crown revenue | 24,773 | 24,651 | 122 | 0.5 | 62,939 |
| Core Crown expenses | 28,792 | 28,765 | (27) | (0.1) | 71,998 |
| Core Crown residual cash | (5,983) | (6,223) | 240 | 3.9 | (9,782) |
| Gross debt ³ | 82,398 | 82,442 | 44 | 0.1 | 80,176 |
| <i>as a percentage of GDP</i> | 39.6% | 39.6% | | | 37.1% |
| Net debt ⁴ | 56,386 | 56,703 | 317 | 0.6 | 59,998 |
| <i>as a percentage of GDP</i> | 27.1% | 27.2% | | | 27.8% |
| Total Crown | | | | | |
| Operating balance before gains and losses | (3,025) | (3,228) | 203 | 6.3 | (7,340) |
| Operating balance | 706 | (515) | 1,221 | 237.1 | (3,275) |
| Net worth attributable to the Crown | 60,054 | 58,824 | 1,230 | 2.1 | 56,285 |

1 Using GDP for the year ended 30 September 2012 of \$208,326 million (Source: Statistics New Zealand)

2 Using forecast GDP for the year ended 30 June 2013 of \$216,048 million (Source: Treasury)

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills

4 Net core Crown debt excluding student loans and other advances

ENDS

For enquiries: Nicola Haslam

Office of the Chief Financial Officer and Chief Accountant

Telephone: +64 4 917 6943

E-mail: nicola.haslam@treasury.govt.nz

Financial Statements of the Government of New Zealand

For the Five Months Ended
30 November 2012



Prepared by the Treasury
25 January 2013

This document is available on the New Zealand Treasury's internet site.
The URL for this site is <http://www.treasury.govt.nz>

New Zealand Government

978-0-478-39692-8 (Print)
978-0-478-39693-5 (Online)

CONTENTS

Commentary

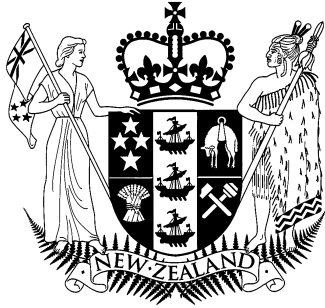
| | |
|--------------------------|---|
| Summary | 2 |
| Analysis | 3 |
| Year-on-Year Perspective | 7 |

Financial Statements

| | |
|--|----|
| Statement of Accounting Policies | 10 |
| <i>The statement outlines the summary accounting policies underpinning the preparation of the financial statements of the Government. It refers readers to the Treasury website where the accounting policies are set out in full.</i> | |
| Statement of Financial Performance | 12 |
| <i>The statement outlines the operating results of the total Government (i.e., the revenues and expenses of all departments + Reserve Bank + NZS Fund (core Crown), SOEs (including Air New Zealand), and Crown entities). Expense by functional class is also shown for total Crown and core Crown.</i> | |
| Statement of Comprehensive Income | 13 |
| <i>The statement reports changes in net worth due to the operating balance, items of income or expense that are recognised directly in net worth, the effect of certain accounting changes, and corrections of errors.</i> | |
| Analysis of Expenses by Functional Classification | 14 |
| <i>Breakdown of expenses by function for total Crown and core Crown.</i> | |
| Statement of Cash Flows | 15 |
| <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 Changes in Net Worth | 17 |
| <i>The statement provides a reconciliation of opening and closing net worth for the period.</i> | |
| Statement of Financial Position | 18 |
| <i>The statement outlines the balance sheet of the total Government (i.e., the assets and liabilities of the core Crown, SOEs, and Crown entities).</i> | |
| Statement of Borrowings | 19 |
| <i>The statement outlines total borrowings (split by sovereign-guaranteed debt and non sovereign-guaranteed debt), including the calculation of the core Crown debt indicators.</i> | |
| Statement of Commitments | 20 |
| <i>The statement outlines the commitments of the total Government by type and segment.</i> | |
| Statement of Contingent Liabilities and Assets | 20 |
| <i>The statement outlines the contingent liabilities and assets of the total Government by type and segment.</i> | |
| Notes to the Financial Statements | 21 |
| <i>The notes are an integral part of the financial statements, providing further explanatory material to that provided in the main statements.</i> | |

Officer for Enquiries

Nicola Haslam (phone 64-4-917-6943) (E-mail: nicola.haslam@treasury.govt.nz)
Chief Financial Officer and Chief Accountant Portfolio
The Treasury (1 The Terrace), PO Box 3724, Wellington
NEW ZEALAND
Facsimile: 64-4-473-1151



COMMENTARY

S U M M A R Y

The Financial Statements of the Government provide a record of the Government's financial performance for the five months ended 30 November 2012 and its financial position as at that date.

The November results are reported against forecasts based on the *2012 Half Year Economic and Fiscal Update (HYEFU)*, published on 18 December 2012.

At a Glance

Table 1 – Key indicators for the five months ended 30 November 2012 compared to HYEFU

| | Year to date | | | | Full Year |
|---|---------------------|---------------------------|----------------------|----------------------|-----------------------|
| | November 2012 | November 2012 HYEFU | Variance to HYEFU | Variance to HYEFU | June 2013 HYEFU |
| \$ million | Actual ¹ | Forecast ¹ | \$m | % | Forecast ² |
| Core Crown | | | | | |
| Core Crown tax revenue | 22,545 | 22,418 | 127 | 0.6 | 57,376 |
| Core Crown revenue | 24,773 | 24,651 | 122 | 0.5 | 62,939 |
| Core Crown expenses | 28,792 | 28,765 | (27) | (0.1) | 71,998 |
| Core Crown residual cash | (5,983) | (6,223) | 240 | 3.9 | (9,782) |
| Gross debt ³ | 82,398 | 82,442 | 44 | 0.1 | 80,176 |
| as a percentage of GDP | 39.6% | 39.6% | | | 37.1% |
| Net debt ⁴ | 56,386 | 56,703 | 317 | 0.6 | 59,998 |
| as a percentage of GDP | 27.1% | 27.2% | | | 27.8% |
| Total Crown | | | | | |
| Operating balance before gains and losses | (3,025) | (3,228) | 203 | 6.3 | (7,340) |
| Operating balance | 706 | (515) | 1,221 | 237.1 | (3,275) |
| Net worth attributable to the Crown | 60,054 | 58,824 | 1,230 | 2.1 | 56,285 |

1 Using GDP for the year ended 30 September 2012 of \$208,326 million (Source: Statistics New Zealand)

2 Using forecast GDP for the year ended 30 June 2013 of \$216,048 million (Source: Treasury)

3 Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills

4 Net core Crown debt excluding student loans and other advances

Core Crown includes Ministers, Departments, Offices of Parliament, the NZS Fund and the Reserve Bank of New Zealand but excludes State-owned enterprises and Crown entities.

Results for the five months ended 30 November 2012

Core Crown tax revenue at \$22.5 billion was close to forecast, \$127 million (0.6%) higher than expected with all tax types broadly in line with forecast.

Core Crown expenditure was close to forecast at \$28.8 billion (0.1% above forecast) while, at \$3.0 billion, the **OBEGAL deficit** was \$203 million lower than expected.

The **operating balance** was in surplus at \$706 million (\$1.2 billion higher than the forecast deficit of \$515 million) as net gains continued to be recorded in the NZS Fund and ACC (around \$0.2 billion and \$0.9 billion above forecast respectively).

The **residual cash deficit** was \$0.2 billion below forecast at \$6.0 billion owing to higher than expected tax receipts (\$210 million or 1.0% above forecast). GST contributed \$187 million of the additional receipts, however, this is thought to be timing related and is expected to reverse in coming months.

Net debt at \$56.4 billion (27.1% of GDP) was \$317 million below forecast largely owing to the lower residual cash deficit, while **gross debt** was on forecast at \$82.4 billion, or 39.6% of GDP.

Further analysis of the November results follows.

ANALYSIS

Table 2 – Key indicator variances for the five months ended 30 November 2012 compared to *HYEFU*:

| Item/indicator | Variance ¹ | Key drivers |
|----------------------------------|---|---|
| Core Crown | | |
| Core Crown revenue | \$122 million (higher than forecast) | Core Crown tax revenue was \$127m (0.6%) higher than forecast, with the results for most tax types being marginally better than expected. |
| Core Crown expenses | -\$27 million (higher than forecast) | <p>Core Crown expenses were on forecast at \$28.8 billion for the five months to 30 November, which was \$27m (or 0.1%) higher than expected.</p> <p>Despite the overall result being close to forecast, there were still underspends by most departments (totalling approximately \$150m). These underspends were largely anticipated by the top-down expense adjustment (\$115m). In addition, finance costs were higher than expected (\$69m).</p> |
| Core Crown residual cash deficit | \$240 million (lower than forecast) | <p>At \$5,983m, the core Crown residual cash deficit was \$240m lower than forecast.</p> <p>Core Crown tax receipts were \$210m higher than expected, largely in line with the tax revenue result. The largest component of the receipts variance was GST, which was \$187m above forecast owing to fewer refunds paid than forecast, but this is expected to reverse in coming months.</p> |
| Gross debt | \$44 million (lower than forecast) | Gross debt was close to forecast at \$82,398m (0.1% lower than forecast). |
| Net Debt | \$317 million (lower than forecast) | Net debt was also close to forecast at \$56,386m (0.6% lower than expected), largely reflecting the residual cash deficit result explained earlier. |

¹ Favourable variances against forecast have a positive sign and unfavourable variances against forecast have a negative sign.

| Item/indicator | Variance ¹ | Key drivers |
|---|---|--|
| Total Crown | | |
| Operating balance before gains and losses deficit | \$203 million (lower than forecast) | <p>The OBEGAL deficit was \$3,025m, which was \$203m lower than expected.</p> <p>The lower deficit was largely driven by core Crown segment results, with a positive variance in the OBEGAL of approximately \$100m (revenue was \$122m higher than forecast, partly offset by expenses being \$27m above forecast).</p> |
| Operating balance | \$1,221 million (higher than forecast) | <p>Including net gains, which were \$1,010m greater than expected, the operating balance was \$1,221m higher than forecast at a surplus of \$706m (compared to the forecast deficit of \$515m).</p> <p>Investment gains continued to be made and were \$782m above forecast. The NZS Fund and ACC investment portfolios year to date gains were \$207m and \$689m higher than forecast respectively. For the month of November, the NZS Fund made a \$384m gain and ACC made \$169m.</p> <p>In addition to the investment gains, ACC recorded an actuarial gain on its liability for outstanding insurance claims that was \$228m above forecast reflecting a small increase in the discount rate.</p> |
| Net worth attributable to the Crown | \$1,230 million (higher than forecast) | Net worth attributable to the Crown was higher than expected largely reflecting the operating balance result as detailed above. |

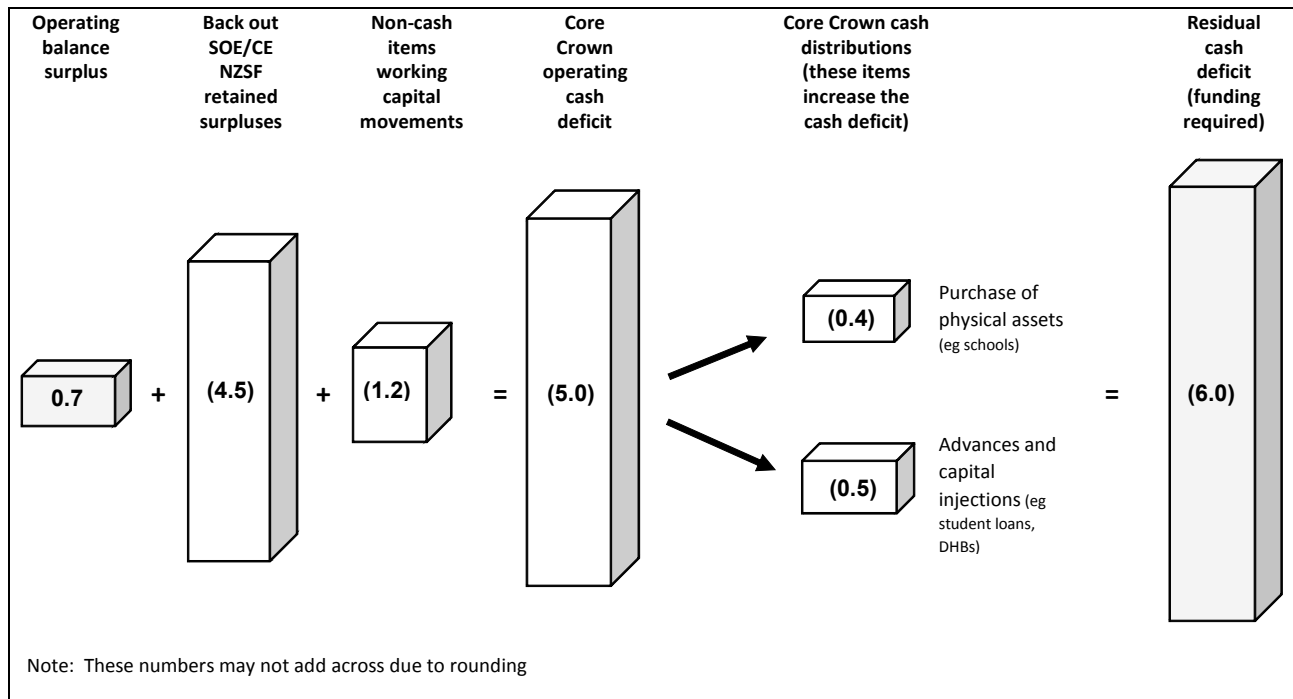
Table 3 – Fiscal Strategy and financial results

| Fiscal Strategy | | Financial Results | | Ref | 30 Nov 2012 Actual \$m | 30 Nov 2012 Forecast \$m | Variance \$m | Variance % | Annual Forecast \$m |
|---|--|-------------------|----------|----------|---------------------------------|-----------------------------------|-----------------|---------------|---------------------------|
| Operating revenue Ensure sufficient operating revenue to meet the operating balance objective | Taxation as a % of GDP | 1 | 26.0% | 25.8% | | | | | 26.6% |
| | Core Crown taxation revenue ... | | 22,545 | 22,418 | 127 | 0.6 | | 57,376 | |
| | ... combined with other core Crown revenue ... | | 2,228 | 2,233 | (5) | (0.2) | | 5,563 | |
| Operating expenses To control the growth in spending so that over time, core Crown expenses are reduced to below 30% of GDP | ... fund core Crown expenses... | | (28,792) | (28,765) | (27) | (0.1) | | (71,998) | |
| | ... and with SOE and Crown entity results and core Crown gains and losses... | | 4,725 | 3,599 | 1,126 | 31.3 | | 5,784 | |
| Operating balance Return to an operating surplus sufficient to meet the Government's net capital requirements, including contributions to the New Zealand Superannuation Fund, and ensure consistency with the debt objective | ... result in an operating surplus or deficit... | | 706 | (515) | 1,221 | 237.1 | | (3,275) | |
| | ...with income in SOEs, CEs and the NZS Fund retained... | | (4,521) | (3,453) | (1,068) | (30.9) | | (5,683) | |
| | ... and some items do not impact cash ... | | (1,227) | (1,148) | (79) | (6.9) | | 1,855 | |
| | ... leaving operating cash flows to ... | | (5,042) | (5,116) | 74 | 1.4 | | (7,103) | |
| | ... meet the capital expenditure budget ... | | (428) | (493) | 65 | 13.2 | | (1,840) | |
| | ... and make advances (e.g. to students and DHBs) | | (513) | (614) | 101 | 16.4 | | (839) | |
| | With the residual cash ... | | (5,983) | (6,223) | 240 | 3.9 | | (9,782) | |
| | ... when combined with opening net debt ... | | 50,671 | 50,671 | - | - | | 50,671 | |
| Debt Manage total debt at prudent levels ensuring net debt remains consistently below 35% of GDP and then brought back to a level no higher than 20% of GDP by 2020 | ... and fair value movements and other changes in financial assets and financial liabilities ... | | (268) | (191) | 77 | 40.5 | | (455) | |
| | ... results in a closing net debt ... | | 56,386 | 56,703 | 317 | 0.6 | | 59,998 | |
| | ... and as a % of GDP | | 27.1% | 27.2% | | | | 27.8% | |

¹ GDP for the five months ended 30 November 2012 (actual and forecast) is the actual data for the year ended 30 September 2012 (Source: Statistics New Zealand) pro-rated for five months.

Figure 1 – Application of core Crown cash flows (\$billions)

This diagram shows how the Operating Balance translates into cash available to the core Crown and how this cash was spent.



YEAR - ON - YEAR PERSPECTIVE

Table 4 – Comparison with previous year

| | November 2012 Actual \$m | November 2011 Actual \$m | Change ¹ \$m | Change % |
|--|-----------------------------------|-----------------------------------|----------------------------|--------------|
| Statement of Financial Performance | | | | |
| Core Crown revenue | | | | |
| Taxation revenue | 22,545 | 21,415 | 1,130 | 5.3 |
| Other revenue | 2,228 | 1,902 | 326 | 17.1 |
| Total Core Crown Revenue | 24,773 | 23,317 | 1,456 | 6.2 |
| Core Crown expenses | | | | |
| Social security and welfare | 9,416 | 9,161 | 255 | 2.8 |
| GSF pension expenses | 115 | 76 | 39 | 51.3 |
| Health | 5,983 | 5,850 | 133 | 2.3 |
| Education | 5,090 | 5,051 | 39 | 0.8 |
| Core government services | 1,700 | 1,689 | 11 | 0.7 |
| Law and order | 1,415 | 1,417 | (2) | (0.1) |
| Defence | 739 | 734 | 5 | 0.7 |
| Transport and communications | 803 | 840 | (37) | (4.4) |
| Economic and industrial services | 878 | 936 | (58) | (6.2) |
| Primary services | 253 | 252 | 1 | 0.4 |
| Heritage, culture and recreation | 350 | 331 | 19 | 5.7 |
| Environmental protection | 184 | 500 | (316) | (63.2) |
| Housing and community development | 155 | 175 | (20) | (11.4) |
| Other | 149 | 273 | (124) | (45.4) |
| Finance costs | 1,562 | 1,557 | 5 | 0.3 |
| Total Core Crown Expenses | 28,792 | 28,842 | (50) | (0.2) |
| Net surplus of SOE/CE's (and inter-segment eliminations) | 994 | 1,048 | (54) | (5.2) |
| OBE GAL | (3,025) | (4,477) | 1,452 | 32.4 |
| Total gains/(losses) | 3,657 | (5,547) | 9,204 | 165.9 |
| Other operating items | 74 | 103 | (29) | (28.2) |
| Operating Balance | 706 | (9,921) | 10,627 | 107.1 |
| Core Crown residual cash | (5,983) | (7,479) | 1,496 | 20.0 |
| Debt indicators | | | | |
| Gross debt² | 82,398 | 72,352 | 10,046 | 13.9 |
| Net debt³ | 56,386 | 47,630 | 8,756 | 18.4 |

¹ Due to the seasonal nature of some expenditure it is not appropriate to annualise these changes.

² Gross sovereign-issued debt excluding settlement cash and Reserve Bank bills.

³ Net core Crown debt excluding NZS Fund, student loans and other advances.

Revenue and Expenses

Core Crown taxation revenue for the five months ended 30 November 2012 increased by \$1.1 billion (5.3%) on the same period last year. Other individuals' tax was the largest contributor to the increase (up 52% on last year) owing to a higher effective tax rate, with source deductions and GST also higher last year reflecting wage growth and increased consumption. This growth was partially offset by weaker growth in corporate tax.

Total **core Crown expenses** decreased by \$50 million (0.2%) on the same period last year. The significant movements in core Crown functional expenses were as follows:

| Functional expense | Movement from previous year | Main drivers of the change |
|-----------------------------|-----------------------------|--|
| Increases: | | |
| Social security and welfare | + 255 million | Indexation of welfare benefits and increase in recipient numbers, particularly NZ Superannuitants. |
| Decreases: | | |
| Environmental protection | - \$316 million | Costs associated with the Emissions Trading Scheme (ETS) were lower than last year as fewer NZ units have been issued and at lower prices. The lower issuance is related to the forestry industry, as they received a one-off allocation of units if they opted into the scheme in previous years. |
| Other functional classes | + \$11 million | |
| Total | - \$50 million | |

The **surplus of SOE/CE's** was \$994 million, which was close to last year's surplus for the same period.

Total gains were \$3,657 million in the five months to November 2012 due to strong returns on the Crown's investment portfolios. In contrast, weak global equity markets in the first five months of the 2011/12 financial year plus increases in the valuation of the Crown's long-term liabilities (eg, ACC and GSF) resulted in total losses of \$5,547 million to 30 November 2011.

Debt

Both **net** and **gross debt** have increased as a result of the issuance of debt (primarily government stock) and the reduction in financial assets to meet cash deficits.



FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

1 Reporting Entity

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

- Ministers of the Crown
- Offices of Parliament
- New Zealand Superannuation Fund
- State-Owned Enterprises (SOEs)
- Departments
- Reserve Bank of New Zealand
- Crown Entities
- Air New Zealand Limited

A schedule of the entities that are included in the Government reporting entity was set out on pages 85 and 86 of the *HYEFU* released on 18 December 2012.

With the exception of the 30 June 2012 comparative figures, all actual, forecast and comparative figures presented in these financial statements are unaudited.

2 General Accounting Policies

These financial statements comply with generally accepted accounting practice and with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities. The measurement base applied is historical cost adjusted for revaluations of property, plant and equipment (where appropriate), commercial forests; and marketable securities, deposits and equity investments held for trading purposes. The accrual basis of accounting has been used unless otherwise stated.

These financial statements have been prepared on a going concern basis. All other policies have been applied consistently throughout the period.

3 Specific Accounting Policies

The specific accounting policies of the Crown are detailed on the Treasury's internet site:

<http://www.treasury.govt.nz/publications/guidance/reporting/accounting>

4 Forecasts

The forecasts in these financial statements have been derived from the forecasts released in the *HYEFU*, on 18 December 2012.

The accounting policies underlying the preparation of forecasts are set out in the Statement of Accounting Policies reproduced in full on the Treasury's internet site <http://www.treasury.govt.nz/budget/forecasts/hyefu2012>

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

5 Comparative Figures

When presentation or classification of items in the financial statements is 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.

6 Variance Percentages

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

7 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 and liabilities, income 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.

A second area of uncertainty relates to the immature nature of the claims experience available to assist in estimating the claims and provisions arising from the Canterbury earthquakes. Actuarial valuations of these liabilities using the best available information have been used, however it is common in such cases for adjustments to be required as the claims experience develops.

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.

STATEMENT OF FINANCIAL PERFORMANCE

for the five months ended 30 November 2012

| Year 5 months to 30 Jun 2012 | | to 30 Nov 2011 | | Current Year Actual vs Forecast | | | | | Annual Forecast \$m |
|---------------------------------|----------------|---|--|---------------------------------|----------------|-----------------|-----------------|--------------|---------------------------|
| Actual \$m | Actual \$m | | | Note | Actual \$m | Forecast \$m | Variance \$m | % | |
| | | Revenue | | | | | | | |
| 54,665 | 21,184 | Taxation revenue | | 1 | 22,295 | 22,215 | 80 | 0.4 | 56,874 |
| 5,130 | 1,990 | Other sovereign revenue | | 1 | 2,155 | 2,148 | 7 | 0.3 | 5,128 |
| 59,795 | 23,174 | Total Revenue Levied through the Crown's Sovereign Power | | | 24,450 | 24,363 | 87 | 0.4 | 62,002 |
| 16,785 | 6,974 | Sales of goods and services | | | 6,619 | 6,709 | (90) | (1.3) | 15,735 |
| 2,763 | 1,161 | Interest revenue and dividends | | 2 | 1,222 | 1,252 | (30) | (2.4) | 3,211 |
| 4,140 | 1,314 | Other revenue | | | 1,435 | 1,434 | 1 | 0.1 | 3,659 |
| 23,688 | 9,449 | Total revenue earned through the Crown's operations | | | 9,276 | 9,395 | (119) | (1.3) | 22,605 |
| 83,483 | 32,623 | Total revenue (excluding gains) | | | 33,726 | 33,758 | (32) | (0.1) | 84,607 |
| | | Expenses | | | | | | | |
| 22,354 | 9,283 | Social assistance and official development assistance | | 3 | 9,510 | 9,511 | 1 | - | 23,007 |
| 19,475 | 8,031 | Personnel expenses | | 4 | 8,317 | 8,285 | (32) | (0.4) | 19,983 |
| 6,350 | 2,388 | Depreciation and amortisation | | 5 | 1,754 | 1,761 | 7 | 0.4 | 4,531 |
| 35,678 | 14,404 | Other operating expenses | | 5 | 14,054 | 14,403 | 349 | 2.4 | 37,455 |
| 4,290 | 1,642 | Interest expenses | | 6 | 1,770 | 1,766 | (4) | (0.2) | 4,410 |
| 4,576 | 1,352 | Insurance expenses | | 7 | 1,346 | 1,375 | 29 | 2.1 | 3,374 |
| - | - | Forecast new operating spending | | 5 | - | - | - | - | 317 |
| - | - | Top-down expense adjustment | | 5 | - | (115) | (115) | (100.0) | (1,150) |
| 92,723 | 37,100 | Total expenses (excluding losses) | | | 36,751 | 36,986 | 235 | 0.6 | 91,927 |
| - | - | Forgone profits from partial share sales | | | - | - | - | - | (20) |
| (9,240) | (4,477) | Operating balance before gains/(losses) | | | (3,025) | (3,228) | 203 | 6.3 | (7,340) |
| 692 | (1,648) | Net gains/(losses) on financial instruments | | 8 | 3,026 | 2,244 | 782 | 34.8 | 3,301 |
| (6,526) | (3,899) | Net gains/(losses) on non-financial instruments | | 9 | 631 | 403 | 228 | 56.6 | 568 |
| (5,834) | (5,547) | Total gains/(losses) | | | 3,657 | 2,647 | 1,010 | 38.2 | 3,869 |
| 233 | 103 | Net surplus/(deficit) from associates and joint ventures | | | 70 | 66 | 4 | 6.1 | 196 |
| (14,841) | (9,921) | Operating balance from continuing activities | | | 702 | (515) | 1,217 | 236.3 | (3,275) |
| - | - | Gain/(loss) from discontinued operations | | | 4 | - | 4 | - | - |
| (56) | - | Attributable to minority interests | | | - | - | - | - | - |
| (14,897) | (9,921) | Operating balance | | 10 | 706 | (515) | 1,221 | 237.1 | (3,275) |

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

STATEMENT OF COMPREHENSIVE INCOME

for the five months ended 30 November 2012

| Year 5 months to 30 Jun 2012 Actual \$m | | to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | |
|--|----------------|---|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| | | | | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast \$m |
| (14,841) | (9,921) | Operating Balance (including minority interest) | | 706 | (515) | 1,221 | 237.1 | (3,255) |
| | | Other comprehensive income | | | | | | |
| (6,461) | (105) | Revaluation of physical assets | | (53) | (27) | (26) | (96.3) | (16) |
| 108 | 194 | Effective portion of changes in value of cash flow hedges | | (73) | (8) | (65) | - | (32) |
| 54 | 1 | Net change in fair value of cash flow hedges transferred to operating balance | | - | - | - | - | - |
| (19) | (19) | Net change in fair value of cash flow hedges transferred to the hedged item | | (2) | 4 | (6) | (150.0) | 4 |
| (2) | 18 | Foreign currency translation differences for foreign operations | | 101 | 12 | 89 | - | 85 |
| 13 | 17 | Valuation gains/(losses) on investments available for sale taken to reserves | | 26 | 12 | 14 | 116.7 | 4 |
| 1 | 65 | Other movements | | 1 | (2) | 3 | 150.0 | (8) |
| (6,306) | 171 | Total other comprehensive income | | - | (9) | 9 | 100.0 | 37 |
| (21,147) | (9,750) | Total comprehensive income | | 706 | (524) | 1,230 | 234.7 | (3,218) |
| | | Attributable to: | | | | | | |
| 84 | - | - minority interest | | - | - | - | - | 20 |
| (21,231) | (9,750) | - the Crown | | 706 | (524) | 1,230 | 234.7 | (3,238) |
| (21,147) | (9,750) | Total comprehensive income | | 706 | (524) | 1,230 | 234.7 | (3,218) |

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

ANALYSIS OF EXPENSES BY FUNCTIONAL CLASSIFICATION

for the five months ended 30 November 2012

| Year 5 months to 30 Jun 2012 Actual \$m | | 5 months to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--------|---|--------|---------------------------------|-----------------|-----------------|---------|---------------------------|
| | | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| Total Crown expenses | | | | | | | | |
| 25,457 | 10,517 | Social security and welfare | 10,795 | 10,864 | 69 | 0.6 | 26,689 | |
| 197 | 78 | GSF pension expenses | 118 | 120 | 2 | 1.7 | 287 | |
| 13,650 | 5,664 | Health | 5,726 | 5,799 | 73 | 1.3 | 14,108 | |
| 12,407 | 5,494 | Education | 5,320 | 5,343 | 23 | 0.4 | 13,262 | |
| 5,305 | 1,611 | Core government services | 1,712 | 1,734 | 22 | 1.3 | 5,538 | |
| 3,592 | 1,485 | Law and order | 1,499 | 1,507 | 8 | 0.5 | 3,864 | |
| 1,693 | 715 | Defence | 724 | 730 | 6 | 0.8 | 1,815 | |
| 10,259 | 3,480 | Transport and communications | 3,566 | 3,477 | (89) | (2.6) | 8,952 | |
| 10,018 | 3,564 | Economic and industrial services | 3,197 | 3,370 | 173 | 5.1 | 7,479 | |
| 1,588 | 647 | Primary services | 514 | 511 | (3) | (0.6) | 1,521 | |
| 2,446 | 929 | Heritage, culture and recreation | 1,022 | 1,026 | 4 | 0.4 | 2,477 | |
| 769 | 500 | Environmental protection | 173 | 186 | 13 | 7.0 | 561 | |
| 627 | 501 | Housing and community development | 466 | 482 | 16 | 3.3 | 1,168 | |
| 425 | 273 | Other | 149 | 186 | 37 | 19.9 | 629 | |
| 4,290 | 1,642 | Finance costs | 1,770 | 1,766 | (4) | (0.2) | 4,410 | |
| - | - | Forecast new operating spending | - | - | - | - | 317 | |
| - | - | Top-down expense adjustment | - | (115) | (115) | (100.0) | (1,150) | |
| 92,723 | 37,100 | Total Crown expenses excluding losses | 36,751 | 36,986 | 235 | 0.6 | 91,927 | |

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 5 months to 30 Jun 2012 Actual \$m | | to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--------|--------------------------------------|--------|---------------------------------|-----------------|-----------------|---------|---------------------------|
| | | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| Core Crown expenses | | | | | | | | |
| 22,028 | 9,161 | Social security and welfare | 9,416 | 9,396 | (20) | (0.2) | 22,878 | |
| 192 | 76 | GSF pension expenses | 115 | 115 | - | - | 278 | |
| 14,160 | 5,850 | Health | 5,983 | 6,023 | 40 | 0.7 | 14,741 | |
| 11,654 | 5,051 | Education | 5,090 | 5,109 | 19 | 0.4 | 12,400 | |
| 5,428 | 1,689 | Core government services | 1,700 | 1,722 | 22 | 1.3 | 5,640 | |
| 3,403 | 1,417 | Law and order | 1,415 | 1,434 | 19 | 1.3 | 3,642 | |
| 1,736 | 734 | Defence | 739 | 750 | 11 | 1.5 | 1,864 | |
| 2,232 | 840 | Transport and communications | 803 | 810 | 7 | 0.9 | 2,435 | |
| 2,157 | 936 | Economic and industrial services | 878 | 856 | (22) | (2.6) | 2,082 | |
| 648 | 252 | Primary services | 253 | 255 | 2 | 0.8 | 846 | |
| 863 | 331 | Heritage, culture and recreation | 350 | 363 | 13 | 3.6 | 875 | |
| 769 | 500 | Environmental protection | 184 | 194 | 10 | 5.2 | 585 | |
| (130) | 175 | Housing and community development | 155 | 174 | 19 | 10.9 | 357 | |
| 425 | 273 | Other | 149 | 186 | 37 | 19.9 | 629 | |
| 3,511 | 1,557 | Finance costs | 1,562 | 1,493 | (69) | (4.6) | 3,579 | |
| - | - | Forecast new operating spending | - | - | - | - | 317 | |
| - | - | Top-down expense adjustment | - | (115) | (115) | (100.0) | (1,150) | |
| 69,076 | 28,842 | Core Crown expenses excluding losses | 28,792 | 28,765 | (27) | (0.1) | 71,998 | |

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

STATEMENT OF CASH FLOWS

for the five months ended 30 November 2012

| Year 5 months to 30 Jun 2012 to 30 Nov 2011 | | Current Year Actual vs Forecast | | | | |
|---|----------------|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| Actual \$m | Actual \$m | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast \$m |
| Cash Flows From Operations | | | | | | |
| Cash was provided from | | | | | | |
| 53,582 | 20,092 | 21,417 | 21,049 | 368 | 1.7 | 55,817 |
| 4,890 | 2,171 | 2,296 | 2,358 | (62) | (2.6) | 4,694 |
| 16,812 | 7,051 | 7,012 | 7,107 | (95) | (1.3) | 15,806 |
| 2,603 | 1,117 | 1,139 | 1,135 | 4 | 0.4 | 2,924 |
| 4,395 | 1,636 | 2,553 | 2,469 | 84 | 3.4 | 6,785 |
| 82,282 | 32,067 | 34,417 | 34,118 | 299 | 0.9 | 86,026 |
| Cash was disbursed to | | | | | | |
| Social assistance and official development assistance | | | | | | |
| 22,840 | 10,129 | 9,914 | 9,913 | (1) | - | 23,077 |
| 59,107 | 26,086 | 25,300 | 25,261 | (39) | (0.2) | 61,567 |
| 3,954 | 1,653 | 1,729 | 1,801 | 72 | 4.0 | 4,622 |
| - | - | - | - | - | - | 317 |
| - | - | - | (115) | (115) | (100.0) | (1,150) |
| 85,901 | 37,868 | 36,943 | 36,860 | (83) | (0.2) | 88,433 |
| (3,619) | (5,801) | (2,526) | (2,742) | 216 | 7.9 | (2,407) |
| Cash Flows From Investing Activities | | | | | | |
| Cash was provided from/(disbursed to) | | | | | | |
| (5,766) | (2,381) | (2,233) | (2,665) | 432 | 16.2 | (6,837) |
| 424 | 5,513 | 3,043 | 1,886 | 1,157 | 61.3 | 11,464 |
| (567) | (181) | (201) | (173) | (28) | (16.2) | (553) |
| (1,284) | (417) | (622) | (602) | (20) | (3.3) | (1,539) |
| (115) | 12 | 158 | 20 | 138 | - | 1,513 |
| - | - | - | - | - | - | (179) |
| - | - | - | 40 | (40) | (100.0) | 400 |
| (7,308) | 2,546 | 145 | (1,494) | 1,639 | 109.7 | 4,269 |
| (10,927) | (3,255) | (2,381) | (4,236) | 1,855 | 43.8 | 1,862 |
| Cash Flows From Financing Activities | | | | | | |
| Cash was provided from/(disbursed to) | | | | | | |
| 203 | 190 | 183 | 71 | 112 | 157.7 | 160 |
| 7,554 | 393 | 8,699 | 9,107 | (408) | (4.5) | 3,211 |
| (6,422) | (5,427) | 180 | (137) | 317 | 231.4 | (2,292) |
| 10,353 | 10,604 | (2,946) | (2,272) | (674) | (29.7) | 481 |
| (7) | - | - | - | - | - | - |
| 11,681 | 5,760 | 6,116 | 6,769 | (653) | (9.6) | 1,560 |
| 754 | 2,505 | 3,735 | 2,533 | 1,202 | 47.5 | 3,422 |
| 9,801 | 9,801 | 10,686 | 10,686 | - | - | 10,686 |
| 131 | 292 | (72) | (157) | 85 | 54.1 | (156) |
| 10,686 | 12,598 | 14,349 | 13,062 | 1,287 | 9.9 | 13,952 |

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

STATEMENT OF CASH FLOWS (CONTINUED)

for the five months ended 30 November 2012

| Year 5 months to 30 Jun 2012 to 30 Nov 2011 | | Current Year Actual vs Forecast | | | | |
|--|---------------|--|-----------------|-----------------|--------------|---------------------------|
| Actual \$m | Actual \$m | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast \$m |
| Reconciliation Between the Net Cash Flows from Operations and the Operating Balance | | | | | | |
| (3,619) | (5,801) | Net Cash Flows from Operations | | | | |
| | | <i>Items included in the operating balance but not in net cash flows from operations</i> | | | | |
| | | Gains/(losses) | | | | |
| 692 | (1,648) | Gains/(losses) on financial instruments | | | | |
| | | Gains/(losses) on non-financial instruments | | | | |
| (6,526) | (3,899) | 3,026 | 2,244 | 782 | 34.8 | 3,301 |
| (5,834) | (5,547) | 631 | 403 | 228 | 56.6 | 568 |
| | | 3,657 | 2,647 | 1,010 | 38.2 | 3,869 |
| Other Non-cash Items in Operating Balance | | | | | | |
| (6,350) | (2,388) | Depreciation and amortisation | | | | |
| | | Write-down on initial recognition of financial assets | | | | |
| (850) | (260) | (1,754) | (1,761) | 7 | 0.4 | (4,531) |
| | | Impairment of financial assets (excluding receivables) | | | | |
| 248 | 33 | (210) | (220) | 10 | 4.5 | (788) |
| | | Non-cash movement in defined benefit retirement plan liabilities | | | | |
| 512 | 195 | 5 | 4 | 1 | 25.0 | 33 |
| 1,070 | 2,165 | 117 | 128 | (11) | (8.6) | 390 |
| 232 | 104 | 1,414 | 1,766 | (352) | (19.9) | 2,684 |
| | | Other | | | | |
| | | 72 | 68 | 4 | 5.9 | 197 |
| (5,138) | (151) | (356) | (15) | (341) | - | (2,015) |
| Movements in Working Capital | | | | | | |
| (242) | (647) | Increase/(decrease) in receivables | | | | |
| (175) | 55 | (2,726) | (2,632) | (94) | (3.6) | (3,459) |
| (74) | (3) | 41 | 152 | (111) | (73.0) | 498 |
| 32 | 367 | 23 | (50) | 73 | 146.0 | (95) |
| (38) | 51 | 375 | 274 | 101 | 36.9 | (13) |
| 191 | 1,755 | (53) | 66 | (119) | (180.3) | 163 |
| | | 2,271 | 1,785 | 486 | 27.2 | 184 |
| (306) | 1,578 | (69) | (405) | 336 | 83.0 | (2,722) |
| (14,897) | (9,921) | Operating Balance | | | | |
| | | 706 | (515) | 1,221 | 237.1 | (3,275) |

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

STATEMENT OF CHANGES IN NET WORTH

for the five months ended 30 November 2012

| Year to 30 Jun 2012 Actual \$m | 5 months to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--|--|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| 80,887 | 80,887 | Opening net worth | 59,780 | 59,780 | - | - | 59,780 |
| (14,841) | (9,921) | Operating balance (including minority interest) | 706 | (515) | 1,221 | 237.1 | (3,275) |
| (6,461) | (105) | Net revaluations | (53) | (27) | (26) | (96.3) | (16) |
| 80 | 280 | Transfers to/(from) reserves | (48) | 5 | (53) | - | (39) |
| 83 | 1 | (Gains)/losses transferred to the statement of financial performance | - | - | - | - | (1) |
| (8) | (4) | Other movements | 101 | 13 | 88 | - | 93 |
| (21,147) | (9,749) | Total comprehensive income | 706 | (524) | 1,230 | 234.7 | (3,238) |
| - | - | Gan on Government share offers | - | - | - | - | 175 |
| - | - | Partial share sales in SOEs | - | - | - | - | 1,325 |
| 40 | - | Transactions with minority interests | - | - | - | - | 20 |
| 59,780 | 71,138 | Closing net worth | 60,486 | 59,256 | 1,230 | 2.1 | 58,062 |
| | | Attributable to: | | | | | |
| 432 | 308 | - minority interest | 432 | 432 | - | - | 1,777 |
| 59,348 | 70,830 | - the Crown | 60,054 | 58,824 | 1,230 | 2.1 | 56,285 |
| 59,780 | 71,138 | Closing net worth | 60,486 | 59,256 | 1,230 | 2.1 | 58,062 |

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

STATEMENT OF FINANCIAL POSITION

as at 30 November 2012

| As at 30 Jun 2012 Actual \$m | As at 30 Nov 2011 Actual \$m | | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--|---|------|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| | | | Note | Actual \$m | Forecast \$m | Variance \$m | % | |
| Assets | | | | | | | | |
| 10,686 | 12,598 | Cash and cash equivalents | 11 | 14,349 | 13,062 | 1,287 | 9.9 | 13,952 |
| 20,956 | 20,640 | Receivables | 11 | 18,262 | 18,482 | (220) | (1.2) | 17,627 |
| 48,385 | 42,747 | Marketable securities, deposits and derivatives in gain | 11 | 44,590 | 45,588 | (998) | (2.2) | 39,399 |
| 14,385 | 13,898 | Share investments | 11 | 15,285 | 15,374 | (89) | (0.6) | 16,302 |
| 21,766 | 20,983 | Advances | 11 | 22,343 | 22,493 | (150) | (0.7) | 23,398 |
| 1,234 | 1,305 | Inventory | | 1,257 | 1,184 | 73 | 6.2 | 1,139 |
| 2,134 | 2,357 | Other assets | | 2,590 | 2,399 | 191 | 8.0 | 1,972 |
| 108,584 | 115,613 | Property, plant & equipment | 12 | 109,019 | 109,701 | (682) | (0.6) | 111,719 |
| 9,483 | 9,724 | Equity accounted investments ¹ | | 9,871 | 9,606 | 265 | 2.8 | 9,825 |
| 2,705 | 2,308 | Intangible assets and goodwill | | 2,601 | 2,559 | 42 | 1.6 | 2,708 |
| - | - | Forecast for new capital spending | | - | - | - | - | 179 |
| - | - | Top-down capital adjustment | | - | (40) | 40 | 100.0 | (400) |
| 240,318 | 242,173 | Total assets | | 240,167 | 240,408 | (241) | (0.1) | 237,820 |
| Liabilities | | | | | | | | |
| 4,457 | 4,445 | Issued currency | | 4,640 | 4,528 | (112) | (2.5) | 4,617 |
| 11,604 | 10,852 | Payables | 14 | 11,038 | 11,177 | 139 | 1.2 | 12,423 |
| 1,712 | 1,623 | Deferred revenue | | 1,765 | 1,646 | (119) | (7.2) | 1,548 |
| 100,534 | 95,667 | Borrowings | | 102,663 | 104,388 | 1,725 | 1.7 | 102,749 |
| 41,186 | 39,239 | Insurance liabilities | 15 | 39,455 | 39,330 | (125) | (0.3) | 38,160 |
| 13,539 | 11,900 | Retirement plan liabilities | | 13,232 | 13,221 | (11) | (0.1) | 12,960 |
| 7,506 | 7,309 | Provisions | 16 | 6,888 | 6,862 | (26) | (0.4) | 7,301 |
| 180,538 | 171,035 | Total liabilities | | 179,681 | 181,152 | 1,471 | 0.8 | 179,758 |
| 59,780 | 71,138 | Total assets less total liabilities | | 60,486 | 59,256 | 1,230 | 2.1 | 58,062 |
| Net Worth | | | | | | | | |
| 3,520 | 8,347 | Taxpayer funds | 17 | 4,276 | 3,034 | 1,242 | 40.9 | 486 |
| 56,001 | 62,571 | Revaluation reserve | 17 | 55,900 | 55,943 | (43) | (0.1) | 55,915 |
| (173) | (88) | Other reserves | 17 | (122) | (153) | 31 | 20.3 | (116) |
| 59,348 | 70,830 | Total net worth attributable to the Crown | | 60,054 | 58,824 | 1,230 | 2.1 | 56,285 |
| 432 | 308 | Net worth attributable to minority interest | | 432 | 432 | - | - | 1,777 |
| 59,780 | 71,138 | Total net worth | | 60,486 | 59,256 | 1,230 | 2.1 | 58,062 |

1. Tertiary education institutions constitute most equity accounted investments.

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

STATEMENT OF BORROWINGS

as at 30 November 2012

| As at 30 Jun 2012 Actual \$m | As at 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--|--|---------------------------------|-----------------|-----------------|------------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| 53,849 | 46,590 | Government bonds ¹ | 60,785 | 61,275 | 490 | 0.8 | 57,159 |
| 8,954 | 9,601 | Treasury bills | 5,413 | 5,437 | 24 | 0.4 | 4,599 |
| 229 | 255 | Government retail stock | 210 | 221 | 11 | 5.0 | 221 |
| 5,917 | 8,143 | Settlement deposits with Reserve Bank | 6,465 | 6,855 | 390 | 5.7 | 6,855 |
| 2,807 | 3,072 | Derivatives in loss | 2,710 | 2,461 | (249) | (10.1) | 2,337 |
| 1,515 | 1,225 | Finance lease liabilities | 1,437 | 1,471 | 34 | 2.3 | 1,586 |
| 27,263 | 26,781 | Other borrowings | 25,643 | 26,668 | 1,025 | 3.8 | 29,992 |
| 100,534 | 95,667 | Total borrowings | 102,663 | 104,388 | 1,725 | 1.7 | 102,749 |
| 75,701 | 71,352 | Sovereign-guaranteed debt | 77,619 | 79,087 | 1,468 | 1.9 | 76,400 |
| 24,833 | 24,315 | Non sovereign-guaranteed debt | 25,044 | 25,301 | 257 | 1.0 | 26,349 |
| 100,534 | 95,667 | Total borrowings | 102,663 | 104,388 | 1,725 | 1.7 | 102,749 |
| Net Debt: | | | | | | | |
| 84,680 | 79,697 | Core Crown borrowings ² | 87,960 | 88,561 | 601 | 0.7 | 86,282 |
| (512) | (601) | Add back NZS Fund holdings of sovereign- issued debt and NZS Fund borrowings | (487) | (681) | (194) | (28.5) | (671) |
| 84,168 | 79,096 | Gross sovereign-issued debt³ | 87,473 | 87,880 | 407 | 0.5 | 85,611 |
| 64,017 | 59,826 | Less core Crown financial assets ⁴ | 63,585 | 63,143 | 442 | 0.7 | 59,177 |
| 20,151 | 19,270 | Net core Crown debt | 23,888 | 24,737 | 849 | 3.4 | 26,434 |
| 13,324 | 12,380 | Core crown advances | 13,175 | 13,137 | (38) | (0.3) | 13,898 |
| 33,475 | 31,650 | Net core Crown debt (incl NZS Fund)⁵ | 37,063 | 37,874 | 811 | 2.1 | 40,332 |
| 17,196 | 15,980 | Add back NZS Fund holdings of core Crown financial assets and NZS Fund fin assets ⁶ | 19,323 | 18,829 | (494) | (2.6) | 19,666 |
| 50,671 | 47,630 | Net core Crown debt (excl NZS Fund and advances)⁷ | 56,386 | 56,703 | 317 | 0.6 | 59,998 |
| Gross Debt: | | | | | | | |
| 84,168 | 79,096 | Gross sovereign-issued debt ³ | 87,473 | 87,880 | 407 | 0.5 | 85,611 |
| (6,133) | (8,344) | Less Reserve Bank settlement cash and Reserve Bank bills | (6,675) | (7,038) | (363) | (5.2) | (7,035) |
| 1,600 | 1,600 | Add back changes to DMO borrowing due to settlement cash ⁸ | 1,600 | 1,600 | - | - | 1,600 |
| 79,635 | 72,352 | Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve bank bills | 82,398 | 82,442 | 44 | 0.1 | 80,176 |

Notes on gross and net debt:

- Government bonds includes \$395 million of infrastructure bonds.
- Core Crown borrowings in this instance includes unsettled purchases of securities (classified as accounts payable in the statement of financial position).
- Gross Sovereign-Issued Debt (GSID) represents debt issued by the sovereign (the core Crown) and includes Government stock held by the New Zealand Superannuation Fund (NZS Fund), ACC and EQC.
- Core Crown financial assets exclude receivables.
- Net Core Crown Debt represents GSID less financial assets. This can provide information about the sustainability of the Government's accounts, and is used by some international agencies when determining the creditworthiness of a country.
- Adding back the NZS Fund assets provides the financial liabilities less financial assets of the Core Crown, excluding those assets set aside to meet part of the future cost of New Zealand superannuation.
- Net Core Crown Debt (excluding NZS Fund and advances) excludes financial assets which are held for public policy rather than treasury management purposes.
- The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the NZ Debt Management Office borrowing. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

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

STATEMENT OF COMMITMENTS

as at 30 November 2012

| | As at 30 Nov 2012 \$m | As at 30 Jun 2012 \$m | As at 30 Nov 2011 \$m |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Capital Commitments | | | |
| Specialist military equipment | 157 | 239 | 371 |
| Land and buildings | 723 | 697 | 634 |
| Other property, plant and equipment | 6,213 | 6,001 | 7,023 |
| Other capital commitments | 740 | 572 | 422 |
| Tertiary Education Institutions | 255 | 255 | 413 |
| Total capital commitments | 8,088 | 7,764 | 8,863 |
| Operating Commitments | | | |
| Non-cancellable accommodation leases | 2,570 | 2,719 | 2,900 |
| Other non-cancellable leases | 3,487 | 3,549 | 3,012 |
| Tertiary Education Institutions | 282 | 282 | 366 |
| Total operating commitments | 6,339 | 6,550 | 6,278 |
| Total commitments | 14,427 | 14,314 | 15,141 |
| Total Commitments by Segment | | | |
| Core Crown | 10,068 | 15,685 | 12,898 |
| Crown entities | 10,659 | 7,753 | 8,589 |
| State-owned Enterprises | 5,375 | 5,300 | 6,657 |
| Inter-segment eliminations | (11,675) | (14,424) | (13,003) |
| Total commitments | 14,427 | 14,314 | 15,141 |

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

as at 30 November 2012

| | As at 30 Nov 2012 \$m | As at 30 Jun 2012 \$m | As at 30 Nov 2011 \$m |
|---|--------------------------------|--------------------------------|--------------------------------|
| Quantifiable Contingent Liabilities | | | |
| Guarantees and indemnities | 193 | 430 | 78 |
| Uncalled capital | 6,094 | 6,327 | 4,263 |
| Legal proceedings and disputes | 345 | 411 | 343 |
| Other contingent liabilities | 328 | 584 | 2,852 |
| Total quantifiable contingent liabilities | 6,960 | 7,752 | 7,536 |
| Total Quantifiable Contingent Liabilities by Segment | | | |
| Core Crown | 6,767 | 7,622 | 7,303 |
| Crown entities | 81 | 40 | 174 |
| State-owned Enterprises | 112 | 90 | 59 |
| Inter-segment eliminations | - | - | - |
| Total quantifiable contingent liabilities | 6,960 | 7,752 | 7,536 |
| Quantifiable Contingent Assets | | | |
| Core Crown | 220 | 224 | 702 |
| Crown entities | 161 | 162 | 20 |
| State owned enterprises | - | 24 | - |
| Inter-segment eliminations | - | - | - |
| Total quantifiable contingent assets | 381 | 410 | 722 |

A list of unquantified contingent liabilities (such as the Canterbury earthquakes) as at 30 June 2012 is included on the Treasury's website <http://www.treasury.govt.nz/government/financialstatements/yearend/jun12>

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

NOTES TO THE FINANCIAL STATEMENTS

| Year to 30 Jun 2012 Actual \$m | 5 months to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| NOTE 1: Sovereign Revenue (Accrual) | | | | | | | |
| Taxation Revenue (accrual) | | | | | | | |
| Individuals | | | | | | | |
| 21,237 | 8,523 | Source deductions | 9,199 | 9,129 | 70 | 0.8 | 22,038 |
| 4,232 | 1,524 | Other persons | 1,892 | 1,865 | 27 | 1.4 | 4,641 |
| (1,736) | (788) | Refunds | (678) | (685) | 7 | 1.0 | (1,564) |
| 462 | 186 | Fringe benefit tax | 183 | 187 | (4) | (2.1) | 439 |
| 24,195 | 9,445 | Total individuals | 10,596 | 10,496 | 100 | 1.0 | 25,554 |
| Corporate Tax | | | | | | | |
| 8,310 | 2,807 | Gross companies tax | 2,566 | 2,633 | (67) | (2.5) | 8,487 |
| (202) | (68) | Refunds | (58) | (67) | 9 | 13.4 | (214) |
| 500 | 226 | Non-resident withholding tax | 170 | 141 | 29 | 20.6 | 396 |
| 4 | 5 | Foreign-source dividend w/holding payments | 1 | - | 1 | - | - |
| 8,612 | 2,970 | Total corporate tax | 2,679 | 2,707 | (28) | (1.0) | 8,669 |
| Other Income Tax | | | | | | | |
| 1,679 | 648 | Resident w/holding tax on interest income | 633 | 600 | 33 | 5.5 | 1,515 |
| 292 | 116 | Resident w/holding tax on dividend income | 164 | 143 | 21 | 14.7 | 382 |
| 1,971 | 764 | Total other income tax | 797 | 743 | 54 | 7.3 | 1,897 |
| 34,778 | 13,179 | Total income tax | 14,072 | 13,946 | 126 | 0.9 | 36,120 |
| Goods and Services Tax | | | | | | | |
| 25,199 | 10,227 | Gross goods and services tax | 10,228 | 10,300 | (72) | (0.7) | 25,814 |
| (10,627) | (4,465) | Refunds | (4,189) | (4,279) | 90 | 2.1 | (10,512) |
| 14,572 | 5,762 | Total goods and services tax | 6,039 | 6,021 | 18 | 0.3 | 15,302 |
| Other Taxation | | | | | | | |
| 1,045 | 434 | Road user charges | 446 | 472 | (26) | (5.5) | 1,114 |
| 847 | 346 | Petroleum fuels excise - domestic production | 346 | 324 | 22 | 6.8 | 905 |
| 656 | 275 | Alcohol excise - domestic production | 270 | 267 | 3 | 1.1 | 672 |
| 244 | 96 | Tobacco excise - domestic production | 119 | 115 | 4 | 3.5 | 248 |
| 631 | 263 | Petroleum fuels excise - imports ¹ | 241 | 315 | (74) | (23.5) | 656 |
| 241 | 114 | Alcohol excise - imports ¹ | 114 | 113 | 1 | 0.9 | 230 |
| 993 | 432 | Tobacco excise - imports ¹ | 371 | 371 | - | - | 932 |
| 173 | 80 | Other customs duty | 82 | 78 | 4 | 5.1 | 205 |
| 216 | 91 | Gaming duties | 91 | 95 | (4) | (4.2) | 225 |
| 175 | 73 | Motor vehicle fees | 75 | 65 | 10 | 15.4 | 179 |
| 58 | 24 | Approved issuer levy and cheque duty | 16 | 20 | (4) | (20.0) | 50 |
| 36 | 15 | Energy resources levies | 13 | 13 | - | - | 36 |
| 5,315 | 2,243 | Total other indirect taxation | 2,184 | 2,248 | (64) | (2.8) | 5,452 |
| 19,887 | 8,005 | Total indirect taxation | 8,223 | 8,269 | (46) | (0.6) | 20,754 |
| 54,665 | 21,184 | Total taxation revenue | 22,295 | 22,215 | 80 | 0.4 | 56,874 |
| Other Sovereign Revenue (accrual) | | | | | | | |
| 3,695 | 1,552 | ACC levies | 1,411 | 1,447 | (36) | (2.5) | 3,427 |
| 326 | 152 | Fire Service levies | 150 | 152 | (2) | (1.3) | 325 |
| 107 | 39 | EQC levies | 86 | 86 | - | - | 242 |
| 1,002 | 247 | Other miscellaneous items | 508 | 463 | 45 | 9.7 | 1,134 |
| 5,130 | 1,990 | Total other sovereign revenue | 2,155 | 2,148 | 7 | 0.3 | 5,128 |
| 59,795 | 23,174 | Total sovereign revenue | 24,450 | 24,363 | 87 | 0.4 | 62,002 |

1. Customs excise-equivalent duty

NOTES TO THE FINANCIAL STATEMENTS

| Year 5 months to 30 Jun 2012 | | to 30 Nov 2011 | | Current Year Actual vs Forecast | | | | |
|---|---------------|--|--|---------------------------------|-----------------|-----------------|--------|---------------------------|
| Actual \$m | Actual \$m | | | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast \$m |
| NOTE 1 (continued): Sovereign Receipts (Cash) | | | | | | | | |
| Income Tax Receipts (cash) | | | | | | | | |
| Individuals | | | | | | | | |
| 21,010 | 8,500 | Source deductions | | 9,138 | 9,080 | 58 | 0.6 | 21,924 |
| 4,720 | 1,399 | Other persons | | 1,551 | 1,545 | 6 | 0.4 | 4,944 |
| (2,468) | (1,325) | Refunds | | (1,161) | (1,169) | 8 | 0.7 | (2,212) |
| 458 | 210 | Fringe benefit tax | | 214 | 215 | (1) | (0.5) | 438 |
| 23,720 | 8,784 | Total individuals | | 9,742 | 9,671 | 71 | 0.7 | 25,094 |
| Corporate Tax | | | | | | | | |
| 8,792 | 3,104 | Gross companies tax | | 3,088 | 3,104 | (16) | (0.5) | 8,660 |
| (814) | (237) | Refunds | | (270) | (246) | (24) | (9.8) | (665) |
| 434 | 205 | Non-resident withholding tax | | 208 | 141 | 67 | 47.5 | 395 |
| 4 | - | Foreign-source dividend w/holding payments | | - | - | - | - | - |
| 8,416 | 3,072 | Total corporate tax | | 3,026 | 2,999 | 27 | 0.9 | 8,390 |
| Other Income Tax | | | | | | | | |
| 1,699 | 686 | Resident w/holding tax on interest income | | 648 | 624 | 24 | 3.8 | 1,514 |
| 290 | 114 | Resident w/holding tax on dividend income | | 165 | 150 | 15 | 10.0 | 382 |
| 1,989 | 800 | Total other income tax | | 813 | 774 | 39 | 5.0 | 1,896 |
| 34,125 | 12,656 | Total income tax | | 13,581 | 13,444 | 137 | 1.0 | 35,380 |
| Goods and Services Tax | | | | | | | | |
| 24,574 | 9,737 | Gross goods and services tax | | 9,902 | 9,838 | 64 | 0.7 | 24,997 |
| (10,435) | (4,431) | Refunds | | (4,244) | (4,423) | 179 | 4.0 | (10,012) |
| 14,139 | 5,306 | Total goods and services tax | | 5,658 | 5,415 | 243 | 4.5 | 14,985 |
| Other Taxation | | | | | | | | |
| 1,048 | 435 | Road user charges | | 444 | 472 | (28) | (5.9) | 1,114 |
| 845 | 370 | Petroleum fuels excise - domestic production | | 358 | 353 | 5 | 1.4 | 905 |
| 654 | 264 | Alcohol excise - domestic production | | 265 | 267 | (2) | (0.7) | 672 |
| 238 | 87 | Tobacco excise - domestic production | | 109 | 105 | 4 | 3.8 | 248 |
| 2,057 | 774 | Customs duty | | 806 | 800 | 6 | 0.8 | 2,023 |
| 216 | 92 | Gaming duties | | 92 | 97 | (5) | (5.2) | 225 |
| 169 | 69 | Motor vehicle fees | | 75 | 65 | 10 | 15.4 | 179 |
| 55 | 24 | Approved issuer levy and cheque duty | | 16 | 18 | (2) | (11.1) | 50 |
| 36 | 15 | Energy resources levies | | 13 | 13 | - | - | 36 |
| 5,318 | 2,130 | Total other indirect taxation | | 2,178 | 2,190 | (12) | (0.5) | 5,452 |
| 19,457 | 7,436 | Total indirect taxation | | 7,836 | 7,605 | 231 | 3.0 | 20,437 |
| 53,582 | 20,092 | Total tax receipts collected | | 21,417 | 21,049 | 368 | 1.7 | 55,817 |
| Other Sovereign Receipts (cash) | | | | | | | | |
| 3,693 | 1,704 | ACC levies | | 1,700 | 1,771 | (71) | (4.0) | 3,424 |
| 326 | 152 | Fire Service levies | | 150 | 152 | (2) | (1.3) | 325 |
| 134 | 43 | EQC levies | | 123 | 126 | (3) | (2.4) | 277 |
| 737 | 272 | Other miscellaneous items | | 323 | 309 | 14 | 4.5 | 668 |
| 4,890 | 2,171 | Total other sovereign receipts | | 2,296 | 2,358 | (62) | (2.6) | 4,694 |
| 58,472 | 22,263 | Total sovereign receipts | | 23,713 | 23,407 | 306 | 1.3 | 60,511 |

NOTES TO THE FINANCIAL STATEMENTS

| Year 5 months to 30 Jun to 30 Nov | | Current Year Actual vs Forecast | | | | |
|--|-----------------------|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| 2012 Actual \$m | 2011 Actual \$m | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast \$m |
| NOTE 2: Interest Revenue and Dividends | | | | | | |
| By type | | | | | | |
| 2,293 | 953 | 992 | 1,010 | (18) | (1.8) | 2,676 |
| 470 | 208 | 230 | 242 | (12) | (5.0) | 535 |
| 2,763 | 1,161 | 1,222 | 1,252 | (30) | (2.4) | 3,211 |
| By source | | | | | | |
| 1,795 | 799 | 926 | 971 | (45) | (4.6) | 2,261 |
| 1,181 | 669 | 543 | 457 | 86 | 18.8 | 1,114 |
| 858 | 353 | 358 | 353 | 5 | 1.4 | 864 |
| (1,071) | (660) | (605) | (529) | (76) | (14.4) | (1,028) |
| 2,763 | 1,161 | 1,222 | 1,252 | (30) | (2.4) | 3,211 |
| NOTE 3: Transfer Payments and Subsidies | | | | | | |
| 9,584 | 3,925 | 4,209 | 4,208 | (1) | - | 10,228 |
| 2,082 | 915 | 873 | 883 | 10 | 1.1 | 2,062 |
| 1,811 | 757 | 739 | 738 | (1) | (0.1) | 1,751 |
| 1,325 | 555 | 555 | 555 | - | - | 1,323 |
| 1,195 | 497 | 493 | 494 | 1 | 0.2 | 1,197 |
| 883 | 356 | 327 | 328 | 1 | 0.3 | 836 |
| 775 | 321 | 327 | 327 | - | - | 784 |
| 567 | 223 | 213 | 211 | (2) | (0.9) | 541 |
| 644 | 328 | 323 | 325 | 2 | 0.6 | 623 |
| 580 | 240 | 258 | 257 | (1) | (0.4) | 614 |
| 401 | 169 | 162 | 159 | (3) | (1.9) | 363 |
| 1,309 | 597 | 629 | 625 | (4) | (0.6) | 1,442 |
| 21,156 | 8,883 | 9,108 | 9,110 | 2 | - | 21,764 |
| Subsidies | | | | | | |
| 688 | 278 | 298 | 290 | (8) | (2.8) | 710 |
| Other transfer payments | | | | | | |
| 510 | 122 | 104 | 111 | 7 | 6.3 | 533 |
| 22,354 | 9,283 | 9,510 | 9,511 | 1 | - | 23,007 |
| NOTE 4: Personnel Expenses | | | | | | |
| 5,915 | 2,434 | 2,503 | 2,486 | (17) | (0.7) | 6,067 |
| 10,754 | 4,423 | 4,596 | 4,618 | 22 | 0.5 | 11,100 |
| 2,819 | 1,178 | 1,223 | 1,185 | (38) | (3.2) | 2,827 |
| (13) | (4) | (5) | (4) | 1 | 25.0 | (11) |
| 19,475 | 8,031 | 8,317 | 8,285 | (32) | (0.4) | 19,983 |
| NOTE 5: Operating Expenses | | | | | | |
| By type | | | | | | |
| 6,350 | 2,388 | 1,754 | 1,761 | 7 | 0.4 | 4,531 |
| 35,678 | 14,404 | 14,054 | 14,403 | 349 | 2.4 | 37,455 |
| - | - | - | - | - | - | 317 |
| - | - | - | (115) | (115) | (100.0) | (1,150) |
| 42,028 | 16,792 | 15,808 | 16,049 | 241 | 1.5 | 41,153 |
| By source | | | | | | |
| 37,278 | 15,560 | 15,213 | 15,302 | 89 | 0.6 | 39,338 |
| 17,897 | 7,557 | 7,502 | 7,522 | 20 | 0.3 | 18,792 |
| 13,174 | 4,594 | 4,223 | 4,407 | 184 | 4.2 | 10,272 |
| (26,321) | (10,919) | (11,130) | (11,182) | (52) | (0.5) | (27,249) |
| 42,028 | 16,792 | 15,808 | 16,049 | 241 | 1.5 | 41,153 |

NOTES TO THE FINANCIAL STATEMENTS

| Year 5 months to 30 Jun 2012 Actual \$m | | to 30 Nov 2011 Actual \$m | | Current Year Actual vs Forecast | | | | | Annual Forecast \$m |
|---|---------|---|--|---------------------------------|-----------------|-----------------|---------|---------|---------------------------|
| | | | | Actual \$m | Forecast \$m | Variance \$m | % | | |
| NOTE 6: Interest Expenses | | | | | | | | | |
| By type | | | | | | | | | |
| 4,223 | 1,630 | Interest on financial liabilities | | 1,752 | 1,744 | (8) | (0.5) | 4,361 | |
| 67 | 12 | Interest unwind on provisions | | 18 | 22 | 4 | 18.2 | 49 | |
| 4,290 | 1,642 | Total interest expenses | | 1,770 | 1,766 | (4) | (0.2) | 4,410 | |
| By source | | | | | | | | | |
| 3,511 | 1,557 | Core Crown | | 1,562 | 1,493 | (69) | (4.6) | 3,579 | |
| 246 | 105 | Crown entities | | 102 | 102 | - | - | 245 | |
| 1,268 | 457 | State-owned Enterprises | | 464 | 460 | (4) | (0.9) | 1,181 | |
| (735) | (477) | Inter-segment eliminations | | (358) | (289) | 69 | 23.9 | (595) | |
| 4,290 | 1,642 | Total interest expenses | | 1,770 | 1,766 | (4) | (0.2) | 4,410 | |
| NOTE 7: Insurance Expenses | | | | | | | | | |
| By entity | | | | | | | | | |
| 3,010 | 1,189 | ACC | | 1,245 | 1,315 | 70 | 5.3 | 3,388 | |
| 1,073 | 47 | EQC | | 103 | 107 | 4 | 3.7 | 101 | |
| 586 | - | Southern Response (formerly AMI Insurance) | | 5 | (29) | (34) | (117.2) | (108) | |
| 20 | 116 | Other insurance expenses | | 7 | 6 | (1) | (16.7) | 17 | |
| (113) | - | Inter-segment eliminations | | (14) | (24) | (10) | (41.7) | (24) | |
| 4,576 | 1,352 | Total insurance expenses | | 1,346 | 1,375 | 29 | 2.1 | 3,374 | |
| NOTE 8: Gains and Losses on Financial Instruments | | | | | | | | | |
| By source | | | | | | | | | |
| 526 | (1,020) | Core Crown | | 1,933 | 1,639 | 294 | 17.9 | 2,573 | |
| 930 | 17 | Crown entities | | 919 | 598 | 321 | 53.7 | 789 | |
| 9 | (241) | State-owned Enterprises | | 81 | 60 | 21 | 35.0 | 92 | |
| (773) | (404) | Inter-segment eliminations | | 93 | (53) | 146 | 275.5 | (153) | |
| 692 | (1,648) | Net gains/(losses) on financial instruments | | 3,026 | 2,244 | 782 | 34.8 | 3,301 | |
| NOTE 9: Gains and Losses on Non-Financial Instruments | | | | | | | | | |
| By type | | | | | | | | | |
| (3,896) | (1,939) | Actuarial gains/(losses) on GSF liability | | 190 | 190 | - | - | 190 | |
| (2,942) | (2,090) | Actuarial gains/(losses) on ACC liability | | 318 | 91 | 227 | 249.5 | 343 | |
| 312 | 130 | Other | | 123 | 122 | 1 | 0.8 | 35 | |
| (6,526) | (3,899) | Net gains/(losses) on non-financial instruments | | 631 | 403 | 228 | 56.6 | 568 | |
| By source | | | | | | | | | |
| (3,790) | (1,885) | Core Crown | | 334 | 330 | 4 | 1.2 | 255 | |
| (2,955) | (2,094) | Crown entities | | 303 | 76 | 227 | 298.7 | 314 | |
| 220 | 80 | State-owned Enterprises | | (6) | (3) | (3) | (100.0) | - | |
| (1) | - | Inter-segment eliminations | | - | - | - | - | (1) | |
| (6,526) | (3,899) | Net gains/(losses) on non-financial instruments | | 631 | 403 | 228 | 56.6 | 568 | |
| NOTE 10: Operating Balance | | | | | | | | | |
| By source | | | | | | | | | |
| (11,671) | (8,405) | Core Crown | | (1,726) | (2,150) | 424 | 19.7 | (6,159) | |
| (641) | (853) | Crown entities | | 2,200 | 1,557 | 643 | 41.3 | 2,520 | |
| (1,423) | 192 | State-owned Enterprises | | 565 | 546 | 19 | 3.5 | 1,025 | |
| (1,162) | (855) | Inter-segment eliminations | | (333) | (468) | 135 | 28.8 | (661) | |
| (14,897) | (9,921) | Total operating balance | | 706 | (515) | 1,221 | 237.1 | (3,275) | |

NOTES TO THE FINANCIAL STATEMENTS

| As at 30 June 2012 \$m | As at 30 Nov 2011 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|---|--------------------------------|--|---------------------------------|-----------------|-----------------|--------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| NOTE 11: Financial Assets and Sovereign Receivables | | | | | | | |
| 10,686 | 12,598 | Cash and cash equivalents | 14,349 | 13,062 | 1,287 | 9.9 | 13,952 |
| 7,257 | 7,515 | Tax receivables | 7,288 | 7,554 | (266) | (3.5) | 7,328 |
| 13,699 | 13,125 | Trade and other receivables | 10,974 | 10,928 | 46 | 0.4 | 10,299 |
| 8,291 | 7,567 | Student loans | 8,397 | 8,408 | (11) | (0.1) | 8,813 |
| 12,445 | 11,971 | Kiwibank mortgages | 12,812 | 12,809 | 3 | - | 13,433 |
| 2,422 | 2,350 | Long-term deposits | 2,251 | 2,004 | 247 | 12.3 | 1,388 |
| 2,249 | 2,302 | IMF financial assets | 2,197 | 2,191 | 6 | 0.3 | 2,381 |
| 1,030 | 1,445 | Other advances | 1,134 | 1,276 | (142) | (11.1) | 1,152 |
| 14,385 | 13,898 | Share investments | 15,285 | 15,374 | (89) | (0.6) | 16,302 |
| 5,032 | 4,869 | Derivatives in gain | 4,946 | 4,838 | 108 | 2.2 | 3,899 |
| 38,682 | 33,226 | Other marketable securities | 35,196 | 36,555 | (1,359) | (3.7) | 31,731 |
| 116,178 | 110,866 | Total financial assets and sovereign receivables | 114,829 | 114,999 | (170) | (0.1) | 110,678 |
| Financial assets by entity | | | | | | | |
| 26,062 | 22,168 | NZDMO | 25,266 | 25,090 | 176 | 0.7 | 16,482 |
| 17,573 | 19,721 | Reserve Bank of New Zealand | 18,261 | 18,000 | 261 | 1.5 | 17,964 |
| 18,703 | 17,670 | NZ Superannuation Fund | 20,727 | 20,675 | 52 | 0.3 | 21,491 |
| 20,567 | 20,083 | Other core Crown | 21,471 | 21,434 | 37 | 0.2 | 20,237 |
| (7,924) | (8,924) | Intra-segment eliminations | (11,526) | (10,938) | (588) | (5.4) | (6,435) |
| 74,981 | 70,718 | Total core Crown segment | 74,199 | 74,261 | (62) | (0.1) | 69,739 |
| 25,340 | 22,862 | ACC portfolio | 26,899 | 26,476 | 423 | 2 | 28,871 |
| 7,252 | 7,658 | EQC portfolio | 6,600 | 6,380 | 220 | 3 | 4,256 |
| 11,168 | 8,775 | Other Crown entities | 10,824 | 10,492 | 332 | 3 | 9,691 |
| (3,685) | (3,448) | Intra-segment eliminations | (3,692) | (3,789) | 97 | 2.6 | (3,693) |
| 40,075 | 35,847 | Total Crown entities segment | 40,631 | 39,559 | 1,072 | 2.7 | 39,125 |
| 19,186 | 21,104 | Total State-owned enterprises segment | 18,839 | 19,010 | (171) | (0.9) | 20,053 |
| (18,064) | (16,803) | Inter-segment eliminations | (18,840) | (17,831) | (1,009) | (5.7) | (18,239) |
| 116,178 | 110,866 | Total financial assets | 114,829 | 114,999 | (170) | (0.1) | 110,678 |

NOTES TO THE FINANCIAL STATEMENTS

| As at 30 June 2012 \$m | As at 30 Nov 2011 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--------------------------------|--|---------------------------------|-----------------|-----------------|---------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| NOTE 12: Property, Plant and Equipment | | | | | | | |
| Net Carrying Value | | | | | | | |
| By class of asset: | | | | | | | |
| 33,626 | 35,430 | Land (valuation) ¹ | 33,513 | 33,576 | (63) | (0.2) | 34,159 |
| 25,046 | 24,306 | Buildings (valuation) | 24,983 | 25,151 | (168) | (0.7) | 25,306 |
| 17,546 | 17,688 | State highways (valuation) - excluding land | 17,746 | 17,830 | (84) | (0.5) | 18,253 |
| 14,400 | 14,446 | Electricity generation assets (valuation) | 14,506 | 14,576 | (70) | (0.5) | 14,810 |
| 3,476 | 3,017 | Electricity distribution network (cost) | 3,410 | 3,780 | (370) | (9.8) | 3,906 |
| 3,220 | 3,286 | Specialist military equipment (valuation) | 3,170 | 3,207 | (37) | (1.2) | 3,148 |
| 2,514 | 2,461 | Specified cultural and heritage assets (valuation) | 2,491 | 2,492 | (1) | - | 2,481 |
| 2,250 | 1,971 | Aircraft (excl military) (valuation) | 2,256 | 2,298 | (42) | (1.8) | 2,273 |
| 856 | 7,241 | Rail network (valuation) - excluding land | 1,020 | 1,022 | (2) | (0.2) | 1,059 |
| 5,650 | 5,767 | Other plant and equipment (cost) | 5,924 | 5,769 | 155 | 2.7 | 6,324 |
| 108,584 | 115,613 | Total net carrying value | 109,019 | 109,701 | (682) | (0.6) | 111,719 |
| By source: | | | | | | | |
| 29,377 | 29,475 | Core Crown | 29,186 | 29,290 | (104) | (0.4) | 29,994 |
| 49,939 | 48,684 | Crown entities | 50,204 | 50,479 | (275) | (0.5) | 51,247 |
| 29,268 | 37,454 | State-owned enterprises | 29,629 | 29,932 | (303) | (1.0) | 30,478 |
| - | - | Inter-segment eliminations | - | - | - | - | - |
| 108,584 | 115,613 | Total net carrying value | 109,019 | 109,701 | (682) | (0.6) | 111,719 |
| Land breakdown by usage ¹ | | | | | | | |
| 8,744 | 8,407 | Housing stock | 8,715 | 8,730 | (15) | (0.2) | 8,756 |
| 8,353 | 7,741 | State highway corridor land | 8,353 | 8,353 | - | - | 8,503 |
| 5,454 | 5,685 | Conservation estate | 5,429 | 5,425 | 4 | 0.1 | 5,444 |
| 3,260 | 5,641 | Rail network corridor land | 3,260 | 3,260 | - | - | 3,260 |
| 2,726 | 2,722 | Schools | 2,705 | 2,702 | 3 | 0.1 | 2,743 |
| 1,471 | 1,545 | Commercial (SOE) excluding rail | 1,478 | 1,491 | (13) | (0.9) | 1,491 |
| 3,618 | 3,689 | Other | 3,573 | 3,615 | (42) | (1.2) | 3,962 |
| 33,626 | 35,430 | Total land | 33,513 | 33,576 | (63) | (0.2) | 34,159 |
| 1. Land relating to state highways, the rail network and conservation which had previously been included within the State highways, Rail network and specified cultural and heritage assets categories has been reclassified to the Land category. | | | | | | | |
| Schedule of movements | | | | | | | |
| Cost or valuation | | | | | | | |
| 126,601 | 126,601 | Opening balance | 121,717 | 121,717 | - | - | 121,717 |
| 6,514 | 2,597 | Additions | 2,224 | 2,650 | (426) | (16.1) | 7,495 |
| (941) | (182) | Disposals | (195) | (156) | (39) | (25.0) | (616) |
| (9,793) | 14 | Net revaluations | (4) | (6) | 2 | 33.3 | 15 |
| (664) | 486 | Other | (271) | 158 | (429) | (271.5) | 73 |
| 121,717 | 129,516 | Total cost or valuation | 123,471 | 124,363 | (892) | (0.7) | 128,684 |
| Accumulated depreciation and impairment | | | | | | | |
| 11,747 | 11,747 | Opening balance | 13,133 | 13,133 | - | - | 13,133 |
| (634) | (145) | Eliminated on disposal | (65) | (47) | (18) | (38.3) | (31) |
| (3,415) | 1 | Eliminated on revaluation | - | - | - | - | (1) |
| 5,687 | 2,135 | Depreciation expense and impairment losses | 1,496 | 1,506 | (10) | (0.7) | 3,908 |
| (252) | 165 | Other | (112) | 70 | (182) | (260.0) | (44) |
| 13,133 | 13,903 | Total accumulated depreciation and impairment | 14,452 | 14,662 | (210) | (1.4) | 16,965 |
| 108,584 | 115,613 | Total property, plant and equipment | 109,019 | 109,701 | (682) | (0.6) | 111,719 |

1. Land relating to state highways, the rail network and conservation which had previously been included within the State highways, Rail network and specified cultural and heritage assets categories has been reclassified to the Land category.

NOTES TO THE FINANCIAL STATEMENTS

| As at 30 June 2012 \$m | As at 30 Nov 2011 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|--|--------------------------------|---|---------------------------------|-----------------|-----------------|--------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| NOTE 12 (continued): Property, Plant and Equipment | | | | | | | |
| Additions - by functional classification | | | | | | | |
| 2,291 | 1,017 | Transport and communications | 678 | 838 | (160) | (19.1) | 2,128 |
| 2,036 | 536 | Economic and industrial services | 699 | 816 | (117) | (14.3) | 1,750 |
| 442 | 296 | Education | 245 | 165 | 80 | 48.5 | 827 |
| 627 | 233 | Health | 232 | 338 | (106) | (31.4) | 804 |
| 339 | 188 | Defence | 79 | 124 | (45) | (36.3) | 449 |
| 779 | 327 | Other | 291 | 369 | (78) | (21.1) | 1,537 |
| 6,514 | 2,597 | Total additions | 2,224 | 2,650 | (426) | (16.1) | 7,495 |
| NOTE 13: NZ Superannuation Fund | | | | | | | |
| 539 | 203 | Revenue | 226 | 256 | (30) | (11.7) | 642 |
| 160 | (162) | Less current tax expense | 399 | 353 | (46) | (13.0) | 602 |
| 132 | 34 | Less other expenses ¹ | 50 | 63 | 13 | 20.6 | 182 |
| (204) | (1,318) | Add gains/(losses) | 1,538 | 1,332 | 206 | 15.5 | 2,110 |
| 43 | (987) | Operating balance | 1,315 | 1,172 | 143 | 12.2 | 1,968 |
| 18,652 | 18,652 | Opening net worth | 18,703 | 18,703 | - | - | 18,703 |
| 43 | (987) | Operating balance | 1,315 | 1,172 | 143 | 12.2 | 1,968 |
| 8 | 4 | Other movements in reserves | 1 | 3 | (2) | (66.7) | 19 |
| 18,703 | 17,669 | Closing net worth | 20,019 | 19,878 | 141 | 0.7 | 20,690 |
| comprising: | | | | | | | |
| 18,815 | 17,670 | Financial assets | 20,727 | 20,675 | 52 | 0.3 | 21,491 |
| (1,317) | (1,155) | Financial liabilities | (1,911) | (1,984) | 73 | 3.7 | (1,964) |
| 1,205 | 1,154 | Net other assets | 1,203 | 1,187 | 16 | 1.3 | 1,163 |
| 18,703 | 17,669 | Closing net worth | 20,019 | 19,878 | 141 | 0.7 | 20,690 |
| Core Crown revenue (excl NZS Fund) | | | | | | | |
| 60,565 | 23,317 | Core Crown revenue | 24,773 | 24,651 | 122 | 0.5 | 62,939 |
| 539 | 203 | Less NZS Fund revenue | 226 | 256 | (30) | (11.7) | 642 |
| 160 | (162) | Add back NZS Fund intra-segment revenue | 399 | 353 | 46 | 13.0 | 602 |
| 60,186 | 22,952 | Core Crown revenue (excl NZS Fund) | 24,946 | 24,748 | 198 | 0.8 | 62,899 |
| OBEGAL excluding NZS Fund | | | | | | | |
| (9,240) | (4,477) | Total Crown OBEGAL | (3,025) | (3,228) | 203 | 6.3 | (7,340) |
| 539 | 203 | Less NZS Fund revenue | 226 | 256 | (30) | (11.7) | 642 |
| 77 | 19 | Add back NZS Fund external expenses | 31 | 49 | (18) | (36.7) | 141 |
| 160 | (162) | Add back NZS Fund tax | 399 | 353 | 46 | 13.0 | 602 |
| (9,542) | (4,823) | OBEGAL excluding NZS Fund | (2,821) | (3,082) | 261 | 8.5 | (7,239) |

1. NZS Fund other expenses include deferred tax expense/(credits)

NOTES TO THE FINANCIAL STATEMENTS

| As at 30 June 2012 \$m | As at 30 Nov 2011 \$m | | Current Year Actual vs Forecast | | | | Annual Forecast \$m |
|---------------------------------------|--------------------------------|---|---------------------------------|-----------------|-----------------|--------------|---------------------------|
| | | | Actual \$m | Forecast \$m | Variance \$m | % | |
| NOTE 14: Payables | | | | | | | |
| 8,255 | 8,181 | Accounts payable | 8,397 | 8,517 | 120 | 1.4 | 8,990 |
| 3,349 | 2,671 | Taxes repayable | 2,641 | 2,660 | 19 | 0.7 | 3,433 |
| 11,604 | 10,852 | Total payables | 11,038 | 11,177 | 139 | 1.2 | 12,423 |
| NOTE 15: Insurance liabilities | | | | | | | |
| 30,648 | 28,230 | ACC liability | 29,718 | 29,996 | 278 | 0.9 | 31,598 |
| 8,877 | 8,845 | EQC property damage liability | 8,221 | 8,074 | (147) | (1.8) | 5,785 |
| 2,062 | 2,104 | Southern Response (formerly AMI Insurance) | 1,927 | 1,657 | (270) | (16.3) | 1,042 |
| 48 | 60 | Other insurance liabilities | 46 | 45 | (1) | (2.2) | 51 |
| (449) | - | Inter-segment eliminations | (457) | (442) | 15 | 3.4 | (316) |
| 41,186 | 39,239 | Total insurance liabilities | 39,455 | 39,330 | (125) | (0.3) | 38,160 |
| NOTE 16: Provisions | | | | | | | |
| 375 | 733 | Provision for ETS Credits | 71 | 73 | 2 | 2.6 | 215 |
| 1,076 | 966 | Provision for National Provident Fund guarantee | 1,062 | 1,062 | - | - | 1,033 |
| 3,253 | 3,164 | Provision for employee entitlements | 3,280 | 3,294 | 14 | 0.4 | 3,239 |
| | | Provision for Canterbury Red Zone support package | 1,115 | 1,110 | (5) | (0.5) | 316 |
| 745 | 823 | | 488 | 488 | - | - | 409 |
| 530 | - | Provision for Infrastructure costs | | | | | |
| | | Provision for weathertight services | 188 | 192 | 4 | 2.1 | 156 |
| 189 | 567 | financial assistance package | 684 | 643 | (41) | (6.4) | 1,933 |
| 1,338 | 1,056 | Other provisions | | | | | |
| 7,506 | 7,309 | Total provisions | 6,888 | 6,862 | (26) | (0.4) | 7,301 |

1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz

| | | | | | | | |
|--------------------------------------|---------------|--|---------------|---------------|--------------|--------------|---------------|
| NOTE 17: Changes in Net Worth | | | | | | | |
| 18,188 | 18,188 | Opening taxpayers funds | 3,520 | 3,520 | - | - | 3,520 |
| (14,897) | (9,921) | Operating balance excluding minority interest | 706 | (515) | 1,221 | 237.1 | (3,275) |
| - | - | Partial share sales in state-owned enterprises | - | - | - | - | 175 |
| 229 | 80 | Transfers from/(to) other reserves | 50 | 29 | 21 | 72.4 | 66 |
| 3,520 | 8,347 | Closing taxpayers funds | 4,276 | 3,034 | 1,242 | 40.9 | 486 |
| 62,690 | 62,690 | Opening revaluation reserve | 56,001 | 56,001 | - | - | 56,001 |
| (6,461) | (105) | Net revaluations | (53) | (27) | (26) | (96.3) | (16) |
| (228) | (14) | Transfers from/(to) other reserves | (48) | (31) | (17) | (54.8) | (70) |
| 56,001 | 62,571 | Closing revaluation reserve | 55,900 | 55,943 | (43) | (0.1) | 55,915 |
| (299) | (299) | Opening other reserves | (173) | (173) | - | - | (173) |
| 126 | 211 | Net movements | 51 | 20 | 31 | 155.0 | 57 |
| (173) | (88) | Closing other reserves | (122) | (153) | 31 | 20.3 | (116) |

1. Further information on the ETS, and the Kyoto net asset (included as an intangible asset in these financial statements) can be found on the Ministry for the Environment's climate change website www.climatechange.govt.nz

NOTES TO THE FINANCIAL STATEMENTS

| Year 5 months to 30 Jun to 30 Nov | | Current Year Actual vs Forecast | | | | | |
|---|----------|---|-----------------|-----------------|---------|--------------------|----------|
| 2012 | 2011 | Actual \$m | Forecast \$m | Variance \$m | % | Annual Forecast | |
| \$m | \$m | | | | | \$m | |
| NOTE 18: Core Crown residual cash | | | | | | | |
| Core Crown Cash Flows from Operations | | | | | | | |
| 54,249 | 20,582 | Tax receipts | 21,941 | 21,731 | 210 | 1.0 | 56,962 |
| 670 | 270 | Other sovereign receipts | 297 | 284 | 13 | 4.6 | 653 |
| 1,431 | 695 | Interest, profits and dividends | 716 | 708 | 8 | 1.1 | 1,471 |
| 2,699 | 1,155 | Sale of goods & services and other receipts | 1,070 | 1,012 | 58 | 5.7 | 2,600 |
| (22,854) | (10,134) | Transfer payments and subsidies | (9,914) | (9,913) | (1) | - | (23,077) |
| (40,036) | (17,363) | Personnel and operating costs | (17,648) | (17,550) | (98) | (0.6) | (42,767) |
| (3,369) | (1,467) | Finance costs | (1,504) | (1,503) | (1) | (0.1) | (3,778) |
| - | - | Forecast for future new operating spending | - | - | - | - | (317) |
| - | - | Top-down expense adjustment | - | 115 | (115) | (100.0) | 1,150 |
| (7,210) | (6,262) | Net core Crown operating cash flows | (5,042) | (5,116) | 74 | 1.4 | (7,103) |
| (1,262) | (533) | Net purchase of physical assets | (428) | (533) | 105 | 19.7 | (2,061) |
| (1,022) | (212) | Net increase in advances | 242 | 193 | 49 | 25.2 | (777) |
| (1,150) | (472) | Net purchase of investments | (755) | (807) | 52 | 6.4 | (62) |
| - | - | Forecast for future new capital spending | - | - | - | - | (179) |
| - | - | Top-down capital adjustment | - | 40 | (40) | (100.0) | 400 |
| (3,434) | (1,217) | Net Core Crown capital cash flows | (941) | (1,107) | 166 | 15.0 | (2,679) |
| (10,644) | (7,479) | Residual cash deficit | (5,983) | (6,223) | 240 | 3.9 | (9,782) |
| The residual cash deficit is funded as follows: | | | | | | | |
| Debt programme cash flows | | | | | | | |
| Market: | | | | | | | |
| 15,146 | 8,002 | Issue of government bonds | 8,699 | 9,107 | (408) | (4.5) | 15,799 |
| (7,602) | (7,602) | Repayment of government bonds | - | - | - | - | (9,982) |
| 2,139 | 2,704 | Net issue/(repayment) of short-term | (3,739) | (3,739) | - | - | (4,501) |
| 9,683 | 3,104 | Total market debt cash flows | 4,960 | 5,368 | (408) | (7.6) | 1,316 |
| Non market: | | | | | | | |
| - | - | Issue of government bonds | - | - | - | - | - |
| (1,501) | (1,501) | Repayment of government bonds | - | - | - | - | (499) |
| 430 | (50) | Net issue/(repayment) of short-term | - | - | - | - | - |
| (1,071) | (1,551) | Total non-market debt cash flows | - | - | - | - | (499) |
| 8,612 | 1,553 | Total debt programme cash flows | 4,960 | 5,368 | (408) | (7.6) | 817 |
| Other borrowing cash flows | | | | | | | |
| 5,880 | 6,340 | Net (repayment)/issue of other New Zealand dollar borrowing | 490 | 1,193 | (703) | (58.9) | 3,684 |
| (6,030) | (5,313) | Net (repayment)/issue of foreign currency borrowing | 165 | (150) | 315 | 210.0 | (2,318) |
| (150) | 1,027 | Total other borrowing cash flows | 655 | 1,043 | (388) | 151.1 | 1,366 |
| Investing cashflows | | | | | | | |
| 2,270 | 7,813 | Other net sale/(purchase) of marketable securities and deposits | 3,922 | 2,471 | 1,451 | 58.7 | 10,338 |
| 203 | 190 | Issues of circulating currency | 183 | 71 | 112 | 157.7 | 160 |
| (291) | (3,104) | Decrease/(increase) in cash | (3,737) | (2,730) | (1,007) | (36.9) | (2,899) |
| 2,182 | 4,899 | Total investing cash flows | 368 | (188) | 556 | 295.9 | 7,599 |
| 10,644 | 7,479 | Residual cash deficit funding | 5,983 | 6,223 | (240) | (3.9) | 9,782 |

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