

# **Interim Financial Statements of the Government of New Zealand**

For the Ten Months Ended  
30 April 2021



Prepared by the Treasury  
3 June 2021

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# Commentary



## COMMENTARY

These financial statements reflect the financial position (service potential and financial capacity) as at 30 April 2021, and the financial results of operations and cash flows for the period ended on that date.

The April results are reported against forecasts based on the *Budget Economic and Fiscal Update 2021* (BEFU 2021), published on 20 May 2021.

### Comparison against forecast

The April 2021 Interim Financial Statements of the Government show the position and performance of the Crown reflects the strength of current economic conditions. The economic cost of the COVID-19 pandemic on the Government's finances is still visible; the operating balance before gains and losses (OBEGAL) was a deficit of \$5.0 billion and net core Crown debt is \$107.5 billion (33.9% of GDP). The operating balance (excluding minority interests) is a surplus of \$12.1 billion, higher than expected by \$5.4 billion, and this led to net worth attributable to the Crown being \$5.4 billion stronger than forecast.

**Table 1** – Key indicators for the ten months ended 30 April 2021 compared to *BEFU 2021*

	Year to date				Full Year
	April	April	Variance <sup>2</sup>		June
	2021	2021			2021
	Actual <sup>1</sup>	BEFU 2021 Forecast <sup>1</sup>	BEFU 2021	BEFU 2021	BEFU 2021 Forecast <sup>3</sup>
	\$m	\$m	\$m	%	\$m
<b>Core Crown</b>					
Core Crown tax revenue	79,124	77,158	1,966	2.5	91,543
Core Crown revenue	84,606	82,525	2,081	2.5	97,942
Core Crown expenses	88,283	88,979	696	0.8	110,745
Core Crown residual cash	(19,207)	(21,937)	2,730	12.4	(25,277)
Net core Crown debt <sup>4</sup>	107,505	110,077	2,572	2.3	113,655
as a percentage of GDP	33.9%	34.8%			34.0%
Gross debt <sup>5</sup>	107,322	103,628	(3,694)	(3.6)	97,028
as a percentage of GDP	33.9%	32.7%			29.0%
<b>Total Crown</b>					
Operating balance before gains and losses	(5,048)	(8,614)	3,566	41.4	(15,127)
Operating balance (excluding minority interests)	12,133	6,665	5,468	82.0	1,274
Total borrowings	167,740	165,445	(2,295)	(1.4)	173,227
Net worth attributable to the Crown	122,887	117,457	5,430	4.6	111,990
as a percentage of GDP	38.8%	37.1%			33.5%

1 Using the most recently published GDP (for the year ended 31 December 2020) of \$316,687 million (Source: Statistics NZ).

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

3 Using BEFU 2021 forecast GDP for the year ending 30 June 2021 of \$334,399 million (Source: The Treasury).

4 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

**Core Crown tax revenue** for the ten months to April 2021 was \$2.0 billion (2.5%) above the *BEFU 2021* forecast with the key variances being:

- Corporate tax revenue was \$0.5 billion (4.6%) above forecast, mostly owing to Portfolio Investment Entity (PIE) tax being much stronger than forecast. This variance has arisen owing to higher investment income than was expected in the BEFU 2021 forecast.
- GST revenue was \$0.5 billion (2.2%) above forecast. This was primarily owing to the strength in consumption and residential investment for the year to date and is in line with the strong March 2021 quarter retail trade numbers published by Statistics New Zealand on 24 May 2021.



- Other direct taxes were \$0.4 billion (24.0%) above forecast, driven by resident withholding tax (RWT) on dividends.
- Source deductions revenue was \$0.3 billion (1.0%) above forecast, owing to a stronger than anticipated labour market. Statistics New Zealand's March 2021 quarterly labour force numbers as published on 24 May 2021 showed improved levels of employment and wage growth.
- Net other individuals' tax revenue was \$0.2 billion (3.4%) above forecast, mainly owing to above-forecast terminal tax revenue, but also stronger than anticipated provisional tax.

**Core Crown expenses** at \$88.3 billion, were \$0.7 billion below forecast.

The **OBEGAL** deficit of \$5.0 billion, was \$3.6 billion lower than the forecast deficit of \$8.6 billion. Of this variance, \$2.7 billion was driven by the core Crown results discussed above with the remainder spread across the SOE and Crown entity segments.

When total gains and losses are added to the OBEGAL result, the **operating balance** is a \$12.1 billion surplus, \$5.4 billion more than the \$6.7 billion surplus forecast. The improvement in the operating balance, in addition to the stronger OBEGAL result discussed above, is primarily related to:

- Higher investment returns than forecast for both NZSF and ACC were the key drivers of a positive variance in net gains on financial instruments of \$3.3 billion.
- Offsetting this, ACC's outstanding claims liability valuation gain was \$1.7 billion lower than forecast, being a valuation gain of \$7.7 billion. This variance was mostly a result of changes to the discount rates and CPI assumptions used to revalue this liability at 30 April 2021, since the *BEFU 2021* forecast.

The **core Crown residual cash** deficit of \$19.2 billion was \$2.7 billion smaller than the deficit forecast. This was owing to tax receipts being \$2.3 billion higher than expected, while operating costs and capital payment outflows were each \$0.2 billion lower than forecast.

**Net core Crown debt** was \$107.5 billion (33.9% of GDP) at 30 April 2021, \$2.6 billion lower than forecast largely owing to the favourable core Crown residual cash variance.

**Gross debt** at \$107.3 billion (33.9% of GDP), was \$3.7 billion higher than forecast. Gross debt is higher than forecast owing to an increase in Government stock, Treasury Bills and ECP debt from forecast of \$2.6 billion. In addition, \$1.1 billion of unsettled trades exist at month end, which were settled shortly after the end of the month.

For the month of April net core Crown debt and gross debt are almost the same amount. Both indicators are calculated by starting with gross sovereign-issued debt, liquid financial assets are then subtracted to get to the net core Crown debt indicator; while Reserve Bank settlement cash and Reserve Bank bills are subtracted to get to the gross debt indicator. For this month the amounts subtracted from gross sovereign-issued debt to calculate both indicators were very similar (around \$29 billion). Refer to the Net Debt and Gross Debt Table on page 26.

Normally we would expect gross debt to be higher than net core Crown debt, as it largely represents the debt that has been issued by the Crown through Capital Markets. However, due to the impact of the Large Scale Asset Purchase (LSAP) Programme the two indicators are now much closer and by 30 June we expect that gross debt will be lower than net core Crown debt.

This unusual trend is because the gross debt measure excludes Government bonds issued by the Crown that have been repurchased by the Reserve Bank (as this transaction is within the Crown) and the borrowings to finance the LSAP programme (Reserve Bank settlement cash) are also excluded from gross debt. Both of these factors have resulted in a significant reduction in the level of gross debt.

Net core Crown debt is also impacted by the LSAP, mainly through the initial losses, however the impact is much less than the impact on gross debt.



**Total assets** at \$416.0 billion were \$12.2 billion above forecast. This was primarily owing to increased valuations of marketable securities, derivative assets and share investments (\$7.2 billion), as well as increased cash and receivables (\$3.7 billion).

**Total liabilities** at \$287.7 billion were \$6.7 billion above forecast. This variance was largely owing to an increase in payables of \$2.6 billion, borrowings increased by \$2.3 billion, and lastly there was an increase in ACC's insurance claims liability of \$1.8 billion.

**Net worth attributable to the Crown** at \$122.9 billion was \$5.4 billion higher than forecast. This variance was primarily owing to the favourable operating balance variance discussed previously.



## Comparison against the prior year actuals

**Table 2** – Key indicators for the ten months ended 30 April 2021 compared to prior year actuals

	Year to date				Full Year
	April	April	Variance <sup>3</sup> to 2020	Variance to 2020	June
	2021	2020			2020
	Actual <sup>1</sup> \$m	Prior Year Actual <sup>2</sup> \$m	\$m	%	Prior Year Actual <sup>4</sup> \$m
<b>Core Crown</b>					
Core Crown tax revenue	79,124	72,458	6,666	9.2	85,102
Core Crown revenue	84,606	78,347	6,259	8.0	91,923
Core Crown expenses	88,283	87,116	(1,167)	(1.3)	108,832
Core Crown residual cash	(19,207)	(20,909)	1,702	8.1	(23,692)
Net core Crown debt <sup>5</sup>	107,505	78,758	(28,747)	(36.5)	83,375
as a percentage of GDP	33.9%	25.3%			26.3%
Gross debt <sup>6</sup>	107,322	92,871	(14,451)	(15.6)	102,257
as a percentage of GDP	33.9%	29.9%			32.3%
<b>Total Crown</b>					
Operating balance before gains and losses	(5,048)	(12,780)	7,732	60.5	(23,057)
Operating balance (excluding minority interests)	12,133	(22,567)	34,700	153.8	(30,040)
Total Borrowings	167,740	149,464	(18,276)	(12.2)	152,717
Net worth attributable to the Crown	122,887	114,439	8,448	7.4	110,320
as a percentage of GDP	38.8%	36.8%			34.9%

1 Using the most recently published GDP (for the year ended 31 December 2020) of \$316,687 million (Source: Statistics NZ).

2 Using prior year published GDP (for the year ended 31 December 2019) of \$311,034 million (Source: Statistics New Zealand).

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

4 Using GDP for the year ended 30 June 2020 of \$316,552 million published in the Treasury's BEFU 2021.

5 Net core Crown debt excluding student loans and other advances. Net debt may fluctuate during the year largely reflecting the timing of tax receipts.

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

**Core Crown tax revenue** for the ten months to April 2021 was \$6.7 billion (9.2%) up on the corresponding period last year. The largest movements came from:

- Source deduction revenue was \$2.4 billion (8.2%) up on last year, mainly related to growth in salaries and wages and to a lesser extent growth in employment.
- GST revenue was \$2.0 billion (10.3%) up on last year, due to strong growth in private consumption and residential investment since 2020.
- Corporate tax revenue was \$1.3 billion (11.6%) up on last year, largely owing to a \$1.0 billion increase in PIE tax.
- Other individuals' tax revenue was \$0.9 billion (18.2%) up on last year, caused by growth in provisional tax estimates and assessments and reflecting increases in actual and expected profits in the 2021 tax year.
- Customs and excise duty revenue was \$0.3 billion (7.0%) down on last year, mainly owing to a decline in tobacco duties.

**Core Crown expenses** grew by \$1.2 billion compared to the previous year, largely driven by the Government's fiscal response to the COVID-19 pandemic as well as Budget 2020 decisions. Spending on health, transport and communications, and economic and industrial spending had the most significant increase, offset by a decrease in spending on social security and welfare expenses. April 2020 had a large increase in COVID-19 welfare spending (eg, wage subsidy payments) which has reduced in the current year. Finance costs were also down on the prior year primarily due to a reduction in interest rates since April 2020.



The **core Crown residual cash** was a deficit of \$19.2 billion, \$1.7 billion lower than the deficit for the same period last year. This was a result of:

- The net core Crown operating cash flows were a deficit of \$8.0 billion, compared to a \$14.1 billion deficit last year. This \$6.1 billion change was largely owing to higher tax receipts of \$6.9 billion, partially offset by lower operating payments as well as lower other revenue receipts.
- The net core Crown capital cash outflows were \$4.4 billion higher than last year mainly owing to a \$3.6 billion increase in advances. Of this, \$2.6 billion related to the Reserve Bank's Funding for Lending Programme implemented in April last year. In addition, other advances and payments to small businesses under the Small Business Cashflow Scheme also contributed to the higher capital cash outflows since April 2020.

**Net core Crown debt** was \$28.7 billion higher than the same time last year and as a percentage of GDP has increased to 33.9% from 25.3%. This increase reflects accumulated cash deficits of \$22.0 billion since April 2020 and the impact of the LSAP programme where the increase in settlement deposits is greater than the NZ Government Bonds that are repurchased, increasing net core Crown debt.

**Net worth attributable to the Crown** at \$122.9 billion (38.8% of GDP) was \$8.4 billion higher than as at 30 April 2020, largely reflecting an increase in taxpayer's funds of \$4.1 billion as well as an increase in the property revaluation reserve of \$5.0 billion. These uplifts are partially offset by net decreases in the valuations of defined benefit and veterans' disability entitlements of \$0.7 billion.





# Unaudited Interim Financial Statements



# STATEMENT OF FINANCIAL PERFORMANCE

For the ten months ended 30 April 2021

Year to 30 June 2020	10 months to 30 Apr 2020			Current Year Actual vs Forecast				Annual BEFU Forecast
Actual \$m	Actual \$m		Note	Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
<b>Revenue</b>								
84,521	71,925	Taxation revenue	2	78,604	76,625	1,979	2.6	90,939
6,269	5,091	Other sovereign revenue	2	5,506	5,472	34	0.6	6,614
<b>90,790</b>	<b>77,016</b>	<b>Total revenue levied through the Crown's Sovereign Power</b>		<b>84,110</b>	<b>82,097</b>	<b>2,013</b>	<b>2.5</b>	<b>97,553</b>
18,437	15,826	Sales of goods and services		15,353	14,465	888	6.1	17,729
3,206	2,739	Interest revenue and dividends	3	2,390	2,384	6	0.3	2,893
3,570	3,171	Other revenue		2,974	2,554	420	16.4	3,012
<b>25,213</b>	<b>21,736</b>	<b>Total revenue earned through the Crown's operations</b>		<b>20,717</b>	<b>19,403</b>	<b>1,314</b>	<b>6.8</b>	<b>23,634</b>
<b>116,003</b>	<b>98,752</b>	<b>Total revenue (excluding gains)</b>		<b>104,827</b>	<b>101,500</b>	<b>3,327</b>	<b>3.3</b>	<b>121,187</b>
<b>Expenses</b>								
42,607	34,963	Transfer payments and subsidies	4	29,113	29,280	167	0.6	35,636
27,775	22,691	Personnel expenses		24,089	24,343	254	1.0	29,313
7,669	5,447	Depreciation and amortisation		5,564	5,532	(32)	(0.6)	6,420
50,208	39,136	Other operating expenses		43,225	43,673	448	1.0	57,246
3,754	3,161	Finance costs	5	1,980	2,052	72	3.5	2,527
6,903	5,878	Insurance expenses	6	5,737	5,648	(89)	(1.6)	6,585
-	-	Forecast new operating spending	7	-	-	-	-	500
-	-	Top-down expense adjustment	7	-	(506)	(506)	(100.0)	(2,025)
<b>138,916</b>	<b>111,276</b>	<b>Total expenses (excluding losses)</b>		<b>109,708</b>	<b>110,022</b>	<b>314</b>	<b>0.3</b>	<b>136,202</b>
<b>Gains/(losses)</b>								
(3,258)	-	Net gains/(losses) on large scale asset purchases		(3,948)	(4,323)	375	8.7	(4,586)
1,908	(2,980)	Net gains/(losses) on financial instruments		14,700	11,351	3,349	29.5	12,792
(7,372)	(7,001)	Net gains/(losses) on non-financial instruments	8	6,992	8,813	(1,821)	(20.7)	8,837
<b>(8,722)</b>	<b>(9,981)</b>	<b>Total gains/(losses)</b>		<b>17,744</b>	<b>15,841</b>	<b>1,903</b>	<b>12.0</b>	<b>17,043</b>
<b>Other interests</b>								
1,193	103	Net surplus/(deficit) from associates and joint ventures		(457)	(458)	1	0.2	(535)
402	(165)	Less minority interests share of operating balance		(273)	(196)	(77)	(39.3)	(219)
<b>(30,040)</b>	<b>(22,567)</b>	<b>Operating balance (excluding minority interests)</b>		<b>12,133</b>	<b>6,665</b>	<b>5,468</b>	<b>82.0</b>	<b>1,274</b>
(402)	165	Minority interests share of operating balance		273	196	77	39.3	219
<b>(30,442)</b>	<b>(22,402)</b>	<b>Operating balance (including minority interests)</b>		<b>12,406</b>	<b>6,861</b>	<b>5,545</b>	<b>80.8</b>	<b>1,493</b>

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



# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the ten months ended 30 April 2021

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
(30,442)	(22,402)	Operating balance (including minority interest)	12,406	6,861	5,545	80.8	1,493
		<b>Other comprehensive revenue and expense</b>					
5,233	561	Revaluation of physical assets	(258)	(323)	65	20.1	(340)
		Revaluation of defined benefit retirement					
(1,271)	(285)	plan schemes	602	602	-	-	635
(311)	-	Revaluation of veterans' disability entitlements	-	-	-	-	-
(48)	(68)	Transfers to/(from) reserves	(14)	25	(39)	(156.0)	(151)
		(Gains)/losses transferred to the					
(75)	(51)	statement of financial performance	(2)	(12)	10	83.3	(12)
		Foreign currency translation differences on					
2	(230)	foreign operations	(49)	12	(61)	-	12
(58)	42	Other movements	39	47	(8)	(17.0)	42
<b>3,472</b>	<b>(31)</b>	<b>Total other comprehensive revenue and expense</b>	<b>318</b>	<b>351</b>	<b>(33)</b>	<b>(9.4)</b>	<b>186</b>
<b>(26,970)</b>	<b>(22,433)</b>	<b>Total comprehensive revenue and expense</b>	<b>12,724</b>	<b>7,212</b>	<b>5,512</b>	<b>76.4</b>	<b>1,679</b>
		<b>Attributable to:</b>					
(341)	77	- minority interest	157	75	82	109.3	9
(26,629)	(22,510)	- the Crown	12,567	7,137	5,430	76.1	1,670
<b>(26,970)</b>	<b>(22,433)</b>	<b>Total comprehensive revenue and expense</b>	<b>12,724</b>	<b>7,212</b>	<b>5,512</b>	<b>76.4</b>	<b>1,679</b>

# STATEMENT OF CHANGES IN NET WORTH

For the ten months ended 30 April 2021

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
<b>143,339</b>	<b>143,339</b>	<b>Opening net worth</b>	<b>115,943</b>	<b>115,943</b>	<b>-</b>	<b>-</b>	<b>115,943</b>
(30,442)	(22,402)	Operating balance (including minority interest)	12,406	6,861	5,545	80.8	1,493
5,233	561	Net revaluations	(258)	(323)	65	20.1	(340)
		Net revaluations of defined benefit retirement					
(1,271)	(285)	plan schemes	602	602	-	-	635
(311)	-	Net revaluations of veterans' disability entitlements	-	-	-	-	-
(48)	(68)	Transfers to/(from) reserves	(14)	25	(39)	(156.0)	(151)
		(Gains)/losses transferred to the					
(75)	(51)	statement of financial performance	(2)	(12)	10	83.3	(12)
		Foreign currency translation differences on					
2	(230)	foreign operations	(49)	12	(61)	-	12
(58)	42	Other movements	39	47	(8)	(17.0)	42
<b>(26,970)</b>	<b>(22,433)</b>	<b>Total comprehensive revenue and expense</b>	<b>12,724</b>	<b>7,212</b>	<b>5,512</b>	<b>76.4</b>	<b>1,679</b>
(426)	(440)	Transactions with minority interests	(376)	(362)	(14)	(3.9)	(359)
<b>115,943</b>	<b>120,466</b>	<b>Closing net worth</b>	<b>128,291</b>	<b>122,793</b>	<b>5,498</b>	<b>4.5</b>	<b>117,263</b>

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



# STATEMENT OF CASH FLOWS

For the ten months ended 30 April 2021

Year to 30 June 2020	10 months to 30 Apr 2020			Current Year Actual vs Forecast				Annual BEFU
Actual	Actual		Note	Actual	Forecast	Variance		Forecast
\$m	\$m			\$m	\$m	\$m	%	\$m
Cash flows from operations								
Cash was provided from								
83,156	67,706	Taxation receipts		74,517	72,130	2,387	3.3	89,621
5,294	4,268	Other sovereign receipts		4,484	4,442	42	0.9	6,473
18,289	16,136	Sales of goods and services		14,743	14,035	708	5.0	16,830
2,307	1,864	Interest receipts		1,427	1,617	(190)	(11.8)	1,959
4,544	4,174	Other operating receipts		3,798	3,682	116	3.2	4,264
113,590	94,148	Total cash provided from operations		98,969	95,906	3,063	3.2	119,147
Cash was disbursed to								
42,945	25,235	Transfer payments and subsidies		29,698	29,825	127	0.4	35,885
77,192	75,854	Personnel and operating payments		71,479	71,956	477	0.7	88,737
3,849	3,157	Interest payments		2,724	3,061	337	11.0	3,793
-	-	Forecast new operating spending	7	-	-	-	-	500
-	-	Top-down expense adjustment	7	-	(506)	(506)	(100.0)	(2,025)
123,986	104,246	Total cash disbursed to operations		103,901	104,336	435	0.4	126,890
(10,396)	(10,098)	Net cash flows from operations		(4,932)	(8,430)	3,498	41.5	(7,743)
Cash flows from investing activities								
Cash was provided from/(disbursed to)								
(9,071)	(7,463)	Net (purchase)/sale of physical assets		(7,961)	(8,535)	574	6.7	(11,312)
(14,149)	(15,394)	Net (purchase)/sale of shares and other securities		5,094	3,965	1,129	28.5	11,559
(855)	(624)	Net (purchase)/sale of intangible assets		(597)	(680)	83	12.2	(944)
(1,290)	(1,583)	Net (issue)/repayment of advances		(4,127)	(4,450)	323	7.3	(6,870)
(286)	(383)	Net acquisition of investments in associates		(370)	(321)	(49)	(15.3)	(401)
-	-	Forecast new capital spending	7	-	-	-	-	-
-	-	Top-down capital adjustment	7	-	200	(200)	(100.0)	800
(25,651)	(25,447)	Net cash flows from investing activities		(7,961)	(9,821)	1,860	18.9	(7,168)
(36,047)	(35,545)	Net cash flows from operating and investing activities		(12,893)	(18,251)	5,358	29.4	(14,911)
Cash Flows from financing activities								
Cash was provided from/(disbursed to)								
1,209	1,242	Issues of circulating currency		276	397	(121)	(30.5)	397
7,598	9,812	Net issue/(repayment) of Government bonds		5,036	4,384	652	14.9	(2,103)
		Net issue/(repayment) of foreign currency borrowing		977	(2,128)	3,105	145.9	(2,820)
1,192	(1,129)	Net issue/(repayment) of other New Zealand dollar borrowing		3,584	9,572	(5,988)	(62.6)	13,801
27,366	29,977	Dividends paid to minority interests		(375)	(312)	(63)	(20.2)	(239)
(479)	(482)							
36,886	39,420	Net cash flows from financing activities		9,498	11,913	(2,415)	(20.3)	9,036
839	3,875	Net movement in cash		(3,395)	(6,338)	2,943	46.4	(5,875)
20,248	20,248	Opening cash balance		21,927	21,927	-	-	21,927
840	1,849	Foreign-exchange gains/(losses) on opening cash		(1,423)	(1,022)	(401)	(39.2)	(1,105)
21,927	25,972	Closing cash balance		17,109	14,567	2,542	17.5	14,947

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



# STATEMENT OF CASH FLOWS (CONTINUED)

For the ten months ended 30 April 2021

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Reconciliation between the net cash flows from operations and the operating balance							
(10,396)	(10,098)	Net cash flows from operations	(4,932)	(8,430)	3,498	41.5	(7,743)
Gains/(losses) and other interests							
1,908	(2,980)	Net gains/(losses) on financial instruments	14,700	11,351	3,349	29.5	12,792
(7,372)	(7,001)	Net gains/(losses) on non-financial instruments	6,992	8,813	(1,821)	(20.7)	8,837
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,948)	(4,323)	375	8.7	(4,586)
1,193	103	Net surplus from associates and joint ventures	(457)	(458)	1	0.2	(535)
(402)	(165)	Minority interests share of operating balance	(273)	(196)	(77)	(39.3)	(219)
(7,931)	(10,043)	Total gains/(losses) and other interests	17,014	15,187	1,827	12.0	16,289
Other non-cash Items in operating balance							
(7,669)	(5,447)	Depreciation and amortisation	(5,564)	(5,532)	(32)	(0.6)	(6,420)
(1,279)	(516)	Cost of concessionary lending	(808)	(803)	(5)	(0.6)	(934)
(53)	(23)	Impairment of financial assets (excluding receivables)	(43)	(47)	4	8.5	(51)
(2,351)	(2,285)	Decrease/(increase) in insurance liabilities	(1,865)	(1,730)	(135)	(7.8)	(1,308)
453	(2)	Other	-	-	-	-	-
(10,899)	(8,273)	Total other non-cash Items	(8,280)	(8,112)	(168)	(2.1)	(8,713)
Movements in working capital							
631	4,361	Increase/(decrease) in receivables	4,548	4,091	457	11.2	675
21	35	Increase/(decrease) in accrued interest	993	1,137	(144)	(12.7)	1,391
254	224	Increase/(decrease) in inventories	193	376	(183)	(48.7)	302
108	381	Increase/(decrease) in prepayments	381	319	62	19.4	60
(68)	(91)	Decrease/(increase) in deferred revenue	98	159	(61)	(38.4)	259
(804)	108	Change in accumulating pension expenses	609	578	31	5.4	(1,924)
(956)	829	Decrease/(increase) in payables/provisions	1,509	1,360	149	11.0	678
(814)	5,847	Total movements in working capital	8,331	8,020	311	3.9	1,441
(30,040)	(22,567)	Operating balance (excluding minority interests)	12,133	6,665	5,468	82.0	1,274

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



# STATEMENT OF FINANCIAL POSITION

As at 30 April 2021

As at 30 June 2020 Actual \$m	As at 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
		Note	Actual \$m	Forecast \$m	Variance \$m	%	
<b>Assets</b>							
21,927	25,972	9	17,109	14,567	2,542	17.5	14,947
24,743	30,223	9	29,920	28,749	1,171	4.1	25,001
61,005	58,562	9	59,753	55,313	4,440	8.0	57,741
33,791	32,674	9	46,459	43,045	3,414	7.9	43,494
37,629	34,697	9	44,529	44,226	303	0.7	47,044
4,220	4,197	9	4,291	4,217	74	1.8	4,276
1,773	1,742		1,966	2,149	(183)	(8.5)	2,075
3,610	3,234		3,770	3,667	103	2.8	3,326
186,502	182,818	10	190,022	190,005	17	-	191,557
14,308	13,618		14,204	14,198	6	-	14,162
3,892	3,814		3,985	3,909	76	1.9	4,129
-	-	7	-	-	-	-	-
-	-	7	-	(200)	200	100.0	(800)
<b>393,400</b>	<b>391,551</b>		<b>416,008</b>	<b>403,845</b>	<b>12,163</b>	<b>3.0</b>	<b>406,952</b>
<b>Liabilities</b>							
8,022	8,055		8,298	8,419	121	1.4	8,419
16,971	16,372	11	17,894	15,272	(2,622)	(17.2)	16,005
2,590	2,615		2,492	2,431	(61)	(2.5)	2,331
152,717	149,464	12	167,740	165,445	(2,295)	(1.4)	173,227
66,690	67,421	13	60,890	59,060	(1,830)	(3.1)	58,529
13,983	13,071		12,852	12,840	(12)	(0.1)	12,725
16,484	14,087	14	17,551	17,585	34	0.2	18,453
<b>277,457</b>	<b>271,085</b>		<b>287,717</b>	<b>281,052</b>	<b>(6,665)</b>	<b>(2.4)</b>	<b>289,689</b>
<b>115,943</b>	<b>120,466</b>		<b>128,291</b>	<b>122,793</b>	<b>5,498</b>	<b>4.5</b>	<b>117,263</b>
<b>Net worth</b>							
3,154	11,484	15	15,574	10,001	5,573	55.7	4,600
112,334	106,945	15	111,975	112,014	(39)	-	112,003
(3,886)	(2,900)	15	(3,284)	(3,284)	-	-	(3,251)
(1,095)	(784)	15	(1,095)	(1,095)	-	-	(1,095)
(187)	(306)	15	(283)	(179)	(104)	(58.1)	(267)
<b>110,320</b>	<b>114,439</b>		<b>122,887</b>	<b>117,457</b>	<b>5,430</b>	<b>4.6</b>	<b>111,990</b>
5,623	6,027	15	5,404	5,336	68	1.3	5,273
<b>115,943</b>	<b>120,466</b>		<b>128,291</b>	<b>122,793</b>	<b>5,498</b>	<b>4.5</b>	<b>117,263</b>

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

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



# STATEMENT OF SEGMENTS

For the ten months ended 30 April 2021

	Current Year Actual vs Forecast									
	Core Crown		Crown entities		State-owned Enterprises		Inter-segment eliminations		Total Crown	
	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m	Actual \$m	Forecast \$m
<b>Revenue</b>										
Taxation revenue	79,124	77,158	-	-	-	-	(520)	(533)	78,604	76,625
Other sovereign revenue	1,902	1,875	5,123	5,117	-	-	(1,519)	(1,520)	5,506	5,472
Revenue from core Crown funding	-	-	29,191	29,229	306	312	(29,497)	(29,541)	-	-
Sales of goods and services	1,213	1,190	2,796	2,771	11,796	10,989	(452)	(485)	15,353	14,465
Interest and dividend revenue	1,608	1,565	1,034	1,008	660	701	(912)	(890)	2,390	2,384
Other revenue	759	737	3,253	3,180	848	539	(1,886)	(1,902)	2,974	2,554
<b>Total Revenue (excluding gains)</b>	<b>84,606</b>	<b>82,525</b>	<b>41,397</b>	<b>41,305</b>	<b>13,610</b>	<b>12,541</b>	<b>(34,786)</b>	<b>(34,871)</b>	<b>104,827</b>	<b>101,500</b>
<b>Expenses</b>										
Transfer payments and subsidies	30,010	30,140	-	-	-	-	(897)	(860)	29,113	29,280
Personnel expenses	7,430	7,465	14,569	14,806	2,123	2,103	(33)	(31)	24,089	24,343
Other operating expenses	49,184	50,230	28,474	28,461	10,619	9,779	(33,751)	(33,617)	54,526	54,853
Interest expenses	1,659	1,650	151	150	514	547	(344)	(295)	1,980	2,052
Forecast new operating spending and top-down adjustment	-	(506)	-	-	-	-	-	-	-	(506)
<b>Total Expenses (excluding losses)</b>	<b>88,283</b>	<b>88,979</b>	<b>43,194</b>	<b>43,417</b>	<b>13,256</b>	<b>12,429</b>	<b>(35,025)</b>	<b>(34,803)</b>	<b>109,708</b>	<b>110,022</b>
Gains/(losses) and other items	5,474	3,253	10,577	10,606	(28)	57	991	1,271	17,014	15,187
<b>Operating Balance (excluding minority interests)</b>	<b>1,797</b>	<b>(3,201)</b>	<b>8,780</b>	<b>8,494</b>	<b>326</b>	<b>169</b>	<b>1,230</b>	<b>1,203</b>	<b>12,133</b>	<b>6,665</b>
<b>Assets</b>										
Financial assets	129,453	118,834	66,837	64,868	32,380	32,399	(26,609)	(25,985)	202,061	190,117
Property, plant and equipment	45,681	45,800	104,969	104,990	39,372	39,214	-	-	190,022	190,005
Investments in associates, CEs and SOEs	53,917	53,870	12,418	12,418	500	553	(52,631)	(52,643)	14,204	14,198
Other assets	5,516	5,330	2,096	2,177	2,626	2,696	(517)	(478)	9,721	9,725
Forecast and top-down capital adjustments	-	(200)	-	-	-	-	-	-	-	(200)
<b>Total Assets</b>	<b>234,567</b>	<b>223,634</b>	<b>186,320</b>	<b>184,453</b>	<b>74,878</b>	<b>74,862</b>	<b>(79,757)</b>	<b>(79,106)</b>	<b>416,008</b>	<b>403,845</b>
<b>Liabilities</b>										
Borrowings	138,168	134,167	11,391	12,236	38,061	38,623	(19,880)	(19,581)	167,740	165,445
Other liabilities	46,757	44,915	74,428	71,924	8,631	8,279	(9,839)	(9,511)	119,977	115,607
<b>Total Liabilities</b>	<b>184,925</b>	<b>179,082</b>	<b>85,819</b>	<b>84,160</b>	<b>46,692</b>	<b>46,902</b>	<b>(29,719)</b>	<b>(29,092)</b>	<b>287,717</b>	<b>281,052</b>
<b>Net Worth</b>	<b>49,642</b>	<b>44,552</b>	<b>100,501</b>	<b>100,293</b>	<b>28,186</b>	<b>27,960</b>	<b>(50,038)</b>	<b>(50,014)</b>	<b>128,291</b>	<b>122,793</b>
<b>Cost of Acquisition of Physical Assets (Cash)</b>	<b>2,187</b>	<b>2,462</b>	<b>4,461</b>	<b>4,656</b>	<b>1,601</b>	<b>1,658</b>	<b>-</b>	<b>-</b>	<b>8,249</b>	<b>8,776</b>

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



## STATEMENT OF COMMITMENTS

As at 30 April 2021

	As at 30 Apr 2021 \$m	As at 30 Jun 2020 \$m	As at 30 Apr 2020 \$m
<b>Capital Commitments</b>			
State highways	5,172	4,788	5,579
Specialist military equipment	2,656	2,677	1,680
Land and buildings	5,686	5,395	5,461
Other property, plant and equipment	3,409	3,833	3,866
Other capital commitments	1,549	1,694	1,859
Universities and Wānanga	400	400	595
<b>Total capital commitments</b>	<b>18,872</b>	<b>18,787</b>	<b>19,040</b>
<b>Operating Commitments</b>			
Non-cancellable accommodation leases	5,025	5,095	4,409
Other non-cancellable leases	3,901	3,969	3,505
Universities and Wānanga	1,084	1,084	936
<b>Total operating commitments</b>	<b>10,010</b>	<b>10,148</b>	<b>8,850</b>
<b>Total commitments</b>	<b>28,882</b>	<b>28,935</b>	<b>27,890</b>
<b>Total Commitments by Segment</b>			
Core Crown	14,302	14,484	12,068
Crown entities	10,524	9,690	10,500
State-owned Enterprises	6,198	6,646	6,398
Inter-segment eliminations	(2,142)	(1,885)	(1,076)
<b>Total commitments</b>	<b>28,882</b>	<b>28,935</b>	<b>27,890</b>

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 April 2021

	As at 30 Apr 2021 \$m	As at 30 Jun 2020 \$m	As at 30 Apr 2020 \$m
<b>Quantifiable Contingent Liabilities</b>			
Uncalled capital	8,473	8,384	8,811
Guarantees and indemnities	305	263	252
Legal proceedings and disputes	453	491	361
Other contingent liabilities	542	485	680
<b>Total quantifiable contingent liabilities</b>	<b>9,773</b>	<b>9,623</b>	<b>10,104</b>
<b>Total Quantifiable Contingent Liabilities by Segment</b>			
Core Crown	9,558	9,453	9,788
Crown entities	177	89	72
State-owned Enterprises	203	210	345
Inter-segment eliminations	(165)	(129)	(101)
<b>Total quantifiable contingent liabilities</b>	<b>9,773</b>	<b>9,623</b>	<b>10,104</b>
<b>Quantifiable Contingent Assets</b>			
Core Crown	22	17	68
Crown entities	26	28	-
State-owned Enterprises	-	-	-
Inter-segment eliminations	-	-	-
<b>Total quantifiable contingent assets</b>	<b>48</b>	<b>45</b>	<b>68</b>

A list of unquantifiable contingent liabilities as at 31 March 2021 and their descriptions is included on the Treasury's website as part of the BEFU 2021. This can be found on pages 81 to 89.

<https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2021>

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



# NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 1: Accounting Policies

### Reporting Entity

These financial statements 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
- Departments
- Offices of Parliament
- New Zealand Superannuation Fund
- Reserve Bank of New Zealand
- State-owned Enterprises (SOEs)
- Crown entities (excluding Universities and Wānanga)
- Air New Zealand Limited
- Kiwi Group Holdings Limited (including Kiwibank)
- Organisations listed in Schedule 4 and 4A of the Public Finance Act 1989 (excluding City Rail Link Limited)
- Organisations listed in Schedule 5 of the Public Finance Act 1989
- Legal entities listed in Schedule 6 of the Public Finance Act 1989
- Other Government entities specified by legislation

A schedule of the entities that are included in the Government reporting entity was set out on pages 93 to 96 of the *BEFU 2021* published on 20 May 2021.

The figures presented in these financial statements for 30 June 2020 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 2021, based on the *BEFU 2021*, published on 20 May 2021.

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 and 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 58 to 61 of the *Financial Statements of the Government of New Zealand for the year ended 30 June 2020* published on 24 November 2020.



## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 2: Sovereign Revenue							
Taxation revenue							
Individuals							
34,963	29,157	Source deductions	31,554	31,240	314	1.0	37,090
7,128	5,919	Other persons	6,768	6,554	214	3.3	7,785
(1,887)	(1,445)	Refunds	(1,365)	(1,364)	(1)	(0.1)	(1,947)
593	506	Fringe benefit tax	486	506	(20)	(4.0)	611
40,797	34,137	Total individuals	37,443	36,936	507	1.4	43,539
Corporate tax							
11,958	10,263	Gross companies tax	11,531	11,015	516	4.7	13,209
(424)	(267)	Refunds	(218)	(227)	9	4.0	(314)
570	394	Non-resident withholding tax	342	322	20	6.2	456
12,104	10,390	Total corporate tax	11,655	11,110	545	4.9	13,351
Other direct income tax							
1,529	1,303	Resident w/holding tax on interest income	898	903	(5)	(0.6)	1,110
828	674	Resident w/holding tax on dividend income	1,341	903	438	48.5	958
2,357	1,977	Total other direct income tax	2,239	1,806	433	24.0	2,068
55,258	46,504	Total direct income tax	51,337	49,852	1,485	3.0	58,958
Goods and services tax							
35,861	30,757	Gross goods and services tax	32,600	32,026	574	1.8	38,510
(14,112)	(11,808)	Refunds	(11,691)	(11,573)	(118)	(1.0)	(13,986)
21,749	18,949	Total goods and services tax	20,909	20,453	456	2.2	24,524
Other indirect taxation							
1,877	1,621	Petroleum fuels excise and duty <sup>1</sup>	1,738	1,769	(31)	(1.8)	2,136
2,168	1,961	Tobacco excise and duty <sup>1</sup>	1,364	1,321	43	3.3	1,468
1,716	1,401	Road user charges	1,605	1,593	12	0.8	1,897
1,064	907	Alcohol excise and duty <sup>1</sup>	1,066	1,061	5	0.5	1,232
164	143	Other customs duty	142	132	10	7.6	145
525	439	Miscellaneous indirect tax	443	444	(1)	(0.2)	579
7,514	6,472	Total other indirect taxation	6,358	6,320	38	0.6	7,457
29,263	25,421	Total indirect taxation	27,267	26,773	494	1.8	31,981
84,521	71,925	Total taxation revenue	78,604	76,625	1,979	2.6	90,939
Other sovereign revenue							
3,032	2,444	ACC levies	2,631	2,636	(5)	(0.2)	3,171
1,043	846	Emissions trading revenue	1,157	1,140	17	1.5	1,366
596	468	Fire Service levies	481	465	16	3.4	588
446	364	EQC levies	433	433	-	-	520
254	205	Child support and working for families penalties	190	186	4	2.2	231
134	104	Court fines	99	102	(3)	(2.9)	115
764	660	Other miscellaneous items	515	510	5	1.0	623
6,269	5,091	Total other sovereign revenue	5,506	5,472	34	0.6	6,614
90,790	77,016	Total sovereign revenue	84,110	82,097	2,013	2.5	97,553

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>

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



## NOTES TO THE FINANCIAL STATEMENTS

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 3: Interest Revenue and Dividends							
2,300	1,963	Interest revenue	1,674	1,709	(35)	(2.0)	2,015
906	776	Dividends	716	675	41	6.1	878
3,206	2,739	Total interest revenue and dividends	2,390	2,384	6	0.3	2,893
NOTE 4: Transfer Payments and Subsidies							
15,521	12,842	New Zealand superannuation	13,689	13,685	(4)	-	16,554
12,095	10,452	Wage Subsidy Scheme	1,251	1,285	34	2.6	1,337
2,189	1,730	Family tax credit	1,687	1,698	11	0.6	2,130
2,285	1,782	Jobseeker support and emergency benefit	2,704	2,712	8	0.3	3,273
1,923	1,562	Accommodation assistance	1,915	1,925	10	0.5	2,337
1,650	1,349	Supported living payment	1,512	1,515	3	0.2	1,831
1,231	998	Sole parent support	1,206	1,211	5	0.4	1,470
893	779	KiwiSaver subsidies	770	771	1	0.1	929
736	470	Official development assistance	480	520	40	7.7	825
641	481	Other working for families tax credits	436	452	16	3.5	623
567	448	Student allowances	458	471	13	2.8	610
669	276	Winter energy payment	609	609	-	-	816
395	329	Disability allowances	340	339	(1)	(0.3)	408
418	333	Hardship assistance	403	407	4	1.0	495
248	207	Orphan's/unsupported child's benefit	244	244	-	-	294
184	137	Best start	205	207	2	1.0	276
63	50	Income related rent subsidy	79	68	(11)	(16.2)	80
899	738	Other social assistance benefits	1,125	1,161	36	3.1	1,348
42,607	34,963	Total transfer payments and subsidies	29,113	29,280	167	0.6	35,636
NOTE 5: Finance Costs							
3,499	2,991	Interest on financial liabilities	1,899	1,985	86	4.3	2,411
255	170	Interest unwind on provisions and other interest	81	67	(14)	(20.9)	116
3,754	3,161	Total finance costs	1,980	2,052	72	3.5	2,527
NOTE 6: Insurance Expenses							
6,246	5,696	ACC	5,483	5,386	(97)	(1.8)	6,282
614	190	EQC	180	188	8	4.3	214
27	(22)	Southern Response	56	56	-	-	68
16	14	Other insurance expenses	18	18	-	-	21
6,903	5,878	Total insurance expenses	5,737	5,648	(89)	(1.6)	6,585

### 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 2021 and previous Budgets that has yet to be allocated to appropriations for departments.



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Apr 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 8: Net Gains and Losses on Non-financial instruments							
(5,974)	(6,772)	Actuarial gains/(losses) on ACC liability	7,664	9,359	(1,695)	(18.1)	9,469
(1,097)	(170)	Gains/(losses) on the Emissions Trading Scheme	(662)	(581)	(81)	(13.9)	(586)
(301)	(59)	Other	(10)	35	(45)	(128.6)	(46)
(7,372)	(7,001)	Net gains/(losses) on non-financial instruments	6,992	8,813	(1,821)	(20.7)	8,837
NOTE 9: Financial Assets and Sovereign Receivables							
21,927	25,972	Cash and cash equivalents	17,109	14,567	2,542	17.5	14,947
14,290	18,617	Tax receivables	18,657	18,224	433	2.4	14,612
10,453	11,606	Other receivables	11,263	10,525	738	7.0	10,389
10,395	10,692	Student loans	10,250	10,307	(57)	(0.6)	10,833
22,189	21,830	Kiwibank mortgages	24,759	24,210	549	2.3	24,615
5,045	2,175	Other advances	9,520	9,709	(189)	(1.9)	11,596
5,443	6,338	Long-term deposits	4,858	4,371	487	11.1	4,046
2,538	2,581	IMF financial assets	2,412	2,420	(8)	(0.3)	2,420
33,791	32,674	Share investments	46,459	43,045	3,414	7.9	43,494
4,220	4,197	Investments in controlled enterprises	4,291	4,217	74	1.8	4,276
7,166	7,632	Derivatives in gain	5,624	7,476	(1,852)	(24.8)	7,274
45,858	42,011	Other marketable securities	46,859	41,046	5,813	14.2	44,001
183,315	186,325	Total financial assets and sovereign receivables	202,061	190,117	11,944	6.3	192,503
Financial assets by entity							
35,474	16,578	The Treasury	57,074	55,913	1,161	2.1	45,984
37,759	44,858	Reserve Bank of New Zealand	45,092	49,885	(4,793)	(9.6)	52,545
48,221	46,087	NZ Superannuation Fund	61,487	60,982	505	0.8	61,260
28,883	36,484	Other core Crown	36,166	32,888	3,278	10.0	30,034
(30,068)	(21,550)	Intra-segment eliminations	(70,366)	(80,834)	10,468	12.9	(69,299)
120,269	122,457	Total core Crown segment	129,453	118,834	10,619	8.9	120,524
51,135	50,297	ACC	54,152	52,426	1,726	3.3	51,945
808	799	EQC	612	532	80	15.0	469
15,899	13,257	Other Crown entities	15,491	15,224	267	1.8	14,616
(4,603)	(2,881)	Intra-segment eliminations	(3,418)	(3,314)	(104)	(3.1)	(3,433)
63,239	61,472	Total Crown entities segment	66,837	64,868	1,969	3.0	63,597
30,004	30,289	Total State-owned Enterprises segment	32,380	32,399	(19)	(0.1)	34,291
(30,197)	(27,893)	Inter-segment eliminations	(26,609)	(25,984)	(625)	(2.4)	(25,909)
183,315	186,325	Total financial assets and sovereign receivables	202,061	190,117	11,944	6.3	192,503



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Apr 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 10: Property, Plant and Equipment							
Net Carrying Value <sup>2</sup>							
By class of asset:							
57,835	55,239	Land	58,041	57,839	202	0.3	58,086
45,054	43,696	Buildings	46,939	46,799	140	0.3	47,835
39,410	38,579	State highways	40,585	40,670	(85)	(0.2)	41,135
17,091	17,017	Electricity generation assets	16,619	16,737	(118)	(0.7)	16,676
4,291	4,267	Electricity distribution network (cost)	4,296	4,720	(424)	(9.0)	4,220
3,339	3,606	Specialist military equipment	3,566	3,577	(11)	(0.3)	3,652
3,025	3,157	Specified cultural and heritage assets	3,079	3,080	(1)	-	3,087
3,794	5,240	Aircraft (excl military)	3,797	3,382	415	12.3	3,715
6,872	6,470	Rail network	6,890	6,920	(30)	(0.4)	6,750
5,791	5,547	Other plant and equipment (cost)	6,210	6,281	(71)	(1.1)	6,401
186,502	182,818	Total net carrying value	190,022	190,005	17	-	191,557
Land breakdown by usage							
19,910	19,063	Housing stock	20,071	19,916	155	0.8	19,980
14,724	13,745	State highway corridor land	14,698	14,724	(26)	(0.2)	14,698
6,741	6,616	Conservation estate	6,719	6,720	(1)	-	6,724
3,779	3,519	Rail network corridor land	3,791	3,792	(1)	-	3,820
6,055	5,756	Schools	6,014	6,033	(19)	(0.3)	6,085
1,146	1,254	Commercial (SOE) excluding rail	1,174	1,105	69	6.2	1,176
5,480	5,286	Other	5,574	5,549	25	0.5	5,603
57,835	55,239	Total land	58,041	57,839	202	0.3	58,086
Schedule of Movements							
Cost or Valuation							
192,808	192,808	Opening balance	205,689	205,689	-	-	205,689
9,568	8,167	Additions	8,870	9,114	(244)	(2.7)	11,481
(1,202)	(788)	Disposals	(677)	(646)	(31)	(4.8)	(861)
2,477	(36)	Net revaluations	(375)	(446)	71	15.9	(443)
2,038	2,372	Other <sup>3</sup>	(45)	62	(107)	(172.6)	67
205,689	202,523	Total cost or valuation	213,462	213,773	(311)	(0.1)	215,933
Accumulated Depreciation & Impairment							
15,189	15,183	Opening balance	19,187	19,187	-	-	19,187
(686)	(348)	Eliminated on disposal	(409)	(5)	(404)	-	(239)
(2,086)	(44)	Eliminated on revaluation	(218)	(190)	(28)	(15)	(192)
1,193	-	Impairment losses charged to operating balance	-	-	-	-	-
5,294	4,483	Depreciation expense and impairment losses	4,858	4,847	11	0.2	5,634
283	431	Other <sup>3</sup>	22	(71)	93	131.0	(14)
19,187	19,705	Total accumulated depreciation & impairment	23,440	23,768	(328)	(1.4)	24,376
186,502	182,818	Total property, plant and equipment	190,022	190,005	17	-	191,557

2. Using a revaluation methodology unless otherwise stated.

3. The 30 June 2020 balances include the opening balances of the newly created Te Pūkenga - New Zealand Institute of Skills and Technology. These were previously recorded within equity accounted investments in the Statement of Financial Position as part of the tertiary education institutions (TEIs).



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Apr 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 11: Payables							
11,928	10,648	Accounts payable	12,327	10,383	(1,944)	(18.7)	10,880
5,043	5,724	Taxes repayable	5,567	4,889	(678)	(13.9)	5,125
16,971	16,372	Total payables	17,894	15,272	(2,622)	(17.2)	16,005
NOTE 12: Borrowings							
64,363	58,870	Government bonds	75,248	74,861	(387)	(0.5)	68,561
23,027	27,890	Settlement deposits with Reserve Bank	29,986	26,539	(3,447)	(13.0)	38,791
5,567	8,300	Derivatives in loss	4,474	4,523	49	1.1	4,389
11,269	7,272	Treasury bills	7,744	7,476	(268)	(3.6)	7,526
1,495	1,604	Finance lease liabilities	1,304	1,374	70	5.1	1,484
242	219	Government retail stock	187	214	27	12.6	214
46,754	45,309	Other borrowings	48,797	50,458	1,661	3.3	52,262
152,717	149,464	Total borrowings	167,740	165,445	(2,295)	(1.4)	173,227
109,547	106,076	Sovereign-guaranteed debt	123,304	118,786	(4,518)	(3.8)	125,571
43,170	43,388	Non sovereign-guaranteed debt	44,436	46,659	2,223	4.8	47,656
152,717	149,464	Total borrowings	167,740	165,445	(2,295)	(1.4)	173,227

This note constitutes a Statement of Borrowings as required by the Public Finance Act 1989.

Total borrowings can be split into sovereign-guaranteed and non-sovereign-guaranteed debt. This split reflects the fact that borrowings by SOEs and Crown entities are not explicitly guaranteed by the Crown. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

<b>NOTE 13: Insurance Liabilities</b>							
64,946	66,106	ACC liability	59,841	58,080	(1,761)	(3.0)	57,608
1,528	1,160	EQC property damage liability	895	837	(58)	(6.9)	765
168	109	Southern Response	106	106	-	-	106
48	46	Other insurance liabilities	48	37	(11)	(29.7)	50
<b>66,690</b>	<b>67,421</b>	<b>Total insurance liabilities</b>	<b>60,890</b>	<b>59,060</b>	<b>(1,830)</b>	<b>(3.1)</b>	<b>58,529</b>

The most recent valuation of the ACC liability was as at 31 December 2020, updated monthly for changes to discount rates.

<b>NOTE 14: Provisions</b>							
5,535	4,968	Provision for employee entitlements	6,050	6,150	100	1.6	5,848
3,483	3,184	Veterans disability entitlements	3,508	3,486	(22)	(0.6)	3,507
3,804	2,736	Provision for emissions trading scheme credits	4,229	4,118	(111)	(2.7)	5,255
857	832	Provision for National Provident Fund guarantee	796	789	(7)	(0.9)	777
2,805	2,367	Other provisions	2,968	3,042	74	2.4	3,066
<b>16,484</b>	<b>14,087</b>	<b>Total provisions</b>	<b>17,551</b>	<b>17,585</b>	<b>34</b>	<b>0.2</b>	<b>18,453</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2020 \$m	As at 30 Apr 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
NOTE 15: Changes in Net Worth							
3,154	11,484	Taxpayers' funds	15,574	10,001	5,573	55.7	4,600
112,334	106,945	Property, plant and equipment revaluation reserve	111,975	112,014	(39)	-	112,003
(3,886)	(2,900)	Defined benefit retirement plan revaluation reserve	(3,284)	(3,284)	-	-	(3,251)
(1,095)	(784)	Veterans' disability entitlements reserve	(1,095)	(1,095)	-	-	(1,095)
5,623	6,027	Net worth attributable to minority interests	5,404	5,336	68	1.3	5,273
(187)	(306)	Other reserves	(283)	(179)	(104)	(58.1)	(267)
115,943	120,466	Total net worth	128,291	122,793	5,498	4.5	117,263
33,966	33,965	Opening taxpayers funds	3,154	3,154	-	-	3,154
(30,040)	(22,567)	Operating balance excluding minority interests	12,133	6,665	5,468	82.0	1,274
(772)	86	Transfers from/(to) other reserves	287	182	105	57.7	172
3,154	11,484	Closing taxpayers funds	15,574	10,001	5,573	55.7	4,600
106,495	106,495	Opening property, plant and equipment revaluation reserve	112,334	112,334	-	-	112,334
5,233	561	Net revaluations	(258)	(323)	65	20.1	(340)
606	(111)	Transfers from/(to) other reserves	(101)	3	(104)	-	9
Closing property, plant and equipment revaluation reserve							
112,334	106,945		111,975	112,014	(39)	-	112,003
6,390	6,390	Opening net worth attributable to minority interests	5,623	5,623	-	-	5,623
(767)	(363)	Net movements	(219)	(287)	68	23.7	(350)
5,623	6,027	Closing net worth attributable to minority interests	5,404	5,336	68	1.3	5,273
(113)	(112)	Opening other reserves	(187)	(187)	-	-	(187)
(74)	(194)	Net movements	(96)	8	(104)	-	(80)
(187)	(306)	Closing other reserves	(283)	(179)	(104)	(58.1)	(267)



## FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2021

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

Year to 30 June 2020 Actual \$m	10 months to 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Operating Balance							
116,003	98,752	Total revenue	104,827	101,500	3,327	3.3	121,187
138,916	111,276	Less total expenses	109,708	110,022	(314)	(0.3)	136,202
(8,722)	(9,981)	Total gains/(losses)	17,744	15,841	1,903	12.0	17,043
402	(165)	Minority interests share of operating balance	(273)	(196)	(77)	(39.3)	(219)
1,193	103	Net surplus from associates and joint ventures	(457)	(458)	1	0.2	(535)
(30,040)	(22,567)	Operating balance	12,133	6,665	5,468	82.0	1,274
Reconciliation Between the Operating Balance and OBEGAL							
(30,040)	(22,567)	Operating balance	12,133	6,665	5,468	82.0	1,274
Less items excluded from OBEGAL:							
(3,258)	-	Net gains/(losses) on large scale asset purchases	(3,948)	(4,323)	375	8.7	(4,586)
1,908	(2,980)	Net gains/(losses) on financial instruments	14,700	11,351	3,349	29.5	12,792
(7,372)	(7,001)	Net gains/(losses) on non-financial instruments	6,992	8,813	(1,821)	(20.7)	8,837
546	91	Minority interests share of total gains/(losses)	(106)	(104)	(2)	(1.9)	(107)
1,193	103	Net surplus from associates and joint ventures	(457)	(458)	1	0	(535)
(23,057)	(12,780)	OBEGAL	(5,048)	(8,614)	3,566	41.4	(15,127)



# FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2021

## Expenses by Functional Classification

Year to 30 June 2020	10 months to 30 Apr 2020		Note	Current Year Actual vs Forecast				Annual BEFU Forecast
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
<b>Total Crown expenses</b>								
49,900	41,644	Social security and welfare		35,803	36,031	228	0.6	43,526
20,469	16,694	Health		19,146	19,233	87	0.5	23,780
17,581	13,646	Education		14,059	14,407	348	2.4	17,837
5,869	4,007	Core government services		3,050	3,275	225	6.9	5,011
5,304	4,374	Law and order		4,438	4,618	180	3.9	5,803
12,962	9,557	Transport and communications		9,037	9,046	9	0.1	11,601
11,246	8,303	Economic and industrial services		10,469	10,027	(442)	(4.4)	12,612
2,482	2,011	Defence		2,130	2,086	(44)	(2.1)	2,643
2,904	2,448	Heritage, culture and recreation		2,786	2,929	143	4.9	3,428
2,430	2,054	Primary services		2,108	2,293	185	8.1	2,794
2,393	2,042	Housing and community development		2,818	2,821	3	0.1	3,498
1,472	1,186	Environmental protection		1,487	1,307	(180)	(13.8)	1,882
87	88	GSF pension expenses		75	75	-	-	106
63	61	Other		322	328	6	1.8	679
3,754	3,161	Finance costs		1,980	2,052	72	3.5	2,527
-	-	Forecast new operating spending	7	-	-	-	-	500
-	-	Top-down expense adjustment	7	-	(506)	(506)	(100.0)	(2,025)
<b>138,916</b>	<b>111,276</b>	<b>Total Crown expenses excluding losses</b>		<b>109,708</b>	<b>110,022</b>	<b>314</b>	<b>0.3</b>	<b>136,202</b>

Below is an analysis of core Crown expenses by functional classification. Core Crown expenses include expenses incurred by the Crown, Departments and the Reserve Bank, but not Crown entities and SOEs.

Year to 30 June 2020	10 months to 30 Apr 2020		Note	Current Year Actual vs Forecast				Annual BEFU Forecast
Actual \$m	Actual \$m			Actual \$m	Forecast \$m	Variance \$m	%	Forecast \$m
<b>Core Crown expenses</b>								
44,028	36,237	Social security and welfare		30,609	30,798	189	0.6	37,411
19,891	16,462	Health		19,042	19,189	147	0.8	23,837
16,322	12,219	Education		12,431	12,754	323	2.5	16,326
6,083	4,166	Core government services		4,255	4,519	264	5.8	6,161
4,911	4,074	Law and order		4,204	4,360	156	3.6	5,450
3,179	2,471	Transport and communications		4,491	4,459	(32)	(0.7)	5,859
3,988	2,814	Economic and industrial services		3,842	3,986	144	3.6	4,959
2,499	2,024	Defence		2,144	2,101	(43)	(2.0)	2,659
1,106	935	Heritage, culture and recreation		1,286	1,381	95	6.9	1,550
961	819	Primary services		815	931	116	12.5	1,304
1,015	847	Housing and community development		1,632	1,603	(29)	(1.8)	2,000
1,485	1,192	Environmental protection		1,490	1,365	(125)	(9.2)	2,034
73	76	GSF pension expenses		61	61	-	-	74
63	61	Other		322	328	6	1.8	679
3,228	2,719	Finance costs		1,659	1,650	(9)	(0.5)	1,967
-	-	Forecast new operating spending	7	-	-	-	-	500
-	-	Top-down expense adjustment	7	-	(506)	(506)	(100.0)	(2,025)
<b>108,832</b>	<b>87,116</b>	<b>Core Crown expenses excluding losses</b>		<b>88,283</b>	<b>88,979</b>	<b>696</b>	<b>0.8</b>	<b>110,745</b>



# FISCAL INDICATOR ANALYSIS

For the ten months ended 30 April 2021

## Core Crown Residual Cash

Year to 30 June 2020 \$m	10 months to 30 Apr 2020 \$m		Current Year Actual vs Forecast				Annual BEFU Forecast
			Actual \$m	Forecast \$m	Variance \$m	%	\$m
Core Crown Cash Flows from Operations							
84,310	68,560	Tax receipts	75,451	73,147	2,304	3.1	90,495
1,226	878	Other sovereign receipts	898	908	(10)	(1.1)	2,219
428	390	Interest receipts	173	181	(8)	(4.4)	227
3,243	2,800	Sale of goods & services and other receipts	2,472	2,436	36	1.5	2,862
(43,916)	(26,068)	Transfer payments and subsidies	(30,548)	(30,687)	139	0.5	(37,021)
(56,583)	(58,075)	Personnel and operating costs	(54,234)	(54,744)	510	0.9	(67,981)
(3,016)	(2,622)	Interest payments	(2,263)	(2,314)	51	2.2	(2,723)
-	-	Forecast for future new operating spending	-	-	-	-	(500)
-	-	Top-down expense adjustment	-	506	(506)	(100.0)	2,025
(14,308)	(14,137)	Net core Crown operating cash flows	(8,051)	(10,567)	2,516	23.8	(10,397)
(2,955)	(2,358)	Net purchase of physical and intangible assets	(2,387)	(2,719)	332	12.2	(3,536)
(1,798)	(101)	Net increase in advances	(3,727)	(3,726)	(1)	-	(5,747)
(3,171)	(3,096)	Net purchase of investments	(3,275)	(3,358)	83	2.5	(4,277)
(1,460)	(1,217)	Contributions to New Zealand Superannuation Fund	(1,767)	(1,767)	-	-	(2,120)
-	-	Forecast for future new capital spending	-	-	-	-	-
-	-	Top-down capital adjustment	-	200	(200)	(100.0)	800
(9,384)	(6,772)	Net core Crown capital cash flows	(11,156)	(11,370)	214	1.9	(14,880)
(23,692)	(20,909)	Core Crown residual cash surplus / (deficit)	(19,207)	(21,937)	2,730	12.4	(25,277)
The core Crown residual cash surplus / (deficit) is funded or invested as follows:							
Debt Programme Cash Flows							
Market:							
31,951	15,192	Issue of government bonds	43,505	44,013	(508)	(1.2)	49,487
(5,380)	(5,380)	Repayment of government bonds	-	-	-	-	(11,059)
8,415	4,428	Net issue/(repayment) of short-term borrowing	(3,748)	(5,490)	1,742	31.7	(5,441)
34,986	14,240	Total market debt cash flows	39,757	38,523	1,234	3.2	32,987
Non market:							
-	-	Issue of government bonds	-	-	-	-	-
-	-	Repayment of government bonds	-	-	-	-	-
-	-	Net issue/(repayment) of short-term borrowing	-	-	-	-	-
-	-	Total non-market debt cash flows	-	-	-	-	-
34,986	14,240	Total debt programme cash flows	39,757	38,523	1,234	3.2	32,987
Other Borrowing Cash Flows							
(3,045)	22,237	Net (repayment)/issue of other New Zealand dollar borrowing <sup>4</sup>	(31,780)	(27,528)	(4,252)	(15.4)	(25,918)
1,121	(1,733)	Net (repayment)/issue of foreign currency borrowing	561	(1,001)	1,562	156.1	(1,700)
(1,924)	20,504	Total other borrowing cash flows	(31,219)	(28,529)	(2,690)	140.6	(27,618)
Investing Cash Flows							
(14,911)	(16,343)	Other net sale/(purchase) of marketable securities and deposits <sup>4</sup>	4,870	4,232	638	15.1	12,401
1,209	1,242	Issues of circulating currency	276	397	(121)	(30.5)	397
4,332	1,266	Decrease/(increase) in cash	5,523	7,314	(1,791)	(24.5)	7,110
(9,370)	(13,835)	Total investing cash flows	10,669	11,943	(1,274)	(10.7)	19,908
Core Crown residual cash deficit / (surplus) funding							
23,692	20,909		19,207	21,937	(2,730)	(12.4)	25,277

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

4. The June 2020 column has been restated to show repurchases of Government bonds by the Reserve Bank within net (repayment)/issue of other New Zealand dollar borrowing. These amounts were previously disclosed as investing cashflows within other net sale/(purchase) of marketable securities and deposits.



# FISCAL INDICATOR ANALYSIS

As at 30 April 2021

## Net Debt and Gross Debt

As at 30 June 2020 Actual \$m	As at 30 Apr 2020 Actual \$m		Current Year Actual vs Forecast				Annual BEFU Forecast \$m
			Actual \$m	Forecast \$m	Variance \$m	%	
Net Debt:							
124,145	120,323	Gross sovereign-issued debt	136,490	129,467	(7,023)	(5.4)	136,919
(40,770)	(41,565)	Less liquid financial assets (per net debt definition)	(28,985)	(19,390)	9,595	49.5	(23,264)
83,375	78,758	Net core Crown Debt	107,505	110,077	2,572	2.3	113,655
Analysis of financial liabilities and assets included in net debt							
Gross sovereign-issued debt:							
126,820	123,689	Core Crown borrowings	139,313	134,169	(5,144)	(3.8)	139,892
(2,675)	(3,366)	Add back NZS Fund holdings of sovereign-issued debt and NZS Fund borrowings	(2,823)	(4,702)	(1,879)	(40.0)	(2,973)
124,145	120,323	Gross sovereign-issued debt	136,490	129,467	(7,023)	(5.4)	136,919
Liquid financial assets:							
102,169	99,926	Core Crown financial assets	107,165	96,697	(10,468)	(10.8)	102,036
(46,843)	(44,557)	Less NZS Fund holdings of core Crown financial assets and NZS Fund financial assets	(60,329)	(59,480)	849	1.4	(58,363)
-	-	Less FLP advances	(2,853)	(2,460)	393	16.0	(4,540)
(14,556)	(13,804)	Less other advances	(14,998)	(15,367)	(369)	(2.4)	(15,869)
(61,399)	(58,361)	NZS Fund and advances	(78,180)	(77,307)	873	1.1	(78,772)
40,770	41,565	Liquid financial assets (per net debt definition)	28,985	19,390	(9,595)	(49.5)	23,264
Additional net debt analysis							
83,375	78,758	Net core Crown debt	107,505	110,077	2,572	2.3	113,655
(61,399)	(58,361)	Less NZS Fund and advances	(78,180)	(77,307)	873	1.1	(78,772)
21,976	20,397	Net core Crown debt (incl. NZS Fund and advances)	29,325	32,770	3,445	10.5	34,883
83,375	78,758	Net core Crown debt	107,505	110,077	2,572	2.3	113,655
-	-	less FLP advances	(2,853)	(2,460)	393	16.0	(4,540)
83,375	78,758	Net core Crown debt (incl. FLP advances)	104,652	107,617	2,965	2.8	109,115
Gross Debt:							
124,145	120,323	Gross sovereign-issued debt	136,490	129,467	(7,023)	(5.4)	136,919
(23,488)	(29,052)	Less Reserve Bank settlement cash and Reserve Bank bills	(30,768)	(27,439)	3,329	12.1	(41,491)
1,600	1,600	Add back changes to government borrowing owing to settlement cash	1,600	1,600	-	-	1,600
102,257	92,871	Gross sovereign-issued debt excluding Reserve Bank settlement cash and Reserve Bank bills	107,322	103,628	(3,694)	(3.6)	97,028
Monetary Liabilities							
8,022	8,055	Issued currency	8,298	8,419	121	1.4	8,419
23,027	27,890	Settlement deposits with Reserve Bank	29,986	26,539	(3,447)	(13.0)	38,791
31,049	35,945	Total Monetary Liabilities	38,284	34,958	(3,326)	(9.5)	47,210

Gross sovereign-issued debt (GSID) represents debt issued by the sovereign (the core Crown) and includes any government stock held by the other Crown reporting entities.

Core Crown borrowings in this instance include unsettled purchases of securities (classified as accounts payable in the Statement of Financial Position).

Core Crown financial assets exclude receivables, except for unsettled sales of securities.

The Reserve Bank has used \$1.6 billion of settlement cash to purchase reserves that were to have been funded by the government borrowing programme. Therefore, the impact of settlement cash on GSID is adjusted by this amount.

Monetary liabilities facilitate payments to be effected in New Zealand dollars, thereby ensuring the smooth functioning of the economy.



## FISCAL INDICATOR ANALYSIS

### Reconciliation between the Financial Statements and the Key Fiscal Indicators

Financial Results	30 Apr 2021 Actual \$m	30 Apr 2021 Forecast \$m	Variance \$m	Variance %	Annual BEFU Forecast \$m
Core Crown taxation revenue...	79,124	77,158	1,966	2.5	91,543
...combined with other core Crown revenue...	5,482	5,367	115	2.1	6,399
...funds core Crown expenses...	(88,283)	(88,979)	696	0.8	(110,745)
...and including SOE and Crown entity revenues and expenses...	(1,371)	(2,160)	789	36.5	(2,324)
...results in an <b>OBEGAL</b> ...	(5,048)	(8,614)	3,566	41.4	(15,127)
...with gains/losses leading to an <b>operating surplus/(deficit)</b> ...	12,133	6,665	5,468	82.0	1,274
...removing net income in SOEs, Crown entities and the NZS Fund...	(19,475)	(16,721)	(2,754)	(16.5)	(17,202)
...and some items do not impact cash.	(709)	(511)	(198)	(38.7)	5,531
This leads to a core Crown operating residual cash surplus/(deficit)...	<b>(8,051)</b>	<b>(10,567)</b>	<b>2,516</b>	<b>23.8</b>	<b>(10,397)</b>
...used to make contributions to the NZS Fund...	(1,767)	(1,767)	-	-	(2,120)
...and to use for purchase of physical and intangible assets...	(2,387)	(2,719)	332	12.2	(3,536)
...and to make advances (eg, to students) and investments...	(7,002)	(7,084)	82	1.2	(10,024)
Adjusting for forecast adjustments (top-down/new spending)...	-	200	(200)	(100.0)	800
...results in a borrowing requirement <b>(Core Crown residual cash surplus/(deficit))</b> ...	<b>(19,207)</b>	<b>(21,937)</b>	<b>2,730</b>	<b>12.4</b>	<b>(25,277)</b>
Opening net core Crown debt...	83,375	83,375	-	-	83,375
...when combined with the residual cash (surplus)/deficit...	19,207	21,937	2,730	12.4	25,277
...and other fair value movements in financial assets and financial liabilities...	4,923	4,765	(158)	(3.3)	5,003
...results in a closing <b>net core Crown debt</b> ...	<b>107,505</b>	<b>110,077</b>	<b>2,572</b>	<b>2.3</b>	<b>113,655</b>
...which as a % of GDP is	<b>33.9%</b>	<b>34.8%</b>			<b>34.0%</b>